

*SUBJECT TO CONTRACT*

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**NATIONAL GRID ELECTRICITY SYSTEM OPERATOR LIMITED  
GENERAL TERMS AND CONDITIONS FOR THE PROVISION  
OF THE STABILITY COMPENSATION SERVICE, PHASE 3**

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**Draft v.1.0**

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## *INDICATIVE DRAFT SUBJECT TO CONTRACT*

### 1. DEFINITIONS AND INTERPRETATION

- 1.1. The agreement (referred to in these **General Terms and Conditions** as “this **Agreement**”) between the Parties for the provision of the **Stability Compensation Service** shall comprise the **Contract Form** and these **General Terms and Conditions** (including the Schedules hereto).
- 1.2. Unless the subject matter or context otherwise requires or is inconsistent therewith, terms and expressions defined in the **Contract Form** or in paragraph 11.3 of the **Connection and Use of System Code**, the Glossary and Definitions section of the **Grid Code** or in Schedule A to these **General Terms and Conditions** shall have the same meanings where used in this **Agreement**.
- 1.3. In this **Agreement**:
  - 1.3.1. except where the context otherwise requires, references to a particular Clause, Paragraph, Schedule or Appendix shall be a reference to that Clause, Paragraph, Schedule or Appendix in or to this **Agreement**;
  - 1.3.2. the table of contents and headings are inserted for convenience only and shall 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. 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;
  - 1.3.5. references to the masculine shall include the feminine and references in the singular shall include references in the plural and vice versa;
  - 1.3.6. 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;
  - 1.3.7. references to “in writing” shall include communication by electronic means; and
  - 1.3.8. 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

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stated on the front page of the **Contract Form** and, subject always to earlier termination in accordance with Clause 3 (*Implementation of the Works*), Clause 10 (*Termination and Suspension*), Clause 18 (*Force Majeure*) or Clause 24 (*Anti-Bribery*) shall continue in force and effect until the expiry of the **Service Term**.

- 2.2 The **Agreement**, other than this Clause 2 and Clauses 10 (*Termination and Suspension*) to 24 (*Anti-Bribery*), shall in all respects be conditional on the **Conditions Precedent** being satisfied by the **Provider** or waived by the **Company** by the **CP Date**.
- 2.3 The **Provider** shall use all reasonable endeavours to ensure that the **Conditions Precedent** are satisfied as soon as possible after the date hereof and in any event by not later than the **CP Date**.
- 2.4 If any **Condition Precedent** has not been satisfied by the **Provider** or waived by the **Company** on or before the **CP Date** this **Agreement** shall (to the extent in force) cease to apply.

### **3. IMPLEMENTATION OF THE WORKS**

- 3.1. The **Provider** shall (at its own cost) implement and complete the **Works** in accordance with **Good Industry Practice** by the **Scheduled Commercial Operations Date** and, without limiting that obligation, shall satisfy the **Post Tender Milestones** by the **PTM Date**.
- 3.2. The **Provider** shall, by not later than ten (10) **Business Days** following the end of each calendar month until the **Commercial Operations Date** has occurred (or more frequently on either **Party's** request), provide to the **Company** a progress report in writing setting out details of:
  - 3.2.1. the progress of the **Works** by reference to the **Project Plan**, including:
    - 3.2.1.1. in respect of periods prior to the **PTM Date**, progress in achieving the **Post Tender Milestones** together with the forms of evidence specified in Part 4 of the **Contract Form** as and when a **Post Tender Milestone** has been achieved; and
    - 3.2.1.2. in respect of periods after the **PTM Date** progress in the delivery to site of plant and equipment required for the operation of the **Facility** and the installation of such plant and equipment and progress in obtaining all outstanding consents, permissions, approvals, licences, exemptions and other permits (in legally effectual form) as may be necessary for the operation of the **Facility** in accordance with the terms of this **Agreement**);
    - 3.2.1.3. the **Provider's** proposals for remedying any delay or anticipated delay in implementing the **Project Plan**;
    - 3.2.1.4. the occurrence of any **Delay Event** and any adjustment (which shall, subject to the **Company's** right to terminate under Clause 18.5, reflect the period of delay) to the **Scheduled Operations Date**; and

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3.2.1.5. any proposed revisions to the **Project Plan** necessary to reflect the above,

and, subject to the **Company's** approval (not to be unreasonably withheld or delayed) the revised **Project Plan** shall supersede the then current **Project Plan**, provided that any dispute concerning the occurrence or duration of a **Delay Event** and any related change to the **Scheduled Commercial Operations Date** may be referred by either **Party** by notice in writing to the other for determination by the **Expert**.

3.3. The **Provider's** progress shall be assessed by the **Company** by reference to the **Post Tender Milestones** on the **PTM Date**, and the **Company** shall notify the **Provider** in writing by no later than twenty (20) **Business Days** after the **PTM Date** either:

3.3.1. 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 implement and complete the **Works** by the **Scheduled Commercial Operations Date**; or

3.3.2. that it considers that the requirements of the **Post Tender Milestones** have not been satisfied in which event, subject to Clause 3.4, this **Agreement** shall terminate on the date of the **Company's** notice and the **Provider** shall pay the **Termination Sum** to the **Company**, provided always that any dispute as to whether the **Post Tender Milestones** have been met may be referred by either **Party** by notice in writing to the other for determination by the **Expert**.

3.4. If the **Company** issues a notice under Clause 3.3.2, the **Company** may (in which event this **Agreement** shall not terminate on the date of the **Company's** notice under Clause 3.3.2) request such 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, save to the extent that the provisions of Clause 18 (*Force Majeure*) apply and acting reasonably, make a determination and notify the **Provider** in writing either:

3.4.1. that it (in its absolute discretion) 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 this **Agreement** shall continue in full force and effect and the **Provider** shall continue to implement and complete the **Works** by the **Scheduled Commercial Operations Date**; or

3.4.2. that it (in its absolute discretion) considers there is no reasonable prospect that the **Post Tender Milestones** will be satisfied within two (2) months after the applicable **PTM Date**, in which event this **Agreement** shall terminate on the date of the **Company's** notice under this Clause 3.4 and the **Provider** shall pay the **Termination Sum** to the **Company**, provided always that any dispute as to whether the **Post Tender Milestones** have been met may be referred by either **Party** by notice in writing to the other for determination by the **Expert**.

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- 3.5. The **Provider** shall notify the **Company** in writing, when the **Works** are substantially completed and the **Facility** is capable in the **Provider's** opinion of providing the **Stability Compensation Service**, of the dates on which the **Facility** will be available for a **Proving Test** over the following period of thirty (30) days. In the case of a **New Build Facility**, the **Provider's** confirmation must be accompanied by evidence to the **Company's** reasonable satisfaction that the **Provider**: (i) or (where applicable) its agent or contractor has acceded to the **BSC** and registered the **Facility** as a **BM Unit**; (ii) has become bound by the relevant **Bilateral Agreement**; and (iii) has acceded to the **CUSC**. The **Parties** shall use reasonable endeavours to ensure that a **Proving Test** of the **Facility** is conducted as soon as practicable and shall agree the date and time of the **Proving Test**, provided always that, although the **Company** shall not unreasonably refuse to carry out a **Proving Test** at any time and date that may be requested by the **Provider**, having regard to the cost implications, the **Company** reserves the right to cancel any **Proving Test** previously agreed to be carried out. In such a case the **Parties** shall agree an alternative time and date when the **Proving Test** shall be carried out which shall be as soon as practicable thereafter. The **Company** shall be entitled to attend a **Proving Test** and either **Party** may request the **Expert** to be present at a **Proving Test**.
- 3.6. As soon as practicable after the date on which the **Proving Test** has been completed and in any event within five (5) **Business Days**, the **Company** shall notify the **Provider** whether the **Facility** has passed or failed the **Proving Test**. Any dispute as to whether the **Proving Test** has been passed or failed may be referred by either **Party** to the **Expert** for determination. If it is agreed or otherwise determined that the **Proving Test** has been successfully passed, the **Company** shall return to the **Provider** the **Acceptable Security** as soon as reasonably practicable provided that any liability for liquidated damages under Clause 3.7 has been paid by the **Provider** in full.
- 3.7. If the **Facility** has not successfully passed the **Proving Test** by the **Scheduled Commercial Operations Date** then, save to the extent due to a **Delay Event**, the **Provider** shall pay to the **Company**, without deduction or set off, liquidated damages at the **LAD Rate** with effect from the **Scheduled Commercial Operations Date** until and including the date on which the **Facility** successfully passes the **Proving Test**, provided always that such liquidated damages shall not in any event exceed the **LAD Cap**.
- 3.8. If at any time the aggregate amount of liquidated damages paid or payable under Clause 3.7 is equal to the **LAD Cap** then, the **Company** shall have the right to terminate this **Agreement** by written notice to the **Provider**.
- 3.9. For the purposes of Clause 3.7, liquidated damages shall be payable by the **Provider** to the **Company** on a monthly basis in accordance with Clause 9 (*Payment*) and the due date shall be ascertained accordingly.
- 3.10. The remedies prescribed in Clause **Error! Reference source not found.**, 3.7, **Error! Reference source not found.** and 3.8 shall be the **Company's** sole and exclusive remedies with respect to:

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- 3.10.1. any failure, whether actual or prospective (as determined by the **Company** pursuant to Clause **Error! Reference source not found.**), of the **Provider** to satisfy the **Post Tender Milestones** within two (2) months of the **PTM Date**; or
- 3.10.2. any failure of the **Facility** to successfully pass the **Proving Test** by the **Scheduled Operations Date**.

#### **4. SERVICE PROVISION**

*Provision of Stability Compensation Service*

- 4.1. 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 the **Facility Available** in accordance with the **Technical Performance Requirements**, subject to provision of **Permitted Services** pursuant to Clause 4.14 (*Permitted Service*) and planned maintenance and inspection periods agreed pursuant to Clause 4.10 (*Maintenance of the Facility*) and to deliver the **Stability Compensation Service** at the **Point of Stability** in accordance with the **Company's Instructions**.

- 4.2. The **Provider** agrees at all times:

- 4.2.1. by the issue of **Redeclarations** and **Restoration Notices** to keep the **Company** informed as to any inability of the **Facility** to provide the **Contracted Inertia Capability, Contracted Reactive Capability** and/or **Contracted SCL Capability**; and
- 4.2.2. 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*

- 4.3. The **Provider** shall, without delay on becoming aware that the **Facility** is no longer, or will no longer be, capable of providing to the full extent the **Contracted Inertia Capability, Contracted Reactive Capability** and the **Contracted SCL Capability** (including by reason of the **Facility** being **Unavailable** due to the provision of a **Permitted Service**) promptly notify the **Company** [by facsimile]<sup>1</sup> in the form set out in Forms A - C (as applicable) in Schedule E ("**Redeclaration**"). Each **Redeclaration** shall specify:
  - 4.3.1. the level of **Inertia Capability, Reactive Capability** and **SCL Capability** which the **Facility** will be capable of providing (if any);
  - 4.3.2. the reasons for the reduction in the **Inertia Capability, the Reactive Capability** and the **SCL Capability**, which must be explained in reasonable detail and relate only to technical issues concerning the **Facility** or the provision of a **Permitted Service**;
  - 4.3.3. except where such **Redeclaration** is served due to the provision of a **Permitted Service**, the steps that the **Provider** will take in order to restore the **Contracted Inertia**

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<sup>1</sup> NGESO is working on an alternative to fax for notices.

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**Capability**, the **Contracted Reactive Capability** and the **Contracted SCL Capability**;  
and

- 4.3.4. where such **Redeclaration** is served due to the provision of a **Permitted Service**, the time and date upon which such **Permitted Service** will cease to be performed and the **Facility** will be **Available** and capable of providing to the full extent the **Contracted Inertia Capability**, **Contracted Reactive Capability** and the **Contracted SCL Capability**.
- 4.4. Following a **Redeclaration**, the **Provider** shall take all reasonable steps to restore the **Contracted Inertia Capability**, **Contracted Reactive Capability** and/or the **Contracted SCL Capability** (as the context requires) and keep the **Company** reasonably informed of progress in restoring such capability. The **Provider** shall, in the case of **Contracted Inertia Capability** and **Contracted SCL Capability**, notify the **Company** by facsimile in the form set out in Form D in Schedule E or, in the case of **Contracted Reactive Capability**, notify the **Company** by facsimile in the form set out in Form C in Schedule E ("**Restoration Notice**") when that capability has been restored. The **Provider** shall, if so required by the **Company** by notice in writing, undertake a **Reproving Test** in accordance with Clause 6 (*Reproving Tests*) following the date of the **Restoration Notice** or if (in the absence of a **Restoration Notice**) the **Company** considers at any time that the **Provider** is not implementing the steps referred to in Clause 4.3.3.

*Instruction of the Stability Compensation Service*

- 4.5. 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 any obligation) to issue an instruction ("**Instruction**") to provide the **Stability Compensation Service** (including the required **Reactive Power Mode** and the required level of **Reactive Power**, being within the **Contracted Reactive Capability** or any reduced **Reactive Capability** specified in a **Redeclaration**) 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**").
- 4.6. Following receipt of an **Instruction**, the **Provider** shall acknowledge receipt as soon as possible (but in any case by no later than the **Confirmation Time**) 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 the time notified in the relevant **Instruction to End**.

*Failure to comply with Instruction*

- 4.7. If an **Instruction** is issued by the **Company** and:
- 4.7.1. the **Facility** fails to **Synchronise** (if not already **Synchronised**) by the **Synchronising Time** then the **Facility** shall be treated as **Unavailable** in the **Settlement Period** in which the failure occurred and each subsequent **Settlement Period** until the **Facility** does **Synchronise**; and/or



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- 4.7.2. in the absence of a **Redeclaration** stating that the **Inertia Capability** is 0, the **Facility** fails to provide **Inertia Capability**, then the **Facility** shall be treated as incapable of providing **Inertia Capability** in the **Settlement Period** in which the failure occurred and each subsequent **Settlement Period** until the **Facility** has been demonstrated to the **Company's** satisfaction to have **Inertia Capability** which may, at the **Company's** discretion, be by the **Facility** successfully passing a **Reproving Test**; and/or
- 4.7.3. in the absence of a **Redeclaration** stating that the **SCL Capability** is 0, the **Facility** fails to provide **SCL Capability**, then the **Facility** shall be treated as incapable of providing **SCL Capability** in the **Settlement Period** in which the failure occurred and each subsequent **Settlement Period** until the **Facility** has been demonstrated to the **Company's** satisfaction to have **SCL Capability** which may, at the **Company's** discretion, be by the **Facility** successfully passing a **Reproving Test**.
- 4.8. Promptly following each failure under Clause 4.7 the **Provider** shall notify the **Company** of the causes of the failure.
- 4.9. 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** (or such alternative electronic despatch system as the **Parties** may agree to use) shall (except during periods when **EDL** (or any alternative system) 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 to the terms of Clauses 4.5 and 4.6.

*Maintenance of the Facility*

- 4.10. The **Provider** shall, prior to the commencement of each **Contract Year**, notify the **Company** in writing by such means as the **Company** may reasonably require of the dates and times of all planned maintenance and inspection periods applicable to the **Facility** ("**Maintenance Plan**") for the forthcoming **Contract Year** (except that for the first **Contract Year**, the **Maintenance Plan** shall be applicable for the purposes of this **Agreement** only for that part of the **Contract Year** commencing on the **Service Commencement Date**). The **Provider** may propose modifications to the **Maintenance Plan** from time to time during the **Contract Year** on no less than twenty-eight (28) days notice. The **Maintenance Plan** may include up to a maximum of fifteen (15) days of planned outages in any **Contract Year** (to be reduced on a pro rata basis if the **Maintenance Plan** covers a period of less than twelve (12) calendar months).
- 4.11. Within fourteen (14) days of the **Provider's** notification of the **Maintenance Plan** or any modification thereto under Clause 4.10, the **Company** shall notify the **Provider** of its agreement with or objections to the **Maintenance Plan** or any modification thereto 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.

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### *Substitution of the Facility*

- 4.12. If at any time the **Provider** notifies the **Company** that it wishes to substitute the **Facility** (the “**Retired Facility**”) with any other facility at the same **Point of Stability** which has a **Response Time** equal to or better than the **Retired Facility** and can achieve not less than the **Contracted SCL Capability** and **Contracted Inertia Capability** (the “**Substitute Facility**”) it shall take such steps as the **Company** may reasonably require, including:
- 4.12.1. submission to the **Company** of a **Maintenance Plan** in respect of the **Substitute Facility** and approval of that **Maintenance Plan** by the **Company** on the basis set out in Clause 4.10 which shall apply in respect of the **Substitute Facility** mutatis mutandis; and
- 4.12.2. the successful completion of a **Proving Test** of the **Substitute Facility** pursuant to the principles set out in Schedule B, Part A to verify that the **Substitute Facility** is capable of providing the **Stability Compensation Service** in accordance with the **Technical Performance Requirements**.
- 4.13. If the **Company** confirms that it is satisfied with the steps taken by the **Provider** in accordance with Clause 4.12 (but not otherwise), the **Parties** shall, with effect from the date of such confirmation, treat the **Substitute Facility** as the **Facility** for all purposes of this **Agreement**.

### *Permitted Service*

- 4.14. If at any time the **Facility** will be **Unavailable** due to the provision of a **Permitted Service**, the **Provider** shall promptly notify the **Company** in accordance with Clauses 4.2 and 4.3. The **Parties** agree that any periods during which the **Facility** is providing a **Permitted Service** shall not be taken into account in the calculation of **Availability Payments** pursuant to Clause 5.1.1 and/or **Availability Rebates** pursuant to clause 5.2.1.

## **5. SERVICE FEES**

- 5.1. The **Company** shall pay to the **Provider** in respect of each month in the **Service Term**:
- 5.1.1. a sum calculated in accordance with Schedule D, Part A, paragraph A.1 (“**Availability Payment**”) by reference to each **Settlement Period** in which the **Facility** is either: (i) **Available** and capable of providing **Inertia Capability** and/or **SCL Capability**, in which case the **Availability Payment** will be calculated by reference to the **Contracted Inertia Capability** and **Contracted SCL Capability** or, in each case, any lower values specified in a **Redeclaration**; or (ii) on an **Approved Outage**, in which case the **Availability Payment** will be calculated by reference to the **Contracted Inertia Capability** and **Contracted SCL Capability**; and
- 5.1.2. save in the case of a **Provider** that is entitled to the payment of the Obligatory Reactive Power Payment under **CUSC**, a sum calculated in accordance with Schedule D, Part B (“**Reactive Power Payment**”) by reference to each **Instructed Settlement Period**.
- 5.2. The **Provider** shall pay to the **Company**:

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- 5.2.1. in respect of each month (when applicable), a sum calculated in accordance with Schedule D, Part A, paragraph A.2 (“**Availability Rebate**”), which shall not exceed the amount of the **Availability Payment** for that month; and
- 5.2.2. 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 10 (*Termination and Suspension*) in accordance with Schedule D, Part A, paragraph A.3 (“**Annual Reconciliation Payment**”), which shall not exceed the aggregate amount of **Availability Payments** for that **Contract Year**.
- 5.3. No payment shall be made by the **Company** pursuant to Clause 5.1 in relation to any **Settlement Period** in respect of which the **Provider** fails to comply with any of its obligations under Clause 4 (*Service Provision*) of this **Agreement**.

## **6. REPROVING TESTS**

- 6.1. 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: (i) pursuant to Clause 4.4, Clause 4.7.2 or Clause 4.7.3; or (ii) otherwise not more than twice in any twelve (12) month period, by notice in writing (“**Test Notice**”) to require the **Provider** to carry out a **Reproving Test** at a time no sooner than fourteen (14) **Business Days** after the time of issue of the **Test Notice** to determine whether the **Facility** is capable of operating in accordance with the **Technical Performance Requirements**, including providing the **Contracted Inertia Capability**, the **Contracted Reactive Capability** and the **Contracted SCL Capability**. Each of the **Company** and the **Provider** shall bear its own costs incurred by undertaking a **Reproving Test**.
- 6.2. Upon receipt of a **Test Notice**, the **Provider** shall not issue a **Redeclaration** in respect of the time and the duration that the **Reproving Test** is instructed to be carried out (unless the **Facility** would be **Unavailable** by reason of a forced outage or maintenance specified in the **Maintenance Plan** or by reason of an event or circumstance of **Force Majeure**).
- 6.3. To commence a **Reproving Test**, the **Company** shall give the **Provider** an **Instruction**. The performance of the **Facility** in response to that **Instruction** shall be assessed by the **Company** by reference to metering referred to in Clause 12 (*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 **Reproving Test**.
- 6.4. If the **Facility** fails a **Reproving Test** the values established by that test for **Inertia Capability**, **Reactive Capability** and/or **SCL Capability** shall become the values for **Contracted Inertia Capability**, **Contracted Reactive Capability** and/or **Contracted SCL Capability**. For the purposes of this Clause 6 the **Provider** may require the

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**Company** to carry out one or more further **Reproving 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 6 as if the **Company** had issued an instruction at the time of notice from the **Provider**, and the values for **Contracted Inertia Capability**, **Contracted Reactive Capability** and/or **Contracted SCL Capability** shall be determined by the latest of such tests.

- 6.5. If a dispute arises relating to the performance of the **Facility** during a **Reproving Test**, the **Company** and the **Provider** shall attempt to resolve the dispute by discussion, and if they fail to reach agreement the **Company** shall carry out a further **Reproving 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 6. If the **Company** notifies the **Provider** that the **Facility** has passed such further **Reproving Test**, it shall be deemed to have passed the first **Reproving Test**. If the **Company** notifies the **Provider** that the **Facility** has failed such further **Reproving Test** and a dispute arises on that further **Reproving Test**, the dispute may be referred by either **Party** by notice to the other for determination by the **Expert**.
- 6.6. An instruction issued by the **Company** as part of a test in accordance with **Grid Code** OC5.5.1 or a **Reproving Test** carried out pursuant to this Clause 6 shall constitute an **Instruction**.

## **7. MONITORING<sup>2</sup>**

- 7.1. The **Provider** shall at all times after the **Commercial Operations Date** comply with the requirements of ECC6.6 of the **Grid Code** as if the same was set out in this **Agreement** and, without limitation thereto, shall ensure that all **Monitoring Equipment** is operational and that all required signals are provided at all times and that the **Monitoring Equipment** is maintained in accordance with **Good Industry Practice**.
- 7.2. If any part of the **Monitoring Equipment** fails to deliver the information required at the relevant substation (including the communications routes) under ECC6.6 of the **Grid Code**, then the **Provider** shall repair the **Monitoring Equipment** as soon as practicable after being notified of the fault by the **Company** or as otherwise agreed. The **Provider** shall also provide electronic signals to allow the **Company** to monitor the status of the **Monitoring Equipment** as at the **Grid Entry Point**.
- 7.3. For the purposes of this **Agreement**, the accuracy of the **Monitoring Equipment** shall be maintained in accordance with the **Company's** requirements for **Dynamic System Monitoring** as published on the **Company's** website from time to time.<sup>3</sup>

## **8. 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

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<sup>2</sup> Note: this Clause will be updated once further NGESO requirements have been identified.

<sup>3</sup> Note: Company will notify Providers when changes to the DSM document are published on the Company's website.

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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.

### **9. PAYMENT**

- 9.1. As soon as reasonably practicable and no later than eight (8) **Business Days** following the end of each calendar month in respect of which either **Party** is obliged to pay any sum to the other (including liquidated damages payable under Clause 3 (*Implementation of the Works*), the **Company** shall send to the **Provider** a statement (the "**Monthly Statement**") setting out the amounts payable. In respect of each calendar month after the **Commercial Operations Date**, the **Company** shall include in that statement:-
- 9.1.1. its calculation of the **Availability Payment** due to the **Provider** and any **Availability Rebate** due to the **Company** in respect of the previous calendar month;
  - 9.1.2. in relation to the last calendar month in the **Contract Year**, its calculation of the **Annual Availability Reconciliation Payment** due from the **Provider**;
  - 9.1.3. save in the case of a **Provider** that is entitled to payment for the Obligatory Reactive Power Service under **CUSC**, its calculation of the **Reactive Power Payment** due to the **Provider** in respect of the previous calendar month;
  - 9.1.4. if relevant, adjustments to be made (net of interest) in relation to disputes concerning **Availability Payments** or **Reactive Power Payments** any month prior to the previous month; and
  - 9.1.5. the net sum due to or from the **Provider** as a result thereof, provided that any sum payable by the **Provider** in respect of liquidated damages under Clause 3 shall not be set-off against sums payable by the **Company**.
- 9.2. If the **Provider** disagrees with any dates times facts or calculations set out in any **Monthly Statement**, it may notify the **Company** in writing, with evidence on which it relies upon in support of such disagreement, no later than the date falling ten (10) **Business Days** after receipt thereof, but in the absence of any such notification by such date, the **Monthly Statement** shall be final and binding on the **Parties** subject only to Clause 9.3. The **Parties** shall discuss and endeavour to resolve the matter in good faith and any adjustments agreed shall be included in the **Monthly Statement** next following the date of resolution of the dispute. The dates, times, facts and calculations set out in the **Monthly Statement** shall be binding upon the **Parties** until such time as they are reversed or revised by agreement between the **Parties** or otherwise determined pursuant to Clause 15 (*Dispute Resolution*).
- 9.3. Where, having regard to any **Settlement Run** or to the results of any other monitoring by the **Company** of service delivery, the **Company** or the **Provider** discovers that some or all of any calculations and/or amounts falling due shown in any **Monthly Statement** are incorrect, then it shall promptly notify the other in writing whereupon the **Company** shall subject to verification by the **Company**, revise the **Monthly Statement** and re-issue the same to the **Provider**, and the provisions of Clause 9.2 shall apply mutatis mutandis to such revised **Monthly Statement**. In the absence of fraud, neither the **Company** nor the **Provider** may invoke the provisions of this Clause with respect to the contents of any **Monthly Statement** after the period of twelve (12) months has

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elapsed following submission of that **Monthly Statement** in which the calculations and/or amounts in question were first stated, after which date such calculations and/or amounts shown in the last **Monthly Statement** issued by the **Company** shall be final and conclusive.

- 9.4. No later than the eighteenth (18<sup>th</sup>) **Business Day** of each month, the **Company** will issue a self-billing invoice (or credit note) reflecting the **Monthly Statement** issued pursuant to Clause 9.2, and no later than five (5) **Business Days** after such date of issue the **Company** shall pay to the **Provider** (or the **Provider** shall pay to the **Company**, as the case may be) the net amount shown as due from the **Company** to the **Provider** (or from the **Provider** to the **Company**, as the case may be) in that **Monthly Statement**.
- 9.5. If either **Party** (the “**Defaulting Party**”) fails to pay any amount properly due under this **Agreement** on the due date, then the **Defaulting Party** shall pay to the other **Party** interest on such overdue amount at the **Base Rate** plus three per cent (3%) from the due date on which such payment was properly due to (but excluding) the date of actual payment. Any interest shall accrue from day to day.
- 9.6. If it is agreed or otherwise determined under Clause 9.2 that the **Provider** was entitled to a further payment from the **Company**, the **Provider** shall be entitled to interest at the **Base Rate** on the amount of such further payment from the date on which that sum would have been payable had it been included in the **Monthly Statement** for each **Relevant Settlement Period** until the date of payment.
- 9.7. If it is agreed or otherwise determined under Clause 9.2 that the **Provider** was not entitled to any payment it has received, the **Company** shall be entitled to interest at the **Base Rate** on the amount so paid from the date of payment until the date of repayment or the date when the **Company** makes a payment to the **Provider** which takes such payment into account.
- 9.8. Notwithstanding any other provision of this **Agreement**, the **Parties** shall not be limited in any way as to the evidence they may rely upon in any proceedings arising out of or in connection with payment for the **Stability Compensation Service** under this **Agreement** and the **Parties** agree that in the event and to the extent that either **Party** succeeds in proving in any such proceedings that the **Stability Compensation Service** was or was not provided, the successful **Party** shall (without prejudice to any liquidated damages provision of this **Agreement**) be entitled to repayment of the sums already paid or payment of sums not paid as the case may be in respect of the **Stability Compensation Service**.
- 9.9. Save as otherwise expressly provided in this **Agreement**, sums payable by one **Party** to the other pursuant to this **Agreement** whether by way of charges, interest or otherwise shall (except to the extent otherwise required by law) be paid in full, free and clear of and without deduction, set-off or deferment in respect of any disputes or claims whatsoever save for sums the subject of a final award or judgement (after exhaustion of all appeals if this opportunity is taken) or which by agreement between the **Company** and the **Provider** may be so deducted or set off.
- 9.10. All amounts specified hereunder shall be exclusive of any Value Added Tax or other similar tax and the **Company** shall pay to the **Provider** Value Added Tax at the rate

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for the time being and from time to time properly chargeable in respect of the making available and/or supply of the **Stability Compensation Service** under this **Agreement**.

- 9.11. All payments by the **Company** to the **Provider** under this **Agreement** will be made by payment to the bank account details of which are notified to the **Company** by the **Provider** from time to time.
- 9.12. The submission of all **Monthly Statements** and facts and other evidence in support thereof and any questions in connection therewith from the **Company** to the **Provider** and vice versa in accordance with this Clause 9 must be made, in the absence of agreement to the contrary between the **Parties**, by 19.00 hours on the **Business Day** concerned.
- 9.13. The **Provider** hereby irrevocably consents to the operation of a self-billing system by the **Company** with regard to the payment for the **Stability Compensation Service** and will at all times throughout the **Term** maintain such consent. The **Provider** hereby undertakes to do (at the **Company's** cost) all acts and things reasonably necessary to enable the **Company** to comply with the regulations of HM Revenue & Customs as regards the self-billing of the **Stability Compensation Service**.
- 9.14. The provisions of this Clause 9 shall survive termination of this **Agreement**.

## **10. TERMINATION AND SUSPENSION**

### *Automatic Termination*

- 10.1. This **Agreement** shall terminate automatically upon:-
- 10.1.1. 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
- 10.1.2. 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
- 10.1.3. in the case of a **Provider** with a **Generation Licence**, the revocation or withdrawal of that **Generation Licence** solely as a result of the **Provider's** election or a material breach by the **Provider** of its obligations under such licence; or
- 10.1.4. termination of the applicable **Bilateral Agreement** solely as a result of the **Provider's** election or a material breach by the **Provider** of its obligations under such agreement, and the **Provider** cannot comply in all material respects with its obligations under this **Agreement**.

### *Termination by the Provider*

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

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10.2.1. 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 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

10.2.2. without prejudice to Clause 10.1, the **Company** shall commit any material breach (other than a breach under Clause 10.2.1) 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

10.2.3. 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 seven hundred and fifty pounds sterling (£750) there was inserted two hundred and fifty thousand pounds sterling (£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);

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



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future performance by the **Company** of this **Agreement** in such form and amount as the **Provider** may reasonably require.

**Termination by the Company**

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

10.3.1. without prejudice to Clause 10.1, the **Provider** shall commit any material breach (other than a breach under Clause 10.3.2) 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

10.3.2. 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

10.3.3. the **Facility** remains **Unavailable** for more than ninety (90) consecutive days; or

10.3.4. 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

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seven hundred and fifty pounds sterling (£750) there was inserted two hundred and fifty thousand pounds sterling (£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 (or such longer period as the **Company** may in its absolute discretion permit) 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

- 10.4. The provisions of this Clause 10 are additional to any other rights of termination expressly provided. Termination of this **Agreement** under this Clause 10 or any 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.
- 10.5. 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.

### Suspension

- 10.6. If at any time the operation of the **Facility** is subject to restrictions imposed by the **Local TO** that, in the **Company's** reasonable opinion, have a material and continuing adverse effect on the provision of the **Stability Compensation Service** from the **Facility**, the **Company** may, by notice in writing to the **Provider**, suspend all rights and obligations of the **Parties** in relation to the **Stability Compensation Service** until the earlier of: (i) the date falling fourteen (14) days after the date on which the restrictions came into effect; and (ii) the date from which the **Company** is reasonably satisfied that such restrictions are no longer being applied by the **Local TO** whereupon the **Company** shall by further notice ("**Notice of Resumption**") in writing to the **Provider** end the suspension of the **Parties'** respective rights and obligations. The **Provider** shall resume performance of the **Stability Compensation Service** and its entitlement to **Availability Payments** shall resume with effect from the time and date specified in the **Notice of Resumption**. The **Service Term** shall not be extended by reason of any period of suspension.

### Direct Agreement

- 10.7. The **Company** acknowledges that the **Provider** may need to arrange funding to develop the **Facility** and that the funder may require as a condition of the availability of that finance to enter into a direct agreement with the **Company**. The **Company** shall

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act in good faith (at the cost and expense of the **Provider**) to negotiate such a direct agreement where reasonably required by the **Provider**, on terms to be agreed by the **Company** (acting reasonably) but not so as to impose any financial obligation on the **Company**.

### **11. LIMITATION OF LIABILITY**

- 11.1. Subject to Clause 11.2 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.
- 11.2. 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.
- 11.3. Subject to Clause 11.2 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:-
- 11.3.1. any loss of profit, loss of revenue, loss of use, loss of contract or loss of goodwill; or
- 11.3.2. any indirect or consequential loss.
- 11.4. Each **Party** acknowledges and agrees that the other **Party** holds the benefit of Clauses 11.1 and 11.2 and 11.3 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).
- 11.5. 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

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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 11.5 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**.

11.6. 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.

11.7. Each of Clauses 11.1, 11.2, 11.3 and 11.4 shall:-

11.7.1. 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

11.7.2. survive termination of this **Agreement**.

11.8. For the avoidance of doubt, nothing in this Clause 11 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**.

11.9. Each **Party** acknowledges and agrees that the provisions of this Clause 11 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**.

11.10. 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.

**12. METERING<sup>4</sup>**

12.1. 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**.

12.2. 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**.

12.3. 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**.

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<sup>4</sup> Note: this Clause will be updated once further requirements have been identified.

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**13. CONFIDENTIALITY AND ANNOUNCEMENTS**

13.1. Subject to the exceptions provided in Clause 13.3, Clause 14 (*Disclosure of Information*) (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 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**):-

13.1.1. any of the contents of this **Agreement**;

13.1.2. any commercially confidential information relating to the negotiations concerning the entering into of this **Agreement**;

13.1.3. any commercially confidential information which may come to a **Party's** knowledge in the course of such negotiations; or

13.1.4. any commercially confidential information concerning the operations, contracts, commercial or financial arrangements or affairs of the other **Party**.

13.2. Each **Party** undertakes to use information referred to in Clause 13.1 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.

13.3. The restrictions imposed by Clause 13.1 shall not apply to the disclosure of any information:

13.3.1. 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;

13.3.2. 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 Conduct 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 Conduct Authority to receive the same;

13.3.3. 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;

13.3.4. to a court, arbitrator or administrative tribunal in the course of proceedings before it to which the disclosing **Party** is a party;

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- 13.3.5. pursuant to any **Licence** of the **Party** concerned;
- 13.3.6. to any consultants, banks, financiers, insurers, professional advisers retained by the disclosing **Party**;
- 13.3.7. 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**;
- 13.3.8. by either **Party** to any parent, subsidiary or fellow subsidiary undertaking on a “need to know” basis only; or
- 13.3.9. 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.
- 13.4. In this Clause 13, 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.
- 13.5. Before either **Party** discloses any information in any of the circumstances described in Clauses 13.3.6 to 13.3.8 (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 13.
- 13.6. No public announcement or statement regarding the signature, performance or termination of this **Agreement** shall be issued or made by either **Party** unless:
- 13.6.1. 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
- 13.6.2. 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.
- 13.7. With respect to the information referred to in Clause 13.1 both **Parties** shall ensure, to the extent reasonably practicable, that:-
- 13.7.1. such information is disseminated within their respective organisations on a “need to know” basis only;
- 13.7.2. 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

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- 13.7.3. any copies of such information, whether in hard copy or computerised form, will clearly identify the information as confidential.
- 13.8. Notwithstanding any other provision of this **Agreement**, the provisions of this Clause 13 shall continue to bind a person for a period of twenty four (24) months after termination of this **Agreement**, in whole or in part, for whatever reason.

### **14. DISCLOSURE OF INFORMATION**

- 14.1. The **Provider** hereby consents to the disclosure and use by the **Company** in such manner or form and at such times as it thinks fit of:
- 14.1.1. the **Contract Rate, Technical Performance Requirements** and any other information submitted by the **Provider** in its **Tender Submission**;
- 14.1.2. the aggregate cost of **Availability Payments** and the aggregate amount of **Availability Rebates** made by the **Company** to the **Provider** and all other providers of the **Stability Compensation Service**;
- 14.1.3. such data in relation to the provision of the **Reactive Capability** as the **Company** publishes from time to time in respect of the **Obligatory Reactive Power Service**; and
- 14.1.4. any other data and other information relating to this **Agreement** and the provision of the **Stability Compensation Service** for the purposes of any or all of the statements published from time to time pursuant to Standard Condition C16 of the **Transmission Licence**.
- 14.2. Where the **Company** intends disclosing and using any data or other information relating to this **Agreement** other than that specified in Clause 14.1 it shall first consult with the **Provider** regarding the form and scope of the intended disclosure documentation and, acting reasonably and in good faith, make such adjustments to the disclosure documentation as the **Provider** may reasonably request in order to protect its business interests.

### **15. DISPUTE RESOLUTION**

- 15.1. 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, either **Party** may refer any dispute or difference of whatever nature howsoever arising under out of or in connection with this **Agreement** between the **Parties** 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:
- 15.1.1. the **Party** seeking to refer the matter to arbitration shall first serve on the other **Party** a "**Dispute Notice**" describing in reasonable detail the nature of the dispute;
- 15.1.2. the **Parties** shall thereafter without delay commence and continue to use all reasonable endeavours to resolve the dispute in question promptly, equitably and in a good faith

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manner and (where commensurate with the nature and extent of the dispute) at a senior officer level; and

15.1.3. any referral to arbitration may only be made by a **Party** where the dispute remains unresolved upon expiry of a period of twenty eight (28) days following delivery of the relevant **Dispute Notice**.

15.2. 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:

15.2.1. 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;

15.2.2. 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;

15.2.3. 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;

15.2.4. 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;

15.2.5. 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**;

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

15.2.7. 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.

## **16. ENTIRE AGREEMENT**

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



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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.

### **17. NOTICES**

17.1. Any notice or other communication given by a **Party** under this **Agreement** shall be:

17.1.1. in writing and in English;

17.1.2. signed by, or on behalf of, the **Party** giving it; and

17.1.3. sent to the relevant **Party** by post at the address set out in Part 5 of the **Contract Form** (in which case a copy shall also be sent by email), or by email to the address set out in the **Contract Form**.

17.2. Notices may be given, and are deemed received:

17.2.1. by hand: on receipt of a signature at the time of delivery;

17.2.2. by first-class Royal Mail Recorded Signed For post: at 9:00am on the second **Business Day** after posting; and

17.2.3. by email: on receipt of a delivery receipt email from the correct email address or on earlier receipt of confirmation of receipt from the recipient.

17.3. All references to time are to the local time at the place of deemed receipt.

17.4. This Clause does not apply to notices given in legal proceedings, arbitration or other dispute resolution proceedings or to operational communications to which the provisions of Clause 4 (*Service Provision*) apply.

### **18. FORCE MAJEURE**

18.1. 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:

18.1.1. 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**;

18.1.2. the **Parties** agree that they shall not be relieved from their obligations under this **Agreement** by reason of events or circumstances commencing prior to the last date specified in the **Tender** for **Tender Submissions** and continuing as at that date

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- including restrictions introduced by any **Competent Authority** in relation to **Coronavirus** and the **Coronavirus Disease**; and
- 18.1.3. the **Parties** further agree that they shall be relieved from their obligations under this **Agreement** to the extent that they are unable to perform them by reason of any further restrictions or guidance introduced by any **Competent Authority** in relation to **Coronavirus** and the **Coronavirus Disease** on or after the date on which the **Provider** submitted its **Tender Submission**.
- 18.2. 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**.
- 18.3. 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**.
- 18.4. 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**.
- 18.5. Either **Party** shall have a right to terminate this **Agreement** by notice in writing to the other if that other **Party** has been prevented from performing its obligations due to an event of **Force Majeure** for a continuous period of six (6) calendar months or more or for an aggregate period of nine (9) calendar months or more.

## **19. VARIATIONS**

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

## **20. 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.

## **21. WARRANTIES AND INDEMNITY**

- 21.1. Each **Party** warrants and represents to the other that it has full power and authority to enter into this **Agreement** and perform its obligations hereunder.
- 21.2. The **Provider** hereby warrants and represents to the **Company** that:
- 21.2.1. the availability and delivery of the **Stability Compensation Service** from the **Facility**

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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; and

21.2.2. 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.

21.3. The **Provider** further warrants and represents to the **Company** that the availability and delivery of the **Stability Compensation Service** from the **Facility** pursuant to and in accordance with this **Agreement** will not at any time cause the **Provider** to be in breach of or to otherwise be non-compliant with any **Connection Agreement** and/or any agreement for the supply of electricity or related services to or from the **Facility**. The **Provider** repeats this warranty and representation on acknowledgement of each **Instruction**.

21.4. If, notwithstanding Clause 21.3, the **Company** suffers or incurs any loss in respect of a claim by a third party related to any actual or alleged breach or non-compliance by the **Provider** as described in Clause 21.3, the **Provider** shall indemnify the **Company** against all and any losses, liabilities, claims and expenses that may be suffered or incurred by the **Company** in connection therewith. Such indemnity shall include 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.

## **22. CHANGE IN LAW**

22.1. If a **Relevant Change in Law** occurs that:

22.1.1. requires a change in the **Provider's** policies or practices in operating the **Facility**; or

22.1.2. materially increases or decreases the **Provider's** costs of performing this **Agreement**, either **Party** may by not less than ten (10) **Business Days** notice to the other require the other **Party** to meet and the **Parties** shall in good faith seek to agree any changes in operating practice and/or any changes which should be made to this **Agreement** as are necessary to achieve (insofar as possible) the same balance of benefits, liabilities, risk and reward between the **Parties** in respect of the subject matter of this **Agreement** as applied immediately prior to the **Relevant Change in Law** ("**Required Changes**").

22.2. Neither **Party** shall be liable to the other **Party** for a failure to perform any obligation under this **Agreement** which becomes prohibited or otherwise impossible to perform by reason of a **Change in Law**.

## **23. CUSC**

The provisions of Paragraphs 6.14 (*Transfer and Sub-contracting*), 6.20 (*Waiver*), 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

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full herein.

**24. ANTI-BRIBERY**

24.1. Each **Party** shall:

24.1.1. comply with all **Anti-Bribery Laws**;

24.1.2. 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 United Kingdom;

24.1.3. 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 24.1, and will enforce them where appropriate; and

24.1.4. 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 24.

24.2. 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 this Clause 24.

**25. EMR**

25.1. 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**.

25.2. 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**.

25.3. 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.

**SCHEDULE A – Definitions**

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- “Acceptable Security”**
- (i) an on-demand without proof or conditions irrevocable performance bond or guarantee in a form reasonably satisfactory to the **Company** issued by a **Rated Bank** payable in Sterling in London; or
  - (ii) an irrevocable standby letter of credit in a form reasonably satisfactory to the **Company** issued by a **Rated Bank** payable in Sterling in London; or
  - (iii) a cash deposit in Sterling in an **Escrow Account**;
  - (iv) a parent company guarantee in terms and from an issuer satisfactory to the **Company**; or
  - (v) such other form of security acceptable to the **Company** which shall be in such form as is included in the **Company’s Credit Policy Statement**,

in each case, for an amount equal to the **Secured Amount** from time to time;

**“Active Frequency Response Power”** means the transfer of **Active Power** injected or absorbed by a **Grid Forming Plant** to and from the **Total System** during a deviation of the **System Frequency** away from the **Target Frequency**.

For a **GBGF-I Plant** this is very similar to **Primary Response** but with a response time to achieve the declared service capability (which could be the **Maximum Capacity** or **Registered Capacity**) within 1 second.

For **GBGF-I Plant** this can rapidly add extra **Active Power** in addition to the phase-based **Active Inertia Power** to provide a system with desirable **NFP** plot characteristics.

**The Active Frequency Response Power** can be produced by any viable control technology;

**“Active Inertia Power”** means the injection or absorption of **Active Power** by a **Grid Forming Plant** to and from the **Total System** during a **System Frequency** change.

The amount of **Active Power** supplied or absorbed by the **Grid Forming Plant** is a function of the energy storage capability of the **Internal Voltage Source** and **ROCOF** or, in the case of an **HVDC System**, is a function of the **Active**

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**Power** provided by either the **Remote End HVDC Converter Station** or some extra **Plant**.

For the avoidance of doubt, this includes the rotational inertial energy of the complete drive train of a **Synchronous Generating Unit**.

**Active Inertia Power** is an inherent capability of a **Grid Forming Plant** to respond naturally, within less than 5 ms, to changes in the **System Frequency**.

For the avoidance of doubt the **Active Inertia Power** has a slower frequency response compared with **Active Phase Jump Power**

**“Active Phase Jump Power”** means the transient **Active Power** transferred from a **Grid Forming Plant** to the **Total System** as a result of changes in the phase angle between the **Internal Voltage Source** of the **Grid Forming Plant** and the **Grid Entry Point** or **Point of Stability**.

In the event of a disturbance or fault on the **Total System**, a **Grid Forming Plant** will instantaneously supply or absorb **Active Phase Jump Power** to the **Total System** as a result of the phase angle change.

For **GBGF-I Plant** as a minimum value this is up to the **Phase Jump Angle Limit**.

**Active Phase Jump Power** is an inherent capability of a **Grid Forming Plant** that starts to respond naturally, within less than 5 ms, and can have frequency components to over 1000 Hz.

**“Active Response Power”** **ROCOF** means the **Active Inertia Power** developed from a **Grid Forming Plant** plus the **Active Frequency Response Power** that can be supplied by a **Grid Forming Plant** when subject to a rate of change of the **System Frequency**;

**“Actual Capability”** **Inertia** means:  
(i) in relation to a **Settlement Period** in which the **Facility** was **Available** to provide **Inertia Capability**, the **Contracted Inertia Capability** or such lower level of **Inertia Capability** as may have been specified in a **Redeclaration**; or  
(ii) in relation to a **Settlement Period** during an **Approved Outage**, the average level of **Inertia Capability** calculated in accordance with paragraph

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(i) over the one hundred and sixty eight (168) **Settlement Periods** immediately prior to the commencement of the **Approved Outage**;

- “Actual SCL Capability”** means:
- (i) in relation to a **Settlement Period** in which the **Facility** was **Available** to provide **SCL Capability**, the **Contracted SCL Capability** or such lower level of **SCL Capability** as may have been specified in a **Redeclaration**; or
  - (ii) in relation to a **Settlement Period** during an **Approved Outage**, the average level of **SCL Capability** calculated in accordance with paragraph (i) over the one hundred and sixty eight (168) **Settlement Periods** immediately prior to the commencement of the **Approved Outage**;
- “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”** has the meaning given to that term in Clause 1.1;
- “Annual Reconciliation Payment”** has the meaning given to that term in Clause 5.2.2 (*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**;
- “Approved Outage”** means a planned outage of the **Facility** the times and dates for which are specified in the **Maintenance Plan**;
- “Authority”** means the Gas and Electricity Markets Authority;
- “Available”** means the **Facility** is capable of **Energising** and **Synchronising** in response to an **Instruction** and providing either **SCL Capability** or **Inertia Capability** (or both) at the **Point of Stability** (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;



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<b>“Availability Payment”</b>	has the meaning given to it in Clause 5.1.1 ( <i>Service Fees</i> );
<b>“Availability Rebate”</b>	has the meaning given to that term in Clause 5.2.1 ( <i>Service Fees</i> );
<b>“Balancing and Settlement Code” or “BSC”</b>	as defined in the <b>Company’s Licence</b> ;
<b>“Base Rate”</b>	means the Bank of England Official Rate from time to time provided that, if at any time the Bank of England Official Rate is a negative rate, then zero per cent (0%);
<b>“BM Unit”</b>	has the meaning set out in the <b>BSC</b> , except for the purposes of this <b>Agreement</b> the reference to “a Party” in the <b>BSC</b> shall be a reference to the <b>Provider</b> ;
<b>“Bribery Act”</b>	the Bribery Act 2010;
<b>“Business Day”</b>	a week-day (other than a Saturday or a Sunday) on which banks are open for domestic business in the City of London;
<b>“Change in Law”</b>	means the occurrence of any of the following events after the date of this <b>Agreement</b> :  (a) the coming into effect of any <b>Law or Directive</b> that is not in effect as at the date of this <b>Agreement</b> ;  (b) the repeal, replacement or amendment of any <b>Law or Directive</b> ; or  (c) a change in the interpretation of any <b>Competent Authority</b> of any <b>Law or Directive</b> ;
<b>“Commercial Operations Date”</b>	means the day after the date on which the <b>Company</b> notifies the <b>Provider</b> that the <b>Facility</b> has passed the <b>Proving Test</b> ;
<b>“Competent Authority”</b>	means the <b>Authority</b> 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) which have jurisdiction over the <b>Company</b> or the subject matter of this <b>Agreement</b> ;
<b>“Conditions Precedent”</b>	means the conditions precedent specified in the <b>Contract Form</b> ;
<b>“Confirmation Time”</b>	the latest time by which an <b>Instruction</b> must be acknowledged in accordance with Clause 4.6, as specified in the <b>Contract</b>

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**Form;**

<b>“Connection Site”</b>		the location more particularly described in the <b>Bilateral Agreement</b> ;
<b>“Connection and Use of System Code” or “CUSC”</b>		the connection and use of system code drawn up pursuant to the <b>Transmission Licence</b> as from time to time revised in accordance with the <b>Transmission Licence</b> ; references in this <b>Agreement</b> 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;
<b>“Contract Form”</b>		means the document signed by the <b>Parties</b> to which these standard terms and conditions are attached;
<b>“Contract Rate”</b>		means the rate (expressed in £/ <b>Settlement Period</b> ) to be used for the calculation of <b>Availability Payments</b> specified by the <b>Provider</b> in its <b>Tender Submission</b> and set out in Part 2 of the <b>Contract Form</b> ;
<b>“Contract Year”</b>		means each period of twelve (12) calendar months commencing on 1 April in each year of the <b>Service Term</b> save that the first such year (“ <b>Contract Year 1</b> ”) shall commence on the <b>Commercial Operations Date</b> and end on the next following March 31. The expression “ <b>Contract Year 4</b> ” and similar expressions shall be construed accordingly;
<b>“Contracted Capability”</b>	<b>Inertia</b>	the <b>Tendered Inertia Capability</b> of the <b>Facility</b> as the same may be amended from time to time in accordance with Clause 6.4 ( <i>Reproving Test</i> );
<b>“Contracted Capability”</b>	<b>Reactive</b>	the <b>Tendered Reactive Capability</b> of the <b>Facility</b> as the same may be amended from time to time in accordance with Clause 6.4 ( <i>Reproving Test</i> );
<b>“Contracted Capability”</b>	<b>SCL</b>	the <b>Tendered SCL Capability</b> of the <b>Facility</b> as the same may be amended from time to time in accordance with Clause 6.4 ( <i>Reproving Test</i> );
<b>“Coronavirus”</b>		has the meaning given to it in the Coronavirus Act 2020, as at the date hereof;
<b>“Coronavirus Disease”</b>		has the meaning given to it in the Coronavirus Act 2020, as at the date hereof;
<b>“CP Date”</b>		the date falling thirty (30) <b>Business Days</b> after the date of this <b>Agreement</b> ;

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- “Credit Policy Statement”** the policy statement published by the **Company** as part of the **ITT** setting out the **Company’s** credit requirements;
- “Delay Event”** means: (i) any event of **Force Majeure** that delays the implementation of the **Works**; (ii) any failure to schedule a **Proving Test** within ten (10) days of the **Provider’s** notice under Clause 3.5 (*Implementation of the Works*) that is due to any act or omission of the **Company**; or (iii) any change reasonably required by the **Company** to the **Works** or the **Project Plan**;
- “Distribution Licence”** means a licence issued under section 6(1)(c) of the Electricity Act 1989;
- “Distribution Network Operator” or “DNO”** a holder of a **Distribution Licence** relating to distribution activities in Great Britain, who was the holder of, or is a successor to a company which was the holder of a licence under section 6(1)(c) of the **Act** prior to the coming into force of section 30 of the Utilities Act 2000;
- “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**;
- “Escrow Account”** means a separately designated interest-bearing bank account in the name of the **Company** established by a mandate in such terms as the **Company** may require and signed by both the **Company** and the **Provider** at a branch of Barclays Bank PLC or another bank in the City of London as notified by the **Company** to the **Provider**;
- “Existing Facility”** a **Facility** other than a **New Build Facility**;
- “Expert”** has the meaning given to that term in Clause 15.2 (*Dispute Resolution*);
- “Facility”** means the facility described in Part 2 of the **Contract Form**;
- “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 the reasonable endeavours of the **Party** claiming **Force Majeure** to prevent it or mitigate its effects, causes delay or disruption in the performance of any obligation imposed hereunder, but subject thereto including act of God, epidemic or pandemic, strike, lockout or other

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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 neither: (i) lack of funds, or (ii) restrictions imposed on the operation of the **Facility** by the **Local TO**, shall not be interpreted as a cause beyond the reasonable control of that **Party**;

- “GBGF-I Plant”** means any **Power Park Module, HVDC System, DC Converter, OTSDUW Plant and Apparatus, Non-Synchronous Electricity Storage Module, Dynamic Reactive Compensation Equipment** or any **Plant and Apparatus** (including a smart load) which is connected or partly connected to the **Total System** via an **Electronic Power Converter** which has a **Grid Forming Capability (GBGF-I)**;
- “GBGF-S Plant”** means a **Synchronous Power Generating Module, Synchronous Electricity Storage Module** or **Synchronous Generating Unit** with a **Grid Forming Capability**;
- “General Terms and Conditions”** means these General Terms and Conditions for the provision of the **Stability Compensation Service, Phase 3**;
- “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**;
- “Grid Entry Point”** has the meaning given to it in the **Grid Code**;
- “Grid Forming Capability”** includes (but is not limited to) a **Power Generating Module, HVDC Converter** (which could form part of an **HVDC System**), **Generating Unit, Power Park Module, DC Converter, OTSDUW Plant and Apparatus, Electricity Storage Module, Dynamic Reactive Compensation Equipment** or any **Plant and Apparatus** (including a smart load) whose supplied **Active Power** is directly proportional to the difference between the magnitude and phase of its **Internal Voltage Source** and the magnitude and phase of the

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voltage at the **Grid Entry Point** or **Point of Stability** and the sine of the **Load Angle**. As a consequence, a **Plant** which has a **Grid Forming Capability** is one where the frequency of rotation of the **Internal Voltage Source** is the same as the **System Frequency** for normal operation, with only the **Load Angle** defining the relative position between the two. In the case of a **GBGF-I Plant** a **GBGF-I Unit** forming part of a **GBGF-I Plant** shall be capable of sustaining a voltage at its terminals irrespective of the voltage at the **Grid Entry Point** or **Point of Stability** for normal operating conditions.

For **GBGF-I Plant** the control system, which determines the amplitude and phase of the **Internal Voltage Source**, shall have a response to the voltage and **System Frequency** at the **Grid Entry Point** or **Point of Stability** with a bandwidth that is less than a defined value as shown by the control system's **NFP Plot**.

Exceptions to this rule are only allowed during transients caused by **System** faults, voltage dips/surges and/or a step or ramp changes in the phase angle which are large enough to cause damage to the **Grid Forming Plant** via excessive currents;

- “Grid Forming Plant”** means a plant which is classified as either a **GBGF-S Plant** or a **GBGF-I Plant**;
- “Inertia Capability”** in relation to the **Facility**, its ability to provide **Inertia Power**, stated as at the **Point of Stability**;
- “Inertia Power”** has the meaning given to it in Part A of Schedule C (*Technical Performance Requirements*);
- “Industry Document”** the **Licences**, the **BSC**, the **CUSC**, the **Grid Code** and all other agreements, documents or codes with which the **Provider** is obliged to comply under the **Act** or its **Licence**;
- “Instructed Settlement Period”** means a **Settlement Period** that is subject to an **Instruction**;
- “Instruction”** has the meaning given to it in Clause 4.5 (*Instruction of the Stability Compensation Service*);
- “Instruction to End”** has the meaning given to it in Clause 4.5 (*Instruction of the Stability Compensation Service*);
- “Internal Voltage”** Means, for a **GBGF-S Unit** a real magnetic field, that rotates

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<b>Source”</b>	<p>synchronously with the <b>System Frequency</b> under normal operating conditions, which as a consequence induces an <b>Internal Voltage Source</b> in the stationary generator winding that has a real impedance.</p> <p>In a <b>GBGF-I</b> design, switched power electronic devices are used to produce a voltage waveform, with harmonics, that has a fundamental rotational component called the <b>Internal Voltage source (IVS)</b> that rotates synchronously with the <b>System Frequency</b> under normal operating conditions.</p> <p>For a <b>GBGF-I Plant</b> there must be an impedance with only real physical values, between the <b>Internal Voltage Source</b> and the <b>Grid Entry Point</b> or <b>Point of Stability</b>.</p> <p>For the avoidance of doubt a virtual impedance, is not permitted in <b>GBGF-I Plant</b>;</p>
<b>“ITT”</b>	has the meaning given to it in the background section of the <b>Contract Form</b> ;
<b>“LAD Cap”</b>	means a sum equal to the <b>LAD Rate</b> multiplied by one hundred and eighty (180) days;
<b>“LAD Rate”</b>	means a daily rate equal to the <b>Contract Rate</b> multiplied by the number of <b>Settlement Periods</b> in the day;
<b>“Law or Directive”</b>	(a) any law (including the common law);  (b) any statute, statutory instrument, regulation, instruction, direction, rule or requirement of any <b>Competent Authority</b> ;  (c) any condition or other requirement of any <b>Licence</b> or other required authorisation, licence, consent, permit or approval (or of any exemption from the requirement to have the same); and  (d) any provision of any <b>Industry Document</b> ;
<b>“Legal Requirement”</b>	has the meaning given to it in the <b>BSC</b> ;
<b>“Licence”</b>	means a licence issued under section 6(1) of the Electricity Act 1989;
<b>“Load Angle”</b>	the angle in radians between the voltage of the <b>Internal Voltage Source</b> and the voltage at the <b>Grid Entry Point</b> or <b>Point of Stability</b> ;

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<b>“Local TO”</b>	means the owner of that part of the <b>NETS</b> to which the <b>Facility</b> is connected or (in the case of an embedded <b>Facility</b> ) the owner of that part of the <b>NETS</b> in which the associated <b>Grid Supply Point</b> is located;
<b>“Maintenance Plan”</b>	has the meaning given to it in Clause 4.10 ( <i>Maintenance of the Facility</i> );
<b>“Monitoring Equipment”</b>	all monitoring equipment required under ECC6.6 of the <b>Grid Code</b> ;
<b>“National Electricity Transmission System” or “NETS”</b>	has the meaning given to that term in the <b>Company’s Licence</b> ;
<b>“New Build Facility”</b>	a <b>Facility</b> that, as at the date of the <b>Agreement</b> , has not been commissioned;
<b>“Party Liable”</b>	has the meaning given to it in Clause 11.1 ( <i>Limitation of Liability</i> );
<b>“Performance Chart”</b>	means a diagram showing the <b>Active Power</b> (MW) and <b>Reactive Power</b> (MVar) capability limits within which the <b>Facility</b> at its <b>Grid Entry Point</b> or <b>Point of Stability</b> will be expected to operate under steady state conditions;
<b>“Permitted Service”</b>	[participation in the Balancing Mechanism, Response, Reserve, Constraint Management, Enhanced Reactive, wholesale electricity market, Capacity Market and Black Start and such other services as the <b>Company</b> may from time to time notify to all providers of the <b>Stability Compensation Service</b> <sup>5</sup> ];
<b>“Phase Jump Angle”</b>	the change in angle of the <b>Internal Voltage Source</b> of a <b>Grid Forming Plant</b> when subject to a phase change at the <b>Grid Entry Point</b> or <b>Point of Stability</b> ;
<b>“Phase Jump Angle Limit”</b>	the maximum <b>Phase Jump Angle</b> when applied to a <b>GBGF-I Plant</b> which will result in a linear response without activating current limiting functions. This is specified for a <b>System</b> angle near to zero;
<b>“Post Tender Milestones”</b>	means the milestones, and requisite evidence, agreed by the <b>Company</b> and the <b>Provider</b> as part of the <b>Provider’s Tender Submission</b> to be achieved by the <b>PTM Date</b> , set out in Part 4 of the <b>Contract Form</b> ;

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<sup>5</sup> Note: this list of services is indicative only and may need to be revised in the light of the additional requirements.

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<b>“PTM Date”</b>	means the date on which the <b>Provider’s</b> achievement of the <b>Post Tender Milestones</b> is to be assessed, being the date falling twelve (12) months prior to the <b>Scheduled Commercial Operations Date</b> ;
<b>“Point of Stability”</b>	the point on the <b>NETS</b> (at 132kV or higher) where the <b>Facility</b> is directly or radially connected, being the point where, unless otherwise stated, the <b>Stability Compensation Service</b> must be delivered;
<b>“Power System Stabiliser” or “PSS”</b>	has the meaning given to it in the <b>Grid Code</b> ;
<b>“Project Plan”</b>	the plan setting out the <b>Scheduled Operations Date</b> and the associated milestones submitted by the <b>Provider</b> in its <b>Tender Submission</b> as the same may be varied from time to time in accordance with Clause 3.2 ( <i>Implementation of the Works</i> );
<b>“Proving Test”</b>	a proving test of the <b>Facility</b> undertaken in accordance with Clause 3.5 ( <i>Implementation of the Works</i> ) or a proving test of a <b>Substitute Facility</b> undertaken in accordance with Clause 4.12 ( <i>Substitution of the Facility</i> ), in either case, in compliance with the principles set out in Schedule B Part A to verify that the <b>Facility</b> is capable of providing the <b>Stability Compensation Service</b> in accordance with the <b>Technical Performance Requirements</b> , including the <b>Contracted Inertia Capability, Contracted Reactive Capability</b> and <b>Contracted SCL Capability</b> ;
<b>“Rated Bank”</b>	means a City of London branch of a bank with a rating of at least A- (Standard and Poor’s long term rating) or A3 (Moody’s long term rating);
<b>“Reactive Capability”</b>	the ability of the <b>Facility</b> to absorb or produce <b>Reactive Power</b> being the <b>Contracted Reactive Capability</b> stated as at the <b>Point of Stability</b> ;
<b>“Reactive Power”</b>	has the meaning given to it in the <b>Grid Code</b> ;
<b>“Reactive Power Fee”</b>	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;
<b>“Reactive Power Mode”</b>	means ‘target voltage mode’ or ‘constant Mvar mode’ as described in the <b>Technical Performance Requirements</b> ;



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“Reactive Payment”	<b>Power</b>	has the meaning attributed to it in Clause 5.1.2 ( <i>Service Fee</i> );
“Redeclaration”		has the meaning attributed to it in Clause 4.3 ( <i>Stability Compensation Service Unavailability</i> );
“Relevant Change in Law”	<b>Change in Law</b>	means a <b>Change in Law</b> that: <ul style="list-style-type: none"><li>a) was not, acting in accordance with <b>Good Industry Practice</b>, reasonably foreseeable by the <b>Provider</b> as at the date of this <b>Agreement</b>; and</li><li>b) affects the provision of the <b>Stability Compensation Service</b> or other similar services but not one which affects the operation of the <b>Facility</b> in general;</li></ul>
“Reproving Test”		in relation to the <b>Facility</b> , a test undertaken in accordance with Clause 6 in compliance with the principles set out in Schedule B Part B to verify that the <b>Facility</b> is capable of providing the <b>Stability Compensation Service</b> in accordance with the <b>Technical Performance Requirements</b> , including the <b>Contracted Inertia Capability</b> , <b>Contracted Reactive Capability</b> and <b>Contracted SCL Capability</b> ;
“Restoration Notice”		has the meaning attributed to it in Clause 4.4 ( <i>Stability Compensation Service Unavailability</i> );
“Retired Facility”		has the meaning attributed to it in Clause 4.12 ( <i>Substitution of the Facility</i> );
“Scheduled Commercial Operations Date”		means the date specified by the <b>Provider</b> in the <b>Project Plan</b> and in Part 2 of the <b>Contract Form</b> by which it expects to have completed the <b>Works</b> and the <b>Facility</b> to have passed the <b>Proving Test</b> ;
“SCL Capability”		in relation to the <b>Facility</b> , its short circuit level contribution;
“Secured Amount”		an amount equal to the <b>Provider’s</b> maximum potential liability outstanding from time to time in respect of liquidated damages payable in accordance with Clause 3.7 ( <i>Implementation of the Works</i> );
“Service Term”		means the period commencing at 00:00:00 hours on the <b>Commercial Operations Date</b> and ending at 23:59:59 on <b>[31<sup>st</sup> March 2035]</b> <sup>6</sup> ;
“Settlement Run”		has the meaning attributed to it in the <b>BSC</b> ;
“Settlement Period”		has the meaning attributed to it in the <b>BSC</b> ;

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<sup>6</sup> The exact end date of the Service Term will be confirmed prior to the launch of the Tender.

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<b>“Stability Compensation Service”</b>		means the service of making the <b>Facility Available</b> and responding to the <b>Company’s Instructions</b> in accordance with this <b>Agreement</b> ;
<b>“Substitute Facility”</b>		has the meaning attributed to it in Clause 4.12 ( <i>Substitution of the Facility</i> );
<b>“Synchronised”</b>		the condition where the <b>Facility</b> is connected to the busbars of the <b>Total System</b> so that the frequencies and phase relationships of the <b>Facility</b> and the <b>Total System</b> are identical, like terms shall be construed accordingly e.g. <b>“Synchronism”</b> ;
<b>“Synchronising Time”</b>		means the latest time by which the <b>Facility</b> must <b>Synchronise</b> in accordance with Clause 4.7.1 following an <b>Instruction</b> , as specified in the <b>Contract Form</b> ;
<b>“Synchronous Compensation”</b>		means the operation of rotating synchronous apparatus for the specific purpose of providing this <b>Stability Compensation Service</b> ;
<b>“Target Availability”</b>		means: <ul style="list-style-type: none"><li>(i) in relation to <b>Contracted Inertia Capability</b>, the target (expressed as a percentage) specified in the <b>Tender Submission</b> and in the <b>Contract Form</b>; and</li><li>(ii) in relation to <b>Contracted SCL Capability</b> the target (expressed as a percentage) specified in the [<b>Tender Submission</b> and] in the <b>Contract Form</b>;</li></ul>
<b>“Technical Performance Requirements”</b>		those technical, performance and other requirements set out or referred to in Schedule C, including the <b>Contracted Inertia Capability</b> , the <b>Contracted Reactive Capability</b> and the <b>Contracted SCL Capability</b> ;
<b>“Tender”</b>		means the procurement process for the provision of the <b>Stability Compensation Service</b> undertaken pursuant to the <b>ITT</b> ;
<b>“Tendered Capability”</b>	<b>Inertia</b>	the level of <b>Inertia Capability</b> specified in the <b>Provider’s Tender Submission</b> and in Part 2 of the <b>Contract Form</b> ;
<b>“Tendered Capability”</b>	<b>Reactive</b>	the level of <b>Reactive Capability</b> specified in the <b>Provider’s Tender Submission</b> and in Part 2 of the <b>Contract Form</b> ;
<b>“Tendered Capability”</b>	<b>SCL</b>	the level of <b>SCL Capability</b> specified in the <b>Provider’s Tender Submission</b> and in Part 2 of the <b>Contract Form</b> ;

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- “Tender Submission”** a submission made in response to the **ITT**;
- “Termination Sum”** means an amount equal to seventy-five per cent (75%) of the **LAD Cap**;
- “Transmission Interface Point”** has the meaning given to it in the **Grid Code**
- “User System Entry Point”** has the meaning given to it in the **Grid Code**;
- “Works”** means:
- (i) in relation to a **New Build Facility** the design, construction, commissioning and testing of the **Facility**; or
  - (ii) in relation to an **Existing Facility**, the modification, commissioning and testing of the **Facility**, including the installation of the **Monitoring Equipment**.

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### **SCHEDULE B – Proving Tests and Repeating Tests<sup>7</sup>**

#### **Part A – Proving Test**

The **Provider** shall undertake or shall procure that its contractor shall undertake a **Proving Test** ahead of the **Commercial Operations Date** to ensure operability of the **Stability Compensation Service** and to test whether the **Facility** is capable of providing the **Reactive Capability**, the **Inertia Capability** and the **SCL Capability**, specified in the **Provider's Tender Submission**.

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
- Physical testing to demonstrate that the performance of the **Facility** matches the performance submitted in the feasibility study, including (without limitation):
  - demonstration of the value and behaviour of inertia meeting those set out in Schedule C; and
  - demonstration of the value and behaviour of Short Circuit Level meeting those set out in Schedule C.

The **Company** shall provide a full set of test requirements no less than one (1) year before the **Scheduled Operations Date**.

#### **Part B – Repeating Test**

The **Provider** agrees that it or its agent shall undertake **Repeating Tests** (including any re-tests), if required, during the **Service Term**, where requested by the **Company** in accordance with the provisions of Clause 6 (*Repeating Test*) of this **Agreement** to test whether the **Facility** is capable of providing the **Stability Compensation Service**, including the **Contracted Reactive Capability**, **Contracted SCL Capability** and **Contracted Inertia Capability**.

The level and scope of tests required will depend on the technology of the **Facility** and will include those tests specified in Part A. The **Company** may require the **Provider** to undertake any additional tests it considers necessary to identify the cause of any suspected non-compliance with the requirements of this **Agreement**.

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<sup>7</sup> This Schedule is subject to review and updating.

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**SCHEDULE C - Technical Performance Requirements**

**Part A -Stability Requirements for the NOA Stability Pathfinder Phase 3**

1. The **Provider** shall:
- 1.1 ensure that during a fault, the short circuit level contribution from the **Facility** will be equal to the **Contracted SCL Capability** at the **Point of Stability**. Short circuit level is calculated as in Equation 1

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

Equation 1

Where:

the fault current is defined as the total positive sequence RMS fault current seen (including both AC and DC components); at 100ms after a 3-phase fault at the **Point of Stability** and Rated voltage is defined as the voltage at the **Point of Stability**.

- 1.2 ensure that the **Facility** will provide an inertial response equal to the **Contracted Inertia Capability**. The inertial response must be provided for frequency changes in both directions.

Inertia shall be calculated as in Equations 2 and 3 for **GBGF-S Plants** and **GBGF-I Plants** respectively:

$$\text{Inertia} = Hg \times S_{rating} \quad \text{Equation 2}$$

$$\text{Inertia} = Hi \times S_{rating} \quad \text{Equation 3}$$

$$Hi = \frac{\Delta P f_0}{2 S_{rating} RoCoF} \quad \text{Equation 4}$$

Where:

Hg is the inertia constant of a **GBGF-S Plant**

Hi is the inertia constant of a **GBGF-I Plant** where

S<sub>rating</sub> is the installed rating of the **Facility** in (MVA)

ΔP is the **Active Inertia Power** of the **Facility** for a frequency event of **1Hz/s** in (MW)

f<sub>0</sub> is the pre-fault **System Frequency** (Hz)

If the **Facility** is a **GBGF-I Plant**, Hi must be set such that **Active Inertia Power** is provided without activating current limiting functions for a Rate of Change of System Frequency (**RoCoF**) whose magnitude is of less than or equal to 1Hz/s.

**Additional requirements**

2. The **Provider** shall ensure that the **Facility** is able to:
- 2.1 provide the **Contracted Inertia Capability** and the **Contracted SCL Capability** based on the normal operating mode of the **Facility**. This includes, but is not limited to, steady state active and reactive power operating modes. For the avoidance of doubt, such operating modes should not limit the ability to provide the **Contracted Inertia Capability** and **Contracted SCL Capability**.

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- 2.2 in the event that the resulting **Active Inertia Power** would have caused the **Facility** to exceed its maximum overload capability or rated capability, a limited **Active Inertia power** can be supplied up to its maximum overload capability providing this value is reflected in Part A 1.1
- 2.3 provide continuous voltage support through the injection of reactive current during a fault condition as defined in ECC.6.3.15 of the **Grid Code**. During a fault or voltage disturbance, priority should be given to the injection of reactive current whilst ensuring that active power recovery satisfies the requirements of ECC.6.3.15 (as applicable), though equally the performance expected from a synchronous machine would also be considered appropriate for this requirement.
- 2.4 ensure continuous and controllable operation shall be possible at all system voltages specified in ECC.6.1.4.1, ECC.6.1.4.2, ECC.6.1.4.3 of the **Grid Code**, whichever is applicable.
- 2.5 ensure continuous and controllable operation shall be possible at all system frequencies specified in ECC.6.1.2.1.2 of the **Grid Code**.
- 2.6 ride through voltage depressions at the **Grid Entry Point** or **Point of Stability** down to 0pu for up to 140ms as defined in ECC.6.3.15.
- 2.7 for the avoidance of doubt, if the **Facility** has an existing connection and meets the additionality criteria, it must comply with the specific sections of the **Grid Code** referred to in this contract in addition to its normal **Grid Code** obligations.

### *Power Oscillation Damping of System Oscillations*

3. The **Facility** shall be capable of active and/or reactive power oscillation damping achieved over a duration of 20s. The power oscillation damping shall:
  - 3.1 inherently or through a control system contribute to damping sub-synchronous frequency oscillations in the system's active or reactive power range over a frequency bandwidth of 0.3-2 Hz;
  - 3.2 inject active or reactive current adequately in antiphase to achieve a reduction in oscillations (as described in 3.1) at the **Point of Stability**.
  - 3.3 change the amount of active or reactive current injection proportional to the amplitude of the oscillations.
  - 3.4 ensure the influence of any subsidiary control functions be no more than 10% of the machine rating.
4. If the **Facility** is to operate with a **Power System Stabiliser (PSS)** capability as specified through its **Bilateral Connection Agreement** and **GB Grid Code** then this PSS mode shall be used instead of the power oscillation damping specified in paragraph 3. If at any time during the term of the **Stability Compensation Service**, the **Facility** is not operating with a PSS, then, the **Facility** must meet requirements set out in paragraph 3.

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### **Part B - Continuous Voltage Requirements**

#### 1. General requirement

1.1. The **Provider** shall ensure that the **Facility**, following an **Instruction**, provides **Reactive Power** within the range set out in the table in Part 2 of the **Contract Form**.

1.2. The reactive range values must be achievable at the **Point of Stability** as applicable. Operating at any point within this reactive range should not limit the ability to provide the **Contracted SCL Capability** and the **Contracted Inertia Capability**.

1.3.

#### 2. Generation or interconnector connection

2.1. Where this paragraph is stated to apply in Part 2 of the **Contract Form**, the **Facility's** excitation and voltage control shall be in accordance with the applicable sections of the **Grid Code** (e.g. ECC.6.3.8) and as specified in the **Facility's Bilateral Connection Agreement**.

#### 3. Demand and/or 0 MW connection

##### 3.1. Control Modes: General

3.1.1. Where this paragraph is stated to apply in Part 2 of the **Contract Form**, the **Facility** must be able to operate in either 'Target Voltage' or 'Constant MVAR' mode.

3.1.2. In 'Target Voltage' mode, the unit reactive power injected or absorbed shall be directly proportional to the deviation of the system (HV) voltage from the preselected 'Target Voltage'. In this mode, the **Facility** must also provide the stability requirements set out in Part A.

3.1.3. In 'Constant MVAR' mode, 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.

3.1.4. The **Facility** must be able to switch between 'Target Voltage' mode and 'Constant MVAR' mode on instruction from the **Company** within an agreed time scale of no longer than 30 minutes.

##### 3.2. Target Voltage Mode

Slope Characteristic:

3.2.1. A change in voltage (at the 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 power output of

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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. Different slopes may be requested in the capacitive and inductive direction.

- 3.2.2. The slope shall be adjustable over the reactive range 2% to 7%. The setting tolerance shall be better than  $\pm 0.5\%$  of system voltage. The slope shall be adjustable remotely and following an instruction by the **Company**. The **Facility** must provide such data as the **Company** reasonably requires for system modelling studies.

Float Condition:

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

Response Time:

- 3.2.5. For a sustained change in the **NETS** voltage, the change in the sustained reactive power will be determined by the slope.
- 3.2.6. For a step change in the **System** voltage, the change in sustained reactive current will be achieved as follows:
- 3.2.6.1. 95% of the total change to be achieved within 1 second; and
  - 3.2.6.2. all oscillations greater than 5% of full load current to have ceased within 5 seconds.

### 3.3. Constant MVAR Mode

- 3.3.1. The control system shall adjust the target voltage so that the MVAR output of the **Facility** equals the 'Constant MVAR' setting. The **Facility** will thus still respond rapidly to sudden changes in system voltage, its output returning steadily to within (+/- 2% of unit MVAR rating) of the target value over the subsequent 5 minute period.
- 3.3.2. Should the voltage on the **NETS** vary outside adjustable preset limits, the **Facility** must automatically be switched to Target Voltage Mode to control the abnormal system voltage. This change of operating mode shall be alarmed to alert the **Company** 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<sup>8</sup>.
- 3.3.3. The requirements of the 'Constant MVAR' mode must be achievable for all system short circuit levels including down to the minimum short circuit level of zero MVA. Constant MVAR control must be achievable at any MVAR output and at any system voltage within the limits referred to in paragraph 1 of this Part

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<sup>8</sup> Guidance on the behaviour of the target voltage mode outside of preset limit will be provided by the Company upon contract signature.



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B and at any system voltage and frequencies as referred to in paragraphs 2.4 and 2.5 of Part A.

### **Part C - Control and Indication Facilities**

1. Where applicable, 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, as specified in the **Provider's Bilateral Connection Agreement**.
2. Where applicable, 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).
  - 2.6. Slope setting (range 2% to 7%, resolution 0.5%).
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. Adjustments including 3.1 and 3.2 shall not be made unless instructed by **The Company**.
  - 3.1. Change the time for switching between Target Voltage mode and Constant MVAR mode (The value shall be within the range 5 minutes to 30 minutes, with a resolution of 5 minutes).
  - 3.2. Change the voltage limits for transition to Target Voltage mode (The setting shall be within range 0.93 to 1.07 pu. with a resolution of 0.005 pu).
4. In order to accurately monitor the performance, the **Facility** must be capable of accurately recording the following parameters at a rate of 10 ms: -
  - 4.1. System Frequency using a nominated algorithm as defined by the **Company**.
  - 4.2. The ROCOF rate using a nominated algorithm as defined by the **Company** based on a 500 ms rolling average.
  - 4.3. A technique for recording the **Grid Phase Jump Angle** by using either a nominated algorithm as defined by the **Company** or an algorithm that records the time period of each half cycle with a time resolution of 10 microseconds. For a 50Hz **System**, a 1 degree phase jump is a time period change of 55.6 microseconds.
5. Detailed specifications for **Grid Forming Capability** dynamic performance including triggering criteria and sample rates are set out in the Electrical Standards – Dynamic System Monitoring (DSM) in the Annex to the General Conditions of the **Grid Code**. For **Grid Forming Capability** dynamic monitoring, the specification for the communication protocol and recorded data shall also be included in the **Electrical Standards**.
6. The **Provider** shall ensure that signals are provided to the **Company** for onsite monitoring shall be of the following resolution, unless otherwise agreed by the **Company**:

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- 6.1. 1 kHz for **Grid Forming Plant** signals including fast fault current measurements; and
- 6.2. 100Hz for the other **Grid Forming Plant tests**.

**Part D - Model Provision**

The **Provider** must, prior to commissioning the **Facility**, submit dynamic (RMS) and electromagnetic transient (EMT) models in accordance with **Grid Code** PC.A.5.3.2 c option 2 or PC.A.5.4.2 as appropriate which provides a true and accurate reflection of the **Facility's Grid Forming Capability**. The **Company** may accept an open model (i.e. transfer functions visible with no encryption on any block diagrams, equations or macros and not contain DLL code or requiring set up script to function) produced in DlgSILENT PowerFactory in a software version that is agreeable between the **Company** and the **Provider**.

The **Provider** must submit an EMT model in a software that is agreeable between the **Company** and the **Provider** before commissioning of the **Facility**.

The Provider will submit a **Performance Chart** in accordance with Grid Code OC2.4.2.1.

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**SCHEDULE D - 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**;
- A.3 the **Annual Reconciliation Payment**; and
- A.4 the indexation of the **Contract Rate**.

**A.1 – Monthly Availability Payment**

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

$$AP_m = \sum_{jm} [ \{ (AC_{ij} * \text{Max}(ASC_{ij}, FMA_j) * TA_i) \} + \{ (AC_{sj} * \text{Max}(ASC_{sj}, FMA_j) * TA_s) \} ] / 2 ] * CR_j$$

Where:

$\sum_{jm}$	is the summation for all <b>Settlement Periods</b> $j$ in calendar month $m$ other than any <b>Settlement Period</b> in which the <b>Provider</b> is <b>Unavailable</b> by reason of providing a <b>Permitted Service</b> ;
$AC_{ij}$	is the <b>Actual Inertia Capability</b> of the <b>Facility</b> in <b>Settlement Period</b> $j$ divided by the <b>Tendered Inertia Capability</b> (expressed as a decimal fraction);
$ASC_{ij}$	is 1 where the <b>Facility</b> is <b>Available</b> and capable of providing <b>Inertia Capability</b> in <b>Settlement Period</b> $j$ , otherwise 0;
$FMA_j$	is 1 where the <b>Facility</b> is on an <b>Approved Outage</b> in <b>Settlement Period</b> $j$ , otherwise 0;
$TA_i$	is a factor: (i) if the value of $AC_{ij}$ is less than 0.9, equal to 0.7; or (ii) otherwise, equal to 1;
$AC_{sj}$	is the <b>Actual SCL Capability</b> of the <b>Facility</b> in <b>Settlement Period</b> $j$ divided by the <b>Tendered SCL Capability</b> (expressed as a decimal fraction);
$ASC_{sj}$	is 1 where the <b>Facility</b> is <b>Available</b> and capable of providing <b>SCL Capability</b> in <b>Settlement Period</b> $j$ , otherwise 0;
$TA_s$	is a factor: (i) if the value of $AC_{sj}$ is less than 0.9, equal to 0.7; or (ii) otherwise, equal to 1;
$CR_j$	is the <b>Contract Rate</b> applicable in <b>Settlement Period</b> $j$

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(expressed in £/Settlement Period).

**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

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

Where:

- $AC_m$  is the sum (if any) calculated in accordance with paragraph A.2.2 below (being a negative value); and
- $UL_m$  is the unrecovered **Availability Rebate** (if any) as at month m, calculated in accordance with paragraph A.2.3 below (being a negative value).

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

$$AC_m = [\{\min(AA_{im} - TA_{im}), 0\} * CR / 2 * 1,000] + [\{\min(AA_{sm} - TA_{sm}), 0\} * CR / 2 * 1,000]$$

Where:

- $AA_{im}$  is a fraction (expressed as a percentage) the numerator of which is the aggregate number of **Settlement Periods** in month m in which the **Facility** was either: (i) **Available** to provide **Contracted Inertia Capability**; or (ii) on an **Approved Outage**, and the denominator of which is the aggregate number of **Settlement Periods** in month m less any **Settlement Periods** in which the **Facility** is **Unavailable** by reason of providing a **Permitted Service**;
- $TA_{im}$  is the **Target Availability** (expressed as a percentage) for **Contracted Inertia Capability** for month m;
- $AA_{sm}$  is a fraction (expressed as a percentage) the numerator of which is the aggregate number of **Settlement Periods** in month m in which the **Facility** was either: (i) **Available** to provide **Contracted SCL Capability**; or (ii) on an **Approved Outage**, and the denominator of which is the aggregate number of **Settlement Periods** in month m;
- $TA_{sm}$  is the **Target Availability** (expressed as a percentage) for **Contracted SCL Capability** for month m; and
- CR is the **Contract Rate**, indexed in accordance with paragraph A.4 below.

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

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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:

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

Where:

$\Sigma$  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**.

**A.3 – Annual Reconciliation Payment**

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

$$ARL_{final} = \text{Min} (AP_y + AR_y, \text{Abs} (AC_y - AR_y))$$

$AP_y$  is the aggregate **Availability Payment** calculated in respect of each month in **Contract Year**  $y$  in accordance with paragraph A.1;

$AR_y$  is the aggregate **Availability Rebate** calculated in respect of each month in **Contract Year**  $y$  in accordance with paragraph A.2.1;

$AC_y$  is the aggregate charge for **Unavailability** calculated in respect of each month in **Contract Year**  $y$  in accordance with paragraph A2.2.

**A.4 – Indexation of Contract Rate**

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

A.4.1 The **Contract Rate** will be adjusted annually (commencing with **Contract Year 2**) 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 **Contract Year 2** by the following factor:-

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

Where:

$CPI_2$  is the CPI for the month of March immediately preceding Contract Year 2; and

$CPI_1$  is the CPI for the month of March immediately preceding Contract Year 1.

- A.4.3 The relevant price will then be increased (or reduced as appropriate) for **Contract Year 3** by the following factor:-

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

Where:

$CPI_3$  is the CPI for the month of March immediately preceding Contract Year 3; and

$CPI_1$  is the CPI for the month of March immediately preceding Contract Year 1.

- A.4.4 In subsequent **Contract Years**, indexation will continue in accordance with the above, with always the numerator of the factor representing the CPI for the month of March immediately preceding the **Contract Year** under consideration and the denominator of the factor being CPI for the month of March immediately preceding Contract Year 1.
- 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 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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**Part B- Reactive Power Payment<sup>9</sup>**

The **Reactive Power Payment** (where applicable) 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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<sup>9</sup> This payment will not apply to the extent that the Provider is entitled to payment for OPRPS.

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**SCHEDULE E – Redeclaration Forms/ Restoration Notice<sup>10</sup>**

**FORM A**

**STABILITY COMPENSATION SERVICE FAX FORM <sup>11</sup>FOR  
REDECLARATION OF INERTIA CAPABILITY**

<b>Facility:</b>	
<b>Contract Number:</b>	
<b>Company Name:</b>	
<b>Company Address:</b>	

<b>Tel:</b>	
<b>Standby Tel:</b>	
<b>Fax:</b>	
<b>Standby Fax:</b>	

We hereby notify you that the Contracted Inertia Capability of the above Facility will be reduced to [ ]<sup>12</sup> as follows:

Period commencing:

Unavailability Period		Estimated Restoration of Availability	
Date	Time	Date	Time

<b>Reasons for the Contracted Inertia Capability being reduced and the steps being taken to restore Contracted Inertia Capability:</b>

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

**Signature:** .....

**Acknowledged by National Grid Electricity System Operator Limited**

**(Print name):** .....

**Signature:** ..... **Date:** ..... **Time:** .....

**National Grid Electricity System Operator Control**

<sup>10</sup> This form will be updated to include separate values for Inertia and SCL.

<sup>11</sup> Company is considering alternatives to fax including the possible use of EDL/API

<sup>12</sup> If Inertia Capability is unavailable, insert 0



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Fax number: [                    ]                    Standby Fax: [                    ]  
 Telephone: [                    ]                   Standby Phone: [                    ]  
 Email: [                    ]

**FORM B**  
**STABILITY COMPENSATION SERVICE FAX FORM FOR**  
**REDECLARATION OF SCL CAPABILITY**

<b>Facility:</b>	
<b>Contract Number:</b>	
<b>Company Name:</b>	
<b>Company Address:</b>	

<b>Tel:</b>	
<b>Standby Tel:</b>	
<b>Fax:</b>	
<b>Standby Fax:</b>	

We hereby notify you that the Contracted SCL Capability of the above Facility will be reduced to a level of [    ]<sup>13</sup> as follows:

**Period commencing:**

Unavailability Period		Estimated Restoration of Contracted SCL Capability	
Date	Time	Date	Time

<b>Reasons for the Contracted SCL Capability being reduced and the steps being taken to restore Contracted SCL Capability:</b>

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

**Signature:** .....

**Acknowledged by National Grid Electricity System Operator Limited**  
**(Print name):** .....

**Signature:** ..... **Date:** ..... **Time:** .....

**National Grid Electricity System Operator Control**  
 Fax number: [                    ]                   Standby Fax: [                    ]

<sup>13</sup> If SCL Capability is unavailable, insert 0



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**FORM C**  
**STABILITY COMPENSATION SERVICE FAX FORM FOR**  
**REDECLARATION OR RESTORATION OF REACTIVE CAPABILITY**

**To:** National Electricity Transmission System Control Centre  
**From:** [Enter Company Name & Location]

**REVISED REACTIVE POWER CAPABILITY DATA – GENERATING UNITS**  
**EXCLUDING POWER PARK MODULES AND DC CONVERTERS**

Notification Time/Date:

HRS MINS DD MM YY . / /
----------------------------

Start Time/Date:

HRS MINS DD MM YY . / /
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GENERATING UNIT * id [for BM Units quote the NG BM Unit id, for other units quote the Genset id used for OC2 Output Usable submissions]	
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**REVISION TO THE CONTRACTED REACTIVE CAPABILITY):**

	MW	Minimum Mvar (+ve for lag, -ve for lead)	Maximum Mvar (+ve for lag, -ve for lead)
AT RATED MW			
AT FULL OUTPUT(MW)			
MINIMUM OUTPUT (MW)			

**COMMENTS** *e.g. generator transformer tap restrictions, predicted end time if known*

**Steps being taken to restore Contracted Reactive Capability:**

Redeclaration made by (Name & Signature)

Receipt Acknowledgement from **National Grid ESO**

Legible (tick box)

Illegible (tick box)

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Explanation:	
Time:	
Date:	
Signature	

\*For a CCGT Module or a Cascade Hydro Scheme, the redeclaration is for a Generating Unit within a CCGT or Cascade Hydro Scheme.

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**FORM D**  
**STABILITY COMPENSATION SERVICE FAX FORM FOR**  
**RESTORATION NOTICE**

<b>Facility:</b>	
<b>Contract Number:</b>	
<b>Company Name:</b>	
<b>Company Address:</b>	

<b>Tel:</b>	
<b>Standby Tel:</b>	
<b>Fax:</b>	
<b>Standby Fax:</b>	

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We hereby notify you that the [Contracted Inertia Capability] [Contracted SCL Capability] of the Facility will be restored with effect from the period commencing:

<b>Date</b>	<b>Time</b>

<b>Reason for Restoration of [Contracted Inertia Capability] [Contracted SCL Capability]</b> :

**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**

**National Grid Electricity System Operator Control**

**Fax number:** [            ]            **Standby Fax:** [            ]

**Telephone:** [            ]            **Standby Phone:** [            ]

**Email:** [            ]