

DATED

2019

NATIONAL GRID ELECTRICITY

SYSTEM OPERATOR LIMITED

and

[REDACTED]

REACTIVE SERVICES AGREEMENT RELATING TO

[REDACTED] POWER STATION

Contract Log No [REDACTED]

[Type 'A' – BM/Firm]

SUBJECT TO CONTRACT

© National Grid Electricity System Operator Limited

7609510.5

THIS REACTIVE SERVICES AGREEMENT is made the _____ day of _____
2019

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); and
 - (2) [REDACTED] a company registered in [England/Scotland] with number [REDACTED] whose registered office is at [REDACTED] (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 [14 October] 2019 for the provision of static **Reactive Power** services in the Mersey area of the **National Electricity Transmission System** and the **Provider** has submitted a tender for the provision of static **Reactive Power** services.
- (B) The **Company** has selected the **Provider** to provide **Reactive Power** services and the **Parties** are entering into this **Agreement** in accordance with the **ITT**.
- (C) The **Company** and the **Provider** are parties to a **Mandatory Services Agreement** dated [] in respect of [] **Power Station** (the “**MSA**”).
- (D) Clause 3 of the **MSA** gives effect to the provisions of paragraph 2 of Schedule 3, Part I to the **Connection and Use of System Code** (the “**CUSC Schedule**”) with respect to the payments to be made by the **Company** to the **Provider** for the provision by the **Provider** of the **Obligatory Reactive Power Service** from the **Contracted Unit**.
- (E) For the duration of each **Service Period**, this **Agreement** replaces certain provisions of the **MSA** and sets out alternative terms upon which the **Provider** has agreed to provide an **Enhanced Reactive Power Service** from the **Contracted Unit** pursuant to paragraph 3 of the **CUSC Schedule**.

NOW IT IS HEREBY AGREED as follows:-

1. DEFINITIONS, INTERPRETATION AND CONSTRUCTION

- 1.1. The defined terms set out in Schedule 1 shall, unless the context otherwise requires, apply where used in this **Agreement**.
- 1.2. Unless the subject matter otherwise requires or is inconsistent therewith or unless expressly defined in Schedule 1, the definitions contained or referred to in Section 11 of the **Connection and Use of System Code**, in the **CUSC Schedule** and in Appendix 3 to the **MSA** have the same meanings, interpretations and construction in this **Agreement** as though the same were set out in full in this **Agreement**.
- 1.3. In this **Agreement**:
 - 1.3.1. unless otherwise stated, references to a particular clause, paragraph, Schedule or Appendix will be a reference to that clause, paragraph, schedule or appendix in or to this **Agreement**;
 - 1.3.2. the headings are inserted for convenience only and will be ignored in construing this **Agreement**;
 - 1.3.3. references to the words “include” or “including” are to be construed without limitation;
 - 1.3.4. references to a month are to a calendar month;
 - 1.3.5. any reference to a rule, enactment, statutory provision, regulation or code or any subdivision or provision thereof will be construed, at the particular time, as including a reference to any modification, extension or re-enactment thereof then in force and to any instruments, orders or regulations then in force and made under or deriving validity from the relevant statute;
 - 1.3.6. references to the masculine will include the feminine and references in the singular will include references in the plural and vice versa; and
 - 1.3.7. 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.

2. COMMENCEMENT AND TERM

- 2.1. This **Agreement** shall, subject to Clause 2.2, apply from the date hereof and, subject always to earlier termination in accordance with Clause 7 (*Termination*), shall continue in force and effect until the expiry of the **Service Term**.
- 2.2. The **Company** shall be entitled by notice in writing to the **Provider** given at any time prior to 31 December 2020 to request an extension of the **Service Term** by a period of not more than twelve (12) calendar months and the **Provider** shall respond as soon as reasonably practicable and in any event within [ten (10) **Business Days**].
- 2.3. For the duration of each **Service Period** during the **Service Term** the provisions of Clause 3 of the **MSA** (except Sub-Clause 3.2) shall be suspended in relation to the **Contracted Unit** and have no force and effect.
- 2.4. Nothing in this **Agreement** shall affect the rights and obligations of the **Parties** accrued under the terms of Clause 3 of the **MSA** as at the **Commercial Operations Date**.

3. SERVICE PROVISION

3.1. Provision of Reactive Power Service

The **Provider** agrees with effect from the **Commercial Operations Date** and throughout the **Service Term** to [fuel]¹, operate, maintain and repair each **Contracted Unit** in accordance with **Good Industry Practice** with a view to making it available to provide the **Service** in accordance with the **Contracted Parameters** throughout the **Service Term** upon and subject to the terms and conditions set out herein.

3.2. BM Unit Data

In respect of each **Relevant Settlement Period** the **Provider** shall, in accordance with the **Grid Code**, and in respect of the **Contracted Unit** resubmit all **Dynamic Parameters** to be consistent with the **Contracted Parameters**, provided that the **Provider** may resubmit **Dynamic Parameters** to values inferior to the **Contracted Parameters** to the extent that (but not otherwise) the **Contracted Unit** does not have the technical capability to meet those requirements.

¹ Delete where not applicable

3.3. Unavailability

3.3.1. The **Provider** shall without delay on becoming aware at any time that the **Contracted Unit** will not be capable of operating during any **Relevant Settlement Period** in accordance with the **Contracted Absorption Capacity** notify the **Company** by facsimile or email in the form specified in Schedule 5, Part A ("**Redeclaration**").

3.3.2. The **Redeclaration** shall, in relation to each **Relevant Settlement Period** affected, specify the **Available Absorption Capacity** which may be an amount equal to a value (expressed in MVAR) of not less than fifty per cent (50%) of the **Contracted Absorption Capacity** or otherwise 0MVAR and shall be accompanied by an explanation in reasonable detail of the reasons for the **Redeclaration**, which may only be for reasons of safety or reasons relating to the technical capability of the **Contracted Unit**.

3.3.3. Following the issue of a **Redeclaration**, the **Provider** shall thereafter promptly notify the **Company** by facsimile or email:

(i) in an updated **Redeclaration** if the level of **Available Absorption Capacity** of the **Contracted Unit** changes but remains below the **Contracted Absorption Capacity**; or

(ii) in the form specified in Schedule 5, Part B ("**Notice of Restoration**") if the **Contracted Absorption Capacity** of the **Contracted Unit** will be restored.

3.4. Reactive Despatch Instruction

3.4.1. It is acknowledged by the **Provider** that, in relation to any **Relevant Settlement Periods** other than any for which the **Contracted Unit** is **Unavailable**, the **Company** shall have the right (but not the obligation) to issue an instruction ("**Reactive Despatch Instruction**") by telephone [or using EDL/EDT or other electronic data communication facilities] to provide **Reactive Power Absorption** from the **Contracted Unit**.

3.4.2. Following receipt of a **Reactive Despatch Instruction**, the **Provider** shall take all necessary steps to ensure that each **Contracted Unit** operates throughout each **Relevant Settlement Period**:

(i) in **Voltage Control Mode**; and

(ii) to the full extent of the **Available Absorption Capacity**.

3.5. Service Fees

3.5.1. In consideration of the provision by the **Provider** of the **Service**, the **Company** shall pay to the **Provider** on a monthly basis:

- (i) an **Availability Payment** calculated in accordance with Schedule 2, Part A (*Payments*); and
- (ii) a **Utilisation Payment** calculated in accordance with Schedule 2, Part B (*Payments*).

3.5.2. The **Provider**:

- (i) acknowledges that this **Agreement** shall constitute a **Market Agreement** for the purposes of Schedule 3 of **CUSC** and that it shall cease to be entitled to payments for the **Obligatory Reactive Power Service** throughout each **Service Period** in the **Service Term**; and
- (ii) undertakes to reimburse to the **Company** any payment for the **Obligatory Reactive Power Service** that it receives under the **CUSC** notwithstanding the provisions of Clause (i) during the **Service Term**.

3.5.3. No payment shall be made by the **Company** pursuant to Sub-Clauses 3.5.1(i) or 3.5.1(ii) with respect to any **Relevant Settlement Period** in respect of which the **Provider** fails to comply with any of its obligations under this **Agreement**.

4. PROVING TESTS

4.1. At any time during the **Service Term** the **Company** may notify the **Provider** in writing ("**Proving Test Notice**") that it wishes to undertake a **Proving Test** in relation to the **Contracted Unit**, provided that the **Contracted Unit** has not been declared **Unavailable** and subject to a maximum in any calendar year of two **Proving Tests** (such maximum not including any **Re-Tests**). The following provisions of this Clause 4 shall apply.

4.2. The **Company** shall be permitted to undertake such **Proving Test** and the **Provider** shall:

- 4.2.1. propose a date (within twenty (20), but not earlier than five (5), **Business Days** after the **Proving Test Notice**) for the **Proving Test** to be carried out in relation to the **Contracted Unit** ("**Proving Test Date**"); and
- 4.2.2. act reasonably with a view to agreeing the detailed programme for the **Proving Test**, which shall be consistent with the principles in Schedule 4 (*Testing*) and which, if not agreed by the **Proving Test Date**, shall be determined by an **Expert** in accordance with Clause 10 (*Dispute Resolution*) and, following such determination, the **Provider** shall propose a new date for the **Proving Test** within twenty (20), but not earlier than five (5), **Business Days** after that determination.
- 4.3. The **Provider** shall be responsible for undertaking the **Proving Test** but shall do so in liaison with the **Company** and in connection therewith:
- 4.3.1. whilst there is no obligation for the **Company** to attend the **Proving Test** (and the **Company's** failure to attend shall not invalidate the **Proving Test**), the **Provider** shall allow reasonable access to the **Company's** personnel and contractors to witness the **Proving Test**; and
- 4.3.2. the **Provider** shall (on request) provide to the **Company** the results of the **Proving Test** by email and any such reasonable additional evidence as the **Company** may reasonably require for the purposes of demonstrating performance of the **Contracted Unit** during the test.
- 4.4. If the **Company** determines (acting reasonably) that the **Contracted Unit** has passed the **Proving Test**, then:
- 4.4.1. it shall notify the **Provider** in writing accordingly within ten (10) **Business Days** after the completion of the **Proving Test**; and
- 4.4.2. the reasonable costs incurred by the **Company** in connection with the carrying out of the **Proving Test** shall be paid to the **Provider** by the **Company** by reference to the next practicable **Monthly Statement**.
- 4.5. If the **Company** determines that the **Contracted Unit** has failed the **Proving Test**, then:
- 4.5.1. it shall notify the **Provider** in writing accordingly within ten (10) **Business Days** after completion of the **Proving Test**;

4.5.2. the **Provider** shall be deemed to have declared the **Contracted Unit Unavailable** with effect from the **Proving Test Date** until such time as the **Company** notifies the **Provider** by email that a **Re-Test** has successfully been passed;

4.5.3. the **Provider** shall reimburse the reasonable costs incurred by the **Company** in carrying out the **Proving Test** (and any **Re-Test**) pursuant to this Clause 4) by reference to the next practicable **Monthly Statement**;

4.5.4. the **Provider** shall provide the **Company** with reasons for the failure, and may subsequently notify the **Company** when it is ready to carry out a **Re-Test** whereupon the provisions of this Clause 4 shall apply to that **Re-Test** mutatis mutandis; and

4.5.5. if the **Contracted Unit** fails a **Proving Test** (including any **Re-Test**) for substantially the same reason on two or more subsequent occasions in any period of twelve (12) calendar months and/or if the total number of **Proving Tests** (including any **Re-Test**) the **Contracted Unit** fails is more than three in aggregate during the term of this **Agreement**, then the **Company** shall have the right to either (i) terminate this **Agreement** in respect of the **Contracted Unit** in accordance with Clause 7.1; or (ii) to reduce the **Contracted Absorption Capacity** to the value that the **Company** reasonably considers reflects the true capability of the **Contracted Unit** on the basis of the failed **Proving Tests** and to reduce the **Availability Fee** by a percentage equal to the percentage reduction in the **Contracted Absorption Capacity**.

5. **GRID CODE**

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

6. **CONNECTION AND USE OF SYSTEM CODE**

The provisions of Paragraphs 4.3 (*Payments for Balancing Services*), 6.12 (*Limitation of Liability*), 6.14 (*Transfer and Sub-contracting*), 6.15 (*Confidentiality*), 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

Connection and Use of System Code shall apply to this **Agreement** as if set out in full herein.

7. TERMINATION

7.1 The **Company** shall be entitled to terminate this **Agreement** forthwith by notice in writing to the **Provider**:-

7.1.1 upon a continuous period of **Unavailability** of the **Contracted Unit** extending beyond thirty (30) consecutive days; or

7.1.2 upon an aggregate period of thirty (30) days in the **Service Term** in which the **Available Absorption Capacity** of the **Contracted Unit** is less than the **Contracted Absorption Capacity**; or

7.1.3 if Clause 4.5 applies in relation to the **Contracted Unit**.

7.2 Either **Party** (the "**Terminating Party**") may terminate this **Agreement** forthwith by notice in writing to the other (the "**Defaulting Party**") if:-

7.2.1 the **Defaulting Party** shall fail to pay (other than by inadvertent error in funds transmission which is discovered by the **Terminating Party**, notified to the **Defaulting Party** 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 **Defaulting Party** of written notice from the **Terminating Party** of such non-payment; or

7.2.2 the **Defaulting Party** is in material breach of any obligation under this **Agreement** and, in the case of a breach that is capable of remedy, has not remedied that breach within thirty (30) days (or such longer period as may reasonably be required for remedy) after receipt of notice from the **Terminating Party** identifying the breach and requiring its remedy; or

7.2.3 in respect of the **Defaulting Party**:-

(i) an order of the High Court is made or an effective resolution passed for its insolvent winding-up or dissolution; or

- (ii) 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
- (iii) an administration order under Section 8 of the Insolvency Act 1986 is made or any other steps are taken to appoint an administrator or if a voluntary arrangement is proposed under Section 1 of that Act; or
- (iv) 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
- (v) it 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 **Defaulting Party** 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 fourteen (14) **Days** of appointment of the liquidator, receiver, administrative receiver, administrator, nominee or other similar officer, such person has not provided to the **Terminating Party** a guarantee of future performance by the **Defaulting Party** of this **Agreement** in such form and amount as the **Terminating Party** may reasonably require.

8. WARRANTIES AND INDEMNITY

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

- 8.1.1 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 **Service** from the **Contracted Unit** pursuant to and in accordance with this **Agreement** does not cause it, or any site owner, to be in breach of, or to otherwise be non-compliant with, any **Legal Requirement** and/or any agreement with any person;

- 8.1.2 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
- 8.1.3 as at date of this **Agreement** it is not a party to an agreement or arrangement with the **Company** or with any **Public Distribution System Operator** or electricity supplier or other person to provide any service from the **Contracted Unit** which may impair the **Provider's** ability to provide the **Service** and/or perform its obligations under this **Agreement**. The **Provider** repeats this warranty and representation upon its confirmation under Clause 3.4.2 of each **Reactive Despatch Instruction** during the **Service Term**.
- 8.2 In the event that any warranty or representation made under Clause 8.1 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** 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. Such indemnity shall include any legal costs and expenses reasonably incurred in the contesting of such claims including the court costs and reasonable attorney's fees and other professional advisors' fees. The **Parties** agree and accept that all such legal costs and expenses expressed to be the subject of such indemnity shall be treated as direct losses.
- 8.3 The provisions of this Clause 8 shall continue to bind the **Parties** after termination of this **Agreement**.

9. **DISCLOSURE OF INFORMATION**

- 9.1 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 **Service** (including payments made to the **Provider** hereunder):
- (a) to the extent necessary to enable the **Company** to comply with its obligations set out in the **CUSC Schedule**;

- (b) for the purposes of any or all of the statements published from time to time pursuant to Standard Condition C16 of the **Transmission Licence**;
- (c) for the purposes of operational coordination with the **Local DNO**; or
- (d) for the purposes of making market data available to tenderers for the **Service**.

9.2 The provisions of this Clause 9 shall continue to bind the **Parties** after termination of this **Agreement**.

10. DISPUTE RESOLUTION

10.1 It is hereby acknowledged and agreed by the **Parties** that any dispute or difference of whatever nature concerning the obligations of the **Parties** under this **Agreement** insofar as and to the extent the same relate to the **Service** shall, subject to Clause 10.2, be treated as a dispute or difference arising out of or in connection with the **CUSC Schedule**, and accordingly the provisions of Section 7 of the **Connection and Use of System Code** shall apply.

10.2 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 of this Clause 10 shall apply, and neither **Party** shall commence proceedings in any court in respect of or otherwise in connection with such dispute.

10.3 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.

10.4 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.

10.5 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.

10.6 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.

10.7 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**.

10.8 the **Parties** shall equally share the **Expert's** fees and expenses unless the **Expert** determines otherwise.

10.9 Save to the extent otherwise expressly provided herein or in the determination by the **Expert**, this Clause 10 shall, to the extent necessary for the **Parties** to perform their obligations under this **Agreement**, continue to bind the **Parties** after termination.

10.10 The provisions of this Clause 10 shall continue to bind the **Parties** after termination of this **Agreement**.

11. NOTICES

11.1 For the purposes of this **Agreement**, any notice or other communication to be given by the **Company** or the **Provider** to the other under, or in connection with matters contemplated by, this **Agreement**, other than operational matters to which the provisions of Clause 3 (*Service Provision*) apply, shall be sent to the following address and/or facsimile number and marked for the attention of the person named below:

the **Company**: National Grid Electricity System Operator Limited
Commercial
Faraday House
Warwick Technology Park
Gallows Hill
Warwick CV34 6DA
Facsimile number: 01926 655630
For the attention of: The Company Secretary
Copy to: Head of Commercial
Facsimile number: 01926 656613

the **Provider**:

[REDACTED]

Facsimile number: [REDACTED]

For the attention of: [REDACTED]

Operational telephone
contact number: [REDACTED]

Operational facsimile
contact number: [REDACTED]

Operational contact: [REDACTED]

11.2 Any notice or other communication to be given by one **Party** to the other **Party** under, or in connection with the matters contemplated by, this **Agreement** shall be in writing and shall be given by letter delivered by hand or sent by first class prepaid post (airmail if overseas) or facsimile, and shall be deemed to have been received:-

11.2.1 in the case of delivery by hand, when delivered; or

11.2.2 in the case of first class prepaid post, on the second day following the day of posting or (if sent airmail from overseas) on the fifth day following the day of posting; or

11.2.3 in the case of facsimile, on acknowledgement by the addressee's facsimile receiving equipment (where such acknowledgement occurs before 17.00 hours on the day of acknowledgement) and in any other case on the day following the day of acknowledgement.

12. FORCE MAJEURE

- 12.1 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** to the extent that the **Facility** is **Unavailable** by reason of **Force Majeure**.
- 12.2 The **Party** affected by the **Force Majeure** shall give to the other **Party** promptly 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**.
- 12.3 As soon as is reasonably practicable, following an event or circumstance of **Force Majeure**, the **Parties** shall discuss how best to continue their respective obligations as set out in this **Agreement**.
- 12.4 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**.
- 12.5 Either **Party** shall have a right to terminate this **Agreement** if a **Party** has been prevented from performing its obligations due to an event or circumstance of **Force Majeure** for a continuous period of six (6) months.

13. MISCELLANEOUS

- 13.1 No delay by or omission of any **Party** in exercising any right, power, privilege or remedy under this **Agreement** shall operate to impair such right, power, privilege or remedy or be construed as a waiver thereof. Any single or partial exercise of any such right, power, privilege or remedy shall not preclude any other or further exercise thereof or the exercise of any other right, power, privilege or remedy.
- 13.2 No variations or amendments to this **Agreement** shall be effective unless made in writing and signed by and on behalf of both **Parties**.

- 13.3 This **Agreement** is personal to the **Parties** and neither **Party** shall assign, transfer, mortgage, charge, sub-contract or deal in any other manner with any or all of its rights and obligations under this **Agreement** without the prior written consent of the other **Party** (such consent not to be unreasonably withheld, conditioned or delayed), save that the **Provider** may sub-contract the operation of the **Contracted Unit** to a third party operator.
- 13.4 The **Parties** hereby acknowledge and agree for the purposes of the Contracts (Rights of Third Parties) Act 1999 that no rights, powers or benefits are or shall be conferred on any person pursuant to this **Agreement** save as expressly provided in this **Agreement**.
- 13.5 This **Agreement** may be executed in any number of counterparts and by the different **Parties** on separate counterparts, each of which when executed and delivered shall constitute an original but all the counterparts shall together constitute but one and the same instrument. The delivery of a facsimile copy of a signed counterpart of this **Agreement** shall be deemed to be valid signature thereof provided that the **Party** so delivering a facsimile hereby undertakes to deliver an original copy of this **Agreement** forthwith following such facsimile transmission.
- 13.6 If any provision of this **Agreement** is or becomes or is declared invalid, unenforceable or illegal by the courts of any jurisdiction to which it is subject or by order of the Commission of the European Communities or by order of the **Secretary of State**, such invalidity, unenforceability or illegality shall not prejudice or affect the remaining provisions of this **Agreement** which shall continue in full force and effect notwithstanding such invalidity, unenforceability or illegality.

14. ANTI-BRIBERY

14.1 Each **Party** shall:

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

14.1.2 not engage in any activity, practice or conduct which would constitute an offence under sections 1, 2 or 6 of the Bribery Act 2010 if such activity, practice or conduct had been carried out in the United Kingdom;

14.1.3 have and shall maintain in place, throughout the **Service Term**, its own policies and procedures, including Adequate Procedures, to ensure compliance with the Anti-Bribery Laws and this Clause, and will enforce them where appropriate; and

14.1.4 procure and ensure that all of its Associated Persons and/or other persons who are performing services in connection with this Agreement comply with this Clause 14.

14.2 If either **Party** breaches this Clause 14 then, without prejudice to any other rights or remedies, the other **Party** may immediately terminate this **Agreement** on written notice to the **Party** in breach.

15. **EMR**

15.1 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**.

15.2 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**.

15.3 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;

**“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]

SCHEDULE 1

Definitions

- “Act”** means the Electricity Act 1989;
- “Active Power”** the product of voltage and the in-phase component of alternating current measured in units of watts and standard multiples thereof i.e. 1000 watts = 1kW 1000 kW = 1MW 1000 MW = 1GW 1000 GW = 1TW;
- “Available”** means that the **Contracted Unit** is capable of operating at not less than fifty per cent (50%) of its **Contracted Absorption Capacity** and otherwise is capable of operating in accordance with its **Contracted Parameters** in full in response to a **Reactive Despatch Instruction** and the terms **“Availability”**, **“Unavailable”** and **“Unavailability”** shall be construed accordingly;
- “Available Absorption Capacity”** means, in relation to a **Relevant Settlement Period** and a **Contracted Unit**, the **Contracted Absorption Capacity** or if a **Redeclaration** is in effect, the maximum capacity of the **Contracted Unit** to absorb **Reactive Power** as specified in that **Redeclaration**;
- “Availability Fee”** means the sum of £[]/**Settlement Period**, as tendered by the **Provider**;
- “Availability Payment”** means the payment to be made to the **Provider** for each **Relevant Settlement Period** as calculated in accordance with Schedule 2, Part A;
- “Authority”** means the Gas and Electricity Markets Authority established by section 1 of the Utilities Act 2000;

“Business Day”	a week-day other than a Saturday or Sunday on which banks are open for domestic business in the City of London;
“Commercial Operations Date”	1 April 2020;
“Competent Authority”	means the Authority or any local, national or supra-national agency, authority, department, inspectorate, minister, official, court, tribunal or public or statutory person (whether autonomous or not) of the United Kingdom (or the government thereof) or the member states of the European Union which have jurisdiction over the Company or the subject matter of this Agreement ;
“Contracted Capacity”	Absorption means the maximum capacity of the Contracted Unit to absorb Reactive Power as specified in the Contracted Parameters ;
“Contracted Unit”	means a generating unit identified in Schedule 3 (<i>Contracted Unit and Contracted Parameters</i>);
“Contracted Parameters”	means, in relation to the Contracted Unit , the parameters and values specified in the table set out in Schedule 3 (<i>Contracted Unit and Contracted Parameters</i>);
“CUSC”	means the Connection and Use of System Code as defined in the Transmission Licence ;
“Distribution Licence”	means a licence issued under section 6(1)(c) of the Act ;
“Good Industry Practice”	in relation to any undertaking and any circumstances the exercise of that degree of skill, care and diligence which would reasonably and ordinarily be expected from an experienced operator engaged in the same or similar type of undertaking under the same or similar

circumstances;

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

“Instructed Settlement Period” means a **Relevant Settlement Period** that is the subject of a **Reactive Despatch Instruction**;

“ITT” has the meaning given to that term in Recital A;

“Legal Requirement” means any Act of Parliament, regulation, licence or any present or future directive, request, requirement, instruction, code of practice, direction or rule of any **Competent Authority** and any modification, extension or replacement thereof;

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

“Local DNO” means [SP Manweb Plc, a company registered in England under number 02366937];

“Long Stop Date” has the meaning given to it in Clause **Error! Reference source not found.**

“Market Agreement” has the meaning given to that term in the **CUSC**;

“MSA” has the meaning given to that term in recital C;

“National Electricity Transmission System” has the meaning given to that term in the **Company’s Licence**;

“Notice of Restoration” has the meaning given to that term in Clause 3.3.3(ii);

“Obligatory Reactive Power Service” has the meaning given to that term in the **CUSC**;

“Proving Test” means a test to be undertaken in accordance with Clause 4 and the principles set out in

Schedule 4 (*Testing*);

“Public Distribution System Operator”

a holder of a **Distribution Licence** who was the holder of, or is a successor to a company which was the holder of a **Public Electricity Supply Licence**, relating to distribution activities in Great Britain;

“Public Electricity Supply Licence”

a licence granted under Section 6(1)(c) of **the Act** prior to the coming into force of section 30 of the Utilities Act 2000;

“Reactive Despatch Instruction”

has the meaning given to that term in Clause 3.4.1;

“Reactive Power”

the product of voltage and current and the sine of the phase angle between them measured in units of voltamperes reactive and standard multiples thereof i.e.:- 1000 Var = 1Kvar 1000 Kvar = 1Mvar;

“Redeclaration”

has the meaning given to it in Clause 3.3.1;

“Relevant Settlement Period”

means a **Settlement Period** in a **Service Period**;

“Service”

means the service of making the **Contracted Unit Available** and responding to the **Company’s Reactive Despatch Instructions** in accordance with this **Agreement**;

“Service Period”

means the period commencing at 23.00 hours on each day in the **Service Term** and ending at 07.00 hours on the next following day;

“Service Term”

means the period commencing at 23.00 hours on the **Commercial Operations Date** and ending at 07.00 hours on 1 April 2021;

“Tender”

means the competitive procurement process for the **Service** undertaken pursuant to the invitation

to tender issued by the **Company** on [14 October 2019];

“Utilisation 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;

“Utilisation Payment”

means the payment to be made to the **Provider** for each **Instructed Settlement Period** calculated as provided in Clause 3.5.1(ii);

“Voltage Control Mode”

a mode of operation whereby a device will adjust its **Reactive Power** output to keep the voltage constant.

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SCHEDULE 2

Payments

Part A – Availability Payment

The aggregate **Availability Payment** in respect of calendar month m (“ AP_m ”) is calculated as follows:

$$\sum_i AP_m = \sum_{j=1}^{month} AF_i * AC_i$$

$\sum_{j=1}^{month}$

is the summation over all **Settlement Periods** j in calendar month m ;

AF_i

is the **Availability Fee** for the **Contracted Unit** i (expressed in £/**Settlement Period**) for all **Settlement Periods** j ;

AC_i

is the **Available Absorption Capacity** of the **Contracted Unit** i (expressed in MVA_r).

Part B – Utilisation Payment

The aggregate **Utilisation Payment** in respect of calendar month m (“ UP_m ”) is calculated as follows:

$$UP_m = \sum_{j=1}^{month} UF * U_{lead i}$$

Where:

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

UF is the **Utilisation Fee** (expressed in £/MVArh); and

$U_{lead i}$ is the [metered quantity] of **Reactive Power** (expressed in MVArh) absorbed by **Contracted Unit** i , irrespective of the direction of **Active Power** flow.

SCHEDULE 3

Contracted Unit and Contracted Parameters

Contracted Unit:

Contracted Parameter	Contracted Value
Contracted Absorption Capacity (Leading MVar)	

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SCHEDULE 4

Testing

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SCHEDULE 5

Forms

FORM A

**STATIC REACTIVE POWER SERVICE FAX FORM FOR
REDECLARATION OF AVAILABILITY**

Contracted Unit:	
Contract Number:	
Company Name:	
Contracted Absorption Capacity:	

Tel:	
Standby Tel:	
Fax:	
Standby Fax:	

We hereby notify you that the Available Absorption Capacity of the above Contracted Unit will be below the Contracted Absorption Capacity or that the Contracted Unit will be Unavailable as follows:

Service Period commencing:

Settlement Periods	Available Absorption Capacity (MVar)	Settlement Periods	Available Absorption Capacity (MVar) ²
23.00 – 23.30		03.00 – 03.30	
23.30 – 24.00		03.30 – 04.00	
00.00 – 00.30		04.00 – 04.30	
00.30 – 01.00		04.30 – 05.00	
01.00 – 01.30		05.00 – 05.30	
01.30 – 02.00		05.30 – 06.00	
02.00 – 02.30		06.00 – 06.30	
02.30 – 03.00		06.30 – 07.00	

Reasons for Available Absorption Capacity being below Contracted Absorption Capacity or for the Facility being Unavailable:

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

Signature:

Acknowledged by National Grid (Print name):

Signature: Date: Time:

National Grid Control

Fax number: 0870 602 4808

Telephone: 0844 892 0385

Email: trading@nationalgrideso.com; and ctr1.ccta@nationalgrid.com

Standby Fax: 0870 602 4805

Standby Phone: 0844 892 0370

² If the Contracted Unit is Unavailable insert 0MVar

FORM B

**STATIC REACTIVE POWER SERVICE FAX FORM FOR
RESTORATION OF AVAILABILITY**

Contracted Unit:	
Contract Number:	
Company Name:	
Contracted Absorption Capacity:	

Tel:	
Standby Tel:	
Fax:	
Standby Fax:	

We hereby notify you that the Contracted Absorption Capacity of the Contracted Unit will be restored with effect from the Relevant Settlement Period commencing at:

Reason for Restoration of Availability:

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

Signature:

Acknowledged by National Grid (Print name):

Signature: Date: Time:

National Grid Control

National Grid Control

Fax number: 0870 602 4808

Telephone: 0844 892 0385

Email: trading@nationalgrideso.com; and ctr1.ccta@nationalgrid.com

Standby Fax: 0870 602 4805

Standby Phone: 0844 892 0370