CUSC - SECTION 1

APPLICABILITY OF SECTIONS AND RELATED AGREEMENTS STRUCTURE

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1.1 INTRODUCTION

1.1.1 The Company is obliged by the Transmission Licence to maintain the CUSC and to enter into arrangements for connection and use of system with Users pursuant to its terms.

1.1.2 The CUSC is divided into different sections, including sections dealing specifically with Connection to and Use of System, the provision of Balancing Services, Interconnectors and other sections of more general application.

1.1.3 Compliance with the various sections by a User is dependent on the nature of that User’s connection and/or use in any given instance. A User may be party to the CUSC in a number of different categories.

1.1.4 This Section also deals with the requirement for a User to enter into Bilateral Agreements, Construction Agreements and Mandatory Services Agreements.

1.1.5 The CUSC and the proforma Bilateral Agreements set out as Exhibits 1, 2 and 5 of Schedule 2 are drafted to reflect the standard terms in relation to The Company’s charges (an indicative price agreement). Where a User chooses to have a different charging option, where provided for in the Charging Statements current at the time of application for the relevant Bilateral Agreement, that Bilateral Agreement will provide for the specific terms relating to the charging option and for the relevant paragraphs of Section 2 to apply (or be disapplied) subject to those specific terms. This may lead to the areas covered by the relevant Bilateral Agreement being wider in certain circumstances.

1.2 APPLICABILITY

1.2.1 Each User is required to comply with the various Sections of the CUSC as provided for in this Section 1. Each Section may contain further detail in relation to particular categories of connection and/or use.

1.2.2 The different categories of connection and/or use reflect the types of utilisation which can exist. For example a User could have a directly connected Power Station and also be acting as a Supplier. In that case that User will need to comply in relation to two categories of connection and/or use, and its obligations in relation to each will differ.
1.2.3 Section 1, Sections 5 to 8 and 11 of the **CUSC** apply to all categories of connection and/or use, and therefore should be complied with by all **Users**, subject as specifically provided in those Sections. Section 4 of the **CUSC** applies to **Users** who provide **Balancing Services** to **The Company**, and contains its own provisions on applicability to such **Users**.

1.2.4 In relation to Sections 2, 3, 9 and 15 the following table sets out the applicability of those Sections in addition to those Sections referred to in Paragraph 1.2.3:

<table>
<thead>
<tr>
<th>Categories</th>
<th>Applicable Sections</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Power Station directly connected to the GB Transmission System (including in the case of OTSDUW Build, a Power Station connected prior to the OTSUA Transfer Time by means of OTSUA)</td>
<td>2 and 3 and 15</td>
</tr>
<tr>
<td>2. Non-Embedded Customer Site</td>
<td>2 only</td>
</tr>
<tr>
<td>3. Distribution System directly connected to the GB Transmission System</td>
<td>2 only and, where a Construction Agreement is associated with Distributed Generation, 15</td>
</tr>
<tr>
<td>4. Suppliers</td>
<td>3 only</td>
</tr>
<tr>
<td>5. Embedded Power Station except those which are the subject of a BELLA</td>
<td>3 only and, where the subject of a BEGA, 15</td>
</tr>
<tr>
<td>6. Small Power Station Trading Parties</td>
<td>3 only</td>
</tr>
<tr>
<td>7. Interconnector User</td>
<td>9 Part II only</td>
</tr>
<tr>
<td>8. Interconnector Error Administrator</td>
<td>9 Part II only</td>
</tr>
<tr>
<td>9. Interconnector Owner</td>
<td>9 Part I only and 15</td>
</tr>
<tr>
<td>10. Distribution Interconnector Owner</td>
<td>3 Only</td>
</tr>
<tr>
<td>11. Embedded Exemptable Large Power Stations whose Boundary Point Metering System is either SMRS registered or is registered in CMRS by a User who is None</td>
<td></td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>Categories</th>
<th>Applicable Sections</th>
</tr>
</thead>
<tbody>
<tr>
<td>responsible for the Use of System Charges associated with the BM Unit</td>
<td></td>
</tr>
<tr>
<td>registered in CMRS</td>
<td></td>
</tr>
<tr>
<td>12 Virtual Lead Party (VLP)</td>
<td>3 only</td>
</tr>
</tbody>
</table>

**Users**, when making a **Connection Application** or **Use of System Application** (in each case in the form of the relevant exhibit), should identify the category for which they are applying.

1.2.5 Each **Bilateral Agreement**, **Use of System Supply Confirmation Notice** or **Use of System Interconnector Confirmation Notice**, will set out the category of connection and/or use to which it relates.

1.2.6 Where a Paragraph states a category of connection and/or use, or type of **User**, to which that Paragraph (or part of that Paragraph) applies, the application of that Paragraph (or part of Paragraph) shall be limited to the **User** in relation to that category of connection and/or use, or type of **User**, described.

1.2.7 Where a Paragraph does not state a category of connection and/or use, or type of **User**, to which that Paragraph (or some part of that Paragraph) applies, that Paragraph (or part of the Paragraph) shall apply to all types of **Users** and categories of connection and/or use.

1.2.8 Where a Paragraph is stated “as between **The Company** and that **User**”, rights and obligations under that Paragraph shall arise only between **The Company** and each **User** individually to whom that Paragraph applies. Accordingly, no **User** shall enjoy any rights nor incur any obligations against any other **User** pursuant to the terms of any such Paragraph.

1.2.9 Notwithstanding any other provision of this **Code**, where a **User** owns or operates an **Exemptable Embedded Large Power Station** which is **Embedded** in part of a **Distribution System** or the **System** of any other **User** where and to the extent that such part of the system in which the **Exemptable Embedded Large Power Station** is **Embedded** is not directly or indirectly connected to the **GB Transmission System**, that **User** need not comply with paragraphs 1.3, 1.7, 6.3.6 and 6.3.7 in respect of that **Exemptable Embedded Large Power Station**.

### 1.3BILATERAL AGREEMENTS, CONSTRUCTION AGREEMENTS AND MANDATORY SERVICES AGREEMENTS

1.3.1 **Bilateral Agreements**
(a) Each User in respect of each category of connection and/or use with a direct connection to the National Electricity Transmission System shall enter into and comply with a Bilateral Connection Agreement in relation to such connection and/or use as identified in Paragraph 1.3.1(e).

(b) Each User in respect of each category of connection and/or use with an Embedded Power Station (except those which are the subject of a BELLA) and/or in relation to a Small Power Station Trading Party and/or a Distribution Interconnector shall enter into and comply with a Bilateral Embedded Generation Agreement in relation to such use as identified in Paragraph 1.3.1(e).

(c) Each User in respect of its Embedded Exemptable Large Power Station whose Boundary Point Metering System is registered in SMRS or is registered in CMRS by another User who is responsible for the Use of System Charges associated with the BM Unit registered in CMRS shall enter into and comply with a BELLA as identified in Paragraph 1.3.1(e).

(d) Each User with a Secondary BM Unit shall enter into and comply with a Virtual Lead Party Agreement in respect of the VLP Assets as identified in Paragraph 1.3.1(e).

(e) Exhibits 1, 2, 5 and 7 in Schedule 2 to the CUSC contain the forms of Bilateral Agreements contemplated to be entered into pursuant to this Paragraph 1.3, being:

(i) Exhibit 1 – Bilateral Connection Agreement: direct connection to the National Electricity Transmission System (Power Station directly connected to the NETS Distribution System directly connected to the NETS, Non-Embedded Customer Site and/or Interconnector);

(ii) Exhibit 2 – Bilateral Embedded Generation Agreement: embedded use of system (Embedded Power Station (except those which are the subject of a BELLA) and/or in relation to a Small Power Station Trading Party and/or Distribution Interconnector);

(iii) Exhibit 5 – BELLA: provisions associated with such Embedded Exemptable Large
Power Stations who have no rights and obligations under Section 3 of the CUSC.

(iv) Exhibit 7 – Virtual Lead Party Agreement: embedded use of system in relation to VLP Assets

1.3.2 Construction Agreements

Each User who wishes to construct or modify a direct connection to the GB Transmission System or commence or modify use by his Embedded Power Station or Distribution Interconnector, or any Distributor who wishes to connect a Relevant Embedded Medium Power Station or Relevant Embedded Small Power Station to his system shall enter into and comply with a Construction Agreement in respect of any construction works required as a result of that connection or Modification, together with a Bilateral Agreement as identified in Paragraph 1.3.1 or, as appropriate, an agreement to vary such Bilateral Agreement. In any case under the OTSDUW Arrangements, paragraph 1.5 applies to such Construction Agreement.

1.3.3 Mandatory Services Agreements

(a) The Company and each User if a Generator shall, as between The Company and that User, in respect of the Generating Units, DC Converters and Power Park Modules from which that User is required to provide the Mandatory Ancillary Services in accordance with the Grid Code, enter into and comply with a Mandatory Services Agreement where applicable in accordance with Paragraph 1.3.3(b) in a form to be agreed between The Company and that User but based substantially on the form set out in Exhibit 4 in Schedule 2 (with necessary changes to enable the operation of those provisions, and those in Section 4 and Schedule 3 where the Generating Units, DC Converters or Power Park Modules (as the case may be) are not registered as BM Unit(s)).

(b) Each User and The Company shall, as between The Company and that User, not later than 6 months (or such lesser time as may be agreed) prior to the expected Commissioning Programme Commencement Date, have entered into a Mandatory Services Agreement providing for payment for Mandatory Ancillary
Services to be supplied by the User to The Company. In the event of a Mandatory Services Agreement not having been entered into by the said date, either party shall be entitled to initiate the procedure for resolution of the issue as an Other Dispute in accordance with Paragraph 7.4 to settle the terms of the said Mandatory Services Agreement. The Company shall not Energise the User’s Equipment or in the case of an Embedded Power Station issue an Operational Notification until the said Mandatory Services Agreement shall have been entered into by both parties.

1.3.4 General Provisions

(a) Bilateral Agreements and Construction Agreements which are entered into between The Company and Users shall be in or substantially in the relevant exhibited form of Bilateral Agreement and/or Construction Agreement unless the parties thereto agree otherwise.

(b) Each and every Bilateral Agreement, Mandatory Services Agreement and Construction Agreement entered into by a User and in force from time to time shall constitute a separate agreement governed by the terms of the CUSC and will be read and construed accordingly. For the avoidance of doubt no User shall enjoy any rights nor incur any obligations against any other User pursuant to the terms of any Bilateral Agreement, Mandatory Services Agreement or Construction Agreement.

1.4 CONNECT AND MANAGE ARRANGEMENTS

1.4.1 Any Offer or Modification Offer made to an Applicant or User in the category of:

(a) a Power Station directly connected to the National Electricity Transmission System; or

(b) an Embedded Power Station which is the subject of a Bilateral Embedded Generation Agreement or a Bilateral Embedded Licence Exemptable Large Power Station Agreement; or

(c) where such Offer or Modification Offer is associated with Distributed Generation, a Distribution System directly connected to the National Electricity Transmission System,
shall be offered on the basis of the Connect and Manage Arrangements.

1.4.2 Transitional Arrangements

The Company shall as soon as reasonably practical after the Connect and Manage Implementation Date and in any event by the end of the Connect and Manage Transition issue:

(a) a revised Offer on the basis of the Connect and Manage Arrangements as regards any Offer issued but not accepted pursuant to the Interim Connect and Management Arrangements

(b) an offer to vary each Existing ICM Construction Agreement such that it is in a form and on terms consistent with a Construction Agreement entered into on the basis of the Connect and Manage Arrangements; and/or

(c) a Modification Offer as regards any Bilateral Agreement entered into on the basis of the Interim Connect and Manage Arrangements which would require amendments in order to comply with the Connect and Management Arrangements,

in each case on terms no less advantageous than those contained in offers made or agreements entered into pursuant to the Interim Connect and Manage Arrangements. The Applicant or User (as appropriate) shall be entitled to accept such a proposal or continue with its existing arrangements.

1.5 OTSDUW ARRANGEMENTS

1.5.1 Any Offer or Modification Offer made to an Applicant in respect of a New Connection Site located in Offshore Waters shall, unless the Applicant indicates otherwise, be made on the assumption that the User (following agreement with The Company) will undertake OTSDUW Build. For the avoidance of doubt, this shall not prevent the Applicant and The Company from agreeing (prior to signing the Construction Agreement) that the scope of OTSDUW will be narrower than that set out in the Offer or that OTSDUW will not be undertaken by the User.

1.5.2 Provisions of the CUSC which apply in relation to OTSDUW and OTSUA, and/or a Transmission Interface Site, shall (in any particular case) apply up to the OTSUA Transfer Time, whereupon such provisions shall (without prejudice to any prior non-compliance) cease to apply, without prejudice to the continuing application of provisions of the CUSC applying in relation to the relevant Offshore Transmission System and/or Connection Site.
1.5.3 OTSUA Completion Notice

1.5.3.1 In the case of OTSDUW Build, The Company will issue the OTSUA Completion Notice to the Authority on the OTSUA Completion Notice Trigger Date and The Company shall also provide a copy of such OTSUA Completion Notice to the User.

1.5.3.2 In respect of any OTSUA Operational at the OTSUA Commissioning Period Effective Date, The Company will issue the OTSUA Completion Notice to the Authority as soon as practicable within 10 Business Days after the OTSUA Commissioning Period Effective Date and The Company shall also provide a copy of such OTSUA Completion Notice to the User. An OTSUA Completion Notice issued in accordance with this paragraph 1.5.3.2 for any OTSUA Operational at the OTSUA Commissioning Period Effective Date, shall be issued with effect from the same date for all OTSUA Operational at the OTSUA Commissioning Period Effective Date.

1.5.4 Implementation

Each Existing Offshore Agreement shall be read and construed on and from the OTSUA Commissioning Period Effective Date such that:

(a) the defined terms within it, and the effect of those defined terms, shall be deemed to have the meanings they would have had if those agreements had been entered into after the OTSUA Commissioning Period Effective Date; and

(b) the relevant Clauses within each Existing Offshore Agreement are amended and new Clauses introduced into each Existing Offshore Agreement so that each Existing Offshore Agreement is consistent in form and content with the changes introduced in CUSC Schedule 2 Exhibit 1 (Bilateral Connection Agreement) and Schedule 2 Exhibit 3A (Offshore Construction Agreement) on the OTSUA Commissioning Period Effective Date,

and The Company and the User shall as quickly and as reasonably practicable take any steps as may be necessary to enable the Existing Offshore Agreements to be
construed as if those agreements had been entered into after the OTSUA Commisioning Period Effective Date.

1.6 CATEGORIES OF USE WITHOUT BILATERAL AGREEMENTS

1.6.1 Three categories of use of the GB Transmission System do not require a Bilateral Agreement to be entered into as all the relevant provisions are included in the CUSC itself. These relate to Suppliers, Interconnector Users and Interconnector Error Administrators who in those categories of connection and/or use have no physical presence on the system. Further provisions on this are contained in Section 3 and Section 9 Part II.

1.7 BELLA APPLICATION

1.7.1 A User in respect of its Embedded Exemptable Large Power Station whose Boundary Point Metering System is registered in SMRS (or who intends to so register) or in CMRS by a User who is responsible for the Use of System Charges associated with the BM Unit registered in CMRS (or who intends to so register), shall complete and submit to The Company a BELLA Application and comply with the terms thereof.

1.7.2 The Company shall make a BELLA Offer to that User as soon as practicable after receipt of the BELLA Application and (save where the Authority consents to a longer period) in any event not more than 3 months after receipt by The Company of the effective BELLA Application. The BELLA Offer shall be in the form of a BELLA.

1.7.3 The BELLA Offer shall remain open for acceptance (subject to CUSC Paragraph 6.10.4.4) for 3 months from its receipt by that User unless either that User or The Company makes an application to the Authority under Paragraph 1.7 of the CUSC, in which event the BELLA Offer shall remain open for acceptance until 14 days after any determination by the Authority pursuant to such application.

1.7.4 Upon acceptance of the BELLA Offer (as offered by The Company or determined by the Authority) by the User and execution by The Company, the User’s rights and obligations pursuant thereto shall commence in accordance with its terms. Such rights and obligations shall continue until the BELLA is terminated.

1.7.5 A User who is required by this Paragraph 1.7 to submit a BELLA Application shall not energise or operate its Embedded Exemptable Large Power Station until it has entered into a BELLA with The Company and until The Company has issued the User with an Operational Notification in accordance with the terms of the BELLA.
1.8 AUTHORITY’S RIGHT TO DETERMINE IN RESPECT OF A BELLA

1.8.1 If, after a period which appears to the Authority to be reasonable for the purpose, The Company or the User have failed to enter into a BELLA in respect of the Embedded Exemptable Large Power Station either The Company or the User may apply to the Authority for the Authority to settle any terms of the BELLA Offer in dispute.

1.8.2 Upon such application, the Authority, pursuant to section 7 (3) (c) of the Act, may settle any terms in dispute between The Company and the User in respect of such BELLA in such manner as appears to the Authority to be reasonable having (in so far as relevant) regard in particular to the following considerations:

(a) that the performance by The Company of its obligations under the BELLA should not cause it to be in breach of those provisions referred to at paragraph 5 of Standard Condition C8 of the Transmission Licence;

(b) that any methods by which the Relevant Transmission Licensee’s transmission system is connected to any other System for the transmission or distribution of electricity accord (insofar as applicable to The Company) with the Grid Code, the STC and the Distribution Code;

(c) that the terms and conditions of the BELLA so settled by the Authority and of any other agreements entered into by The Company pursuant to Paragraph 1.7 should be in as similar a form as is practicable.

1.8.3 Where the Authority settles any terms in dispute, the User and The Company shall forthwith enter into the BELLA as settled.

1.8.4 If either the User or The Company proposes to vary the terms of the BELLA in a manner provided for under such agreement, the Authority may, at the request of The Company or the User, settle any dispute relating to such variation in such manner as appears to the Authority to be reasonable.

END OF SECTION 1