

# Pennine Communications Update – 29<sup>th</sup> October 2021

Dear Tenderer,

Following on from the email on Monday 25<sup>th</sup> October, we have made changes to the following documents:

- Pennine Reactive Power Contract Terms (also known as Reactive Services Agreement and Reactive Services Contract)
- Commercial Assessment Methodology

We have also provided clarity on the following document:

- Programme Capability Questionnaire

Please see below for further details.

## Pennine Reactive Power Contract Terms

Following review of participant feedback, we have made changes to the Pennine Reactive Power Contract Terms (also known as Reactive Services Agreement and Reactive Services Contract). There are two changes of which we would like to make participants aware. Contract year definition and the treatment of network constraints (which includes but is not limited to network outages). The updated documents outlining the changes and have been uploaded to the Pennine [website](#).

### Contract Year

Initially, the Contract Year was defined as each period of 12 months from the Commercial Operations Date. The definition has been amended to cover each twelve-month period ending on 31 March, except for the first Contract Year which will commence on the Commercial Operation Date and end on 31<sup>st</sup> March 2031. This change is to take into account post-April 2024 Commercial Operations Dates.

### Treatment of Network Constraints (including network outages)

Following on from the Mersey pathfinder, the Pennine pathfinder introduced a new clause to state that non-availability due to a TO or DNO constraint would only be applicable for a set period of days and thereafter the full Availability Payment would be due (clause 7.6). This clause applied for every instance of a TO or DNO constraint. We received further feedback from parties that this created uncertainty given the lack of control or influence over these events.

Following this feedback, Network Constraints are now defined as Force Majeure events and Clause 14.1.1 has been amended to provide that Availability Payments will still be made for Network Constraints except for TO or DNO planned maintenance.

For TO or DNO planned maintenance, Availability Payments will be made after an initial aggregate period of 14 days in any Contract Year where the sole reason for Unavailability is a TO or DNO planned maintenance (i.e. the Facility is otherwise capable of operating at not less than 90% of its Contracted Absorption Capacity). This will provide an incentive for the Provider to align its planned maintenance with that of the TO/DNO.

Additionally, all settlement periods (not limited to 14 days) affected by non-remediable Force Majeure events (e.g. Network Constraints) in each Contract Year would be excluded from the calculation of the Annual Availability Reconciliation Payment, to ensure that the availability requirements are still met during the rest of the year.

The overarching principle behind this within the contracts is to encourage parties wherever possible to align outages with those planned from the network operators.

## **Commercial Assessment Methodology**

Note that there have been two amendments to the commercial assessment methodology.

Following feedback from providers, we have confirmed our position on the TO residual value position updated (no change to status-quo) in Section 7.5 and the length of time for contract signature (and wording clarified) in Section 10.

Secondly following participant feedback, we have addressed Update to length of time for contract signature (and wording clarified) - Section 10.

Please refer to Pennine Commercial Assessment Methodology v2 on the Pennine [website](#) for the details of these amendments.

## **Programme Capability Questionnaire**

In the Programme Capability Questionnaire, tenderers are asked to read, understand, and agree to comply with certain National Grid Group policies.

For question 1.1, we failed to disclose the Global Supplier Diversity Policy, which is referred to on page 8 of the Supplier Code of Conduct policy.

Please find the link to the document [here](#).

For any further questions, please email  
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