

Annex 3 – Legal Text
Changes shown in red text

CUSC SECTION 16

QUEUE MANAGEMENT PROCESS

Introduction

Q1.1 The process set out in this Section 16 will be applied by **The Company** in measuring the progression of a **User's** project (including any **OTSDUW**) against the **Completion Date**, or where the **User's Project** is staged, the relevant **Completion Date** in the **Construction Agreement** related to that project. The process identifies a set of milestones as set out below against which progress is measured and if not achieved provides for the termination of the **Construction Agreement**.

Q1.2 This process does not apply to (a) **Embedded Power Stations** which are the subject of a **Bilateral Embedded Generator Agreement** or (b), where associated with **Distributed Generation**, a **Distribution System** directly connected to the **National Electricity Transmission System** as these are each subject to the **Distribution Queue Management Process**).

Q1.3 The User Progression Milestones and Evidence

The milestone events/timings against which the progress of a **User's** project will be measured by **The Company** are listed in the table below.

The table also shows the evidence a **User** has to provide to **The Company** to show that a milestone event been met.

A milestone must be achieved by within the milestone period identified for that milestone.

The Company will provide (in the form of Appendix Q) a Table based on the above with each **Construction Agreement**.

Milestone	Detail	Evidence	Milestone Period
Milestone 1) Initiated Statutory Consents and Planning Permission	The User must begin the process of seeking statutory consents, including Planning Permission for the project within the timescales and be able to provide the required evidence.	Submission of planning application to the correct planning authority	See table (varies with lead time).
Milestone 2) Secured Statutory Consents and Planning Permission	The User must have secured statutory consents, including Planning Permission for the project within the timescales and be able to provide the required evidence	<p>The planning decision notice confirms planning permission has been granted and that this permission allows the User to meet the terms included in it's Construction Agreement.</p> <p>Note: The Company shall check progress the User has made against the relevant planning portal for a decision notice.</p>	See table (varies with lead time)
Milestone 3) Secure Land Rights	The User must have secured the required land rights to enable the construction of the project. The User may be the owner/occupier of the land or has the necessary agreement from the owner/occupier.	The User shall provide documentation to demonstrate that: (i) The User is an owner or tenant of the land on which the proposed site is or will be situated; or (ii) The User has entered into an agreement to lease the land from the owner of the land on which the proposed site is or will be situated; or	See table (varies with lead time)

		<p>(iii) The User has an option to purchase or to lease the land from the owner of the land on which the proposed site is or will be situated; or</p> <p>(iv) The User has entered into an exclusivity agreement in relation to the land with the owner of the land on which the proposed site is or will be situated.</p> <p>Nb the evidence relates to the site of the installation eg Power Station but does not relate to rights eg easements associated with that site</p>	
Milestone 4) N/A for Transmission	This milestone is null here, it is included only because there is a milestone number 4 in the Distribution Queue Management Process and an aim is alignment of the regimes	Null	Null
Milestone 5) Contestable Design Works Submission	This milestone will apply where a User has gone down the contestable route for connection. The User will be required to provide evidence that their design for contestable works has been submitted to the Relevant Transmission Licensee .	The User will be required to provide evidence that their design for contestable works has been submitted to the relevant Relevant Transmission Licensee .	See table (varies with lead time)

Milestone 6) Agree Construction Plan	The User must agree a programme for the detailed User's Works with The Company which demonstrates how they will be progressing the User's Works to achieve the Completion Date .	The User's programme of works shall demonstrate how the User will be ready for the Commissioning Programme and Completion Date . This must include a detailed programme for the User's Works with a fixed start and end date as agreed with the Relevant Transmission Licensee , and be a programme aligned with the Completion Date .	See table (varies with lead time)
Milestone 7) Project Commitment	This milestone demonstrates that the project has the necessary commitment or backing for it to proceed.	One of the following: <ul style="list-style-type: none"> • Binding contract issued by the User for main plant equipment; or • Capital contribution payments made to The Company in advance of connection; or • A decision paper from a formal, minuted meeting of the User's board of directors evidencing Final Investment Decision (FID); or • award of a subsidy. 	See table (varies with lead time)
Milestone 8 Project Construction	Project construction is the project phase ie the period from when a User begins the site works to carry out construction of its project until completion of the User's Works	Commence construction according to the Construction Plan .	See table (varies with lead time)

The date by which a **Project Progression Milestone** has to be achieved is derived from the following Table working backwards from the **Completion Date** (or where staged, relevant **Completion Date**) in a **Connection Offer** to the date on which the **Connection Offer** is made by **The Company** to the **User**.

Retained Distribution Milestone Names for consistency	From 0 up to 2 years (0 – 729 days) from contracted Completion date	2 up to 3 years (730 – 1094 days) from contracted Completion date	3 up to 4 years (1095 to 1459 days) from contracted Completion date	4 up to 5 years (1460 – 1824 days) from contracted Completion date	5 years (1825 days) and above from contracted Completion date
Milestones:	All durations referenced from contracted Completion Date				
M1 - Initiate Planning Consent	Bilaterally negotiated	18 months	24 months	36 months	48 months
M2 - Secure Consent		12 months	18 months	24 months	30 months
M3 - Land Rights		21 months	30 months	39 months	48 months
M4	N/A for transmission (referenced to provide consistency to distribution)				
M5 - Contestable Design Works Submission	Bilaterally negotiated	18 Months	24 months	36 months	48 months
M6 - Agree Construction Plan		9 Months	12 months	15 months	18 Months
M7 - Project Commitment		6 Months	9 months	12 months	15 Months
M8 - Project Construction		3 months	6 Months	9 months	12 months

Q 1.4 Project Milestone Communications

Q1.4.1 By the due date for meeting a **User Progression Milestone**, the **User** shall document and provide the evidence in accordance with the table above of progress on a **User Progression Milestone** to prove to **The**

Company's reasonable satisfaction that that **User Progression Milestone** has been met.

- Q1.4.2 The **User** will notify **The Company** and the **Relevant Transmission Licensee**, at the earliest opportunity, as soon as it becomes aware of any issues that could impact on the **User's** ability to meet any of the **User Progression Milestones** and specifically of any that the **User** believes could fall under Q1.5 below. Where the **User** believes that an issue could fall under Q1.5 below evidence supporting this shall be provided to **The Company**.
- Q1.4.3 **The Company** will upon receipt of evidence provided in accordance with Q1.4.1 above, advise the **User** within 10 **Business Days** as to whether it is satisfied that the **User Progression Milestone** has been met and whether the status of the **User's** project is categorised by **The Company** as "On Track" or "Termination".
- Q1.4.4 If no evidence is provided in accordance with Q1.4.1 above, or the evidence provided is considered insufficient to demonstrate that the milestone has been met, and as a consequence the status of the **User's** project is categorised as "termination" **The Company** will notify the **User** that the **User's** project is categorised as "Termination" and that the **Project Milestone Remedy Period** has started.
- Q1.4.5 If during the **Project Milestone Remedy Period** the **User's** project progresses such that it achieves the **User Progression Milestone** against which it was categorised as "Termination", the **User's** project shall be re-categorised by **The Company** as being "On Track" by reference to that **User Progression Milestone** and the **User** notified accordingly.
- Q1.4.6 Where at the end of the **Project Milestone Remedy Period** the status of the **User's** project is still categorised as "Termination", **The Company** shall terminate the **Construction Agreement**.
- Q1.4.7 Whether or not any of the **User Progression Milestones** have been achieved and/or what constitutes progress towards achieving them is a matter for the sole discretion of **The Company**.
- Q1.4.8 **The Company**, the **Relevant Transmission Licensee** and the **User** shall constructively engage as required during the **Milestone Remedy Period** to understand whether the relevant **User Progression Milestone** can or is likely to be met and whether the issues in achieving the **User Progression Milestone** are or are likely to fall under Q1.5 below.

Q 1.5 Exceptional Issues on **User Progression Milestones**

There may be a small number of exceptional issues outwith the **User's** control which may lead to **User** project delay and it not being able to meet a **User Progression Milestone**.

Such exceptional issues are limited to:

- **Force Majeure;**
- Planning appeals and third-party challenges in relation to the **User's Consents;**
- Any delay in the achievement of a milestone by the **User** which is caused by **Relevant Transmission Licensee** or **The Company**

Where a **User's** project is not able or is considered unlikely to meet a **User Progression Milestone**, as a result of an exceptional issue under the headings here, and providing the **User** notifies **The Company** and the **Relevant Transmission Licensee** of the delay and reasons for the delay at the earliest opportunity and provides reasonable evidence to justify this and satisfies **The Company** that the specific delay falls under this Q1.5, such delay will not result in the **User's** project being categorised as "termination" in relation to the relevant **User Progression Milestone** or **User Progression Milestones**. In such circumstances **The Company** will consequently issue a new milestone date for the missed milestone.

Whether or not the exceptional issues as listed here apply and the period of any extension, is a matter for the sole discretion of **The Company**.