

***SUBJECT TO CONTRACT***

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**NATIONAL GRID ELECTRICITY SYSTEM OPERATOR LIMITED  
STANDARD CONTRACT TERMS FOR THE PROVISION  
OF THE STABILITY MID-TERM MARKET SERVICE**

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**INDICATIVE DRAFT SUBJECT TO CONTRACT**

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**1. DEFINITIONS AND INTERPRETATION**

- 1.1. This document (these “**Standard Contract Terms**”) is binding on a **Provider** and the **Company** under the terms of the **Framework Agreement** and contains:
- 1.1.1. the rules for the submission of **Stability Tenders**; and
- 1.1.2. the detailed service terms with respect to a **Stability Contract** formed upon issue of a **Tender Acceptance** by the **Company**.
- 1.2. The **Company** may from time to time, initiate a review of these **Standard Contract Terms** and their operation at any time by notice published on the **Company’s Website** inviting any suggestions for changes from any **Provider**. The **Company** shall initiate such a review upon receipt of any request from a **Provider** as provided in Paragraph 1.3.
- 1.3. Changes to these **Standard Contract Terms** may at any time be requested by a **Provider** to reflect any **Change in Law** or **Proposed Legal Requirement**.
- 1.4. The **Company** shall, as part of a review under Paragraph 1.2, and when requested under Paragraph 1.3, formulate and consult on **Change Proposals** in accordance with the procedure set out in Schedule C (*Change Control Procedure*).
- 1.5. Unless the subject matter or context otherwise requires or is inconsistent therewith, terms and expressions defined in or in paragraph 11.3 of the **Connection and Use of System Code**, the Glossary and Definitions section of the **Grid Code** shall have the same meanings where used in these **Standard Contract Terms**.
- 1.6. In these **Standard Contract Terms**:-
- 1.6.1. 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 these **Standard Contract Terms**;
- 1.6.2. the table of contents and headings are inserted for convenience only and shall be ignored in construing these **Standard Contract Terms**;
- 1.6.3. references to the words “include” or “including” are to be construed without limitation;
- 1.6.4. 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;
- 1.6.5. references to the masculine shall include the feminine and references in the singular

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shall include references in the plural and vice versa;

- 1.6.6. 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;
- 1.6.7. references to “in writing” shall include communication by electronic means; and
- 1.6.8. the Schedules form part of and are incorporated in these **Standard Contract Terms** and references to the **Standard Contract Terms** 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 these **Standard Contract Terms** the latter shall prevail.

## **2. COMMENCEMENT AND TERM**

- 2.1 The provisions of a **Stability Contract** shall apply from the start of the relevant **Stability Year** and, subject always to earlier termination in accordance with Clause 4 (*Service Start Date*), Clause 11 (*Termination*), Clause 19 (*Force Majeure*) or Clause 25 (*Anti-Bribery*) shall continue in force and effect until the expiry of the **Service Term**.

## **3. STABILITY MID-TERM MARKET TENDER**

- 3.1. The **Company** will procure the **Services** through a **Stability Mid-Term Market Tender** for **Stability Contracts** in respect of each **Stability Year**, provided always that the **Company** may (at its absolute discretion) elect not to run a **Stability Mid-Term Market Tender** in respect of any **Stability Year** if it considers that sufficient **Providers** have agreed to extend the terms of current **Stability Contracts** in accordance with Clause 3.2.
- 3.2. The **Company** may invite each **Provider** to extend the term of its **Stability Contract** for the next **Stability Year** following the date of expiry of the **Stability Contract** (“**Extension Period**”) on the basis that the same terms and conditions will otherwise apply. Any such invitation shall be notified by written notice to the **Provider** given not later than three (3) months prior to the date of expiry of its **Stability Contract**. If a **Provider** offers to extend the term of its **Stability Contract**, the **Company** may by notice in writing to the **Provider**, accept the **Provider’s** offer and the **Stability Contract** shall be amended accordingly.
- 3.3. Unless a **Stability Contract** is further extended under Clause 3.2 for the subsequent **Stability Year**, the **Stability Contract** shall terminate automatically without notice on the expiry of the **Extension Period**.
- 3.4. Each **Stability Tender** must be submitted by the deadline specified in the relevant **Stability Mid-Term Market Tender Pack**.

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- 3.5. No costs or expenses incurred by **Providers** in the course of preparing and/or submitting any **Stability Tender** shall be payable by the **Company**. Save to the extent published by the **Company** pursuant to Clause 3.11, the contents of each **Stability Mid-Term Market Tender** shall be treated as private and confidential. **Providers** must not divulge or release details of the **Stability Mid-Term Market Tender** to any third party, other than on an “in confidence” basis to those parties having a legitimate need to know, or whom they need to consult for the purpose of preparing the **Stability Tender**.
- 3.6. **Stability Tenders** shall be assessed in accordance with the **Stability Mid-Term Market Tender Assessment Principles**, and the **Company** shall notify by email each **Provider** whose **Stability Tender** has been accepted of its acceptance decision.
- 3.7. Acceptance by the **Company** of each **Stability Tender** shall constitute formation of a **Stability Contract** in relation to each applicable tendered **Facility**, which shall be personal to the **Provider** and may not be assigned or transferred without the consent of the **Company** (not to be unreasonably withheld or delayed).
- 3.8. Each **Stability Contract** shall be conditional in all respects on the following (the “**Conditions Precedent**”):
- 3.8.1. the **Provider** or (where applicable) its agent or contractor having applied to Elexon Limited to become a **BSC Party**;
- 3.8.2. the **Provider** having acceded to the **BSC** and **CUSC**;
- 3.8.3. the **Provider** having submitted the **Maintenance Plan**;
- 3.8.4. the **Provider** having submitted **Acceptable Security**; and
- 3.9. The **Provider** shall use all reasonable endeavours to ensure that the **Conditions Precedent** are satisfied by no later than the date specified in the **Stability Mid-Term Market Tender Pack** or such later date as the **Company** may agree (the “**CP Date**”).
- 3.10. If the **Conditions Precedent** have not been satisfied by the **Provider** or waived by the **Company** on or before the **CP Date**, the **Stability Contract** shall (to the extent in force) cease to apply.
- 3.11. To assist **Providers** in a future tender process described in this Clause 3, the **Company** may (at its discretion) publish on its website such information as it reasonably considers to be relevant and helpful in the preparation of **Stability Mid-Term Market Tenders**.
- 4. SERVICE START DATE**
- 4.1. The **Provider** shall (at its own cost) implement and complete the **Works** in accordance with **Good Industry Practice** by the **Scheduled Start Date**.
- 4.2. 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

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**Stability Mid-Term Market Service**, of the dates on which the **Facility** will be available for a **Proving Test** over the following period of thirty (30) days. 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, taking into account the requirements of both **Parties**. The **Company** shall be entitled to attend a **Proving Test** and either **Party** may request the **Expert** to be present at a **Proving Test**.

- 4.3. As soon as practicable after the date on which the **Proving Test** has been completed and in any event within ten (10) **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 following the **Start Date**.
- 4.4. If the **Facility** has not successfully passed the **Proving Test** by the **Scheduled Start 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 Start 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**.
- 4.5. If at any time the aggregate amount of liquidated damages paid or payable under Clause 4.4 is equal to the **LAD Cap** then, the **Company** shall have the right to terminate this **Stability Contract** by written notice to the **Provider**.
- 4.6. For the purposes of Clause 4.4, liquidated damages shall be payable by the **Provider** to the **Company** on a monthly basis in accordance with Clause 10 (*Payment*) and the due date shall be ascertained accordingly.
- 4.7. The remedies prescribed in Clause 4.4, 4.5 and 4.6 shall be the **Company's** sole and exclusive remedies with respect to any failure of the **Facility** to successfully pass the **Proving Test** by the **Scheduled Start Date**.

## **5. SERVICE PROVISION**

### *Provision of Stability Mid-Term Market Service*

- 5.1. The provisions of this Clause 5 shall apply with respect to a **Provider** who has submitted a **Stability Tender** in accordance with Clause 3, which has been accepted by the **Company** thereby forming a **Stability Contract** for the relevant **Facility**.
- 5.2. The **Provider** agrees with effect from the **Start Date** and throughout the **Service Term** to power, operate, maintain and repair the **Facility** and associated **Plant and**

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**Apparatus** in accordance with **Good Industry Practice** with a view to making the **Facility Available** in accordance with the relevant **Stability Contract** and the **Technical Performance Requirements** and to deliver the **Stability Mid-Term Market Service** in accordance with the **Company's Instructions**, subject to planned maintenance and inspection periods agreed pursuant to Clause 5.11 (*Maintenance of the Facility*).

5.3. The **Provider** agrees at all times:

- 5.3.1. 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**, and/or **Contracted SCL Capability**; and
- 5.3.2. 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 Mid-Term Market Service Redeclaration*

- 5.4. 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**, and/or the **Contracted SCL Capability** (including by reason of **Force Majeure**) in accordance with the relevant **Stability Contract** promptly notify the **Company** [by facsimile or such other electronic means as the **Company** may specify from time to time]<sup>1</sup> in the form set out in Forms A - C (as applicable) in Schedule E ("**Redeclaration**"). Each **Redeclaration** shall specify:
  - 5.4.1. the level of **Inertia Capability** and **SCL Capability** which the **Facility** will be capable of providing (if any);
  - 5.4.2. the reasons for the reduction in the **Inertia Capability** and/or the **SCL Capability**, which must be explained in reasonable detail and relate only to technical issues concerning the **Facility**, **Force Majeure**; and
  - 5.4.3. the steps that the **Provider** will take in order to restore the **Contracted Inertia Capability** and the **Contracted SCL Capability**.
- 5.5. Following a **Redeclaration**, the **Provider** shall take all reasonable steps to restore the **Contracted Inertia 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 notify the **Company** by facsimile (or such other electronic means as the **Company** may specify from time to time) in the form set out in Form D in Schedule E ("**Restoration Notice**") when that capability has been restored. In the event that the **Company** reasonably believes the **Facility** is **Unavailable** following restoration of **Contracted Inertia Capability** or **Contracted SCL Capability** (as the context requires) the **Company** may by notice in writing require the **Provider** to undertake a **Reproving Test** in accordance with Clause 7 (*Reproving Tests*) following the date of the **Restoration Notice** or if (in the absence of

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

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a **Restoration Notice**) the **Company** considers at any time that the **Provider** is not implementing the steps referred to in Clause 5.4.3.

*Instruction of the Stability Mid-Term Market Service*

- 5.6. 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 Mid-Term Market Service** (from the **Facility**, and subsequently notify the **Provider** when it no longer requires the provision of the **Stability Mid-Term Market Service** from the **Facility** ("**Instruction to End**").
- 5.7. 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*

- 5.8. If an **Instruction** is issued by the **Company** and:
- 5.8.1. 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
- 5.8.2. 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
- 5.8.3. 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**.
- 5.9. Promptly following each failure under Clause 5.8 the **Provider** shall notify the **Company** of the causes of the failure as soon as reasonably practicable.
- 5.10. 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

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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 5.6 and 5.7.

*Maintenance of the Facility*

- 5.11. 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 the **Stability Contract** only for that part of the **Contract Year** commencing on the **Start 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.
- 5.12. Within fourteen (14) days of the **Provider's** notification of the **Maintenance Plan** or any modification thereto under Clause 5.11, 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.

*Substitution of the Facility*

- 5.13. If at any time the **Provider** notifies the **Company** that it wishes to substitute the **Facility** with any other facility at the same **Point of Stability** which has a **Response Time** equal to or better than that specified in the **Technical Performance Requirements** 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:
- 5.13.1. 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 5.12 which shall apply in respect of the **Substitute Facility** mutatis mutandis; and
- 5.13.2. 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 Mid-Term Market Service** in accordance with the **Technical Performance Requirements**.
- 5.14. If the **Company** confirms that it is satisfied with the steps taken by the **Provider** in accordance with Clause 5.13 (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 the **Stability Contract**.

*Deemed Unavailability*

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- 5.15. The **Facility** shall be treated as **Unavailable** if at any time by reason of a **Planned NETS Outage** and/or **Planned DNO Outage**, it is not possible to **Synchronise** the **Facility**.

**6. SERVICE FEES**

- 6.1. The **Company** shall pay to the **Provider** in respect of each month in the **Service Term**:
- 6.1.1. 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 **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**;
- 6.1.2. a sum calculated in accordance with Schedule D, Part B, paragraph B.1 ("**Utilisation Payment**") reference to each **Instructed Settlement Period**; and
- 6.1.3. 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 C ("**Reactive Power Payment**") by reference to each **Instructed Settlement Period**.]
- 6.2. The **Provider** shall pay to the **Company**:
- 6.2.1. 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;
- 6.2.2. 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 11 (*Termination*) 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**.
- 6.3. No payment shall be made by the **Company** pursuant to Clause 6.1 in relation to any **Settlement Period** in respect of which the **Provider** fails to comply with any of its obligations under Clause 5 (*Service Provision*) of these **Standard Contract Terms**.

**7. REPROVING TESTS**

- 7.1. 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 5.5, Clause 5.8.2 or Clause 5.8.3; or (ii) otherwise not more than twice in any **Contract Year**, 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** and/or the **Contracted SCL Capability**. Each of the **Company** and the **Provider** shall bear its own costs incurred by undertaking a **Reproving Test**.

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- 7.2. 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**).
- 7.3. 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 13 (*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**.
- 7.4. If the **Facility** fails a **Reproving Test** the values established by that test for **Inertia Capability** and/or **SCL Capability** shall become the values for **Contracted Inertia Capability** and/or **Contracted SCL Capability**. For the purposes of this Clause 7 the **Provider** may require the **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 7 as if the **Company** had issued an instruction at the time of notice from the **Provider**, and the values for **Contracted Inertia Capability** and/or **Contracted SCL Capability** shall be determined by the latest of such tests.
- 7.5. 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 7. 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**.
- 7.6. 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 7 shall constitute an **Instruction**.
- 8. MONITORING<sup>2</sup>**
- 8.1. The **Provider** shall at all times after the **Start Date** comply with the requirements of ECC6.6 of the **Grid Code** as if the same was set out in these **Standard Contract Terms** and, without limitation thereto, shall ensure that all **Monitoring Equipment** is

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

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operational and that all required signals are provided at all times and that the **Monitoring Equipment** is maintained in accordance with **Good Industry Practice**.

- 8.2. 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**.
- 8.3. For the purposes of the **Standard Contract Terms**, 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>

## 9. GRID CODE

It is acknowledged by both **Parties** that the provision of the **Stability Mid-Term Market 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 applicable to the **Provider**) set out in **Grid Code** CC8.1 to provide **Reactive Power** (supplied otherwise than by means of the **Stability Mid-Term Market Service**) in accordance with **Grid Code** CC6.3.2 and CC6.3.4.

## 10. PAYMENT

- 10.1. 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 4 (*Service Start Date*), the **Company** shall send to the **Provider** a statement (the "**Monthly Statement**") setting out the amounts payable. In respect of each calendar month, the **Company** shall include in that statement (where relevant):-
- 10.1.1. its calculation of any sum payable by the **Provider** by way of liquidated damages under Clause 4 (*Service Start Date*);
- 10.1.2. 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;
- 10.1.3. its calculation of the **Utilisation Payment** due to the **Provider** in respect of the previous calendar month;
- 10.1.4. in relation to the last calendar month in the **Stability Year**, its calculation of the **Annual Reconciliation Payment** due from the **Provider**;
- 10.1.5. 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;
- 10.1.6. any adjustments to be made (net of interest) in relation to disputes concerning

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<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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**Availability Payments, Utilisation Payments or Reactive Power Payments** for any month prior to the previous month; and

- 10.2. 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 10.3. 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 16 (*Dispute Resolution*).
- 10.3. 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 10.2 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 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.
- 10.4. 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 10.2, 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**.
- 10.5. If either **Party** (the “**Defaulting Party**”) fails to pay any amount properly due under a **Stability Contract** 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.
- 10.6. If it is agreed or otherwise determined under Clause 10.2 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.
- 10.7. If it is agreed or otherwise determined under Clause 10.2 that the **Provider** was not entitled to any payment it has received, the **Company** shall be entitled to interest at

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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.

- 10.8. Notwithstanding any other provision of these **Standard Contract Terms**, 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 Mid-Term Market Service** under these **Standard Contract Terms** 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 Mid-Term Market Service** was or was not provided, the successful **Party** shall (without prejudice to any liquidated damages provision of these Standard Contract Terms) 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 Mid-Term Market Service**.
- 10.9. Save as otherwise expressly provided in these **Standard Contract Terms**, sums payable by one **Party** to the other pursuant to these 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.
- 10.10. 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 for the time being and from time to time properly chargeable in respect of the making available and/or supply of the **Stability Mid-Term Market Service** under a **Stability Contract**.
- 10.11. All payments by the **Company** to the **Provider** owed in accordance with the **Stability Contract** under these **Standard Contract Terms** will be made by payment to the bank account details of which are notified to the **Company** by the **Provider** from time to time.
- 10.12. 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 10 must be made, in the absence of agreement to the contrary between the **Parties**, by 19.00 hours on the **Business Day** concerned.
- 10.13. The **Provider** hereby irrevocably consents to the operation of a self-billing system by the **Company** with regard to the payment for the **Stability Mid-Term Market Service** and will at all times throughout the **Service 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 Mid-Term Market Service**.
- 10.14. The provisions of this Clause 10 shall survive termination of the relevant **Stability Contract**.

## 11. TERMINATION

### Automatic Termination

- 11.1. Each **Stability Contract** and the **Provider's Framework Agreement** shall terminate automatically upon:-
- 11.1.1. 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
- 11.1.2. 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
- 11.1.3. in the case of a **Provider** required by the Electricity Act 1989 to hold a **Generation Licence**, the revocation or withdrawal of that **Generation Licence**; or
- 11.1.4. termination of the applicable **Connection 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 these **Standard Contract Terms**.

### Termination by the Provider

- 11.2. The **Provider** may, by notice in writing to the **Company**, terminate a **Stability Contract** in the event that:
- 11.2.1. 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 in respect of a **Stability Contract** 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
- 11.2.2. without prejudice to Clause 11.1, the **Company** shall commit any material breach (other than a breach under Clause 11.2.1) of these **Standard Contract Terms** (or persistent breaches of these **Standard Contract Terms** 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 these **Standard Contract Terms**, 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
- 11.2.3. 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

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- (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 future performance by the **Company** of the **Stability Contract** in such form and amount as the **Provider** may reasonably require.

- 11.3. The **Provider** may, subject to payment in full of the **Termination Sum**, terminate the **Stability Contract** by not less than [    ] **Business Days**' notice in writing to the **Company**.

Termination by the **Company**

- 11.4. The **Company** may, by notice in writing to the **Provider**, terminate a **Stability Contract** in the event that:-

- 11.4.1. without prejudice to Clause 11.1, the **Provider** shall commit any material breach (other than a breach under Clause 11.4.2) of these **Standard Contract Terms** (or persistent breaches of these **Standard Contract Terms** 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 these **Standard Contract Terms**, 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
- 11.4.2. 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

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from it in respect of a **Stability Contract** 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

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

11.4.4. 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 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 the **Stability Contract** in such form and amount as the **Company** may reasonably require.

11.5. If the **Stability Contract** by the **Company** pursuant to Clause 11.4, the **Provider** shall pay to the **Company** the **Termination Sum**.

Other termination rights

11.6. The provisions of this Clause 11 are additional to any other rights of termination expressly provided. Termination of a **Stability Contract** under this Clause 11 or any other provision of these **Standard Contract Terms** shall be without prejudice to the

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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.

### **12. LIMITATION OF LIABILITY**

- 12.1. Subject to Clause 12.2 and save and to the extent that any provision of these **Standard Contract Terms** 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 these **Standard Contract Terms** other than for loss directly resulting from such breach and which at the date of the relevant **Stability Contract** 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.
- 12.2. Nothing in these **Standard Contract Terms** 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.
- 12.3. Subject to Clause 12.2 and save where any provision of these **Standard Contract Terms** or any **Framework 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:-
- 12.3.1. any loss of profit, loss of revenue, loss of use, loss of contract or loss of goodwill; or
- 12.3.2. any indirect or consequential loss.
- 12.4. Each **Party** acknowledges and agrees that the other **Party** holds the benefit of Clauses 12.1, 12.2 and 12.3 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 these **Standard Contract Terms** as to the manner in which it exercises its discretion (if any).
- 12.5. The rights and remedies provided by these **Standard Contract Terms** or any **Framework 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 **these Standard Contract Terms** or any **Framework 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

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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 obligations provided by common law or statute in respect of the matters dealt with in these **Standard Contract Terms, the Framework Agreement** or any **Stability Contract** and undertakes not to enforce any of the same except as expressly provided herein.

- 12.6. For the avoidance of doubt, the **Parties** acknowledge and agree that nothing in these **Standard Contract Terms** 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.
- 12.7. Each of Clauses 12.1, 12.2, 12.3 and 12.4 shall:-
- 12.7.1. 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
- 12.7.2. survive termination of the Framework **Agreement** or any **Stability Contract**.
- 12.8. For the avoidance of doubt, nothing in this Clause 12 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) owed to it under or pursuant to these **Standard Contract Terms, the Framework Agreement** or any **Stability Contract**.
- 12.9. Each **Party** acknowledges and agrees that the provisions of this Clause 12 have been the subject of discussion and negotiation and are fair and reasonable having regard to the circumstances as at the date of the relevant **Tender Submission**.

## **13. METERING<sup>4</sup>**

- 13.1. 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**.
- 13.2. 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**.
- 13.3. 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 these **Standard Contract Terms** of all and any generation, demand and other operating data relating to the **Facility**.

## **14. CONFIDENTIALITY AND ANNOUNCEMENTS**

- 14.1. Subject to the exceptions provided in Clause 14.3, Clause 15 (*Disclosure of Information*) (and to the extent otherwise expressly permitted by these **Standard**

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

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**Contract Terms**), neither **Party** shall, at any time, whether before or after the expiry or sooner termination of the **Stability Contract** 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 the **Stability Contract**):-

- 14.1.1. any of the contents of these **Standard Contract Terms**;
- 14.1.2. any commercially confidential information relating to the negotiations concerning the entering into of the **Stability Contract**;
- 14.1.3. any commercially confidential information which may come to a **Party's** knowledge in the course of such negotiations; or
- 14.1.4. any commercially confidential information concerning the operations, contracts, commercial or financial arrangements or affairs of the other **Party**.
- 14.2. Each **Party** undertakes to use information referred to in Clause 14.1 and disclosed to it by the other **Party** solely for the purposes of the **Stability Contract** and shall not use it for any other purpose or for the purposes of any third party.
- 14.3. The restrictions imposed by Clause 14.1 shall not apply to the disclosure of any information:
  - 14.3.1. 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 the **Stability Contract** or which it receives from a third party independently entitled to disclose it;
  - 14.3.2. 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;
  - 14.3.3. 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;
  - 14.3.4. to a court, arbitrator or administrative tribunal in the course of proceedings before it to which the disclosing **Party** is a party;
  - 14.3.5. pursuant to any **Licence** of the **Party** concerned;

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- 14.3.6. to any consultants, banks, financiers, insurers, professional advisers retained by the disclosing **Party**;
- 14.3.7. 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 the **Stability Contract**;
- 14.3.8. by either **Party** to any parent, subsidiary or fellow subsidiary undertaking on a “need to know” basis only; or
- 14.3.9. 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.
- 14.4. In this Clause 14, 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.
- 14.5. Before either **Party** discloses any information in any of the circumstances described in Clauses 14.3.6 to 14.3.8 (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 14.
- 14.6. No public announcement or statement regarding the signature, performance or termination of the **Stability Contract** shall be issued or made by either **Party** unless:
- 14.6.1. 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
- 14.6.2. 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.
- 14.7. With respect to the information referred to in Clause 14.1 both **Parties** shall ensure, to the extent reasonably practicable, that:-
- 14.7.1. such information is disseminated within their respective organisations on a “need to know” basis only;
- 14.7.2. employees, directors, officers, contractors, 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
- 14.7.3. any copies of such information, whether in hard copy or computerised form, will clearly identify the information as confidential.

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- 14.8. Notwithstanding any other provision of these **Standard Terms and Conditions**, the provisions of this Clause 14 shall continue to bind a person for a period of twenty four (24) months after termination of the **Stability Contract**, in whole or in part, for whatever reason.

**15. DISCLOSURE OF INFORMATION**

- 15.1. 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:

- 15.1.1. the details of the **Contract Rate, Technical Performance Requirements** and any other information submitted by the **Provider** in its **Tender Submission**;

- 15.1.2. 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 Mid-Term Market Service**;

- 15.1.3. 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

- 15.1.4. any other data and other information relating to the **Stability Contract** and the provision of the **Stability Mid-Term Market 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**.

- 15.2. Where the **Company** intends to disclose and use any data or other information relating to the **Stability Contract** other than that specified in Clause 15.1 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.

**16. DISPUTE RESOLUTION**

- 16.1. Save where expressly stated in these **Standard Contract Terms** 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 the **Stability Contract** 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:

- 16.1.1. 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;

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- 16.1.2. 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 manner and (where commensurate with the nature and extent of the dispute) at a senior officer level; and
- 16.1.3. 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**.
- 16.2. Where any provision in these **Standard Contract Terms** provides, or the **Parties** have agreed, for a dispute or difference between the **Parties** to be referred to an 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:
- 16.2.1. 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;
- 16.2.2. 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;
- 16.2.3. if the Parties cannot agree upon the selection of an **Expert**, the **Expert** shall be selected on the application of either **Party** by the Centre for Effective Dispute Resolution;
- 16.2.4. 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;
- 16.2.5. 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**;
- 16.2.6. the **Parties** shall equally share the **Expert's** fees and expenses unless the **Expert** determines otherwise; and
- 16.2.7. 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 these **Standard Contract Terms**, continue to bind the **Parties** after termination.

**17. ENTIRE AGREEMENT**

These **Standard Contract Terms** contain or expressly refer to the entire agreement

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between the **Parties** with respect to the subject matter of the **Stability Contract**, 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 of any representation, warranty or other undertaking not fully reflected in the terms of the **Stability Contract** and these **Standard Contract Terms** upon which it has relied upon entering into the **Stability Contract**. 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 the **Stability Contract**, unless such warranty or misrepresentation was made or given fraudulently.

### **18. NOTICES**

18.1. Any notice or other communication given by a **Party** under the **Stability Contract** shall be:

18.1.1. in writing and in English;

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

18.1.3. sent to the relevant **Party** by post at the address set out in **Framework Agreement** (in which case a copy shall also be sent by email), or by email to the address set out in the **Framework Agreement**.

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

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

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

18.2.3. 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.

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

18.4. 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 5 (*Service Provision*) apply.

### **19. FORCE MAJEURE**

19.1. In so far as either **Party** is prevented from performing any of its obligations under the **Stability Contract** 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:

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- 19.1.1. 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**;
- 19.1.2. the **Parties** agree that they shall not be relieved from their obligations under the **Stability Contract** by reason of events or circumstances commencing prior to the last date specified in the **Stability Mid-Term Market Tender** for **Tender Submissions** and continuing as at that date including restrictions introduced by any **Competent Authority** in relation to **Coronavirus** and the **Coronavirus Disease**; and
- 19.1.3. the **Parties** further agree that they shall be relieved from their obligations under the **Stability Contract** 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**.
- 19.2. 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**.
- 19.3. 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 the **Stability Contract**.
- 19.4. For the avoidance of doubt the non-performance of either **Party**'s obligations pursuant to the **Stability Contract** 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**.
- 19.5. Either **Party** shall have a right to terminate the **Stability Contract** 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.

**20. VARIATIONS**

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

**21. 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.

## **22. WARRANTIES AND INDEMNITY**

- 22.1. Each **Party** warrants and represents to the other that it has full power and authority to enter into the **Stability Contract** and perform its obligations hereunder.
- 22.2. The **Provider** hereby warrants and represents to the **Company** that:
- 22.2.1. the availability and delivery of the **Stability Mid-Term Market Service** from the **Facility** pursuant to and in accordance with these **Standard Contract Terms** 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
- 22.2.2. it will not do anything in connection with the **Stability Contract** 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.
- 22.3. The **Provider** further warrants and represents to the **Company** that the availability and delivery of the **Stability Mid-Term Market Service** from the **Facility** pursuant to and in accordance with the **Stability Contract** 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**.
- 22.4. If, notwithstanding Clause 22.3, 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 22.3, 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.

## **23. CHANGE IN LAW/CHANGE IN CIRCUMSTANCES**

- 23.1. If a **Relevant Change in Law** or a **Relevant Change in Circumstances** occurs that:
- 23.1.1. requires a change in the **Provider's** policies or practices in operating the **Facility**; or
- 23.1.2. materially increases or decreases the **Provider's** costs of performing the **Stability Contract**,
- 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 these **Standard Contract Terms** or the **Stability Contract** 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 the **Stability Contract** as applied immediately prior to the **Relevant Change in Law** or **Relevant Change in Circumstances** (as the

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context requires).

- 23.2. Neither **Party** shall be liable to the other **Party** for a failure to perform any obligation under the **Stability Contract** which becomes prohibited or otherwise impossible to perform by reason of a **Change in Law** or a **Relevant Change in Circumstances**.

### **24. 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 these **Standard Contract Terms** as if set out in full herein.

### **25. ANTI-BRIBERY**

- 25.1. Each **Party** shall:

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

25.1.2. 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;

25.1.3. have and shall maintain in place throughout the term of the **Stability Contract** 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

25.1.4. procure and ensure that all of its **Associated Persons** and/or other persons who are performing services and/or providing goods in connection with the **Stability Contract** comply with this Clause 25.

25.2. Without prejudice to any other rights or remedies either **Party** may terminate the **Stability Contract** on written notice to the other **Party** specifying the date on which the **Stability Contract** will terminate in the event of a breach of this Clause 25.

### **26. EMR**

26.1. Notwithstanding any confidentiality obligations and any restriction on the use or disclosure of information set out in these **Standard Contract Terms**, 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 the **Stability Contract** for the purpose of carrying out its **EMR Functions**.

26.2. The provisions relating to the resolution of disputes set out in these **Standard Contract Terms** (if any) are subject to any contrary provision of an **EMR Document**.

26.3. Where for the purposes of this provision only:

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<b>“AF Rules”</b>		has the meaning given to “allocation framework” in section 13(2) of the Energy Act 2013;
<b>“Capacity Rules”</b>	<b>Market</b>	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;
<b>“EMR Document”</b>		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
<b>“EMR Functions”</b>		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**,

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

**“Acceptance Letter”** means the letter provided by the **Company** to the **Provider** marking the formation of a **Stability Contract**

**“Act”** the Electricity Act 1989;

**“Active Frequency Response Power”** has the meaning given to it in the Grid Code;

**“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 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

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		slower frequency response compared with <b>Active Phase Jump Power</b>
<b>“Active Phase Jump Power”</b>		means the transient <b>Active Power</b> transferred from a <b>Grid Forming Plant</b> to the <b>Total System</b> as a result of changes in the phase angle between the <b>Internal Voltage Source</b> of the <b>Grid Forming Plant</b> and the <b>Grid Entry Point</b> or <b>Point of Stability</b> .  In the event of a disturbance or fault on the <b>Total System</b> , a <b>Grid Forming Plant</b> will instantaneously supply or absorb <b>Active Phase Jump Power</b> to the <b>Total System</b> as a result of the phase angle change.  For <b>GBGF-I Plant</b> as a minimum value this is up to the <b>Phase Jump Angle Limit</b> .  <b>Active Phase Jump Power</b> is an inherent capability of a <b>Grid Forming Plant</b> that starts to respond naturally, within less than 5 ms, and can have frequency components to over 1000 Hz.
<b>“Active Power”</b>		has the meaning given to it in the Grid Code;
<b>“Actual Capability”</b>	<b>Inertia</b>	means in relation to a <b>Settlement Period</b> in which the <b>Facility</b> was <b>Available</b> to provide <b>Inertia Capability</b> , the <b>Contracted Inertia Capability</b> or such lower level of <b>Inertia Capability</b> as may have been specified in a <b>Redeclaration</b> ;
<b>“Actual SCL Capability”</b>		means in relation to a <b>Settlement Period</b> in which the <b>Facility</b> was <b>Available</b> to provide <b>SCL Capability</b> , the <b>Contracted SCL Capability</b> or such lower level of <b>SCL Capability</b> as may have been specified in a <b>Redeclaration</b> ;
<b>“Adequate Procedures”</b>		shall be determined in accordance with section 7(2) of the <b>Bribery Act</b> (and any guidance issued under section 8 of that Act);
<b>“Agreement”</b>		has the meaning given to that term in Clause 1.1;
<b>“Annual Reconciliation Payment”</b>		has the meaning given to that term in Clause 6.2.2 ( <i>Service Fees</i> );
<b>“Anti-Bribery Laws”</b>		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 <b>Bribery Act</b> ;

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<b>“Associated Person”</b>	shall have the meaning ascribed to it in section 8 of the <b>Bribery Act</b> and shall include but is not limited to any employees, agents and/or subcontractors of the <b>Provider</b> or the <b>Company</b> as applicable in relation to the provision of the <b>Stability Mid-Term Market Service</b> ;
<b>“Authority”</b>	means the Gas and Electricity Markets Authority;
<b>“Available”</b>	means the <b>Facility</b> is capable of energising and <b>Synchronising</b> in response to an <b>Instruction</b> and providing either <b>SCL Capability</b> or <b>Inertia Capability</b> (or both) (excluding any period in which the <b>Facility</b> is otherwise expressly treated as not available for the <b>Stability Mid-Term Market Service</b> ) and the terms <b>“Availability”</b> , <b>“Unavailable”</b> and <b>“Unavailability”</b> shall be construed accordingly;
<b>“Availability Payment”</b>	has the meaning given to it in Clause 6.1.1 ( <i>Service Fees</i> );
<b>“Availability Rebate”</b>	has the meaning given to that term in Clause 6.2.1 ( <i>Service Fees</i> );
<b>“Balancing Settlement Code” or “BSC”</b>	as defined in the <b>Company’s Licence</b> ;
<b>“Balancing Mechanism”</b>	has the meaning given to it in the <b>Grid Code</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>“Bilateral Connection Agreement”</b>	has the meaning given to it in the <b>CUSC</b> ;
<b>“Bribery Act”</b>	the Bribery Act 2010;
<b>“BSC Party”</b>	has the meaning given to it in the <b>BSC</b> ;
<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 these <b>Standard Contract Terms</b> :  (a) the coming into effect of any <b>Law or Directive</b> that is not in effect as at the date of these <b>Standard Contract Terms</b> ;

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	(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>“Company”</b>	has the meaning given to it in the <b>Tender Acceptance</b> ;
<b>“Company’s Website”</b>	means the relevant section of the website used by the <b>Company</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 the <b>Stability Contract</b> ;
<b>“Conditions Precedent”</b>	means the conditions precedent specified in clause 3.8;
<b>“Confirmation Time”</b>	the latest time by which an <b>Instruction</b> must be acknowledged in accordance with Clause 5.7, ,being two minutes after the issue of the <b>Instruction</b> ;
<b>“Connection Agreement”</b>	in relation to the <b>Facility</b> , the <b>Bilateral Connection Agreement</b> or connection agreement with the <b>Distribution Network Operator</b> to whose network the <b>Facility</b> is connected (as the case may be);
<b>“Connection Site”</b>	the location more particularly described in the <b>Connection 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 these <b>Standard Contract Terms</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 Rate”</b>	the contract rate specified in the relevant <b>Tender Submission</b> ;
<b>“Contract Year”</b>	means each period of twelve (12) calendar months commencing on the <b>Scheduled Start Date</b> , or otherwise extended, in each year of the <b>Service Term</b> ;
<b>“Contracted Inertia”</b>	the <b>Tendered Inertia Capability</b> of the <b>Facility</b> as the same

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<b>Capability”</b>		may be amended from time to time in accordance with Clause 7.4 ( <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 7.4 ( <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>		has the meaning given to it in Clause 3.9;
<b>“DC Converter”</b>		has the meaning given to it in the Grid Code;
<b>“Delay Event”</b>		means: (i) any event of <b>Force Majeure</b> that delays the implementation of the <b>Works</b> ; (ii) any failure to schedule a <b>Proving Test</b> within ten (10) days of the <b>Provider’s</b> notice under Clause 3.5 ( <i>Implementation of the Works</i> ) that is due to any act or omission of the <b>Company</b> ; or (iii) any change reasonably required by the <b>Company</b> to the <b>Works</b> ;
<b>“Distribution Licence”</b>		means a licence issued under section 6(1)(c) of the Electricity Act 1989;
<b>“Distribution Network Operator” or “DNO”</b>		a holder of a <b>Distribution Licence</b> 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 <b>Act</b> prior to the coming into force of section 30 of the Utilities Act 2000;
<b>“Distribution Network”</b>		means all or part of the distribution system operated by the <b>Local DNO</b> ;
<b>“Dynamic Compensation Equipment”</b>	<b>Reactive</b>	has the meaning given to it in the <b>Grid Code</b> ;
<b>“EDL”</b>		means the electronic despatch logging mechanism by which the <b>Company</b> communicates with the <b>Provider</b> and the <b>Provider</b> communicates with <b>Company</b> in respect of the <b>Facility</b> for the purposes of sending and acknowledging <b>Instructions</b> and <b>Instructions to End</b> ;
<b>“Electricity Arbitration Association”</b>		has the meaning given to it in the <b>Grid Code</b> ;
<b>“Energy Metering Equipment”</b>		has the meaning given to it in the <b>BSC</b> ;

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<b>“Escrow Account”</b>	means a separately designated interest-bearing bank account in the name of the <b>Company</b> established by a mandate in such terms as the <b>Company</b> may require and signed by both the <b>Company</b> and the <b>Provider</b> at a branch of Barclays Bank PLC or another bank in the City of London as notified by the <b>Company</b> to the <b>Provider</b> ;
<b>“Expert”</b>	has the meaning given to that term in Clause 16.2 ( <i>Dispute Resolution</i> );
<b>“Extension Period”</b>	has the meaning given to that term in Clause 3.2;
<b>“Facility”</b>	means the facility described in the <b>Tender Acceptance</b> ;
<b>“Force Majeure”</b>	in relation to either <b>Party</b> any event, circumstance or condition which is beyond the reasonable control of such <b>Party</b> (not being, without limitation an event or circumstance caused by the negligence or lack of care and attention of that <b>Party</b> or its officers or employees, agents, contractors and sub-contractors) which, despite the reasonable endeavours of the <b>Party</b> claiming <b>Force Majeure</b> 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 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, <b>Act</b> 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, nor (ii) the act or omission of any contractor (unless due solely to an event that would have been treated as a cause beyond its reasonable control if the contractor had been a party to the <b>Stability Contract</b> ), shall be interpreted as a cause beyond the reasonable control of that <b>Party</b> ;
<b>“Framework Agreement”</b>	An agreement titled “Framework Agreement For The Provision of Stability Mid-Term Market (Y-1) Services” entered into between the <b>Company</b> and a <b>Provider</b> giving contractual effect to these <b>Standard Terms and Conditions</b>
<b>“GBGF-I Facility”</b>	a <b>Facility</b> that comprises <b>GBGF-I Plant</b> ;
<b>“GBGF-I Plant”</b>	means any <b>Power Park Module, HVDC System, DC Converter, OTSDUW Plant and Apparatus, Non-</b>

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**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)**;

<b>“GBGF-S Facility”</b>	a <b>Facility</b> that comprises <b>GBGF-S Plant</b> ;
<b>“GBGF-S Plant”</b>	means a <b>Synchronous Power Generating Module, Synchronous Electricity Storage Module or Synchronous Generating Unit</b> with a <b>Grid Forming Capability</b> ;
<b>“Generation Licence”</b>	a <b>Licence</b> for the generation of electricity;
<b>“Good Industry Practice”</b>	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;
<b>“Grid Code”</b>	has the meaning given to it in the <b>Company’s Licence</b> ;
<b>“Grid Entry Point”</b>	has the meaning given to it in the <b>Grid Code</b> ;
<b>“Grid Forming Capability”</b>	includes (but is not limited to) a <b>Power Generating Module, HVDC Converter</b> (which could form part of an <b>HVDC System</b> ), <b>Generating Unit, Power Park Module, DC Converter, OTSDUW Plant and Apparatus, Electricity Storage Module, Dynamic Reactive Compensation Equipment</b> or any <b>Plant and Apparatus</b> (including a smart load) whose supplied <b>Active Power</b> is directly proportional to the difference between the magnitude and phase of its <b>Internal Voltage Source</b> and the magnitude and phase of the voltage at the <b>Grid Entry Point</b> or <b>Point of Stability</b> and the sine of the <b>Load Angle</b> . As a consequence, a <b>Plant</b> which has a <b>Grid Forming Capability</b> is one where the frequency of rotation of the <b>Internal Voltage Source</b> is the same as the <b>System Frequency</b> for normal operation, with only the <b>Load Angle</b> defining the relative position between the two. In the case of a <b>GBGF-I Plant</b> a <b>GBGF-I Unit</b> forming part of a <b>GBGF-I Plant</b> shall be capable of sustaining a voltage at its terminals irrespective of the voltage at the <b>Grid Entry Point</b> or <b>Point of Stability</b> 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

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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;

<b>"Grid Forming Plant"</b>	means a plant which is classified as either a <b>GBGF-S Plant</b> or a <b>GBGF-I Plant</b> ;
<b>"HVDC System"</b>	has the meaning given to it in the Grid Code;
<b>"Inertia Capability"</b>	in relation to the <b>Facility</b> , its ability to provide <b>Inertia Power</b> , stated as at the <b>Point of Stability</b> ;
<b>"Inertia Power"</b>	has the meaning given to it in the <b>Technical Performance Requirements</b> ;
<b>"Industry Document"</b>	the <b>Licences</b> , the <b>BSC</b> , the <b>CUSC</b> , the <b>Grid Code</b> and all other agreements, documents or codes with which the <b>Provider</b> is obliged to comply under the <b>Act</b> or its <b>Licence</b> ;
<b>"Instructed Settlement Period"</b>	means a <b>Settlement Period</b> that is subject to an <b>Instruction</b> ;
<b>"Instruction"</b>	has the meaning given to it in Clause 5.6 ( <i>Instruction of the Stability Mid-Term Market Service</i> );
<b>"Instruction to End"</b>	has the meaning given to it in Clause 5.6 ( <i>Instruction of the Stability Mid-Term Market Service</i> );
<b>"Internal Voltage Source"</b>	Means, for a <b>GBGF-S Plant</b> a real magnetic field that rotates 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.

In a **GBGF-I** design, switched power electronic devices are used to produce a voltage waveform, with harmonics, that has a fundamental rotational component called the **Internal Voltage source (IVS)** that rotates synchronously with the **System Frequency** under normal operating conditions.

For a **GBGF-I Plant** there must be an impedance with only real physical values, between the **Internal Voltage Source** and the **Grid Entry Point** or **Point of Stability**.

For the avoidance of doubt a virtual impedance, is not

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	permitted in <b>GBGF-I Plant</b> ;
<b>“ITT”</b>	means the Invitation to Tender forming part of the <b>Stability Mid-Term Market Tender Pack</b> ;
<b>“LAD Cap”</b>	means a sum equal to the <b>LAD Rate</b> multiplied by ninety (90) days;
<b>“LAD Rate”</b>	means a daily rate calculated in accordance with paragraph A.4 of Schedule D;
<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 <b>Act</b> ;
<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> ;
<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>“Local DNO”</b>	in the case of an embedded <b>Facility</b> , means the owner of that part of the <b>Distribution Network</b> to which the <b>Facility</b> is connected;
<b>“Maintenance Plan”</b>	has the meaning given to it in Clause 5.11 ( <i>Maintenance of the Facility</i> );
<b>“Monitoring Equipment”</b>	all monitoring equipment required under ECC6.6 of the <b>Grid Code</b> ;
<b>“Monthly Statement”</b>	has the meaning given to it in Clause 10.1;
<b>“National Electricity</b>	has the meaning given to that term in the <b>Company’s</b>

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**Transmission System” or Licence;  
“NETS”**

**“NFP”** means Network Frequency Perturbation Plot, as defined in the **Grid Code**;

**“Non-Synchronous Electricity Storage Module”** has the meaning given to it in the **Grid Code**;

**“Operational Metering Equipment”** has the meaning given to it in the **CUSC**;

**“OTSDUW Plant and Apparatus”** has the meaning given to it in the **Grid Code**;

**“Party”** the **Company** or the **Provider** (as the context requires) and the term **“Parties”** shall be construed accordingly;

**“Party Liable”** has the meaning given to it in Clause 12.1 (*Limitation of Liability*);

**“Performance Chart”** means a diagram showing the **Active Power** (MW) and **Reactive Power** (MVA<sub>r</sub>) capability limits within which the **Facility** at its **Grid Entry Point** or **Point of Stability** will be expected to operate under steady state conditions;

**“Permitted Service”** participation in the Balancing Mechanism, Frequency Response, Reserve, Enhanced Reactive, wholesale electricity market, Capacity Market and Black Start and such other services as the **Company** may from time to time notify to all providers of the **Stability Mid-Term Market Service**<sup>5</sup>;

**“Phase Jump Angle”** the change in angle of the **Internal Voltage Source** of a **Grid Forming Plant** when subject to a phase change at the **Grid Entry Point** or **Point of Stability**;

**“Phase Jump Angle Limit”** the maximum **Phase Jump Angle** when applied to a **GBGF-I Plant** which will result in a linear response without activating current limiting functions. This is specified for a **System** angle near to zero;

**“Planned NETS Outage”** an outage of part of the **NETS** coordinated by the **Company** under OC2 of the **Grid Code**;

**“Planned DNO Outage”** in relation to an embedded **Facility**, an outage on that part of the **Distribution Network** to which the **Facility** is connected, coordinated by the **Company** under OC2 of the **Grid Code** and/or the **Local DNO** under DOC2 of the **Distribution Code**;

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<b>“Plant and Apparatus”</b>	has the meaning given to it in the <b>Grid Code</b> . The terms <b>“Plant”</b> and <b>“Apparatus”</b> shall be construed accordingly;
<b>“Provider”</b>	has the meaning given to it in the <b>Tender Acceptance</b> ;
<b>“Point of Stability”</b>	the point on the <b>NETS</b> [or <b>Distribution Network</b> if embedded] where the <b>Facility</b> is directly or radially connected, being the point where, unless otherwise stated, the <b>Stability Mid-Term Market Service</b> must be delivered;
<b>“Power Park Module”</b>	has the meaning given to it in the <b>Grid Code</b> ;
<b>“Power System Stabiliser” or “PSS”</b>	has the meaning given to it in the <b>Grid Code</b> ;
<b>“Proving Test”</b>	a proving test of the <b>Facility</b> undertaken in accordance with Clause 4.2 ( <i>Implementation of the Works</i> ) or a proving test of a <b>Substitute Facility</b> undertaken in accordance with Clause 5.13 ( <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 Mid-Term Market Service</b> in accordance with the <b>Technical Performance Requirements</b> , including the <b>Contracted Inertia 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 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> ;
<b>“Reactive Power Payment”</b>	has the meaning given to it in Clause 6.1.3;
<b>“Redeclaration”</b>	has the meaning attributed to it in Clause 5.4 ( <i>Stability Mid-Term Market Service Redeclaration</i> );
<b>“Relevant Change in Circumstances”</b>	in the issue of a <b>Licence</b> to the <b>Provider</b> under section 6(1)(b) of the Electricity Act 1989;
<b>“Relevant Change in Law”</b>	in means a <b>Change in Law</b> that: <div style="margin-left: 40px;">a) was not, acting in accordance with <b>Good Industry</b></div>

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	<b>Practice</b> , reasonably foreseeable by the <b>Provider</b> as at the date of the <b>Standard Contract Terms</b> ; and b) affects the provision of the <b>Stability Mid-Term Market Service</b> or other similar services but not one which affects the operation of the <b>Facility</b> in general;
<b>“Remote End HVDC Converter Station”</b>	has the meaning given to it in the <b>Grid Code</b> ;
<b>“Reproving Test”</b>	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 Mid-Term Market Service</b> in accordance with the <b>Technical Performance Requirements</b> , including the <b>Contracted Inertia Capability</b> and <b>Contracted SCL Capability</b> ;
<b>“Response Time”</b>	has the meaning attributed to it in the <b>Technical Performance Requirements</b> );;
<b>“Restoration Notice”</b>	has the meaning attributed to it in Clause 5.5 ( <b>Stability Mid-Term Market Service Redeclaration</b> );
<b>“ROCOF”</b>	means Rate of Change of Frequency, as defined in the Grid Code;
<b>“Scheduled Start Date”</b>	means the date specified by the <b>Provider</b> as part of its <b>Tender Submission</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> ;
<b>“SCL Capability”</b>	in relation to the <b>Facility</b> , its short circuit level contribution;
<b>“Secured Amount”</b>	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 4.4 ( <i>Implementation of the Works</i> );
<b>“Service Term”</b>	the duration of the <b>Stability Contract</b> as per the <b>Stability Year</b> subject to any <b>Extension Period</b> agreed under Clause 3.2 or any period of automatic extension in accordance with Clause 18.6;
<b>“Settlement Run”</b>	has the meaning attributed to it in the <b>BSC</b> ;
<b>“Settlement Period”</b>	has the meaning attributed to it in the <b>BSC</b> ;
<b>“Stability Contract”</b>	a contract for the provision of <b>Inertia Capability</b> and/or <b>SCL Capability</b> formed upon the <b>Company’s</b> acceptance of a <b>Tender Submission</b> as confirmed by the <b>Company</b> issuing the <b>Acceptance Letter</b> ;
<b>“Stability Compensation</b>	the service of <b>Inertia Capability</b> and/or <b>SCL Capability</b>

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<b>Mid-Term Service</b>	<b>Market</b>	procured pursuant to a <b>Stability Mid-Term Market Tender</b> ;
<b>“Stability Market Service”</b>	<b>Mid-Term</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>Stability Contract</b> ;
<b>“Stability Market Tender”</b>	<b>Mid-Term</b>	the procurement process followed from time to time by the <b>Company</b> for the procurement of the <b>Stability Mid-Term Market Service</b> ;
<b>“Stability Mid-Term Market Tender Assessment Principles”</b>		the assessment principles published as part of the <b>Stability Mid-Term Market Tender Pack</b> ;
<b>“Stability Market Tender Pack”</b>	<b>Mid-Term</b>	the collation of documents published by the Company from time to time setting out the procedure to be followed for the procurement of for the <b>Stability Mid-Term Market Service</b> ;
<b>“Stability Tender”</b>		a tender submission made by a <b>Provider</b> to the <b>Company</b> for the provision from a <b>Facility</b> of the <b>Stability Mid-Term Market Service</b> in the form set out in the <b>Stability Mid-Term Market Tender Pack</b> ;
<b>“Stability Year”</b>		each period of twelve (12) months commencing at 00:00 hours on 1 October and ending at 23:59 hours on the following 31 September unless otherwise extended;
<b>“Standard Terms”</b>	<b>Contract</b>	means these Standard Terms and Conditions for the provision of the <b>Stability Mid-Term Market Service</b> ;
<b>“Start Date”</b>		the date following that on which the <b>Facility</b> successfully completes the <b>Proving Test</b> ;
<b>“Substitute Facility”</b>		has the meaning attributed to it in Clause 5.13 ( <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>“Synchronise”</b> and <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 5.8.1 following an <b>Instruction</b> , being thirty (30) minutes after the issue of the <b>Instruction</b>
<b>“Synchronous Compensation”</b>		means the operation of rotating synchronous apparatus for the specific purpose of providing this <b>Stability Mid-Term Market Service</b> in accordance with the <b>Technical Performance</b>

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**Requirements;**

<b>“Synchronous Electricity Storage Module”</b>	has the meaning given to it in the Grid Code;
<b>“Synchronous Generating Unit”</b>	has the meaning given to it in the Grid Code;
<b>“Synchronous Power Generating Module”</b>	has the meaning given to it in the Grid Code;
<b>“System Frequency”</b>	has the meaning given to it in the Grid Code;
<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 Acceptance</b>; and</li><li>(ii) in relation to <b>Contracted SCL Capability</b> the target (expressed as a percentage) specified in the <b>Tender Acceptance</b>;</li></ul>
<b>“Technical Performance Requirements”</b>	those technical, performance and other requirements set out or referred to in the specification included in the <b>Stability Mid-Term Market Tender Pack</b> , including the <b>Contracted Inertia Capability</b> and the <b>Contracted SCL Capability</b> ;
<b>“Tender Acceptance”</b>	means the <b>Company’s</b> acceptance of a <b>Tender Submission</b> as confirmed in an <b>Acceptance Letter</b> ;
<b>“Tendered Inertia Capability”</b>	the level of <b>Inertia Capability</b> specified in the <b>Provider’s Tender Submission</b> and confirmed in the <b>Tender Acceptance</b> ;
<b>“Tendered SCL Capability”</b>	the level of <b>SCL Capability</b> specified in the <b>Provider’s Tender Submission</b> and confirmed in the <b>Tender Acceptance</b> ;
<b>“Tender Submission”</b>	a submission made by the <b>Provider</b> to the <b>Company</b> in response to the <b>ITT</b> for the provision of the <b>Stability Mid-Term Market Service</b> ;
<b>“Termination Sum”</b>	means an amount equal to the <b>LAD Cap</b> ;
<b>“Test Notice”</b>	has the meaning given to it in Clause 7.1;
<b>“Total System”</b>	the National Electricity Transmission System and all User Systems in Great Britain;
<b>“Transmission Interface”</b>	has the meaning given to it in the <b>Grid Code</b>

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**Point”**

**“Transmission Licence”** the licence granted to the **Company** under section 6(1)(b) of the Electricity Act 1989 as amended from time to time, including by the inclusion of the Electricity System Restoration Standard;

**“User System Entry Point”** has the meaning given to it in the **Grid Code**;

**“Utilisation Payment”** has the meaning given to it in Clause 6.1.2;

**“Works”** means:

in relation to a **Facility**, the modification, commissioning and testing of the **Facility**, including the installation of the **Monitoring Equipment**.

**SCHEDULE B – Proving Tests and Repeating Tests<sup>6</sup>**

**Part A – Proving Test**

The **Provider** shall undertake or shall procure that its contractor shall undertake a **Proving Test** ahead of the **Start Date** to ensure operability of the **Stability Mid-Term Market 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** and of meeting the requirements of Schedule C (*Technical Performance Requirements*).

The level and scope of tests required will depend on the solution and build programme and shall be in accordance with the relevant provisions of [document reference to be confirmed at ITT], as the same may be amended from time to time.

**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 7 (*Repeating Test*) of these **Standard Contract Terms** to test whether the **Facility** is capable of providing the **Stability Mid-Term Market Service**, including the **Contracted SCL Capability** and **Contracted Inertia Capability** and of meeting the requirements of Schedule C (*Technical Performance Requirements*).

The level and scope of tests required will depend on the technology of the **Facility** and shall be in accordance with the relevant provisions of [document reference to be confirmed at ITT], as the same may be amended from time to time. 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 the **Stability Contract** or **Standard Contract Terms**.

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<sup>6</sup> This Schedule is subject to review and updating.

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**SCHEDULE C – Change Control Procedure**

1. The **Company** may propose amendments to these **Standard Contract Terms** in accordance with Paragraph 1.2 and may propose amendments requested by a **Provider** by formulating a written proposal ("**Change Proposal**").
2. The contents of a **Change Proposal** shall include without limitation:-
  - a. an explanation of, and the rationale for, each amendment, including the extent to which required as a result of a **Change in Law**;
  - b. if applicable, details of the **Change in Law**;
  - c. the proposed implementation date; and
  - d. where reasonable to do so having regard to the nature of each amendment, a copy of these **Standard Contract Terms** (or an extract thereof) clearly identifying the proposed new or revised legal text.
3. Each **Change Proposal** shall be notified by the **Company** to the **Providers**, and for these purposes notification may be published on the **Company's** website.
4. The **Company** shall give all recipients of the **Change Proposal** ("**CP Consultees**") a reasonable opportunity and, in any event, not less than thirty-one (31) calendar days, to review and provide the **Company** with written comments on each **Change Proposal**.
5. Not earlier than the date for receipt of comments from **CP Consultees** specified in Paragraph 4, and having regard to such comments received, the **Company** may, at its sole discretion, notify **CP Consultees** (which may be by publication on the **Company's** website) its decision either to:-
  - a. withdraw the **Change Proposal**, which shall be effective upon written notice of the same to all **CP Consultees**; or
  - b. implement the **Change Proposal** (with or without modifications) whereupon the **Company** shall proceed to formulation of a decision ("**Final Change Decision**") pursuant to paragraph 6,

provided always that where the **Company** fails to take either of the steps outlined above by the date which is forty-five (45) **Business Days** after the date of notification of the **Change Proposal** then the same shall be deemed to have been withdrawn with immediate effect.

6. Each **Final Change Decision** shall specify one or more implementation dates and shall incorporate a copy of these **Standard Contract Terms** identifying clearly the new or revised legal text.
7. Each **Final Change Decision** shall be notified by the **Company** to all **CP Consultees** (which may be by publication on the **Company's** website) as soon as reasonably practicable and, ordinarily either alongside or within twenty (20) **Business Days** after the notification by the **Company** of its implementation decision pursuant to paragraph 5(b).
8. The **Company's** notification of the **Final Change Decision** shall be accompanied by a summary of all written comments received in relation to the **Change Proposal** pursuant to paragraph 4 (save to the extent marked as confidential) together with the **Company's** justification for addressing or not any such comments in the **Final Change Decision**.
9. Amendments to these **Standard Contract Terms** set out in a **Final Change Decision** notified by the **Company** pursuant to paragraph 7 shall become effective from the

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applicable implementation dates specified in the **Final Change Decision** ("**Final Implementation Dates**") which, for the avoidance of doubt, shall not be a date prior to the date fifteen (15) **Business Days** after notification by the proposing party of the **Final Change Decision**.

10. Upon the amendments set out in a **Final Change Decision** becoming effective, these **Standard Contract Terms** as so amended shall apply with effect from the relevant **Final Implementation Date** to all **Stability Contracts** then subsisting as well as future **Stability Contracts**, subject always to:-
  - a. all and any accrued rights and liabilities of the **Company** and **Providers** hereunder and all and any rights and remedies they may have, in each case with respect to periods prior to the **Final Implementation Date**; and
  - b. paragraphs 15 and 17.
11. On each occasion that these **Standard Contract Terms** are amended in accordance with the foregoing provisions, the **Company** shall on or before the **Final Implementation Date** publish the **Standard Contract Terms** as so amended on the **Company's** website.
12. With respect to a **Final Change Decision**, a **Provider** may, no later than fifteen (15) **Business Days** after notification by the **Company** of that **Final Change Decision**, elect by notice in writing to the **Company**, and subject always to paragraph 13, where it is of the reasonable opinion that such amendments materially prejudice its ability to provide the **Stability** and/or comply with its **Stability Contract**, to reject the application of such amendments to the **Standard Contract Terms** provided that such rejection is accompanied by a full and detailed justification for the rejection.
13. To the extent that any **Final Change Decision** includes amendments required as a result of a **Change in Law**, no **Provider** may make an election to reject the application of such amendments pursuant to paragraph 12. Provided always that where a **Provider** disputes that a **Final Change Decision** includes amendments required as a result of a **Change in Law** then it may, within the period of fifteen (15) **Business Days** specified in paragraph 12, refer that dispute for determination by an **Expert**.
14. Within twenty (20) **Business Days** of receipt by the **Company** of a **Provider's** notice pursuant to paragraph 12 to reject the application of amendments to the **Standard Contract Terms**, the **Company** and the **Provider** shall negotiate in good faith provisions for the **Framework Agreement** ("**Special Conditions**") in order to negate the impact of the amendments set out in the **Final Change Decision** with respect to the **Standard Contract Terms**, such that the **Provider** is in no better and no worse position after the coming into effect of the **Final Change Decision** than it would have been had such **Final Change Decision** not come into effect.
15. If by the expiry of such period of twenty (20) **Business Days** the **Company** has been unable to reach agreement with the **Provider** as to the **Special Conditions** contemplated in paragraph 14, then either the **Company** or the **Provider** may, with the written consent of the other, refer the matter or matters in dispute for determination by an **Expert**.
16. Until such time as such **Special Conditions** are agreed or determined (as the case may be), and notwithstanding paragraph 10, unless otherwise agreed between the **Company** and the **Provider**, the amendments set out in the relevant **Final Change Decision** shall not apply to the **Standard Contract Terms**.
17. Without prejudice to any provision of this Schedule, the **Company** may, at its sole discretion and at any time prior to the later of (i) the relevant **Final Implementation Date** or, (ii) where paragraphs 13 or 15 apply, the date being five (5) **Business Days** after the

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date of the **Expert's** written decision, withdraw a **Final Change Decision** by notice in writing to the **Provider**, whereupon the same shall be of no effect and any **Special Conditions** agreed between the **Parties** pursuant to paragraph 14 shall be removed in respect of such **Final Change Decision**.

18. Nothing in this Schedule shall preclude the **Company** and **Provider** at the relevant time from agreeing changes to these **Standard Contract Terms** at any time and from time to time otherwise than in accordance with this Schedule.

**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**; and
- A.3 the **Annual Reconciliation Payment**;

**A.1 – Monthly Availability Payment**

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

$$AP_m = \sum_{jm} [(AC_{ij} * ASC_{ij} * TA_i) + (AC_{sj} * ASC_{sj} * TA_s)] / AP_d * CR_j$$

Where:

- $\sum_{jm}$  is the summation for all **Settlement Periods**  $j$  in calendar month  $m$
- $AC_{ij}$  is the **Actual Inertia Capability** of the **Facility** in **Settlement Period**  $j$  divided by the **Tendered Inertia Capability** (expressed as a decimal fraction);
- $ASC_{ij}$  is 1 where the **Facility** is **Available** and capable of providing **Inertia Capability** in **Settlement Period**  $j$ , otherwise 0 including where the **Facility** is a **GBGF-S Plant** that is stacking with the **Balancing Mechanism** or wholesale electricity market;
- $TA_i$  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 **Actual SCL Capability** of the **Facility** in **Settlement Period**  $j$  divided by the **Tendered SCL Capability**(expressed as a decimal fraction);
- $ASC_{sj}$  is 1 where the **Facility** is **Available** and capable of providing **SCL Capability** in **Settlement Period**  $j$ , otherwise 0 including where the **Facility** is a **GBGF-S Plant** that is stacking with the **Balancing Mechanism** or wholesale electricity market;
- $TA_s$  is a factor: (i) if the value of  $AC_{sj}$  is less than 0.9, equal to 0.7; or (ii) otherwise,

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equal to 1;

AP<sub>d</sub> is a factor of 2 where both **SCL Capability** and **Inertia Capability** are being contracted and procured, otherwise 1 where only one of either **SCL Capability** or **Inertia Capability** are contracted

CR<sub>j</sub> is the **Contract Rate** applicable in **Settlement Period j** (expressed in £/**Settlement Period**)

**A.2 – Monthly Availability Rebate**

A.2.1 The **Availability Rebate** (AR<sub>m</sub>) for each calendar month in the **Contract Year** is calculated as follows

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

Where:

UC<sub>m</sub> is the sum (if any) calculated in accordance with paragraph A.2.2 below (being a negative value); and

UL<sub>m</sub> is the unrecovered **Availability Rebate** (if any) as at month m, calculated in accordance with paragraph A.5 below (being a negative value); and

LAD<sub>u</sub> is the sum (if any) calculated in accordance with paragraph A.4 below (being a negative value);

A.2.2 The charge for **Unavailability** (UC<sub>m</sub>) in calendar month m of the **Contract Year** is calculated as:

$$UC_m = \min \text{ of } [\{\min (AA_{im} - TA_{im}), 0\} * BMa_m / AP_d] + [\{\min (AA_{sm} - TA_{sm}), 0\} * BMa_m / AP_d], \\ [£70,000 / 48 * (SP_{am} - (SP_m * TA_{im}))]$$

Where:

AA<sub>im</sub> 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 **Available** to provide **Inertia Capability**; 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 **Force Majeure**;

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$TA_{im}$  is the **Target Availability** (expressed as a percentage) for **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 **Available** to provide **SCL Capability**; 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 **Force Majeure**;

$TA_{sm}$  is the **Target Availability** (expressed as a percentage) for **SCL Capability** for month  $m$ ;

<sup>7</sup> $BMa_m$  is the alternative **Balancing Mechanism** cost for month  $m$ ;

$AP_d$  is a factor of 2 where **both** SCL and inertia are being contracted and procured, otherwise 1 where only one of either SCL or inertia are contracted;

$SP_{am}$  is the number of **Settlement Periods** in month  $m$  in which the **Facility** was available for all or part of the **Contracted Inertia Capability** and **Contracted SCL Capability**; and

$SP_m$  is the number of **Settlement Periods** in month  $m$ .

### **A.3 – Annual Reconciliation Payment**

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

$$ARL_{final} = \text{Min} (AP_y + AR_y, \text{Abs} ((\underline{UC}_y + LAD_y) - AR_y))$$

Where:

$AP_y$  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;

$\underline{UC}_y$  is the aggregate charge for **Unavailability** calculated in respect of each month in **Contract Year**  $y$  in accordance with paragraph A.2.2.

$LAD_y$  is the aggregate liquidated damages for a late **Start Date** calculated in accordance with paragraph A.4

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<sup>7</sup> Calculation of alternative BM cost under development.

#### **A.4 Liquidated Damages due for late start**

LAD<sub>u</sub> = min of [(no. of **Settlements Periods** the **Facility** is late compared to the **Scheduled Start Date** \* (BMA / no. of **Settlement Periods** in month m)) or ((£70,000 / 48) \* no. of **Settlements Periods** the **Facility** is late compared to the **Scheduled Start Date**)]

#### **A.5 Updated Unrecovered Availability Rebate - UL<sub>m</sub>**

The unrecovered **Availability Rebate** (UL<sub>m</sub>) for each calendar month m in the **Contract Year** is:

Where m = 1, the monthly unrecovered **Availability Rebate** (UL<sub>m</sub>) will be 0;

Where m > 1, the monthly unrecovered **Availability Rebate** (UL<sub>m</sub>) will be calculated as:

$$UL_m = \sum_1^{m-1} UC_m + \sum_1^{m-1} LAD_u - \sum_1^{m-1} AR_m$$

Where:

Σ is the summation of the monthly values for UC<sub>m</sub>, LAD<sub>u</sub> and AR<sub>m</sub> in all calendar months up to and including the previous month in the **Contract Year**.

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**Part B - Utilisation Payment**

The **Utilisation Payment**  $UP_m$  for each calendar month  $m$  in the **Contract Year** is calculated as:

$$UP_m = \sum H_m [((AD_i * AU_i) + (AD_s * AU_s))/AP_d] * UR/2$$

Where:

$\sum H_m$  is the **summation** for all **Settlement Periods** in calendar month  $m$  where the facility was utilised following the relevant instructions.

$AD_i$  is expressed as a factor of 1 to represent that the **Facility** provided the instructed **inertia** service during each **Settlement Period**, else where the **Facility** is a **GBGF-S Plant** who is stacking with the **Balancing Mechanism** or wholesale electricity market then this factor is 0,

$AU_i$  is expressed as a decimal fraction of the **Actual Inertia Capability** of the **Facility** divided by the **Tendered Inertia Capability** (for the relevant contracted delivery year)

$AD_s$  is expressed as a factor of 1 to represent that the **Facility** provided the instructed **SCL** service during each **Settlement Period**, else where the **Facility** is a **GBGF-S Plant** who is stacking with the **Balancing Mechanism** or wholesale electricity market then this factor is 0,

$AU_s$  is expressed as a decimal fraction of the **Actual SCL Capability** of the **Facility** divided by the **Tendered SCL Capability** (for the relevant contracted delivery year)

$UR$  is the contracted utilisation price applicable per Hour  $H$  as per the **Contract Form**

$AP_d$  is a factor of 2 where both SCL and inertia are being contracted and procured, otherwise 1 where only one of either SCL or inertia are contracted

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**Part V**

**SCHEDULE E – Redeclaration Forms/ Restoration Notice<sup>8</sup>**

**FORM A**

**STABILITY COMPENSATION SERVICE FAX FORM <sup>9</sup>FOR**  
**REDECLARATION OF INERTIA CAPABILITY**

Facility:	
Contract Number:	
Company Name:	
Company Address:	

Tel:	
Standby Tel:	
Fax:	
Standby Fax:	

We hereby notify you that the Contracted Inertia Capability of the above Facility will be reduced to [ ]<sup>10</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: .....

<sup>8</sup> This form will be updated to include separate values for Inertia and SCL.

<sup>9</sup> Company is considering alternatives to fax including the possible use of EDL/API

<sup>10</sup> If Inertia Capability is unavailable, insert 0

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National Grid Electricity System Operator Control

Fax number: [                      ]                      Standby Fax: [                      ]

Telephone: [                      ]                      Standby Phone: [                      ]

Email: [                      ]

**FORM B**

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

Facility:	
Contract Number:	
Company Name:	
Company Address:	

Tel:	
Standby Tel:	
Fax:	
Standby Fax:	

We hereby notify you that the Contracted SCL Capability of the above Facility will be reduced to a level of [    ]<sup>11</sup> as follows:

Period commencing:

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

Reasons for the Contracted SCL Capability being reduced and the steps being taken to restore Contracted SCL Capability:

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

Signature: .....

Acknowledged by National Grid Electricity System Operator Limited

(Print name): .....

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

<sup>11</sup> If SCL Capability is unavailable, insert 0

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## National Grid Electricity System Operator Control

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

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

**Email:** [ ]

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**FORM D**  
**STABILITY MID-TERM MARKET 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>	

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> <b>:</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: [                      ]**

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**SCHEDULE F – Stability Mid-term Security Schedule**

**Part 1: Mandatory Information Security Requirements**

The Supplier shall be required to comply with the following requirements in this Part 1:-

1. Introduction & Background

Client is committed to delivering operational excellence and the highest levels of security standards. This is achieved by maintaining appropriate security controls and safeguards, that cover both internal processes and those elements outsourced by National Grid to its supply-chain. These supply-chain partners, contractors, service providers, and suppliers (collectively called 'Suppliers') upon whom Client relies, play a key role in the achievement of these goals.

Client and its Suppliers shall acknowledge that security risks are shared between the parties and that any compromise represents an unacceptable risk to Client, requiring immediate communication and co-operation between the parties.

2. Purpose

The purpose of this schedule is to define the security requirements that need to be met by Client's supply-chain during the delivery of products and services. Security requirements contained within this schedule align to Client's IT Control Set, which are based on NIST 800-53.

3. Related Client Standards

This schedule shall be used in conjunction with all associated contract documentation and Client's 'Supplier Code of Conduct' with which the Supplier shall comply. A copy of the Supplier Code of Conduct can be found on the Client website under the Suppliers page (<https://www.nationalgrid.com/suppliers>).

4. Definitions

**Product:** A product is the item offered for sale. A product can be a service or an item. It can be physical or in virtual or cyber form. (Collective term for and may be described as an asset, component, service, equipment, assembly, sub-assembly, design, system or various other terms within a contract or purchase order.)

**Service:** A form of 'product', often associated with a support activity or process

**Cyber Asset:** Any programmable electronic devices and communication networks including hardware, software, and data.

**Externally Facing:** Any vulnerability that could be exploited without existing access to the system.

5. Mandatory and non-mandatory requirements

Within this document:

**Shall:** Indicates a mandatory requirement.

**Should:** Indicates best practice and is the preferred option. If an alternative method is used then a suitable and sufficient risk assessment must be completed to show that the alternative method delivers the same, or better, level of protection.

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### **6. Assurance Requirements**

Client requires its supply-chain to provide evidence of compliance with the obligations under the Stability Contract and applicable law, and to demonstrate the controls supporting the confidentiality, integrity and security of Client data and systems.

Therefore, Client, acting by itself or through its agents, shall have the right to undertake the assurance and audit activities detailed below during the term of the Stability Contract, and, for a period of eighteen (18) months thereafter, in line with country, federal and state statute of limitations.

#### **6.1. Pre-Contract Security and Periodic Assurance Assessments**

Client operates a risk-based approach to supply-chain security, whereby the level of security assurance and oversight is proportionate to the products or services being supplied, and the potential risks associated. This includes pre-, post-, and end of contract assurance assessments and periodic reporting requirements.

This assurance activity may include:

- Completion of Client security questionnaire.
- Details of controls and provision of supporting evidence; and
- Periodic submission of independent assurance certification and/or compliance attestations.
- Annual Background Checking Assurance Audit

**Note:** in accordance with Client's risk-based approach, the level of assurance activity may be subject to change based the availability of evidence and the ongoing performance of the Supplier.

Upon agreement with NG Security, evidence of compliance may be provided in different formats and methods and the assessment may be performed remotely, or onsite at the Supplier's location. For any onsite assessment at the Supplier's location, Client will aim to provide at least fifteen (15) business days' advance notice to the Supplier.

#### **6.2. For-cause Audit**

In the event of an actual or suspected security breach (Paragraph 7.233 refers), or non-compliance with the Stability Contract, the Standard Contract Terms and/or applicable law, Client may invoke its right to audit, as provided under the Stability Contract, within no less than 48 hours' notice to the Supplier in order to investigate and review related documentation, facilities, and processes.

#### **6.3. Regulatory Audits**

Under statute, rules, regulations, codes of practice/regulatory frameworks, or otherwise, certain government departments and regulatory, statutory and other entities, committees and bodies (collectively called, "**Regulatory Body**"), are entitled to investigate the affairs of Client, including any activities or processes performed by Client's supply-chain.

In these circumstances, Client agrees to provide evidence of such a Regulatory Body investigation to the Supplier, and the Supplier shall promptly cooperate and support Client and the Regulatory Bodies in order to fulfil such obligations.

#### **6.4. Conduct and Arrangements**

The Supplier (and applicable sub-tier supplier and /or sub-contractors) shall provide all reasonable co-operation and assistance in support of these assurance and audit activities,

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via the timely provision of:

- (a) Relevant information and supporting evidence requested by Client, and its representatives; and
- (b) Reasonable access to any sites, facilities and employees involved (whether exclusively or non-exclusively) in the performance of the services.

This includes any third-party representative that Client employs to conduct the audit on its behalf. The decision to use a third party shall be communicated to the Supplier and shall be mutually acceptable to both NG and the Supplier.

In return, Client and its representatives shall use all reasonable efforts to ensure that they do not unreasonably cause disruption or delay the provision of products or services. Additionally, during any onsite visit to the Supplier's location, Client and its representatives agree to comply with the Supplier's security and safety protocols, and any relevant site or facility operating procedures (as is applicable and reasonable).

All assessment and audit activities shall be subject to existing confidentially arrangements between Client and the Supplier.

### **6.5. Costs and expenses**

Client and the Supplier shall bear their own respective costs and expenses incurred as part of the above assurance or audit activities unless a material default is identified, in which case the Supplier shall reimburse Client for all reasonable costs incurred.

### **6.6. Audit Outcomes**

All findings (positive and negative) shall be shared with the Supplier to obtain their factual concurrence and enable a right to respond or seek further clarification.

If a default is identified, a remediation plan shall be proposed by the Supplier for agreement with the Client Security team. The agreed remediation plan shall be completed to an agreed timescale and the Supplier shall agree to:

- (a) carry out the remediation plan at its own cost;
- (b) reasonably co-operate in the carrying out of the remediation plan, and comply with the applicable instructions from Client, its representatives or Regulatory Bodies (as applicable); and
- (c) furnish evidence of its compliance with its obligations under this Stability Contract following execution of the remediation plan in a manner which is reasonably satisfactory to the Client.

## **7. Minimum Security Requirements**

The requirements set out in this paragraph are the minimum-security controls that NG requires of all its Suppliers to have in place within their organisation in order to protect the ongoing confidentiality, integrity, and availability of NG information and/or systems.

These controls shall be formally defined within the Supplier's organisation via the publication and management of documented processes, policies, standards and/or systems. The Supplier shall be able to demonstrate compliance with these controls, in accordance with the requirements detailed in Paragraph 6.

### **7.1. Security Management Systems**

The Supplier shall maintain an overarching organisational security policy and supporting

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security management systems, that ensures the products or services supplied to Client conform to the requirements within this schedule, and all relevant legislative requirements.

The Supplier shall demonstrate the compliance of their security management system via the provision of independently verified certification or audit reports (e.g. ISO 27001, SOC 1, SOC 2) that covers the scope of the products or services supplied to Client.

Note: in accordance with **Paragraph 6 - Assurance Requirements** above, Client may request additional evidence or reporting, and undertake further assurance assessments, to validate the Supplier's compliance with the Stability Contract.

A list of all the Supplier's locations providing products or services to Client in support of the Stability Contract shall be provided to the Client by completing the table in **Part 2 of this Schedule**. Changes to this list requires pre-approval from Client.

### **7.2. Risk Management**

The Supplier shall undertake and document formalised risk assessments to understand their key security risks. This shall include the likelihood and impact from unauthorised access, use, disclosure, modification, or destruction of assets and the information processed, stored, or transmitted.

The risk assessments shall be reviewed every 12 calendar months, or whenever there are significant changes. Identified improvement actions shall be agreed and tracked appropriately.

### **7.3. Supply Chain Management**

The Supplier shall implement processes and controls for the identification, assurance and management of sub-tier suppliers and sub-contractors (3<sup>rd</sup>, 4<sup>th</sup> parties, etc.).

Any sub-tier supplier or subcontractor who is given access to Client's Confidential Information, or to whom it provides Information created on behalf of Client, shall comply with the same restrictions and conditions set forth herein via a written contractual agreement (flow-down). The Supplier is responsible for enforcing and validating these requirements from sub-tier or outsourced organisations to demonstrate compliance.

**Note:** Client's data, may not be maintained, stored, or transmitted outside of the United States of America, United Kingdom, or the European Economic Area, except for entities that are legally affiliated or are wholly owned subsidiaries.

A list of sub-tier suppliers and subcontractors directly involved in the supply of products or services to Client shall be provided by completing the table in Error! Reference source not found.. Changes to this list requires pre-approval from Client.

### **7.4. Asset Management**

The Supplier shall maintain an inventory of assets and equipment, which includes key status and identification information and enables traceability of its use/application.

When assets no longer serve a useful purpose, due to cessation of services or obsolete technology, they shall be repurposed or securely disposed of using methods that prevent the recovery of information. Prior to disposal, release, or reuse, the Supplier shall sanitise the media using defined sanitisation techniques and mechanisms commensurate with the security classification of the information.

Upon contract termination, Client assets and equipment shall be returned, or, if agreed with Client, disposed of in accordance with the above requirement.

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### **7.5. Configuration Management**

The Supplier shall maintain baseline configuration information of its assets and equipment. The information shall include key software and hardware details and their status.

Production environments shall be logically and/or physically segregated from Non-Production (e.g. development and test) environments.

### **7.6. Change Management**

The Supplier shall ensure that there are internal controls to identify, approve, validate, and implement changes in a safe and traceable manner. The impact and risks associated with the change, including any associated with the Client, shall be considered as part of the review.

Changes shall be implemented in a controlled manner and all documentation, records, or systems, impacted by the change (e.g. process flow diagrams, FMEAs, Control Plans, Operator Instructions, penetration testing, etc.), shall be reviewed and updated as part of the implementation plan.

The Supplier shall notify the Client contract manager of any changes that could impact delivery or fulfilment of the contracted requirements.

### **7.7. Awareness and Training**

The Supplier is responsible for establishing and maintaining adequate resources and security competency requirements, in support of the delivery of any products or services to Client.

The Supplier shall provide security and data privacy awareness training to all employees, plus role-based security training for physical or information security personnel, third party stakeholders, and personnel with elevated or privileged access to Client facilities, systems, or information. These requirements should cover the following areas as a minimum:

- Data protection (privacy)
- Cyber and Physical security
- Acceptable use of devices

Records of individual training activities shall be recorded and retained in accordance with the Supplier's record retention policies and a minimum of 3 years.

### **7.8. People Security**

In this paragraph 7.8 the following definitions shall apply:-

**Assurance Procedure** means the Client's assurance process named "UKPS8: UK Contracted Service Provider Background Checking Assurance Procedure" (as updated from time to time) relating to the Background Checking Requirements

**Background Checking Requirements** means together the Standard Requirements Check, Minimum Requirements Check and the NSV Check

**Minimum Requirements Check** means a verification check on the Supplier Personnel's identity, and confirmation of their right to work in the United Kingdom (or any other territory in which they are engaged to provide services to the Client) using either:

- (a) a 3<sup>rd</sup> Party background checking provider; or

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(b) where paragraph 7.8.3 applies, the Assurance Procedure

**3<sup>rd</sup> Party Background Checking Provider** means the provider nominated by the Supplier (requires the completion of the Pre-qualification Background Checking Questions form)

**NSV Check** means national security vetting conducted by the UK Government on Supplier Personnel performing NSV Designated Roles

**NSV Designated Role** means a role as notified by the Client to the Supplier from time to time which require frequent and uncontrolled access to critical national infrastructure sites and/ systems directly or indirectly supporting critical national infrastructure or for other reason (as determined by the Client at its sole discretion) require national security vetting

**Standard Requirements Check** means the Minimum Requirements Check plus a check on the Supplier Personnel's employment history for the period of three years prior to their engagement, a verification check of home address throughout the three years prior to commencement of their engagement, a "basic disclosure" of unspent criminal convictions provided by Disclosure Scotland or the Disclosure and Barring Service or equivalent which is satisfactory to the Customer, and an international fraud and sanctions check or global watch check using either:

- (a) a 3<sup>rd</sup> Party background checking provider; or
- (b) where paragraph 7.8.3 applies, the Assurance Procedure.

**Visitors** are Supplier's Personnel assessed by the Client's security department as exempt from the Background Checking Requirements as a result of their limited access to the Client's sites or systems.

7.8.1 The Supplier shall comply with the Background Checking Requirements and ensure that all documents and records are obtained and/or verified in accordance with Applicable Law. If any Supplier Personnel are to be based outside the United Kingdom, the Supplier must obtain the Client's express written permission prior to engaging such Supplier Personnel and comply with all background checking requirements stipulated by the Client.

7.8.2 The Supplier shall ensure that all Supplier Personnel prior to commencing any services or Deliverables of any kind to the Client:-

- (a) undergo the Standard Requirements Check if they:
  - (i) have or will have any level of unsupervised access to or control of (whether local or remote) over the Client's (or any of the Client Parties') operational or office sites, financial information, commercial information (including Client Data), information systems, records, email system, security systems or personal employee information; or

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- (ii) have or will have access directly to members of the public, domestic properties, or to any customers of the Client (“a Standard Requirements Role”);
  - (b) undergo the NSV Check if performing a NSV Designated Role; or
  - (c) undergo the Minimum Requirements Check if they are not performing a Standard Requirements Role or a NSV Designated Role, save that a Minimum Requirements Check will not be required for any Supplier Personnel who are Visitors.
- 7.8.3 Where a Standard Requirements Check is required and it reveals that the Supplier Personnel has an unspent criminal record, such record shall be disclosed to the Client if the Supplier wishes to assign the Supplier Personnel to provide services to the Client. The Client reserves the right in its absolute discretion to require that such Supplier Personnel is excluded from directly or indirectly providing any Services if in its opinion the relevant charge, caution or conviction renders them unsuitable for the work in question.
- 7.8.4 The Client reserves the right to require that additional screening over and above the Background Checks be undertaken for particularly high-risk roles.
- 7.8.6 Where during the Term of the Stability Contract the Supplier becomes aware of any conviction of Supplier Personnel, or any false, incomplete or misleading information by Supplier Personnel, this information shall be forwarded to the Client for determination in its absolute discretion as to whether the Supplier Personnel should be allowed to continue working for or providing any services or Deliverables to the Client.
- 7.8.7 The Supplier shall retain, manage, store and secure accurate and complete records of all checks made in accordance with the Background Checking Requirements, in accordance with the Data Protection Act 2018 (as amended), and in such a manner that the Client can, on reasonable notice, request access in order to conduct an audit in respect of Supplier Personnel in accordance with the terms of the Stability Contract.
- 7.8.8 The Supplier acknowledges and accepts that the Client will request and review Background Check Records to enable the Client to conduct audits in respect of compliance with the Background Checking Requirements.

**7.9 Physical Security**

The Supplier shall ensure appropriate physical security controls, proportionate to risk and asset criticality, are in place to prevent unauthorised access. The approach taken should include as a minimum the following key principles:

- Access shall be controlled and subject to authorisation.
- Access events shall be recorded and monitored to identify any irregular or suspicious activity.
- Logs shall be retained for a minimum of 1 calendar year (12 months), or six calendar years for the US (United States) Jurisdiction.

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- Visitors shall be escorted and monitored at all times.
- Limits shall also be set on the maximum number of visitors that can be escorted by an individual at one time.

Network hardware (firewalls, routers, switches, access point controllers, etc.) shall be kept in secured areas and protected against physical tampering and unauthorised connections.

### **7.10 Facility Security**

The Supplier shall ensure that server rooms, data centres, computer supply closets, and rooms containing documented critical systems include the following controls:

Physical security (in accordance with **Paragraph** In this paragraph 7.8 the following definitions shall apply:-

**Assurance Procedure** means the Client's assurance process named "UKPS8: UK Contracted Service Provider Background Checking Assurance Procedure" (as updated from time to time) relating to the Background Checking Requirements

**Background Checking Requirements** means together the Standard Requirements Check, Minimum Requirements Check and the NSV Check

**Minimum Requirements Check** means a verification check on the Supplier Personnel's identity, and confirmation of their right to work in the United Kingdom (or any other territory in which they are engaged to provide services to the Client) using either:

(c) a 3rd Party background checking provider; or

(d) where paragraph 7.8.3 applies, the Assurance Procedure

**3rd Party Background Checking Provider** means the provider nominated by the Supplier (requires the completion of the Pre-qualification Background Checking Questions form)

**NSV Check** means national security vetting conducted by the UK Government on Supplier Personnel performing NSV Designated Roles

**NSV Designated Role** means a role as notified by the Client to the Supplier from time to time which require frequent and uncontrolled access to critical national infrastructure sites and/ systems directly or indirectly supporting critical national infrastructure or for other reason (as determined by the Client at its sole discretion) require national security vetting

**Standard Requirements Check** means the Minimum Requirements Check plus a check on the Supplier Personnel's employment history for the period of three years prior to their engagement, a verification check of home address throughout the three years prior to commencement of their engagement, a "basic disclosure" of unspent criminal convictions provided by Disclosure Scotland or the Disclosure and Barring Service or equivalent which is satisfactory to the Customer, and an international fraud and sanctions check or global watch check using either:

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- (a) a 3rd Party background checking provider; or
- (b) where paragraph 7.8.3 applies, the Assurance Procedure.

**Visitors** are Supplier's Personnel assessed by the Client's security department as exempt from the Background Checking Requirements as a result of their limited access to the Client's sites or systems.

- 7.8.1 The Supplier shall comply with the Background Checking Requirements and ensure that all documents and records are obtained and/or verified in accordance with Applicable Law. If any Supplier Personnel are to be based outside the United Kingdom, the Supplier must obtain the Client's express written permission prior to engaging such Supplier Personnel and comply with all background checking requirements stipulated by the Client.
- 7.8.2 The Supplier shall ensure that all Supplier Personnel prior to commencing any services or Deliverables of any kind to the Client:-
  - (d) undergo the Standard Requirements Check if they:
    - (i) have or will have any level of unsupervised access to or control of (whether local or remote) over the Client's (or any of the Client Parties') operational or office sites, financial information, commercial information (including Client Data), information systems, records, email system, security systems or personal employee information; or
    - (ii) have or will have access directly to members of the public, domestic properties, or to any customers of the Client ("a Standard Requirements Role");
  - (e) undergo the NSV Check if performing a NSV Designated Role; or
  - (f) undergo the Minimum Requirements Check if they are not performing a Standard Requirements Role or a NSV Designated Role, save that a Minimum Requirements Check will not be required for any Supplier Personnel who are Visitors.
- 7.8.3 Where a Standard Requirements Check is required and it reveals that the Supplier Personnel has an unspent criminal record, such record shall be disclosed to the Client if the Supplier wishes to assign the Supplier Personnel to provide services to the Client. The Client reserves the right in its absolute discretion to require that such Supplier Personnel is excluded from directly or indirectly providing any Services if in its opinion the relevant charge, caution or conviction renders them unsuitable for the work in question.
- 7.8.4 The Client reserves the right to require that additional screening over and above the Background Checks be undertaken for particularly high-risk roles.

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- 7.8.6 Where during the Term of the Stability Contract the Supplier becomes aware of any conviction of Supplier Personnel, or any false, incomplete or misleading information by Supplier Personnel, this information shall be forwarded to the Client for determination in its absolute discretion as to whether the Supplier Personnel should be allowed to continue working for or providing any services or Deliverables to the Client.
- 7.8.7 The Supplier shall retain, manage, store and secure accurate and complete records of all checks made in accordance with the Background Checking Requirements, in accordance with the Data Protection Act 2018 (as amended), and in such a manner that the Client can, on reasonable notice, request access in order to conduct an audit in respect of Supplier Personnel in accordance with the terms of the Stability Contract.
- 7.8.8 The Supplier acknowledges and accepts that the Client will request and review Background Check Records to enable the Client to conduct audits in respect of compliance with the Background Checking Requirements.
- 7.9 Physical Security0 - In this paragraph 7.8 the following definitions shall apply:-  
**Assurance Procedure** means the Client's assurance process named "UKPS8: UK Contracted Service Provider Background Checking Assurance Procedure" (as updated from time to time) relating to the Background Checking Requirements

**Background Checking Requirements** means together the Standard Requirements Check, Minimum Requirements Check and the NSV Check

**Minimum Requirements Check** means a verification check on the Supplier Personnel's identity, and confirmation of their right to work in the United Kingdom (or any other territory in which they are engaged to provide services to the Client) using either:

- (c) a 3rd Party background checking provider; or
- (d) where paragraph 7.8.3 applies, the Assurance Procedure

**3rd Party Background Checking Provider** means the provider nominated by the Supplier (requires the completion of the Pre-qualification Background Checking Questions form)

**NSV Check** means national security vetting conducted by the UK Government on Supplier Personnel performing NSV Designated Roles

**NSV Designated Role** means a role as notified by the Client to the Supplier from time to time which require frequent and uncontrolled access to critical national infrastructure sites and/ systems directly or indirectly supporting critical national infrastructure or for other reason (as determined by the Client at its sole discretion) require national security vetting

**Standard Requirements Check** means the Minimum Requirements Check plus a check on the Supplier Personnel's employment history for the period of three years

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prior to their engagement, a verification check of home address throughout the three years prior to commencement of their engagement, a “basic disclosure” of unspent criminal convictions provided by Disclosure Scotland or the Disclosure and Barring Service or equivalent which is satisfactory to the Customer, and an international fraud and sanctions check or global watch check using either:

- (a) a 3rd Party background checking provider; or
- (b) where paragraph 7.8.3 applies, the Assurance Procedure.

**Visitors** are Supplier’s Personnel assessed by the Client’s security department as exempt from the Background Checking Requirements as a result of their limited access to the Client’s sites or systems.

7.8.1 The Supplier shall comply with the Background Checking Requirements and ensure that all documents and records are obtained and/or verified in accordance with Applicable Law. If any Supplier Personnel are to be based outside the United Kingdom, the Supplier must obtain the Client’s express written permission prior to engaging such Supplier Personnel and comply with all background checking requirements stipulated by the Client.

7.8.2 The Supplier shall ensure that all Supplier Personnel prior to commencing any services or Deliverables of any kind to the Client:-

- (g) undergo the Standard Requirements Check if they:
  - (i) have or will have any level of unsupervised access to or control of (whether local or remote) over the Client's (or any of the Client Parties') operational or office sites, financial information, commercial information (including Client Data), information systems, records, email system, security systems or personal employee information; or
  - (ii) have or will have access directly to members of the public, domestic properties, or to any customers of the Client (“a Standard Requirements Role”);
- (h) undergo the NSV Check if performing a NSV Designated Role; or
- (i) undergo the Minimum Requirements Check if they are not performing a Standard Requirements Role or a NSV Designated Role, save that a Minimum Requirements Check will not be required for any Supplier Personnel who are Visitors.

7.8.3 Where a Standard Requirements Check is required and it reveals that the Supplier Personnel has an unspent criminal record, such record shall be disclosed to the Client if the Supplier wishes to assign the Supplier Personnel to provide services to the Client. The Client reserves the right in its absolute discretion to require that such Supplier Personnel is excluded from directly or indirectly providing any Services if in its opinion

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the relevant charge, caution or conviction renders them unsuitable for the work in question.

- 7.8.4 The Client reserves the right to require that additional screening over and above the Background Checks be undertaken for particularly high-risk roles.
- 7.8.6 Where during the Term of the Stability Contract the Supplier becomes aware of any conviction of Supplier Personnel, or any false, incomplete or misleading information by Supplier Personnel, this information shall be forwarded to the Client for determination in its absolute discretion as to whether the Supplier Personnel should be allowed to continue working for or providing any services or Deliverables to the Client.
- 7.8.7 The Supplier shall retain, manage, store and secure accurate and complete records of all checks made in accordance with the Background Checking Requirements, in accordance with the Data Protection Act 2018 (as amended), and in such a manner that the Client can, on reasonable notice, request access in order to conduct an audit in respect of Supplier Personnel in accordance with the terms of the Stability Contract.
- 7.8.8 The Supplier acknowledges and accepts that the Client will request and review Background Check Records to enable the Client to conduct audits in respect of compliance with the Background Checking Requirements.
- 7.9 Physical Security).
  - Temperature and humidity monitoring.
  - Emergency lighting.
  - Back-up/emergency power supply systems.

These systems shall be maintained to ensure continued availability and integrity. Maintenance and removal of critical area equipment is approved and logged.

7.11 Identification and Authentication

The Suppliers information systems shall perform identity and authentication checks prior to establishing a connection.

The Supplier shall ensure password and supporting management systems meet the following minimum requirements:

- The initial password issued by a systems security administrator shall only be valid for the user's first on-line session. Upon initial log-on to the system, the user shall be forced to change their password immediately.
- A minimum of eight characters and a maximum length of at least 64 characters.
- The ability to use all special characters but no special requirements to use them.
- Restrict sequential and repetitive characters (e.g. 12345 or aaaaaa).
- Restrict context specific passwords (e.g. the name of the site, etc.).
- Restrict commonly used passwords (e.g. p@ssw0rd, etc.) and dictionary words.
- For systems using Passphrase authentication, the length should be at least 12 characters.
- Users shall be prevented from reusing the last 10 passwords
- Codes or links shall be provided via a separate device (e.g. a hard token or mobile phone), which is assigned to the user and linked to the user's account.

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- All generated codes or links shall be suitably protected and automatically expire within a fixed timeframe

**Note:** Where there is a system limitation preventing achievement of the above length and complexity requirements, these shall be notified to Client Security for review of appropriate compensating controls.

**Note:** Where Supplier access authentication is determined through MFA or Biometric capabilities, the following shall apply;

- The user is given the option to consent or reject to biometric authentication.
- The biometric data collected is handled in accordance with applicable personal data protection laws and regulations.
- A backup authentication method is available and defaulted to if biometric authentication fails after a maximum of 3 attempts, which resets after successful login.

### **7.12      Access Control**

The Supplier shall have access control policies, processes, and systems to prevent unauthorised access to information, systems, and networks. These shall at a minimum cover the management of the following:

- Approval of access.
- Segregation of duties
- Generic/shared accounts, including updates following any changes to personnel
- Privileged access accounts, including administrator and developer account restrictions
- Remote access, including usage restrictions.
- Authentication protocols, including Multi Factor Authentication
- Set a limit of consecutive invalid logon attempts by a user, with automatic locking of the account if limit breached
- Systems shall lock automatically after a defined period of session inactivity, requiring re-authentication to obtain access to the system
- Access monitoring, to detect unauthorised access attempts
- Periodic access reviews (minimum annual)
- Revocation of access from the Supplier's network within the following timeframes:
  - 24 hours in the event of a for-cause termination
  - 48 hours for standard termination
  - 7 days for all other system, data and application access.

### **7.13      Network Security**

The Supplier shall control communications at the external boundaries of systems, and at identified and documented key internal boundaries of systems, utilising recognised industry best practices, including but not limited to the following:

- Firewalls
- Domain Name System (DNS)
- Intrusion Protection Systems (IPS)
- Network access control (NAC),
- Security information and event management (SIEM)
- Antivirus and other malicious software prevention tools

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### **7.14 System Logging**

The Supplier shall ensure traceability of information system events, with log records generated, retained and protected that capture:

- What type of event occurred.
- When the event occurred.
- Where the event occurred.
- The source of the event.
- The outcome of the event.
- The identity of any individuals or subjects associated with the event.

Log records shall be retained in accordance with record retention policies. Logs and logging tools shall be forensically sound, protected against damage, loss, or unauthorised modification.

### **7.15 Continuous Monitoring**

The Supplier shall monitor communications on information systems and networks to detect potential attacks and unauthorised use by monitoring as a minimum:

- User activity
- Elevated privileges
- Hosts
- Remote connections

Alerts shall be generated and investigated for the following as a minimum:

- Detected unauthorized exfiltration of data
- Suspicious user behaviour and unauthorised actions on systems
- Detected malicious code
- System abnormalities
- Unauthorised network intrusion
- Detected failure of event logging

Confirmed security incidents involving NG information, system and networks shall be investigated within 24 hours and reported to NG in accordance with **Paragraph 7.23 - Security Incident Management**.

### **7.16 Threat and Vulnerability Management**

The Supplier shall have threat and vulnerability management policies, processes, and systems and undertake vulnerability scans of information systems at least quarterly based on risk, to prevent the exploitation of system control weakness, security breaches, and information systems and connected Operational Technology outages. Information systems are defined by National Grid's definition of a "Cyber Asset" as per Paragraph 4.

Vulnerabilities should be classified and prioritised using industry standards, such as the Common Vulnerability Scoring System (CVSS) score, Exploit Prediction Scoring System (EPSS), Vulnerability Exploitability Exchange (VEX) and take into account variables, including:

- Risk exposure of the vulnerability,
- Value of the application or assets to National Grid,
- Sensitivity of data transmitted, hosted, or modified by the application/asset,

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- Threat intelligence
- Available compensating controls

Supplier shall notify National Grid in accordance with **Paragraph 7.23 - Security Incident Management** make all reasonable endeavours for the planning and implementation of remediations based on the following;

- Critical (External boundary with Enterprise) - Provide corrective remediation plan and enable implementation within no more than 72 hours.
- High - Provide corrective remediation plan and enable implementation within no more than 21 days.
- Medium - Provide corrective remediation plan and enable implementation within no more than 60 days.

Prior to service commencement the Supplier shall have identified and remediated all vulnerabilities classified as Critical, High and Medium using the above or approved equivalent classification system as well as providing evidence that the system is free from these classifications of vulnerabilities. Any vulnerabilities that are unable to be remediated must be raised with National Grid Security in order to deem whether an exemption is appropriate before service commencement.

### **7.17 Penetration Testing**

The Supplier shall at least annually conduct a penetration test using an approved internal team or, at its own expense, an independent third party and provide Client with an executive overview of such testing and findings. The method of test scoring and issue ratings shall follow standard industry practice, such as the latest Common Vulnerability Scoring System (CVSS) published by the US National Institute of Standards and Technology (NIST). For any material findings (critical, high, or medium risk) defined using the scoring system in Paragraph 7.16, the supplier shall follow the same timeframes defined in this section. The supplier must produce a remediation plan detailing the actions and dates by when these security issues shall be fully resolved and provide a copy of this report to National Grid Security. Any remediations that will exceed the timeframes set out in Paragraph 7.16 must be communicated to National Grid Security along with a remediation plan that includes the expected timeframes for completion of work.

Prior to service commencement Supplier shall have tested and remediated any weaknesses or potential exploits classified as Medium, High or Critical either internally or using an independent third party at its own expense. Evidence of this must also be provided to Client before service commencement. Any weaknesses or exploits that are unable to be remediated must be raised with National Grid Security to deem whether an exemption is appropriate before service commencement.

### **7.18 Patch Management**

The Supplier shall remediate identified threats and vulnerabilities via the implementation and tracking of security patches. Patches shall be tested prior to release and implementation into production.

The Supplier should maintain security patching in accordance with timings detailed above in **Paragraph 7.16 - Threat and Vulnerability Management**.

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**7.19     Data Security**

The Supplier shall maintain a data classification scheme and ensure that all information assets are identified with the defined classification level.

The Supplier shall protect the confidentiality, integrity, and availability of their information at rest, during transmission, and in-use, in accordance with the classification scheme to prevent unauthorized disclosure and modification.

Client information held by the Supplier shall be encrypted in accordance with:

- At rest and in-use = AES 256.
- Information in transit = minimum of TLS 1.2 (with no compromised cyphers)

Note: The Supplier should have a plan to transition to TLS 1.3 and the following are prohibited:

- TLS 1.1 and earlier versions of SSL.
- The use of Self-Signed Certificates.
- Wild Card certificates.

Cryptographic keys shall be reviewed every 12 calendar months as a minimum.

Upon contract termination, any Client data shall be returned, or, destroyed in line with Client requirements.

**7.20     Backups**

The Supplier shall perform periodic data and system backups to enable timely, complete and accurate restoration of data processes. Backups shall be stored in offsite locations with appropriate cyber, environmental, and physical security controls, which are demonstrably equivalent to those at the primary site.

Backups shall be periodically tested to verify the data is usable and compatible with current configurations by restoring a changing set of files that includes representative examples of:

- operating system files,
- application files
- business/end user data.

**7.21     Business Continuity**

The Supplier shall have business continuity plans that detail how operations will be maintained during an unplanned disruption in service. This shall include contingencies for business processes, assets, human resources, and business partners, and cover key information, system, and services. Continuity plans shall be approved by senior management and reviewed/tested every 12 calendar months at a minimum.

**7.22     Disaster Recovery**

The Supplier shall perform periodic disaster recovery tests at a frequency determined by criticality but minimum annually. Actual disaster recovery events arising from operational incidents are deemed equivalent to disaster recovery tests for periodic testing requirements. Tabletop/walkthrough disaster recovery tests are permissible only where operational tests are not viable.

**7.23     Security Incident Management and Data Breach**

The Supplier shall maintain processes and incident response plans for the management of security incidents. This shall include the following elements as a minimum:

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- The identification, classification and reporting of incidents, including definition of reportable incidents to Client, law enforcement or regulatory institutions.
- Defined roles and responsibilities, including incident handling activities involving the Suppliers supply chain.
- Establishment of containment and recovery actions.
- Incident investigation, including the identification of root cause(s).
- Incident resolution, including the implementation of corrective actions.

Client shall be notified promptly, but in no event later than 24 hours, following the confirmation of a security incident relevant to the products or services provided to Client. This includes, but is not limited to, an exploitation of security vulnerabilities by third parties that have resulted in loss, corruption, unauthorized modification, sale, rental, and/or otherwise damages to or materially alters the integrity of Client Data and shall work with Client to mitigate such vulnerabilities. ("Security Breach"). The Supplier shall cooperate with Client to resolve security issues and support Client with any notifications to governmental/administrative entities, as required by Law.

**Note:** all associated information security incidents and data breaches shall be reported to the Client Cyber-Response hotline:

- In the **US**, call **781-907-3745**
- In the **UK (United Kingdom)**, call **01214248204**
- Or send an email to **cyberresponse@nationalgrid.com**.

A report containing details of the Security Breach, including root cause(s) and corrective action plans implemented (or in process of being implemented) to prevent a future recurrence thereof, plus an assessment of the impact and any known or reasonably suspected future impact on Client and known third parties, shall be provided, in writing, no later than three (3) business days after confirmation, unless an extension to this timeframe is agreed by the Client Incident Management team.

Incidents shall be documented and tracked against defined timeframes to ensure timely resolution and closure. Records of the incident shall be retained for at least 1 calendar years.

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**Part 2: Additional Information Security Requirements**

This Part 2 applies if in providing the Services or Deliverables, the Supplier (or any of its sub-contractors) or any Supplier Personnel will be:-

- a. utilising technology which will or could be connected to any of the Client's information systems, including without limitation, intranet, email, document management systems, software-as-a-service systems, operational management systems, cloud hosting sites or any other systems processing information which is confidential to the Client ("Client Information System");
- b. where any Supplier Personnel will have access using a Client Information System to any financial, commercial or other confidential data or personal data, or technical drawings or specifications which are not publicly available (including all Client Data) ("Sensitive Client Data");
- c. where any Supplier Personnel will have access to any Sensitive Client Data which is collected, stored or processed in a system which is controlled by the Supplier (or any of its sub-contractors) which is not a Client Information System;
- d. where any Sensitive Client Data is being collected, stored or processed by a sub-contractor of the Supplier; or
- e. if any Sensitive Client Data is being collected, stored or processed by the Supplier (or any of its sub-contractors), or any Client Information System is being accessed by Supplier Personnel based outside the United Kingdom.

The Supplier shall ensure that it has in place equivalent security controls and practices in order to meet the requirements of the following Client security Policies, such Policies to be shared with Supplier through a signed non-disclosure agreement.

Policy Title
<u>Global People Security Policy</u>

**Note: this document is to be used in conjunction with the following security documents:**

**National Grid 3rd Party Mandatory Security Requirements Part 1**

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**Supplier locations table**

The Supplier shall provide a list of the primary locations within their organisation that are directly supporting the delivery of the Stability Contract and therefore have any level of access to Clients Systems or Data (This could include Operational Management, Cloud Hosting, IT Support) in the form set out in Schedule 3 of the Framework Agreement.