

SUBJECT TO CONTRACT

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DATED

2020

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NATIONAL GRID ELECTRICITY SYSTEM OPERATOR LIMITED

and

[Company name]

**SERVICE AGREEMENT
FOR THE PROVISION
OF A STABILITY COMPENSATION SERVICE**

at

[Site name]

Contract Log No: [102803]

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THIS AGREEMENT is made the [] of [] 2020

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BETWEEN:-

- (1) **NATIONAL GRID ELECTRICITY SYSTEM OPERATOR LIMITED**, a company registered in England with number 11014226 whose registered office is at 1-3 Strand, London, WC2N 5EH (the "**Company**" which expression shall include its permitted successors and/or assigns);
- (2) **[Company name]** a company registered in England with number **[Company number]** whose registered office is at [] (the "**Provider**" which expression shall include its permitted successors and/or assigns),

each a "**Party**" and, together, the "**Parties**".

WHEREAS:-

- (A) The **Company** issued an Invitation to Tender ("**ITT**") on 5th November 2019 for the provision of a stability compensation service in Great Britain and the **Provider** has submitted a tender for the provision of such service from its **Facility**.
- (B) The **Parties** have entered into this **Agreement** in accordance with the rules of the **ITT**.
- (C) The obligation to provide **Reactive Power** under this **Agreement** is separate to any obligations the **Provider** may have under the **Grid Code** and **CUSC** to provide the **Obligatory Reactive Power Service** (when operating in the energy market) or any obligations of the **Company** to make any payments in accordance with Schedule 3 of **CUSC**.

NOW IT IS HEREBY AGREED as follows:-

1. **DEFINITIONS AND INTERPRETATION**

- 1.1. Unless the subject matter or context otherwise requires or is inconsistent therewith, terms and expressions defined in paragraph 11.3 of the **Connection and Use of System Code** or in Schedule A shall have the same meanings in this **Agreement**.

1.2. In this **Agreement**:-

- 1.2.1. except where the context otherwise requires, references to a particular Clause, Clause, Paragraph, Schedule or Appendix shall be a reference to that Clause, Clause, Paragraph, Schedule or Appendix in or to this **Agreement**;
- 1.2.2. the table of contents and headings are inserted for convenience only and shall be ignored in construing this **Agreement**;
- 1.2.3. references to the words "include" or "including" are to be construed without limitation;
- 1.2.4. except where the context otherwise requires, any reference to an Act of Parliament or any Part or Section or other provision of, or Schedule to, an Act of Parliament shall be construed, at the particular time, as including a reference to any amendment, modification, extension or re-enactment thereof then in force and to all instruments, orders or regulations then in force and made under or deriving validity from the relevant Act of Parliament;
- 1.2.5. references to the masculine shall include the feminine and references in the singular shall include references in the plural and vice versa;
- 1.2.6. except where the context otherwise requires, any reference to a "person" includes any individual, partnership, firm, company, corporation, joint venture, trust, association, organisation or other entity, in each case whether or not having separate legal personality; and
- 1.2.7. the Schedules form part of and are incorporated in this **Agreement** and references to this **Agreement** shall include references to the Schedules provided always that in the event of inconsistency or conflict between any matters set out in any Schedule and any matter set out in the main body of this **Agreement** the latter shall prevail.

2. COMMENCEMENT AND TERM

- 2.1 The provisions of this **Agreement** shall, subject to Clause 2.2, apply from the [date of execution](#) and, subject always to earlier termination in accordance with Clause 9 (*Termination*), shall continue in force and effect until the expiry of the **Service**

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Term.

2.2 This **Agreement**, other than this Clause 2, shall in all respects be conditional on:

2.2.1 the accession of the **Provider** to the **BSC** and the registration of the **Facility** as a **BM Unit**¹;

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2.2.2 the **Provider** becoming bound by the relevant **Bilateral Agreement** [and **Distribution Connection Agreement**]²;

2.2.3 the **Provider** acceding to the **CUSC**, and

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2.2.4 successful completion of the **Initial Proving Test**,

(together, the “**Conditions Precedent**”) by no later than the **Longstop Date** or, pursuant and subject to Clause 2.5.2, the **Extended Longstop Date**.

2.3 The **Provider** shall use reasonable endeavours to satisfy the **Conditions Precedent** in full by not later than the **Longstop Date** and, without limiting that obligation, shall use reasonable endeavours to satisfy the **Post Tender Milestones** by not later than the **PTM Date**⁴.

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2.4 The **Provider** shall notify the Company by no later than the PTM Date when it considers it has satisfied the Post Tender Milestones and shall provide reasonable evidence thereof. The **Company** shall, acting reasonably, notify the **Provider** in writing as soon as reasonably practicable after receipt of the Provider’s notice either:

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2.4.1 that it considers, the **Post Tender Milestones** have been satisfied (or, in its absolute discretion, waives any such requirement), in which event the **Provider** shall then continue to use all reasonable endeavours to satisfy the **Conditions Precedent** in full by the **Longstop Date**; or

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¹ If the Provider’s Facility comprises a number of BM Units and the Provider wishes to use more than one unit to provide the service or wishes to have the flexibility to substitute units, this contract form will need to be adapted.

² Delete if not applicable

⁴ Post Tender Milestones to be refined and agreed prior to contract award

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2.4.2 that it considers that the requirements of the **Post Tender Milestones** have not been satisfied in which event the provisions of Clause 2.5 shall apply.

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2.5 If the **Provider** fails to give notice under Clause 2.4 or the **Company** issues a notice under Clause 2.4.2, the **Company** may request such evidence or additional evidence regarding the **Provider's** progress toward satisfaction of the **Post Tender Milestones** as it may reasonably require and the **Parties** shall meet to consider in good faith whether there are reasonable prospects that the **Post Tender Milestones** will be satisfied within two (2) months after the **PTM Date**. Once the **Company** considers that it is in possession of sufficient evidence, it shall make a determination and notify the **Provider** in writing either:

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2.5.1 that it considers there to be a reasonable prospect that the **Post Tender Milestones** will be satisfied within two (2) months after the **PTM Date**, in which event the **Provider** shall then continue to use all reasonable endeavours to satisfy the **Conditions Precedent** in full by the **Longstop Date**; or

2.5.2 that it considers there is no reasonable prospect of the **Provider** being capable of satisfying the **Post Tender Milestones** within two (2) months after the **PTM Date**, in which event this **Agreement** (to the extent then in force) shall terminate on the date of the **Company's** notice.

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2.6 The **Provider** shall notify the **Company** by not later than the **Longstop Date** when it considers that it has satisfied the **Conditions Precedent** and shall provide reasonable evidence thereof. The **Company** shall, acting reasonably, notify the **Provider** as soon as reasonably practicable after receipt of the **Provider's** notice either:

2.6.1 that it considers the **Conditions Precedent** to have been satisfied, in which event, the **Commercial Operations Date** will take effect from 00:00:00 hours on the day following the **Company's** notice; or

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2.6.2 that it considers the **Conditions Precedent** have not been satisfied in which event the provisions of Clause 2.7 shall apply.

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2.7 If the **Provider** fails to give notice under Clause 2.5 or the **Company** issues a notice under Clause 2.6.2, the **Company** may request such evidence or additional evidence regarding the **Provider's** progress toward satisfaction of the **Conditions Precedent** as it may reasonably require and the **Parties** shall meet

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to consider in good faith whether there are reasonable prospects that the **Conditions Precedent** will be satisfied within six (6) months after the **Long Stop Date**. Once the **Company** considers that it is in possession of sufficient evidence, it shall make a determination and notify the **Provider** in writing either:

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2.7.1 that it considers there to be a reasonable prospect that the **Conditions Precedent** will be satisfied within six (6) months after the **Long Stop Date** in which event the **Long Stop Date** shall be extended by a period of six (6) months; or,

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2.7.2 that it considers there is no reasonable prospect of the **Provider** being capable of satisfying the **Conditions Precedent** within six (6) months after the **Longstop Date**, in which event this **Agreement** (to the extent then in force) shall terminate on the date of the **Company's** notice.

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2.8 If the **Company** issues a notice under Clause **Error! Reference source not found.**, the provisions of Clause 2.6 shall apply mutatis mutandis to such **Extended Longstop Date** save that, if the **Company** considers that the **Conditions Precedent** have not been satisfied, the **Company** may terminate this **Agreement** (to the extent in force) forthwith by notice to the **Provider**.

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3. SERVICE PROVISION

Provision of Stability Compensation Service

3.1 The **Provider** agrees with effect from the **Commercial Operations Date** and throughout the **Service Term** to power, operate, maintain and repair the **Facility** and associated **Plant** and **Apparatus** in accordance with **Good Industry Practice** with a view to making it **Available**, subject to planned maintenance and inspection periods agreed pursuant to Clause 3.12 (*Maintenance of the Facility*).

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3.2 The **Provider** agrees to maintain a single point of remote control in respect of the **Connection Site** of the **Facility** to facilitate the issue of **Instructions** and **Instructions to End** by the **Company**.

Stability Compensation Service Unavailability

3.3 If at any time the **Provider** becomes aware that the **Facility** is no longer, or will no longer be, **Available**, it shall promptly notify the **Company** that the **Facility** is **Unavailable** by facsimile in the form set out in Form A in Schedule H ("**Notice of**

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Unavailability”), including where the **Facility** is **Unavailable** because it is either: (i) exporting **Active Power** or (ii) importing **Active Power** otherwise than for the sole purpose of operating in **Synchronous Compensation** mode (or, in the case of a pumped storage plant, importing **Active Power** for operation of the pumps).

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3.4 Each **Notice of Unavailability** shall be accompanied by an explanation in reasonable detail of the reasons for the **Facility** being **Unavailable**, which, in relation to the **Summer Period** in any **Contract Year** may relate to technical issues concerning the **Facility**.

3.5 Following a **Notice of Unavailability**, (other than where the **Facility** is **Unavailable** by reason of (i) exporting **Active Power** or (ii) importing **Active Power** for the purpose of operating in **Synchronous Compensation** mode (or, in the case of a pumped storage plant, importing **Active Power** for operation of the pumps)). the **Provider** shall take all reasonable steps to restore the capability of the **Facility** to provide the **Stability Compensation Service** (and keep the **Company** reasonably informed of progress in restoring such capability) and shall notify the **Company** by notice by facsimile in the form set out in Form B Schedule H (“**Availability Restoration Notice**”) when that capability has been restored.

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3.6 Notwithstanding the **Provider’s** obligation to serve a **Notice of Unavailability**, the **Facility** shall be treated as **Unavailable** for all purposes of this **Agreement** during any **Settlement Period** in which it is either: (i) exporting **Active Power**, or (ii) importing **Active Power** otherwise than for the sole purpose of operating in **Synchronous Compensation** mode (or, in the case of a pumped storage plant, importing **Active Power** for operation of the pumps).

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Instruction of the Stability Compensation Service

3.7 It is acknowledged by the **Provider** that, in relation to any **Settlement Period** in which the **Facility** is **Available**, the **Company** shall have the right (but not obligation) to issue an instruction (“**Instruction**”) to provide the **Stability Compensation Service** (including the required **Reactive Power Mode**) from the **Facility**, and subsequently notify the **Provider** when it no longer requires the provision of the **Stability Compensation Service** from the **Facility** (“**Instruction to End**”).

3.8 Following receipt of an **Instruction**, the **Provider** shall acknowledge receipt as soon as possible (but in any case by no later than [redacted]⁵ minutes from receipt of an **Instruction**) and shall take all necessary steps to ensure that the **Facility** is **Synchronised** to the **Total System**; and, thereafter, operates throughout each **Instructed Settlement Period** in accordance with the **Technical Performance Requirements** until such time notified in the relevant **Instruction to End**.

Failure to comply with Instruction

3.9 If an **Instruction** is issued by the **Company** and:

3.9.1 the **Facility** fails to **Synchronise** within [redacted] minutes of the time instructed by the **Company**; and/or

3.9.2 the **Facility** fails to provide the instructed level of **Reactive Power** within [redacted] minutes of the time instructed by the **Company**; and/or

3.9.3 the **Facility** ceases to maintain the instructed level of **Reactive Power** otherwise than in accordance with an **Instruction to End**,

then the **Facility** shall be treated as Unavailable in the Settlement Period in which the failure occurred and, in the case of Sub-Clauses 3.9.2 and 3.9.3, each subsequent Settlement Period until the full capability of the Facility has been demonstrated to have been restored.

3.10 Promptly following each failure under Clause 3.9 the **Provider** shall notify the **Company** of the causes of the failure. In the event of recurrent or repeated failures, the **Parties** shall meet and endeavour to agree any changes to the Contract Rate and the Technical Performance Requirements necessary and/or desirable in the sole discretion of the **Parties** in consequence thereof.

3.11 The **Parties** agree and acknowledge that **Instructions**, **Instructions to End** and also confirmations by the **Provider** of **Instructions** and **Instructions to End** transmitted and stored on **EDL** shall (except during periods when **EDL** is unavailable for whatever reason in which case communication shall be made by telephone, e-mail or facsimile (whichever is appropriate)) be conclusive evidence of the giving and/or receipt of any communication required to be given pursuant

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⁵ This will be agreed during the Tender process depending on the Facility and technology type

to the terms of Clauses 3.7 and 3.8.

Maintenance of the Facility

- 3.12 In accordance with the timescales and provisions of the **Grid Code**, the **Provider** shall notify the **Company** of all planned maintenance and inspection periods applicable to the **Facility** ("**Maintenance Plan**") for the forthcoming year (except that for the last year of this **Agreement**, the **Maintenance Plan** shall be applicable only for the relevant portion of the forthcoming year). Within fourteen (14) days of such notification, the **Company** shall notify the **Provider** of its agreement (which shall not be unreasonably withheld) with or objections to the **Maintenance Plan** and, if the **Company** shall make no notification within such time, it shall become binding on the **Parties**. The **Parties** shall act in good faith and use reasonable endeavours to resolve any objections notified by the **Company** taking into account maintenance practices consistent with **Good Industry Practice** and the **Maintenance Plan** shall be amended accordingly.
- 3.13 The **Provider** shall be entitled to payment for **Availability** in respect of any period specified in the **Maintenance Plan** in which the **Facility** will be **Unavailable** to the extent of (unless the **Parties** agree otherwise) a maximum of fifteen (15) days in any period of twelve (12) calendar months (to be reduced on a pro rata basis where the **Maintenance Plan** covers a period of less than twelve (12) calendar months).

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4 SERVICE FEES

- 4.1 The **Company** shall pay to the **Provider** in respect of each month in the **Service Term**:
- 4.1.1 a sum calculated in accordance with Schedule F, Part A, paragraph A.1 ("**Availability Payment**") by reference to each **Settlement Period** in which the **Facility** is either Available or on a period of planned outage specified in the **Maintenance Plan**;
- 4.1.2 a sum calculated in accordance with Schedule F, Part B ("**Reactive Power Payment**") by reference to each **Instructed Settlement Period**; and
- 4.1.3 a sum calculated in accordance with Schedule F, Part C ("**Active Energy (Consumption) Payment**") by reference to each **Instructed Settlement Period**.
- 4.2 The **Provider** shall pay to the **Company** with effect from 1 April 2022:

4.2.1 in respect of each month (when applicable), a sum calculated in accordance with Schedule F, Part A, paragraph A.2 (“Availability Rebate”), which shall not exceed the amount of the Availability Payment for that month; and

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4.2.2 in respect of each **Contract Year**, if any amount in respect of the monthly **Availability Rebates** for the **Contract Year** has not been off-set against monthly **Availability Payments** and remains due and payable by the **Provider**, a sum calculated following the end of that **Contract Year** or on earlier termination under Clause 9 (*Termination*) in accordance with Schedule F, Part A, paragraph A.3 (“Annual Reconciliation Payment”), which shall not exceed the aggregate amount of Availability Payments for that Contract Year.

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4.3 The **Provider** agrees and acknowledges that the **Company** shall be entitled to set-off any sums due and payable by the **Provider** under Clause 4.2 against any sums due and payable by the **Company** under Clause 4.1.1.

4.4 No payment shall be made by the **Company** pursuant to Clause 4.1 in relation to any **Settlement Period** in respect of which the **Provider** fails to comply with any of its obligations under Clause 3 of this Agreement.

5 PROVING TESTS

5.1 Without prejudice to the **Company’s** right to conduct a test in accordance with **Grid Code OC5.5.1**, the **Company** shall have the right not more than twice in any twelve (12) month period (or otherwise when the **Provider** submits an **Availability Restoration Notice**) to request the **Provider** to carry out a **Proving Test** at a time no sooner than seven (7) Business Days after the time of issue of the request to determine whether the **Facility** is **Available** in accordance with the **Technical Performance Requirements**.

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5.2 Upon receipt of a request referred to in Clause 5.1, the **Provider** shall be obliged to declare the **Facility Available** in accordance therewith in respect of the time and the duration that the **Proving Test** is instructed to be carried out (unless the **Facility** would not then be **Available** by reason of a forced outage or maintenance specified in the **Maintenance Plan** or by reason of an event or circumstance of **Force Majeure**).

5.3 To commence a Proving Test, the **Company** shall give the **Provider** an **Instruction**. The performance of the **Facility** in response to that Instruction shall

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be assessed by the **Company** by reference to metering referred to in Clause 11 (*Metering*) and/or any **Monitoring Equipment** and at the option of the **Provider** shall be carried out in the presence of a reasonable number of representatives of the **Provider** and, if so requested, its lenders. If such metering and/or **Monitoring Equipment** is functioning accurately and indicates that the **Provider** is unable to comply with such **Instruction** then the **Company** shall notify the **Provider** that the **Facility** has failed the **Proving Test**, and the **Facility** shall thereupon to the extent of such failure be deemed not to have the respective capability and **Availability**.

5.4 If the **Facility** fails a **Proving Test** it shall be deemed to the extent of such failure not to have the capability and **Availability** until such time as the **Provider** has demonstrated to the **Company's** reasonable satisfaction that such capability and **Availability** is restored. For the purposes of this Clause 5 the **Provider** may require the **Company** to carry out one or more further **Proving Tests**, on any **Business Day** on not less than forty eight (48) hours' notice, which shall be carried out in accordance with the provisions of this Clause 5 as if the **Company** had issued an instruction at the time of notice from the **Provider**, and the **Availability** of the **Facility** shall be determined by the latest of such tests. If the **Facility** passes such **Proving Test** or the **Company** fails to carry out such test in accordance with this Clause 5 (the **Provider** having complied with its obligations contained in Clauses 5.2 and 5.3), **Availability** shall be deemed to be restored with effect from the time of notice by the **Provider**.

5.5 If a dispute arises relating to the performance of a **Facility** during a **Proving Test**, the **Company** and the **Provider** shall attempt to resolve the dispute by discussion, and if they fail to reach agreement the **Provider** shall require the **Company** to carry out a further **Proving Test** on any **Business Day** on not less than forty eight (48) hours' notice which shall be carried out in accordance with the provisions of this Clause 5 as if the **Company** had issued an instruction at the time of notice from the **Provider**. If the **Facility** passes such further **Proving Test**, it shall be deemed to have passed the first **Proving Test**. If the **Facility** fails such further **Proving Test** and a dispute arises on that further **Proving Test**, the provisions of Clause 14 (*Dispute Resolution*) shall apply.

5.6 An instruction issued by the **Company** as part of a test in accordance with **Grid Code** OC5.5.1 or a **Proving Test** carried out pursuant to this Clause 5 shall

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constitute an **Instruction**.

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- 5.7 Subject to Clause 5.5, each **Party** shall bear its own costs incurred in connection with all **Proving Tests** carried out pursuant to this Clause 5.

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6 **MONITORING**

- 6.1 After due consultation with the **Provider**, and upon reasonable prior notice to the **Provider**, the **Company** may at its option install such monitoring equipment in accordance with **Good Industry Practice** as the **Company** deems necessary to monitor the **Availability**, capability and performance (including without limitation compliance with the **Technical Performance Requirements**) of the **Facility**, or any **Plant** or **Apparatus** owned and operated by the **Provider** (the "**Monitoring Equipment**"). The **Monitoring Equipment** which the **Company** wishes to install shall not interfere with the operation or maintenance of the **Facility** and shall be subject to approval by the **Provider**, such approval not to be unreasonably withheld or delayed. All such **Monitoring Equipment** shall be owned by the **Company**.

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- 6.2 The **Provider** shall provide to the **Company** all relevant information and assistance reasonably necessary for the **Company** to install the **Monitoring Equipment**, and shall allow, subject to the **Provider's** approval where necessary (such approval not to be unreasonably withheld or delayed), the **Company**, its employees, agents, suppliers, contractors and sub-contractors necessary access to the **Facility** and the **Provider's Plant** and **Apparatus** and such other parts of the **Connection Site** as the **Company** may reasonably require provided however that such access shall not impair or adversely interfere with the operation or maintenance of the **Facility**. Without limitation, the **Provider** shall be responsible for ensuring that suitable signal sources are available for use by the **Company** at one location on the **Connection Site**.

- 6.3 For the avoidance of doubt, the **Company** shall be entitled to sub-contract the installation of the **Monitoring Equipment**. Any sub-contractor nominated by the **Company** shall be the subject of approval by the **Provider** (not to be unreasonably withheld or delayed). For the avoidance of doubt, the **Provider** may request the removal of any particular sub-contractor if in its reasonable opinion the sub-contractor is in material breach of any relevant site safety or

security procedures.

6.4 The **Provider** hereby grants to the **Company** at the **Company's** own cost the right to collect and record relevant data from the **Monitoring Equipment** (without adversely interfering with the operation or maintenance of the **Facility**) which the **Company** undertakes to use solely for the purposes of this **Agreement**. Without prejudice to the rights under Clause 11 (*Metering*), the **Company** shall upon request and at the **Provider's** own cost provide to the **Provider** copies of such data.

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6.5 The cost of the **Monitoring Equipment** including the cost of installing, repairing, maintaining, inspecting, retaining and removing the **Monitoring Equipment**, and the collection of data therefrom, shall be borne by the **Company**.

6.6 The **Company** shall remove the **Monitoring Equipment** following termination of this **Agreement** at a time mutually agreed by the **Parties** but without interfering with or impairing the operation or maintenance (or, if appropriate, the dismantling and removal of) the **Facility**.

6.7 For the purposes of this **Agreement**, the accuracy of the **Monitoring Equipment** shall be in accordance with manufacturer's tolerances or otherwise as agreed between the **Parties** in writing from time to time.

7 GRID CODE

It is acknowledged by both **Parties** that the provision of the **Stability Compensation Service** in accordance with the terms hereof shall not relieve the **Provider** of any of its obligations set out in the **Grid Code** including without limitation its obligations (where applicable to the **Provider**) set out in **Grid Code** CC8.1 to provide **Reactive Power** (supplied otherwise than by means of the Stability Compensation Service) in accordance with **Grid Code** CC6.3.2 and CC6.3.4.

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8 CUSC PROVISIONS

The provisions of Paragraphs 4.3 (*Payments for Balancing Services*), 6.14 (*Transfer and Sub-contracting*), 6.20 (*Waiver*), 6.21 (*Notices*), 6.22 (*Third Party Rights*), 6.23 (*Jurisdiction*), 6.24 (*Counterparts*), 6.25 (*Governing Law*) and 6.26

(*Severance of Terms*) of the **CUSC** shall apply to this **Agreement** as if set out in full herein.

9 TERMINATION

Automatic Termination

9.1 This **Agreement** shall terminate automatically upon:-

9.1.1 the **Provider** ceasing to be a **BSC Party** solely as a result of the **Provider's** election or a material breach by the **Provider** of its obligations under such agreement; or

9.1.2 the **Provider** ceasing to be a party to the **CUSC Framework Agreement** solely as a result of the **Provider's** election or a material breach by the **Provider** of its obligations under such agreement; or

9.1.3 [the revocation or withdrawal of the **Generation Licence** solely as a result of the **Provider's** election or a material breach by the **Provider** of its obligations under such licence]⁶; or

9.1.4 termination of the applicable **Bilateral Agreement** [and **Distribution Connection Agreement**]⁷ solely as a result of the **Provider's** election or a material breach by the **Provider** of its obligations under such agreement(s); or

and in the case of the events described in Clauses 9.1.1 to 9.1.4 (as the case may be) inclusive the **Provider** cannot comply in all material respects with its obligations under this **Agreement**.

Termination by the Provider

9.2 The **Provider** may, by notice in writing to the **Company**, terminate this **Agreement** in the event that:

9.2.1 the **Company** shall fail to pay (other than by inadvertent error in funds transmission which is discovered by the **Provider**, notified to the **Company** and corrected within five (5) **Business Days** following such notification) any material

⁶ Delete where not applicable and replace with "not used"

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[termination of the **SCS Mandatory Services Agreement** solely as a result of the **Provider's** election or a material breach by the **Provider** of its obligations under such agreement]^{8, 1}

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sum properly due or owing from it pursuant to this **Agreement** according to its terms and such non-payment remains unremedied and not disputed in good faith and upon reasonable grounds at the expiry of fifteen (15) **Business Days** immediately following receipt by the **Company** of written notice from the **Provider** of such non-payment; or

9.2.2 without prejudice to Clause 9.1, the **Company** shall commit any material breach (other than a breach under Clause 9.2.1) of this **Agreement** (or persistent breaches of this **Agreement** which taken as a whole are material), or shall commit a breach of any of the material obligations on its part to be observed under this **Agreement**, and the **Provider** shall have served written notice on the **Company** requiring it to remedy such default (if it is capable of remedy) within thirty (30) days or such longer period as may be reasonably necessary to remedy the default and the **Company** shall have failed to remedy such default to the reasonable satisfaction of the **Provider** within the specified period; or

9.2.3 in respect of the **Company**:-

- (a) an order of the High Court is made or an effective resolution passed for its winding-up or dissolution; or
- (b) a receiver (which expression shall include an administrative receiver within the meaning of Section 29 of the Insolvency Act 1986) of the whole or any material part of its assets or undertaking is appointed; or
- (c) an administration order under Section 8 of the Insolvency Act 1986 is made or an administrator has been appointed (whether out of court or otherwise) or if a voluntary arrangement is proposed by the **Company** under Section 1 of that Act; or
- (d) it enters into any scheme of arrangement (other than for the purpose of reconstruction or amalgamation upon terms and within such period as may previously have been approved in writing by the **Authority**); or
- (e) any of the events referred to in (a) to (d) above has occurred and is continuing and the **Company** is unable to pay its debts within the meaning of Section 123 (1) or (2) of the Insolvency Act 1986 save that such section

shall have effect as if for £750, there was inserted £250,000 (and the **Company** shall not be deemed to be unable to pay its debts if any demand for payment is being contested in good faith by it with recourse to all appropriate measures and procedures);

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and in any such case within twenty eight (28) days of appointment of the liquidator, receiver, administrative receiver, administrator, nominee or other similar officer, such person has not provided to the **Provider** a guarantee of future performance by the **Company** of this **Agreement** in such form and amount as the **Provider** may reasonably require; or

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Termination by the **Company**

9.3 The **Company** may, by notice in writing to the **Provider**, terminate this **Agreement** in the event that:-

9.3.1 without prejudice to Clause 9.1, the **Provider** shall commit any material breach (other than a breach under Clause 9.3.2) of this **Agreement** (or persistent breaches of this **Agreement** which taken as a whole are material), or shall commit a breach of any of the material obligations on its part to be observed under this **Agreement**, and the **Company** shall have served written notice on the **Provider** requiring it to remedy such default (if it is capable of remedy) within thirty (30) days or such longer period as may be reasonably necessary to remedy the default and the **Provider** shall have failed to remedy such default to the reasonable satisfaction of the **Company** within the specified period; or

9.3.2 the **Provider** shall fail to pay (other than by inadvertent error in funds transmission which is discovered by the **Company**, notified to the **Provider** and corrected within five (5) **Business Days** following such notification) any material sum properly due or owing from it pursuant to this **Agreement** according to its terms and such non-payment remains unremedied and not disputed in good faith and upon reasonable grounds at the expiry of fifteen (15) **Business Days** immediately following receipt by the **Provider** of written notice from the **Company** of such non-payment; or

9.3.3 the **Facility** remains **Unavailable** for more than thirty (30) consecutive days during any **Summer Period**, save to the extent that the **Facility** is **Unavailable**

by reason of constraints on the **Local DNO's network**; or

9.3.4 in respect of the **Provider**:-

- (a) an order of the High Court is made or an effective resolution passed for its winding-up or dissolution; or
- (b) a receiver (which expression shall include an administrative receiver within the meaning of Section 29 Insolvency Act 1986) of the whole or any material part of its assets or undertaking is appointed; or
- (c) an administration order under Section 8 of the Insolvency Act 1986 is made or an administrator has been appointed (whether out of court or otherwise) or if a voluntary arrangement is proposed by the **Provider** under Section 1 of that Act; or
- (d) it enters into any scheme of arrangement (other than for the purpose of reconstruction or amalgamation upon terms and within such period as may previously have been approved in writing by the **Authority**); or
- (e) any of the events referred to in (a) to (d) above has occurred and is continuing and the **Provider** is unable to pay its debts within the meaning of Section 123 (1) or (2) of the Insolvency Act 1986 save that such section shall have effect as if for £750, there was inserted £250,000 (and the **Provider** shall not be deemed to be unable to pay its debts if any demand for payment is being contested in good faith by it with recourse to all appropriate measures and procedures)

and in any such case within twenty eight (28) days of appointment of the liquidator, receiver, administrative receiver, administrator, nominee or other similar officer, such person has not provided to the **Company** a guarantee of future performance by the **Provider** of this **Agreement** in such form and amount as the **Company** may reasonably require.

Other termination rights

9.4 The provisions of this Clause 9 are additional to any other rights of termination expressly provided. Termination of this **Agreement** under this Clause 9 or any

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other provision of this **Agreement** shall be without prejudice to the rights and remedies to which a **Party** may be entitled hereunder and shall not affect any accrued rights obligations or liabilities of either **Party** nor the coming into or continuance in force of any provision hereof which is expressly or by implication intended to come into or continue in force on or after such termination.

9.5 For the avoidance of doubt, unless otherwise expressly provided herein, references in this **Agreement** to termination of this **Agreement** shall mean termination of all of the provisions of this **Agreement** and not otherwise.

10 **LIMITATION OF LIABILITY**

10.1 Subject to Clause 10.2 and save and to the extent that any provision of this **Agreement** provides for an indemnity or the payment of liquidated damages, the **Parties** agree and acknowledge that neither **Party** (the "**Party Liable**") nor any of its officers, employees or agents shall be liable to the other **Party** for loss arising from any breach of this **Agreement** other than for loss directly resulting from such breach and which at the date of this **Agreement** was reasonably foreseeable as not unlikely to occur in the ordinary course of events from such breach, provided that the liability of any **Party** in respect of all claims for such loss shall not exceed five million pounds sterling (£5 million) per incident or series of incidents.

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10.2 Nothing in this **Agreement** shall exclude or limit the liability of the **Party Liable** for death or personal injury resulting from the negligence of the **Party Liable** or any of its officers, employees or agents and the **Party Liable** shall indemnify and keep indemnified the other **Party**, its officers, employees or agents, from and against all such and any loss or liability which such other **Party** may suffer or incur by reason of any claim on account of death or personal injury resulting from the negligence of the **Party Liable** or any of its officers, employees or agents.

10.3 Subject to Clause 10.2 and save where any provision of this **Agreement** provides for an indemnity or the payment of liquidated damages neither the **Party Liable** nor any of its officers, employees or agents shall in any circumstances whatsoever be liable to the other **Party** for:-

10.3.1 any loss of profit, loss of revenue, loss of use, loss of contract or loss of goodwill;
or

10.3.2 any indirect or consequential loss.

10.4 Each **Party** acknowledges and agrees that the other **Party** holds the benefit of Clauses 10.1 and 10.2 and 10.3 for itself and as trustee and agent for its officers, employees and agents. In exercising any right or power as trustee hereunder neither **Party** shall be restricted by any provision of this **Agreement** as to the manner in which it exercises its discretion (if any).

10.5 The rights and remedies provided by this **Agreement** to the **Parties** are exclusive and not cumulative and exclude and are in place of all substantive (but not procedural) rights or remedies express or implied and provided by common law or statute in respect of the subject matter of this **Agreement**, including any rights either **Party** may possess in tort which shall include actions brought in negligence and/or nuisance. Accordingly, each of the **Parties** hereby waives to the fullest extent possible such rights and remedies provided by common law or statute and releases the other **Party**, its officers, employees and agents to the same extent from all duties, liabilities, responsibilities or obligations provided by common law or statute in respect of the matters dealt with in this **Agreement** and undertakes not to enforce any of the same except as expressly provided herein. For the avoidance of doubt nothing in this Clause 10.5 shall prevent or restrict any **Party** enforcing or claiming damages in respect of breach of any payment obligation (including the right for either **Party** to sue for direct damages to enforce any payment obligation or any future payment obligations under this **Agreement**) owed to it under or pursuant to this **Agreement**.

10.6 For the avoidance of doubt, the **Parties** acknowledge and agree that nothing in this **Agreement** shall exclude or restrict or otherwise prejudice or affect any of the rights, powers, privileges, remedies, duties and obligations of the **Secretary of State** or the **Authority** under the **Act**, any **Licence** or otherwise howsoever.

10.7 Each of Clauses 10.1, 10.2, 10.3 and 10.4 shall:-

10.7.1 be construed as a separate and severable contract term, and if one or more of such Clauses is held to be invalid, unlawful or otherwise unenforceable the other or others of such Clauses shall remain in full force and effect and shall continue to bind the **Parties**; and

10.7.2 survive termination of this **Agreement**.

10.8 For the avoidance of doubt, nothing in this Clause 10 shall prevent or restrict any **Party** enforcing or claiming damages in respect of breach of any payment obligation (including the right for either **Party** to sue for direct damages to enforce any payment obligation or any future payment obligation under this **Agreement**) owed to it under or pursuant to this **Agreement**.

10.9 Each **Party** acknowledges and agrees that the provisions of this Clause 10 have been the subject of discussion and negotiation and are fair and reasonable having regard to the circumstances as at the date of this **Agreement**.

10.10 For the avoidance of doubt none of the officers, employees, agents, shareholders or **Affiliates** of either **Party** shall have any liability to the other **Party** hereunder.

11 **METERING**

11.1 The relationship between the **Parties** with respect to **Energy Metering Equipment** shall be regulated in accordance with Sections K and L of the **Balancing and Settlement Code**.

11.2 The relationship between the **Parties** with respect to **Operational Metering Equipment** shall be regulated by section 6 of the **Connection and Use of System Code**.

11.3 The **Provider** hereby consents (and where required pursuant to the **Balancing and Settlement Code** agrees to give its consent) to the disclosure to and use by the **Company** for the purposes of this **Agreement** of all and any generation, demand and other operating data relating to the **Facility**.

12 **CONFIDENTIALITY AND ANNOUNCEMENTS**

12.1 Subject to the exceptions provided in Clause 12.3 (and to the extent otherwise expressly permitted by this **Agreement**), neither **Party** shall, at any time, whether before or after the expiry or sooner termination of this **Agreement**, without the prior consent of the other **Party** in writing (such consent not to be unreasonably withheld or delayed), divulge or suffer or permit its officers, employees, agents or

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contractors to divulge to any person or permit use by any person (other than disclosure to or use by any of its or their respective officers or employees to the extent that such disclosure and use is required to enable such persons properly to carry out their duties in connection with this **Agreement**):-

- 12.1.1 any of the contents of this **Agreement**;
- 12.1.2 any commercially confidential information relating to the negotiations concerning the entering into of this **Agreement**;
- 12.1.3 any commercially confidential information which may come to a **Party's** knowledge in the course of such negotiations; or
- 12.1.4 any commercially confidential information concerning the operations, contracts, commercial or financial arrangements or affairs of the other **Party**.
- 12.2 Each **Party** undertakes to use information referred to in Clause 12.1 and disclosed to it by the other **Party** solely for the purposes of this **Agreement** and shall not use it for any other purpose or for the purposes of any third party.
- 12.3 The restrictions imposed by Clause 12.1 shall not apply to the disclosure of any information:
 - 12.3.1 which now or hereafter comes into the public domain otherwise than as a result of a breach of a confidentiality obligation or which either **Party** can show was in its written records prior to the date of disclosure of the same by the other **Party**, under this **Agreement** or which it receives from a third party independently entitled to disclose it;
 - 12.3.2 which is required by law or pursuant to the rules of the Electricity Arbitration Association in England and Wales or pursuant to the rules or regulations of the Financial Services Authority to be disclosed to any person who is authorised by law or pursuant to the rules of the Electricity Arbitration Association in England and Wales or pursuant to the rules or regulations of the Financial Services Authority to receive the same;
 - 12.3.3 which is required to be disclosed by the regulations of any recognised exchange upon which the share capital of the **Party** making the disclosure (or its parent undertaking) is or is proposed to be from time to time listed or dealt in, or is required to be disclosed by the Panel on Takeovers and Mergers;
 - 12.3.4 to a court, arbitrator or administrative tribunal in the course of proceedings before it to which the disclosing **Party** is a party;

- 12.3.5 pursuant to any **Licence** of the **Party** concerned;
- 12.3.6 to any authorised consultants, banks, financiers, insurers or professional advisers to the disclosing **Party**;
- 12.3.7 by the **Provider** to a third party who is a party to a power purchase agreement in respect of the electricity generated by the **Facility** and with whom all (or some of) the risks and benefits arising from the **Agreement** will be shared provided such party is subject to confidentiality undertakings which are no less onerous than those to which the **Provider** is subject to under this **Agreement**;
- 12.3.8 by either **Party** to any parent, subsidiary or fellow subsidiary undertaking on a “need to know” basis only; or
- 12.3.9 required or expressly permitted to be disclosed under the terms of any agreement or arrangement to which both the **Parties** have agreed to be bound.
- 12.4 In this Clause 12, the words “parent undertaking”, “subsidiary undertaking” and “fellow subsidiary undertaking” shall have the meanings as provided in sections 1161 and 1162 of the Companies Act 2006.
- 12.5 Before either **Party** discloses any information in any of the circumstances described in Clauses 12.3.6 to 12.3.8 (other than to its authorised professional advisers), it shall notify the other **Party** of its intention to make such disclosure and (in the case where the disclosing **Party** is the **Provider**) procure the execution and delivery to that **Party** of an undertaking executed by the person to whom the disclosure is proposed to be made being in the same terms mutatis mutandis as the undertakings contained in this Clause 12.
- 12.6 No public announcement or statement regarding the signature, performance or termination of this **Agreement** shall be issued or made by either **Party** unless:
- 12.6.1 to the extent legally possible, before it is issued or made, both the **Parties** have been furnished with a copy of it and have approved it (such approval not to be unreasonably withheld or delayed); or
- 12.6.2 it is necessary to do so in order to comply with any applicable law or the regulations of any recognised stock exchange upon which the share capital of such **Party** is from time to time listed or dealt in.

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- 12.7 With respect to the information referred to in Clause 12.1 both **Parties** shall ensure that:-
- 12.7.1 such information is disseminated within their respective organisations on a “need to know” basis only;
- 12.7.2 employees, directors, agents, consultants and professional advisers who are in receipt of such information are made fully aware of the **Party’s** obligations of confidence in relation thereto; and
- 12.7.3 any copies of such information, whether in hard copy or computerised form, will clearly identify the information as confidential.
- 12.8 Notwithstanding any other provision of this **Agreement**, the provisions of this Clause 12 shall continue to bind a person after termination of this **Agreement**, in whole or in part, for whatever reason.

13 **DISCLOSURE OF INFORMATION**

The **Provider** hereby consents to the disclosure and use by the **Company** in such manner or form as it thinks fit of data and other information relating to this **Agreement** and the provision of the **Stability Compensation Service** (including payments made to the **Provider** hereunder):

- 13.1 for the purposes of any or all of the statements published from time to time pursuant to Standard Condition C16 of the **Transmission Licence**; or
- 13.2 for the purposes of operational coordination with the **Distribution System**; or
- 13.3 for the purposes of publishing data, including (without limitation) information as to the **Availability** (and performance) of the **Provider** as the **Company** reasonably considers is required to be so published for the purposes of ensuring transparency in its procurement and use of the **Stability Compensation Service**.

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14 **DISPUTE RESOLUTION**

- 14.1 Save where expressly stated in this **Agreement** to the contrary and subject to any contrary provision of the **Act** or any **Licence** or the rights, powers, duties and obligations of the **Authority** or the **Secretary of State** under the **Act**, any **Licence** or otherwise howsoever, any dispute or difference of whatever nature howsoever arising under out of or in connection with this **Agreement** between the **Parties** shall be and is hereby referred to arbitration pursuant to the

arbitration rules of the **Electricity Arbitration Association** in force from time to time. Provided always that prior to any such referral to arbitration the **Parties** agree to attempt to resolve the dispute in question promptly, equitably and in a good faith manner and (where commensurate with the nature and extent of the dispute) at a senior officer level.

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14.2 Where any provision in this **Agreement** provides, or the **Parties** have agreed, for a dispute or difference between the **Parties** to be referred to an independent expert ("**Expert**") the following provisions shall apply, and neither **Party** shall commence proceedings in any court in respect of or otherwise in connection with such dispute:

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Whatever the nationality, residence or domicile of either **Party** and wherever the dispute or difference or any part thereof arose, the law of England shall be the proper law of any reference to arbitration hereunder and in particular (but not so as to derogate from the generality of the foregoing) the provisions of the Arbitration Act 1996 (notwithstanding anything in Section 108 thereof) shall apply to any such arbitration wherever the same or any part of it shall be conducted.

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14.2.1 the **Expert** shall be jointly appointed by the **Parties** and shall be a person of good repute with the relevant skills and technical experience to be able to make a fair and reasoned determination having regard to the nature of the dispute or difference;

14.2.2 the **Parties** agree that the **Expert** shall act as an expert and not as an arbitrator and shall decide those matters referred to him using his skill, experience and knowledge and with regard to all such other matters as he in his sole discretion considers appropriate;

14.2.3 if the Parties cannot agree upon the selection of an **Expert**, the **Expert** shall be selected on the application of either **Party** by the President for the Law Society of England and Wales;

14.2.4 all references to the **Expert** shall be made in writing by either **Party** with notice to the other being given contemporaneously, and the **Parties** shall promptly supply the **Expert** with such documents and information as he may request when considering any referral;

14.2.5 the **Expert** shall be requested to use his best endeavours to give his decision upon the question before him as soon as possible in writing following its referral to him, his decision shall, in the absence of fraud or manifest error, be final and binding upon the **Parties**;

14.2.6 the **Parties** shall equally share the Expert's fees and expenses unless the **Expert** determines otherwise; and

14.2.7 save to the extent otherwise expressly provided herein or in the determination by the **Expert**, this Clause shall, to the extent necessary for the **Parties** to perform their obligations under this **Agreement**, continue to bind the **Parties** after termination.

15 ENTIRE AGREEMENT CLAUSE

This **Agreement** contains or expressly refers to the entire agreement between the **Parties** with respect to the subject matter of this **Agreement**, and expressly excludes any warranty, condition or other undertaking implied at law or by custom, and supersedes all previous agreements and understandings between the **Parties** with respect thereto and each of the **Parties** acknowledges and confirms that it is not aware of any representation, warranty or other undertaking not fully reflected in the terms of this **Agreement** upon which it has relied upon entering into this **Agreement**. To the extent that any such representation, warranty or other undertaking exists, each **Party** irrevocably and unconditionally waives any right it may have to claim damages for breach of warranty and/or to rescind this **Agreement**, unless such warranty or misrepresentation was made or given fraudulently.

16 FORCE MAJEURE

16.1 In so far as either **Party** is prevented from performing any of its obligations under this **Agreement** due to an event or circumstance of **Force Majeure**, then the rights and obligations of the **Parties** shall be suspended for as long as and to the extent that the circumstance of **Force Majeure** prevents such performance. For the avoidance of doubt, the **Provider** shall not be entitled to any **Availability Payment** and the **Company** shall not be entitled to any **Availability Rebate** to the extent that the **Facility** is **Unavailable** by reason of **Force Majeure**.

16.2 The **Party** affected by the **Force Majeure** shall give to the other **Party** immediately upon becoming aware of an event or circumstance of **Force Majeure**, a written communication describing the **Force Majeure** (including, without limitation, the nature of the occurrence and its expected duration) and the obligations which it is prevented from performing and shall continue to furnish regular reports with respect thereto to the other **Party** during the period

of **Force Majeure**.

16.3 As soon as is reasonably practicable, following an event or circumstance of **Force Majeure**, the **Parties** shall meet to discuss how best to continue their respective obligations as set out in this **Agreement**.

16.4 For the avoidance of doubt the non-performance of either **Party's** obligations pursuant to this **Agreement** arising prior to the event or circumstance of **Force Majeure**, shall not be excused as a result of the event or circumstance of **Force Majeure**.

16.5 Either **Party** shall have a right to terminate this Agreement if a **Party** has been prevented from performing its obligations due to an event of Force Majeure for a continuous period of three (3) calendar months.

17 **VARIATIONS**

No variation to the terms of this **Agreement** shall be effective unless made in writing and signed by or on behalf of both the **Company** and the **Provider**.

18 **NO PARTNERSHIP**

The **Parties** are independent contractors. Nothing contained herein shall be deemed to create an association, joint venture, partnership or principal/agent relationship between the **Parties** or to impose any partnership obligation or liability on either **Party**. Neither **Party** shall have any right, power or authority to enter into any agreement or commitment, act on behalf of, or otherwise bind the other **Party** in any way.

19 **WARRANTIES AND INDEMNITY**

19.1 The **Provider** hereby warrants and represents to the **Company** that:

19.1.1 it has full power and authority to enter into this **Agreement** and perform its obligations hereunder, including without limitation that the availability and delivery of the **Stability Compensation Service** from the **Facility** pursuant to and in accordance with this **Agreement** does not cause it to be in breach of, or to otherwise be non-compliant with, any **Legal Requirement** and/or any agreement with any person;

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19.1.2 it will not do anything in connection with this **Agreement** that will cause it to be in breach of, or to otherwise be non-compliant with, any **Legal Requirement** and/or any agreement with any person; and

19.1.3 save where the **Provider** has sought and been granted written consent by the **Company** (such consent to be at the **Company's** sole discretion), it is not a party to an agreement or arrangement with the **Company** or any **Public Distribution System Operator** or electricity supplier or other person to provide any service from the **Facility** which may impair the **Provider** being **Available** and/or its ability to provide the **Stability Compensation Service** and/or perform its obligations under this **Agreement**, during the Summer Period in any Contract Year. The **Provider** repeats this warranty and representation on acknowledgement of each **Instruction**.

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19.2 In the event that any warranty or representation made under Clause 19.1 is breached, the **Provider** shall indemnify the **Company** against all and any losses, liabilities, claims, expenses that may be suffered or incurred by the **Company** as a direct result of that breach and all and any claims and demands which may be brought against the **Company** by any other person connected to or using the **User System** of a **Public Distribution System Operator** or any other **User System** or the owner of operator of any **User System** or any other person whatever arising out of or resulting from such breach. Any legal costs and expenses reasonably incurred in the contesting of such claims, including the court costs and the reasonable fees of lawyers and other professional advisers, shall be treated as direct losses.

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19.3 The provisions of this Clause 19 shall continue to bind the **Parties** after termination of this **Agreement**.

20 **ANTI-BRIBERY**

20.1 Each **Party** shall:

20.1.1 comply with all **Anti-Bribery Laws**;

20.1.2 not engage in any activity, practice or conduct which would constitute an offence

under sections 1, 2 or 6 of the **Bribery Act** if such activity, practice or conduct had been carried out in the UK;

- 20.1.3 have and shall maintain in place throughout the term of this **Agreement** its own policies and procedures, including **Adequate Procedures** to ensure compliance with the **Anti-Bribery Laws**, and this Clause 20.1, and will enforce them where appropriate; and
- 20.1.4 procure and ensure that all of its **Associated Persons** and/or other persons who are performing services and/or providing goods in connection with this **Agreement** comply with this Clause 20.
- 20.2 Without prejudice to any other rights or remedies either **Party** may terminate this **Agreement** on written notice to the other **Party** specifying the date on which this **Agreement** will terminate in the event of a breach of Clause 20.1.

21 **EMR**

- 21.1 Notwithstanding any confidentiality obligations and any restriction on the use or disclosure of information set out in this Agreement, the Provider consents to the Company and each of its subsidiaries using all and any information or data supplied to or acquired by it in any year under or in connection with this Agreement for the purpose of carrying out its EMR Functions.
- 21.2 The provisions relating to the resolution of disputes set out in this **Agreement** (if any) are subject to any contrary provision of an **EMR Document**.
- 21.3 Where for the purposes of this provision only:

“AF Rules”	has the meaning given to “allocation framework” in section 13(2) of the Energy Act 2013;
“Capacity Market Rules”	means the rules made under section 34 of the Energy Act 2013 as modified from time to time in accordance with that section and The Electricity Capacity Regulations 2014;

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“EMR Document” means The Energy Act 2013, The Electricity Capacity Regulations 2014, the Capacity Market Rules, The Contracts for Difference (Allocation) Regulations 2014, The Contracts for Difference (Definition of Eligible Provider) Regulations 2014, The Contracts for Difference (Electricity Supplier Obligations) Regulations 2014, The Electricity Market Reform (General) Regulations 2014, the AF Rules and any other regulations or instruments made under Chapter 2 (contracts for difference), Chapter 3 (capacity market) or Chapter 4 (investment contracts) of Part 2 of the Energy Act 2013 which are in force from time to time; and

“EMR Functions” has the meaning given to “EMR functions” in Chapter 5 of Part 2 of the Energy Act 2013.

IN WITNESS WHEREOF the hands of the duly authorised representatives of the **Parties** at the date first above written

SIGNED on behalf of)
NATIONAL GRID ELECTRICITY)
SYSTEM OPERATOR LIMITED)

SIGNED on behalf of)
[Provider name])

SCHEDULE A – Definitions

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“Active Energy (Consumption) Payment” has the meaning given to that term in Clause 4.1.3 (Service Fees);

“Adequate Procedures” shall be determined in accordance with section 7(2) of the **Bribery Act** (and any guidance issued under section 8 of that Act);

“Agreement” this agreement (including the Schedules and the Appendices thereto) as amended, extended, supplemented, novated or modified from time to time;

“Annual Reconciliation Payment” has the meaning given to that term in Clause 4.2.2 (*Service Fees*);

“Anti-Bribery Laws” shall mean all applicable laws, statutes, regulations, and codes of mandatory application relating to anti-bribery and anti-corruption including but not limited to the **Bribery Act**;

“Associated Person” shall have the meaning ascribed to it in section 8 of the **Bribery Act** and shall include but is not limited to any employees, agents and/or subcontractors of the **Provider** or the **Company** as applicable in relation to the provision of the **Stability Compensation Service**;

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“Available” means the **Facility** is capable of **Energising** and **Synchronising** in response to an **Instruction** and operating in accordance with the **Technical Performance Requirements**, including providing Reactive Power to the **NETS** (excluding any period in which the **Facility** is expressly treated as not available for the **Stability Compensation Service**) and the terms **“Availability”**, **“Unavailable”** and **“Unavailability”** shall be construed accordingly;

“Availability Payment” has the meaning given to it in Clause 4.1.1 (*Service Fees*);

“Availability Rebate” has the meaning given to that term in Clause 4.2.1 (*Service*

Fees);

“**Availability Restoration Notice**” has the meaning attributed to it in Clause 3.5 (~~Service~~ *Provision*);

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“**BM Unit**” has the meaning set out in the **BSC**, except for the purposes of this **Agreement** the reference to “a Party” in the **BSC** shall be a reference to the **Provider**;

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“**Bribery Act**” the Bribery Act 2010;

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“**Business Day**” a week-day (other than a Saturday or a Sunday) on which banks are open for domestic business in the City of London;

“**Commercial Operations Date**” means, unless otherwise agreed between the **Parties**, the later of: (i) 1st April 2020 and (ii) the day after the date on which the **Conditions Precedent** *have* been satisfied or waived in full, provided that such date shall not extend beyond the **Longstop Date** (or, pursuant and subject to Clause 2.5.2 (*Commencement and Term*), the **Extended Longstop Date**);

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“**Conditions Precedent**” has the meaning given to it in Clause 2.2 (*Commencement and Term*);

“**Connection Site**” the location more particularly described in the **Bilateral Agreement**;

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“**Connection and Use of System Code**” or “**CUSC**” the connection and use of system code drawn up pursuant to the **Transmission Licence** as from time to time revised in accordance with the **Transmission Licence**; references in this **Agreement** to any specific provision or part of the Connection and Use of System Code shall be construed as references to such provision or part as from time to time amended;

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“**Contract Rate**” means the rate (expressed in £/**Settlement Period**) to be used for the calculation of **Availability Payments** specified by the **Provider** in its **Tender** submission and set out in Schedule B Part B;

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“Contract Year” means each period of twelve (12) calendar months commencing on 1 April in each year of the **Service Term** and the expression **“Contract Year 2020/21”** and similar expressions shall be construed accordingly;

“Distribution Connection Agreement” means the agreement for connection of the **Facility** to the local **Distribution System**;

“EDL” means the electronic despatch logging mechanism by which the **Company** communicates with the **Provider** and the **Provider** communicates with **Company** in respect of the **Facility** for the purposes of sending and acknowledging **Instructions** and **Instructions to End**;

“Extended Longstop Date” has the meaning given to it in Clause 2.5.2 (*Commencement and Term*);

Deleted: “Effective Date”

“Facility” means the facility described in Schedule B, Part A;

“Fast Fault Current” has the meaning given to that term in the **Grid Code**;

“Force Majeure” in relation to either **Party** any event, circumstance or condition which is beyond the reasonable control of such **Party** (not being, without limitation an event or circumstance caused by the negligence or lack of care and attention of that **Party** or its officers or employees, agents, contractors and sub-contractors) which, despite all reasonable endeavours of the **Party** claiming **Force Majeure** to prevent it or mitigate its effects, causes a material delay or disruption in the performance of any obligation imposed hereunder, but subject thereto including act of God, strike, lockout or other industrial disturbance, act of the public enemy, war declared or undeclared, threat of war, terrorist act, blockade, revolution, riot, insurrection, civil commotion, public demonstration, sabotage, act of vandalism, lightening, fire, storm, flood, earthquake, accumulation of snow or ice, lack of water arising from weather or environmental problems, explosion, governmental restraint, **Act** of Parliament, other legislation,

bye law and Directive (not being any order, regulation or direction under Section 32, 33, 34 and 35 of the Act) provided always that (i) lack of funds and (ii) operational constraints imposed by the Local DNO shall not be interpreted as a cause beyond the reasonable control of that Party;

“Grid Code” has the meaning given to it in the **Company’s Licence**;

“Grid Entry Point” has the meaning given to it in the **Grid Code**;

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“Indicative Post Tender Milestones” means those indicative milestones, and requisite evidence, set out in Schedule C;

“Initial Proving Test” a proving test of the **Facility** undertaken prior to the **Commercial Operations Date** pursuant to the principles set out in Schedule D, Part A to verify the **Facility** is capable of providing the **Stability Compensation Service**;

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“Instructed Settlement Period” means a **Settlement Period** that is subject to an **Instruction**;

“Instruction” has the meaning given to it in Clause 3.7 (Service Provision);

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“Instruction to End” has the meaning given to it in Clause 3.7 (Service Provision);

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“ITT” has the meaning given to it in recital A;

“Legal Requirement” has the meaning given to it in the BSC;

“Licence” means a licence issued under section 6(1) of the electricity act 1989;

“Local DNO” means the operator of the distribution system to which the Facility is connected;⁹

“Longstop Date” 31st March 2021;

“Maintenance Plan” has the meaning given to it in Clause 3.12;

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“Monitoring Equipment” the meaning given to it in Clause 6.1 (*Monitoring*);

Deleted: the agreement between the Parties entitled “The Connection and Use of System Code Mandatory Services Agreement” relating to **Connection Site** effective from the **CUSC Implementation Date** as the same may be amended, varied, extended or modified from time to time;

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⁹ Delete where not relevant

“**Notice of Unavailability**” the meaning given to it in Clause 3.3 ([Service Provision](#));

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“**Party Liable**” [has](#) the meaning given to it in Clause 10.1 (*Limitation of Liability*);

“**Proving Test**” a proving test of the **Facility** undertaken after the **Commercial Operations Date** pursuant to the principles set out in Schedule D Part B to verify the **Facility** is [capable of providing](#) the **Stability Compensation Service** [in accordance with the Technical Performance Requirements](#);

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“**Post Tender Milestones**” [the milestones set out in Schedule C](#);

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“**PTM Date**” means the date falling six (6) months before the **Scheduled Operations Date**;

“**Reactive Power Fee**” means the amount (expressed in £/Mvarh) specified for the relevant month in the column headed “X=1” in the document titled, “Obligatory Reactive Power Service Default Payment Rates” published each month on the National Grid web site;

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“**Reactive Power Mode**” means ‘target voltage mode’ or ‘constant Mvar mode’ as described in the **Technical Performance Requirements**;

“**Reactive Power Payment**” has the meaning attributed to it in Clause 4.1.2 (*Service Fees*);

“**Scheduled Operations Date**” [\[redacted\]](#)¹⁰, being the date specified by the **Provider** in its **Tender** submission [by](#) which [it](#) expects to pass the **Initial Proving Test**;

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“**Service Term**” means the period commencing at 00:00:00 hours on the **Commercial Operations Date** and ending at 23:59:59 on [31st March 2023] [31st March 2026]¹¹;

“**Stability Compensation**” means the service of making the **Facility Available** and

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¹⁰ [To be taken from](#) the relevant Provider’s tender submission and will need to be inserted following the award a contract.

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¹¹ [To be taken from](#) the relevant Provider’s tender submission

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Service	responding to the Company’s Instructions in accordance with this Agreement ;
“Summer Period”	means, in relation to each Contract Year , the period commencing on 1 April and ending on 31 October;
“Synchronised”	the condition where the Provider is connected to the busbars of the Total System so that the frequencies and phase relationships of the Provider and the Total System are identical, like terms shall be construed accordingly e.g. “Synchronism” ;
<u>“Synchronous Compensation”</u>	<u>means the operation of rotating synchronous apparatus for the specific purpose of</u> providing this Stability Compensation Service ;
<u>“System Buy Price”</u>	<u>has the meaning given to it in the BSC</u> ;
“Technical Performance Requirements”	those technical, performance and other requirements set out or referred to in Schedule E;
“Tender”	means the procurement process for the provision of the Stability Compensation Service undertaken pursuant to the ITT ;
“User System Entry Point”	has the meaning given to it in the Grid Code .

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SCHEDULE B – Provider Details¹²

Part A – Facility

[REDACTED]

Part B – Contract Rate

(in £/Settlement Period) [£REDACTED]

¹² This schedule sets out the specific details of the Provider – namely the Facility in Part A and the Contract Rate in Part B

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SCHEDULE C – Post Tender Milestones¹³

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 The below **Indicative Post Tender Milestones** set out the indicative milestones the **Provider** will need to demonstrate compliance with, which will be discussed with the **Company** during the **Tender** process and the **Provider** shall (acting in good faith) indicate any other milestones (and the suggested evidence) which may be required before the **Facility** can meet the requirement in Clause 2.2.4 (*Commencement and Term*).

	Milestone	Evidence Required
1.	The grant by the relevant local planning authority (on terms and conditions reasonably acceptable to the Company) of permission for the proposed erection, construction operation and/or site clearance required (including all and any ancillary erections, structures and equipment, plant and apparatus) and use of the Facility for the provision of the Stability Compensation Service in accordance with the terms of the Agreement .	Copy of all relevant consents or (at the Company's sole discretion) a declaration by the Provider that it has obtained the necessary planning permission) that may be required to enable the Provider to deliver its project for the purposes of providing the Stability Compensation Service in accordance with the terms of the Agreement
2.	The Provider has either a leasehold or freehold interest in land upon which the Facility is (or is to be) situated	Evidence to the Company's reasonable satisfaction which may (at the Company's sole discretion) be by way of a declaration by the Provider that it has met these obligations.
3.	The Provider has commenced development and construction operations at the site.	Evidence (to the Company's reasonable satisfaction) or (at the Company's sole discretion) a declaration by the Provider that it has met these obligations.

¹³ [The Indicative Post Tender Milestones set out above will be discussed with the Company during the Tender process and the Provider may \(acting in good faith\) indicate any other milestones \(and the suggested evidence\) which it considers appropriate to its proposed solution. This schedule shall then be amended accordingly](#)

4.	The Provider has in place (as can reasonably be expected to be in place by the PTM Date), without limitation, those consents, permissions, approvals, licences, exemptions and other permits (in legally effectual form) as may be necessary to commence, carry out, maintain and ensure the provision of the Stability Compensation Service in accordance with the terms of the Agreement .	Evidence to the Company's reasonable satisfaction which may (at the Company's sole discretion) be by way of a certificate from an independent consultant (based in the United Kingdom and who has sufficient experience and expertise in assessing the consenting requirements for the construction and operation of facilities similar to the Provider's system) that the Provider has, or can reasonably be expected to have, the necessary consents, permissions, approvals, licences, exemptions and other permits in place to enable the Provider to perform the Stability Compensation Service in accordance with the terms of the Agreement by no later than the Commercial Operations Date .
5.	Entry by the Provider into a binding agreement (on terms acceptable to the Company) for the connection of the Facility to the public electricity supplier distribution system or to the National Electricity Transmission System to receive a supply or electricity from and export electricity into the Distribution System or the National Electricity Transmission System .	Unless evidence was fully provided at the Tender stage, evidence to the Company's reasonable satisfaction or (at the Company's sole discretion) a declaration by the Provider that it has entered into a suitable grid connection agreement that will enable the Provider to deliver the Stability Compensation Service in accordance with the terms of the Agreement .
6.	The Provider has put in place the necessary orders for all necessary plant, equipment, apparatus, machinery and other materials with long procurement and/or delivery periods.	Evidence to the Company's reasonable satisfaction.

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7.	<p>Entry by the Provider into a binding engineering procurement and construction contract and/or a supply agreement with an original equipment manufacturer (as applicable) for the provision of relevant equipment and services in developing the Facility (including all ancillary and associated works in relation thereto) on terms and conditions reasonably acceptable to the Company.</p>	<p>Unless a contract was entered into at the Tender stage, evidence to the Company's reasonable satisfaction which may be by way of a certificate from an independent consultant who has sufficient experience and expertise in assessing the necessary requirements for the construction and operation of facilities similar to the Provider's system in the United Kingdom that, given the terms of such agreements, there is a reasonable prospect of the Facility being Commissioned in time to deliver the Stability Compensation Service by no later than the Commercial Operations Date.</p>

SCHEDULE D – Proving Tests

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Part A – Initial Proving Test

The **Provider** agrees that it or its agent shall undertake an **Initial Proving Test** ahead of the **Commercial Operations Date** to ensure operability of the **Stability Compensation Service**.

The level and scope of tests required will depend on the solution and build programme, but will include (without limitation) the following tests:

- Open circuit test
- On load Voltage steps
- Transforming tapping
- Under-excitation limiter
- Over-excitation limiter

Part B – Proving Test

The **Provider** agrees that it or its agent shall undertake **Proving Tests** (including any re-tests), if required, during the **Service Term**, where requested by the **Company** in accordance with the provisions of Clause 5 (*Proving Test*) of this **Agreement** to test whether the **Facility** is capable of providing the **Stability Compensation Service**.

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The level and scope of tests required will depend on the technology of the Facility and will include those tests specified in Part A.

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SCHEDULE E - Technical Performance Requirements

Part A - Stability Requirements

Short circuit level and inertia requirement

- 1.1 The **Provider** shall:
- 1.1.1 ensure that during a fault, the short circuit level contribution from the **Facility** will be ≥ 1.5 pu of MVA of the **Facility** rating. Short circuit level defined as:

$$\text{Short circuit level (in MVA)} = \sqrt{3} * \text{Rated voltage (in kV)} * \text{Fault current provided (in kA)}$$

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where the fault current is defined as the minimum fault current seen between 5ms after fault and fault clearance;

- 1.1.2 ensure that during a fault, the inertia contribution will be ≥ 1.5 pu of MVA of the **Facility** rating;
- 1.1.3 ensure that during fault and the first 0.5 seconds after the fault clearance, the delivery of rated reactive current injection and any additional active power required to achieve the effect specified in paragraphs 1.1.1 and 1.1.2 above, must not exceed a decay time constant of 12s (Figure 1);
- 1.1.4 ensure that the **Facility** is capable of active and reactive power oscillation damping achieved over 20s (Figure 1). Frequencies to be damped will be location specific as notified by the **Company** prior to the **Commercial Operations Date**.

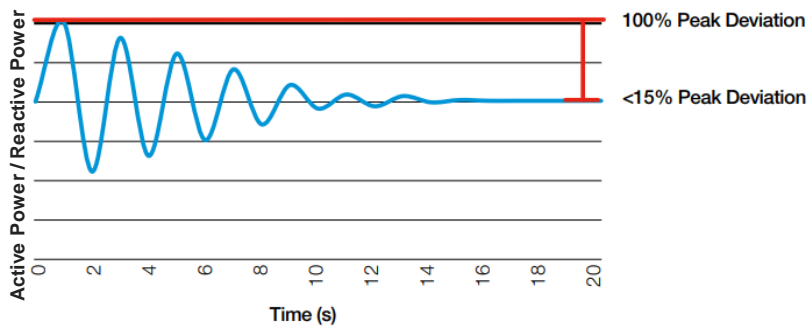


Figure 1: Explanation of time constant of 12s

- 1.1.5 ensure that the **Facility** operates at minimum transmission short circuit levels of between [x] and [x]¹⁴;

Fault ride-through and transient stabilisation requirement

1.2 The **Facility** must be able to:

1.2.1 operate and withstand voltage variations defined within ECC.6.1.4.1 and ECC.6.1.4.2

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1.2.2 ensure continuous and controllable operation shall be possible at all system voltages between 0.9 and 1.1per unit (pu) at all frequencies and durations specified in ECC6.1.2.1.2 of the Grid Code;

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1.2.3 ride through voltage depressions of down to 0pu for up to 140ms;

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1.2.4 ride through the family of voltage depression curves described in the **Grid Code** reference ECC.6.3.15;

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1.2.5 provide reactive current response to the **NETS** consistent with the performance of a voltage source behind an impedance of no less than 10% on machine base impedance across all timescales;

1.2.6 provide reactive current injection into a retained voltage depression (i.e. voltage during a fault) at the point of connection, within 5ms of event;

1.2.7 maintain its phase of reactive and as relevant active power and current injection at least over a period of 0.5s after the fault/disturbance;

1.2.8 withstand, and ride through, any rate of change of frequency occurring \leq 1Hz/s on average or in absolute change across a sampled window of 500ms;

1.2.9 withstand, and ride through, any rate of change of frequency instantaneously measured exceeding 1Hz/s within the sampled window period;

1.2.10 withstand an initial RMS over-voltage of up to 1.4p.u. for 100ms after fault clearance followed by a reduction in over-voltage towards no more than 1.05pu as per the requirements of TGN(E)288;

1.2.11 start responding within 5ms of fault clearance during an over-voltage condition described in paragraph 1.2.10, with reactive current absorption;

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¹⁴ The exact range to be agreed during the tender process depending on the location and/or Provider (expected to be within the range of 3-13 kA)

- 1.2.12 respond up to its rating with reactive current countering the initial voltage angle change.
- 1.2.13 be capable of continuous operation at such ratings shall be achieved over an outside air temperature range of -10°C to 25°C and a humidity range of 5 to 100%. These are to be taken as free air temperatures for the site and include no allowance for solar gain, self-heating effects or the proximity of other plant. De-rated operation of the **Facility** shall be permitted at higher or lower temperatures. Information on performance at higher and lower temperatures shall be provided to the **Company** (Appendix 2 of this Schedule); and
- 1.2.14 be capable of repeated supply **Fast Fault Current** to the **NETS** each time the voltage at the **Grid Entry Point** or **User System Entry Point** falls outside the limits specified in ECC.6.1.4.

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Part B - Continuous Voltage Requirements

General requirement

1. The **Facility** shall, following an **Instruction**, provide **Reactive Power** in MVAR of up to [x] pu of MVA rating continuously generating (over-excited) and alternatively of up to [x] pu of MVA rating continuously absorbing (under-excited) of the **Facility** rating¹⁵.

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Control Modes: General

2. The **Facility** must be able to operate in either '*Target Voltage*' or '*Constant MVAR*' mode.
3. In '*Target Voltage*' mode, the unit reactive current shall be directly proportional to the deviation of the system (HV) voltage from the preselected '*Target Voltage*' and inversely proportional to the *slope* setting. In this mode, the **Facility** must also provide the stability requirements set out in Part A.
4. In '*Constant MVAR*' mode, an overriding and slow acting control loop shall adjust the target voltage so that the MVAR output of the **Facility** equals the '*Target MVAR*' setting. The **Facility** must still respond rapidly to sudden changes in system voltage, its output returning steadily to the target value over a definable subsequent period. In this mode, the **Facility** must also provide the stability requirements set out in Part A.

¹⁵ Reactive generation and absorption values to be as specified by the **Provider** in its tender submission.

Target Voltage Mode

Slope Characteristic:

5. A change in voltage (at point of connection to the **NETS**) shall cause a change in reactive current according to a linear *slope* characteristic, defined as the change in system voltage to cause the reactive current output of the **Facility** to move from zero to full capacitive (over-excited). Control according to the slope characteristic shall be achievable over the full range of reactive outputs and system voltages.
6. The *slope* shall be adjustable over the range 2% to 10%. The setting tolerance shall be better than $\pm 0.5\%$ of system voltage. The **Provider** shall inform the **Company** during the **Initial Proving Test** how slope adjustment will be achieved, and must provide such data as the **Company** reasonably requires for system modelling studies.

Float Condition:

7. The float condition, at which reactive current is zero, shall be changed by adjustment of *target voltage* (at point of connection to the **NETS**) over the range 0.95 to 1.05 pu.
8. The range of slope adjustment is to be available over the full range of *target voltage* adjustment.

Response Time:

9. For a sustained change in the **NETS** voltage, the change in the sustained reactive current will be determined by the *slope*.
10. For a step change in the **NETS** voltage, the change in sustained reactive current will be achieved as follows
 - 10.1. 95% of the total change to be achieved within 1 second; and
 - 10.2. all oscillations greater than 1% of full load current to have ceased within 2 seconds.

Constant MVar Mode

11. An overriding and slow acting control loop shall adjust the target voltage so that the MVar output of the **Facility** equals the '*Target MVar*' setting. The **Facility** will thus still respond rapidly to sudden changes in system voltage, its output returning steadily to within ($\pm 2\%$ of unit MVar rating) of the target value over the subsequent 5 minute period.
12. Should the voltage on the **NETS** vary outside adjustable preset limits, the **Facility** must be switched to **Target Voltage Mode** to control the abnormal system voltage. This change of operating mode shall be alarmed to alert the **Company** operator to a

possible abnormal system condition. The preset limits shall be adjustable between 0.93 and 1.07 pu, with a resolution of 0.005 pu.

13. The requirements of the 'Constant MVAR' mode must be achievable for all system short circuit levels specified in paragraph 1. Constant MVAR control must be achievable at any MVAR output and at any system voltage within the limits defined in paragraph 1 of Part B, [and at any system voltage and frequencies as defined in 1.2.1 to 1.2.4 of Part A.](#)

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Part C - Control and Indication Facilities

1. The transformer tap position shall be provided for by the **Provider** at the **Company's** operational metering system control and data acquisition (SCADA) outstation interface, in accordance with **Grid Code** Connection Condition CC 6.5.5.
2. The following facilities for voltage/reactive power control to the **Company's** instructions shall be provided by the **Provider** at a manned control point:
 - 2.1. **Start-up** of machine and transition to Stability Compensation mode.
 - 2.2. **Shut-down** of Stability Compensation mode.
 - 2.3. Target voltage setting (resolution 1kV) (for *Target Voltage* control mode).
 - 2.4. Target MVAR setting (resolution 1MVAR) (for *Constant MVAR* control mode).
 - 2.5. Control mode selection (*Target Voltage* or *Constant MVAR*).
3. The following additional facilities for voltage/reactive power control shall be provided by the **Provider**. The **Provider** shall use all reasonable endeavours to adjust any of the following specified quantities on the **Company's** instruction within 24 hours' notice. Adjustment shall not be made unless instructed by the **Company**.
 - 3.1. Slope setting (range 2% to 10%, resolution 1%).
 - 3.2. Constant MVAR mode: time for reversion from Target Voltage mode to Constant MVAR mode (range 5 minutes to 30 minutes, resolution 5 minutes).
 - 3.3. Constant MVAR mode: voltage limits for transition to Target Voltage mode (setting range 0.93 to 1.07 pu. resolution 0.005 pu).

Part D - Model Provision

The **Provider** will [prior to commissioning the Facility](#) submit a steady state and transient model in accordance with **Grid Code** PC.A.5.3.2 c option 2. The **Company** may accept a DIGSILENT PowerFactory Model V15 provided that this is an open model (i.e. transfer functions visible and not containing DLL code).

The **Provider** will submit a performance chart in accordance with **Grid Code** OC2.2.4.2.1

INDICATIVE DRAFT SUBJECT TO CONTRACT

SCHEDULE F - Payments

Part A – Availability Payment

This Part A sets out the calculation of the payments in respect of **Availability** and comprises the following elements:

- A.1 the monthly **Availability Payment**;
- A.2 the monthly **Availability Rebate** (with effect from 2022 onwards);
- A.3 the **Annual Reconciliation Payment** and
- A.4 the indexation of the **Contract Rate**.

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A.1 – Monthly Availability Payment

A.1 The **Availability Payment** AP_m for each calendar month m in the **Contract Year** is calculated as:

$$AP_m = CR * \sum Max(ASC_j, FMA_j)$$

Where:

- CR is the **Contract Rate**, indexed in accordance with paragraph A.4 below;
- Σ is the sum of the **Settlement Periods** j in calendar month m ;
- ASC_j is 1 where **Facility** is **Available** to operate in a **Stability Compensation Mode** in **Settlement Period** j , otherwise 0;
- FMA_j is 1 where **Facility** is on an agreed outage period specified in the **Maintenance Plan** in **Settlement Period** j , otherwise 0.

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INDICATIVE DRAFT SUBJECT TO CONTRACT

A.2 – Monthly Availability Rebate

A.2.1 The **Availability Rebate** (AR_m) for each calendar month in the **Contract Year** is calculated as follows

$$AR_m = \text{Min}((AC_m + UL_m), AP_m)$$

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Where:

AC_m is the sum calculated in accordance with paragraph A.2.2 below

UL_m is the unrecovered **Availability Rebate** as at month m , calculated in accordance with paragraph A.2.3 below.

A.2.2 The charge for **Unavailability** (AC_m) in calendar month m of the **Contract Year** is calculated as

$$AC_m = CR * \sum SP_j * USC_j * UFM_j$$

Where:

CR is the **Contract Rate**, indexed in accordance with paragraph A.4 below;

Σ is the sum of the **Settlement Periods** j in calendar month m ;

SP_j is 1 where if the **Settlement Period** falls within the **Summer Period**, otherwise 0;

USC_j is 1 where the **Facility** is **Unavailable** in **Settlement Period** j , otherwise 0;

UFM_j is 0 where the **Facility** is on an agreed outage period specified in the **Maintenance Plan** in **Settlement Period** j , otherwise 1.

INDICATIVE DRAFT SUBJECT TO CONTRACT

A.2.3 The unrecovered **Availability Rebate** (UL_m) for each calendar month m in the Contract Year is:

Where $m = 1$, the monthly unrecovered **Availability Rebate** (UL_m) will be 0;
Where $m > 1$, the monthly unrecovered **Availability Rebate** (UL_m) will be calculated as:

$$UL_m = \sum_1^{m-1} AC_m - \sum_1^{m-1} AR_m$$

~~$$UL_m = \sum_1^{m-1} AC_m - \sum_1^{m-1} AP_m$$~~
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Where:

Σ is the summation of the monthly values for AC_m and AR_m in all calendar months up to and including the previous month in the **Contract Year**.

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A.3 – Annual Reconciliation Payment

The **Annual Reconciliation Payment** (ARL_{final}) is calculated for a **Contract Year** as follows:

$$ARL_{final} = \text{Min} \{ \text{Max} (UL_{m12} - (AP_{m12} - AR_{m12}), 0), \Sigma AP_m - AR_m \}$$

Where:

- Σ is the sum of all monthly values for AP_m and AR_m in the **Contract Year**;
- UL_{m12} is the unrecovered **Availability Rebate** in the final month of the **Contract Year**;
- AP_{m12} is the **Availability Payment** in respect of the final month of the **Contract Year**;
- AR_{m12} is the **Availability Rebate** in respect of the final month of the **Contract Year**.

INDICATIVE DRAFT SUBJECT TO CONTRACT

A.4 – Indexation of Contract Rate

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The **Availability Payment** will be calculated by reference to the **Contract Rate**, subject to indexation as follows:

A.4.1 The **Contract Rate** is specified at April 2020 values and will be adjusted annually (commencing on 1st April 2021) to take account of general price inflation. The index used will be the Consumer Prices Index (“**CPI**”) with 2015 = 100 base. The source of the CPI index is the monthly Office for National Statistics Statistical bulletin.

A.4.2 The **Contract Rate** will therefore be increased (or reduced as appropriate) for the period April 2021 to March 2022 by the following factor:-

$$\frac{CPI_2}{CPI_1}$$

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Where:

CPI_2 is the CPI for March 2021

CPI_1 is the CPI for March 2020

A.4.3 The relevant price will then be increased (or reduced as appropriate) for the period April 2022 to March 2023 by the following factor:-

$$\frac{CPI_3}{CPI_1}$$

Where:

CPI_3 is the CPI for March 2022

CPI_1 is the CPI for March 2020

A.4.4 In subsequent years, indexation will continue in accordance with the above, with always the numerator of the factor representing the CPI of the **Contract Year** under consideration and the denominator of the factor being CPI for March 2020.

A.4.5 In the event that CPI ceases to be published or is not published in respect of any relevant month or it is not practicable to use CPI because of a change in the method

INDICATIVE DRAFT SUBJECT TO CONTRACT

of compilation or some other reason, indexation for the purpose of this [paragraph A.4](#) shall be calculated by the **Company** using an index agreed by the **Parties** with a view to determining the relevant price after indexation that would be closest to the relevant price after indexation if CPI had continued to be available.

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INDICATIVE DRAFT SUBJECT TO CONTRACT

Part B – Reactive Power Payment

The **Reactive Power Payment** in respect of calendar month m (" RP_m ") is calculated as follows:

$$RP_m = \sum_{j=1}^{month} RF * (U_{lead} + U_{lag})$$

Where:

$\sum_{j=1}^{month}$ is the summation over all **Instructed Settlement Periods** j in calendar month;

RF is the **Reactive Power Fee** (expressed in £/MVAh);

U_{lag} is the metered quantity of **Reactive Power** (expressed in MVAh) produced by the **Facility**; and

U_{lead} is the metered quantity of **Reactive Power** (expressed in MVAh) absorbed by **Facility**.

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Part C – Active Energy (Consumption) Payment

The aggregate **Energy Consumption Payment** in respect of calendar month m (" EP_m ") is calculated as follows:

$$EP_m = \sum_{j=1}^{month} EA * \max(SBP_j, 0)$$

Where:

$\sum_{j=1}^{month}$ is the summation over all **Instructed Settlement Periods** j in calendar month m ;

EA is the energy allowance specified in the **Provider's Tender** for operating the **Facility** in **Synchronisation** with the **Total System** in accordance with an **Instruction** during a **Settlement Period** (expressed in kWh);

SBP_j is the **System Buy Price** (converted to pence/kWh) for **Settlement Period** j .

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SPB_j

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expressed in

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SCHEDULE G – Notices

The **Company's** address for service of Notices:

National Grid Electricity System Operator Limited

Faraday House

Warwick Technology Park

Gallows Hill

Warwick CV34 6DA

Facsimile number: 01926 656613

For the attention of: the Company Secretary

Copy to: Head of Commercial

The **Provider's** address for service of Notices:

[Company name]

[Company Address]

Facsimile number: []

For the attention of: []

Operational telephone contact number []

Operational contact []

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SCHEDULE H – Notice of Unavailability/Availability Restoration Notice

FORM A

STABILITY COMPENSATION SERVICE FAX FORM FOR

DECLARATION OF UNAVAILABILITY

Facility:	
Contract Number:	
Company Name:	
Company Address:	

Tel:	
Standby Tel:	
Fax:	
Standby Fax:	

We hereby notify you that the Stability Compensation Service of the above Facility will be Unavailable as follows:

Period commencing:

Unavailability Period		Estimated Restoration of Availability	
Date	Time	Date	Time

Reasons for the Facility being Unavailable:

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Fax Sent By (Print name): Date: Time:

Signature:

Acknowledged by National Grid Electricity System Operator

(Print name):

Signature: Date: Time:

National Grid Electricity System Operator Control

Fax number: [] Standby Fax: []

Telephone: [] Standby Phone: []

Email: []

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FORM B

**STABILITY COMPENSATION SERVICE FAX FORM FOR
RESTORATION OF AVAILABILITY**

Facility:	
Contract Number:	
Company Name:	
Company Address:	

Tel:	
Standby Tel:	
Fax:	
Standby Fax:	

We hereby notify you that the Stability Compensation Service of the Facility will be restored with effect from the period commencing:

Date	Time

Reason for Restoration of Availability:

Fax Sent By (Print name): **Date:****Time:**

Signature:

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Acknowledged by National Grid Electricity System Operator

(Print name):

Signature: Date: Time:

National Grid Electricity System Operator Control

National Grid Electricity System Operator Control

Fax number: [] Standby Fax: []

Telephone: [] Standby Phone: []

Email: []