

FAST RESERVE TENDER RULES AND STANDARD CONTRACT TERMS

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**Network Operations
National Grid Electricity Transmission plc
National Grid House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA**

Website: www.nationalgrid.com/uk

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NATIONAL GRID ELECTRICITY TRANSMISSION plc

**FAST RESERVE
TENDER RULES AND
STANDARD CONTRACT TERMS**

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INTRODUCTION

Introduction

1. This is a general introduction to this **Document**. It includes a description of how this **Document** interacts with the **Fast Reserve Framework Agreement** and each **Firm Fast Reserve Tender** to form a **Fast Reserve Contract** between **National Grid** and a **Fast Reserve Provider**.

Status of this Introduction

2. This introduction does not form part of this **Document** and therefore has no legally binding effect. This introduction may be updated by **National Grid** from time to time to reflect any amendments to this **Document**, or the **Fast Reserve Framework Agreement** or to correct any errors or inaccuracies which may be discovered.

Background

3. **Fast Reserve** is a fast acting, reliable, flexible service, provided by **Generating Unit(s)** and/or other **Plant** or **Apparatus** that is capable of increasing energy production or reducing energy consumption at defined rates within a defined period of time. **Fast Reserve** is used in conjunction with other **Balancing Services** to control **Frequency** changes that might arise from sudden, and sometimes unpredictable, changes in generation or demand.
4. **Fast Reserve** is procured by **National Grid** on a monthly basis to accommodate **National Grid's** varying requirement for the service. To assist **Fast Reserve Providers**, **National Grid** publishes a **Firm Fast Reserve** market information report which indicates its requirement for **Firm Fast Reserve** for the forthcoming calendar month.

Overview of Structure

5. The structure of **this Document**, the **Fast Reserve Framework Agreement** and the **Firm Fast Reserve Tender** is as follows:

- a) **Overall Structure**

This **Document** together with the **Fast Reserve Framework Agreements** have been designed to create a straightforward and transparent contracting process.

b) **This Document**

This **Document** is a single document incorporating terms of general application to all **Fast Reserve Providers**, as well as sections dealing specifically with **Balancing Mechanism (BM)** participants and non-BM participants and schedules for use where a **Fast Reserve Provider** delegates certain of its obligations to a **Fast Reserve Provider's Agent**. This **Document** may be amended and re-issued by **National Grid** from time to time, and any amendment and re-issue of this **Document** shall generally supersede this **Document** and be incorporated in the existing **Fast Reserve Contract(s)** as between **National Grid** and a **Fast Reserve Provider**.

c) **Fast Reserve Framework Agreement**

The **Fast Reserve Framework Agreement** gives contractual effect to the relevant provisions of this **Document** as between **National Grid** and the **Fast Reserve Provider** and also contains the **Fast Reserve** service data specific to the **Fast Reserve Provider's Contracted BM Units** or **Contracted Sites** (by reference to which the **Fast Reserve Provider** submits **Firm Fast Reserve €Tenders** or provides the **Optional Service**) and any adaptations to the provisions of this **Document** agreed between **National Grid** and the **Fast Reserve Provider**. Before a potential **Fast Reserve Provider** may either (1) submit a **Firm Fast Reserve €Tender** for the provision of **Fast Reserve** to **National Grid** or (2) be instructed by **National Grid** to provide the **Optional Service** it shall first accede to the terms of this **Document** by entering into the **Fast Reserve Framework Agreement**.

This **Document** and the **Fast Reserve Framework Agreement** have been designed to apply to both **Fast Reserve** provided via an increase in generation and **Fast Reserve** provided via a reduction in **Demand**.

d) **Firm Fast Reserve Tender**

If the **Fast Reserve Provider** wishes to provide **Firm Fast Reserve** to **National Grid** it must submit a tender to **National Grid** in the approved form as specified from time to time by **National Grid**. This **Firm Fast Reserve €Tender** will identify the relevant **Contracted BM Unit** or **Contracted Site** and other site specific terms, and will confirm the **Fast Reserve Provider's** acceptance of the terms of this **Document** and the **Fast Reserve Framework Agreement**.

e) **Acceptance/Rejection of Firm Fast Reserve €Tender**

After receipt of a **Firm Fast Reserve €Tender** and following the appropriate assessment

period **National Grid** shall either accept or reject the same by issuing a **Firm Fast Reserve Tender Acceptance** and/or **Firm Fast Reserve Tender Rejection**. The issuing of a **Firm Fast Reserve Tender Acceptance** will constitute a legally binding contract between the **Fast Reserve Provider** and **National Grid** for provision by the **Fast Reserve Provider** of **Fast Reserve**.

f) **Optional Service**

This **Document** also sets out the terms upon which **National Grid** may agree with a **Fast Reserve Provider** for the provision of **Optional Fast Reserve** from any **Generating Unit** and/or other **Plant** or **Apparatus**, which agreement shall also constitute a legally binding contract between the **Fast Reserve Provider** and **National Grid** for provision by the **Fast Reserve Provider** of **Fast Reserve**.

SECTION 1

THIS DOCUMENT, CHANGES TO THIS DOCUMENT AND FAST RESERVE FRAMEWORK AGREEMENT

1.1 INTRODUCTION

- 1.1.1 This **Document** is divided into different sections, including sections dealing specifically with **Balancing Mechanism** participants, non-**Balancing Mechanism** participants and other sections of more general application.
- 1.1.2 Section 2 sets out the basis upon which **National Grid** will invite interested parties to submit **Firm Fast Reserve Tender(s)** for the provision of **Firm Fast Reserve**, and the issue by **National Grid** of a **Firm Fast Reserve Tender Acceptance** will create a **Fast Reserve Contract** for the provision of **Firm Fast Reserve** upon the terms set out in the applicable sections of this **Document**, the **Fast Reserve Framework Agreement**, the relevant **Firm Fast Reserve Tender** and the **Firm Fast Reserve Tender Acceptance**.
- 1.1.3 Section 3 sets out the terms for provision of **Fast Reserve** where the **Fast Reserve Provider** provides **Fast Reserve** from **Generating Unit(s)** comprised within a **Production BM Unit** which it has established and registered as such under and in accordance with the **Balancing and Settlement Code**.
- 1.1.4 Section 3A is currently left blank, but terms may be included in due course to apply in respect of the provision of **Fast Reserve** from **Plant** and **Apparatus** comprised within a **Consumption BM Unit** which a **Fast Reserve Provider** has established and registered as such under and in accordance with the **Balancing and Settlement Code**, if that **Fast Reserve Provider** wishes to tender on that basis.
- 1.1.5 Section 4 sets out the terms for provision of **Fast Reserve** where the **Fast Reserve Provider** provides **Fast Reserve** from either **Generating Unit(s)** and/or other **Plant** and **Apparatus** which the **Fast Reserve Provider** has not established and registered as **BM Unit(s)** under and in accordance with the **Balancing and Settlement Code** or **Generating Unit(s)** and/or other **Plant** and **Apparatus** which are established and registered as a **BM Unit(s)** under and in accordance with the **Balancing and Settlement Code**, but which do not, and will not for the term of the **Fast Reserve Contract**, actively participate in the **Balancing Mechanism**.
- 1.1.6 Section 5 contains general provisions applicable to all providers of **Fast Reserve**.
- 1.1.7 Section 6 contains defined terms used throughout this **Document**.

1.2 CHANGES TO THIS DOCUMENT

Outline Change Proposal

1.2.1 This **Document** shall be reviewed by **National Grid** from time to time, and (without prejudice to sub-paragraph 1.22) where at any time **National Grid** wishes to propose one or more amendments to this **Document** then it may at its sole discretion do so by formulating an **Outline Change Proposal**. Each **Outline Change Proposal** shall describe in reasonable but not excessive detail all such amendments and shall specify a single **Proposed Implementation Date**, save that insofar as any such amendments are required as a result of a **Proposed Legal Requirement** or a **Change in Law** then each of such amendments shall be the subject of a separate **Outline Change Proposal**.

1.2.2 The contents of an **Outline Change Proposal** shall include without limitation:-

- (a) the rationale for the amendment(s), including whether or not required as a result of a **Proposed Legal Requirement** or a **Change in Law**;
- (b) if applicable, details of the **Proposed Legal Requirement** or **Change in Law**; and
- (c) the **Proposed Implementation Date**.

1.2.3 Each **Outline Change Proposal** shall be notified by **National Grid** to all **Fast Reserve Providers** in writing.

Comments from Fast Reserve Providers

1.2.4 **National Grid** shall give all **Fast Reserve Providers** a reasonable opportunity and, in any event, not less than **+20 Business Days**, to review and provide **National Grid** with written comments on each **Outline Change Proposal**. **National Grid** shall consider in good faith any written comments submitted by the **Fast Reserve Provider** pursuant to this sub-paragraph 1.2.4 and shall, insofar as is reasonably practicable, address such comments in any subsequent **Detailed Change Proposal**.

Withdrawal, Modification and Implementation of Outline Change Proposals

1.2.5 Not earlier than the date for receipt of comments from **Fast Reserve Providers** specified in sub-paragraph 1.2.4, **National Grid** may at its sole discretion and having regard to written comments submitted by **Fast Reserve Providers** decide either to:-

- (a) withdraw the **Outline Change Proposal**, which shall be effective upon written notice of the same to all **Fast Reserve Providers**; or

- (b) modify the **Outline Change Proposal**, whereupon sub-paragraphs 1.2.2 to 1.2.4 inclusive, and this sub-paragraph 1.2.5, shall apply mutatis mutandis to such modified **Outline Change Proposal**; or
- (c) implement the **Outline Change Proposal** (including any modification thereto pursuant to sub-paragraph (b) above), whereupon the provisions of sub-paragraph 1.2.6 shall apply,

provided always that where **National Grid** fails to take any of the steps outlined above by the date which is 240 **Business Days** after the date of notification of the **Outline Change Proposal** then the same shall be deemed to have been withdrawn with immediate effect.

Detailed Change Proposals

- 1.2.6 If **National Grid** decides to implement an **Outline Change Proposal** (including any modification thereto pursuant to sub-paragraph 1.2.5(b)), then it shall formulate a **Detailed Change Proposal**. Each **Detailed Change Proposal** shall specify a **Final Implementation Date** and shall be accompanied by a copy of this **Document** with the amendments specified in the **Detailed Change Proposal** incorporated.
- 1.2.7 Each **Detailed Change Proposal** shall be notified by **National Grid** to all **Fast Reserve Providers** in writing as soon as reasonably practicable and in any event within **20 Business Days** of notification by **National Grid** pursuant to sub-paragraph 1.2.5(c) of implementation of the **Outline Change Proposal**, which except in the case of a **Detailed Change Proposal** required as a result of a **Proposed Legal Requirement** or a **Change in Law**, will ordinarily be no later than the date that is **20 Business Days** prior to the start of the **Tender Month** which immediately precedes the **Final Implementation Date**.
- 1.2.8 Amendments to this **Document** set out in a **Detailed Change Proposal** notified by **National Grid** to **Fast Reserve Providers** pursuant to sub-paragraph 1.2.6 shall become effective from the **Final Implementation Date**, whereupon this **Document** as so amended shall automatically be incorporated into each **Fast Reserve Framework Agreement** in accordance with (and subject to) sub-paragraph 1.3.3 so as to apply (as may be amended in the future pursuant to this paragraph 1.2) to all subsequent **Firm Fast Reserve Tenders** and to all **Fast Reserve Contracts** then subsisting, subject always to:-
 - (a) all and any accrued rights and liabilities of **National Grid** and **Fast Reserve Providers** hereunder and all and any rights and remedies they may have, in each case with respect to periods prior to the **Proposed Implementation Date**; and
 - (b) sub-paragraphs 1.2.13, 1.2.15 and 1.2.21.

1.2.9 On each occasion that this **Document** is amended in accordance with the foregoing provisions, **National Grid** shall on or before the **Final Implementation Date** publish this **Document** as so amended on the **Industry Information Website** and shall identify the same by issue number and date of publication.

Affected Fast Reserve Providers

1.2.10 With respect to a **Detailed Change Proposal**, each and any **Affected Fast Reserve Provider** may, no later than 15 **Business Days** after notification by **National Grid** of that **Detailed Change Proposal**, elect by notice in writing to **National Grid**, and subject always to sub-paragraph 1.2.11, to either:-

(a) where the **Affected Fast Reserve Provider** is of the reasonable opinion that its ability to provide **Fast Reserve** and/or comply with such **Affected Fast Reserve Contract(s)** will be materially prejudiced by the amendments to this **Document** described in such **Detailed Change Proposal**, reject the application of such amendments to each of such **Affected Fast Reserve Contracts**; or

(b) where the **Affected Fast Reserve Provider** is of the reasonable opinion that the net cost to it of providing **Fast Reserve** and/or complying with such **Affected Fast Reserve Contract(s)** has increased as a result of such amendments, seek an increase to any or all of the **Contract Prices** in respect of each of such **Affected Fast Reserve Contracts**.

1.2.11 With respect to any **Detailed Change Proposal** required as a result of a **Proposed Legal Requirement** or a **Change in Law**, the **Affected Fast Reserve Provider** may not make an election pursuant to sub-paragraph 1.2.10(a), and furthermore may only make an election pursuant to sub-paragraph 1.2.10(b) if the amendments are required as a result of a **Qualifying Change in Law**, provided always that where the **Affected Fast Reserve Provider** disputes that such amendments are required as a result of a **Proposed Legal Requirement** or a **Change in Law** (including a **Qualifying Change in Law**) then it may, within the period of 15 **Business Days** specified in sub-paragraph 1.2.10, refer the matter to **Expert Determination**.

1.2.12 Each notice of election by an **Affected Fast Reserve Provider** pursuant to sub-paragraph 1.2.10(a) or (b) shall be accompanied by a full and detailed justification.

Rejection of Certain Detailed Change Proposals to Subsisting Fast Reserve Contracts

1.2.13 Within 520 **Business Days** of receipt by **National Grid** of the **Affected Fast Reserve Provider's** notice pursuant to sub-paragraph 1.2.10(a) of its election to reject the application of amendments to this **Document** to the **Affected Fast Reserve Contract(s)**, **National**

Grid and the **Affected Fast Reserve Provider** shall negotiate in good faith amendments to the **Fast Reserve Framework Agreement** by way of **Special Condition(s)** in order to negate the impact of the amendments set out in the **Detailed Change Proposal** with respect to each **Affected Fast Reserve Contract**, such that the **Affected Fast Reserve Provider** is in no better and no worse position after the coming into effect of the **Detailed Change Proposal** than it would have been in had such **Detailed Change Proposal** not come into effect.

1.2.14 If by the expiry of such period of §20 **Business Days** **National Grid** and the **Affected Fast Reserve Provider** have been unable to reach agreement as to the amendments to the **Fast Reserve Framework Agreement** contemplated in sub-paragraph 1.2.13, then either of them may, with the written consent of the other, refer the matter or matters in dispute to **Expert Determination**.

1.2.15 Until such time as such amendments to the **Fast Reserve Framework Agreement** are agreed or determined (as the case may be), and notwithstanding sub-paragraph 1.2.8, unless otherwise agreed between **National Grid** and the **Affected Fast Reserve Provider**, this **Document** (as may subsequently be amended from time to time) shall be deemed incorporated into the **Affected Fast Reserve Provider's Fast Reserve Framework Agreement** but on the basis that the amendments set out in the relevant **Detailed Change Proposal** shall not apply to the **Affected Fast Reserve Contract(s)**.

Increase in Contract Prices

1.2.16 Within §20 **Business Days** of receipt by **National Grid** of the **Affected Fast Reserve Provider's** notice pursuant to sub-paragraph 1.2.10(b) of its intention to seek an increase to **Contract Prices**, **National Grid** and the **Affected Fast Reserve Provider** shall negotiate in good faith an increase to the **Contract Prices** (or any of them) in respect of each **Affected Fast Reserve Contract** so as to reflect any increase in net cost demonstrated by the **Fast Reserve Provider** to **National Grid's** reasonable satisfaction and taking into account sub-paragraphs 1.2.17 and 1.2.18 (and for such purpose the **Fast Reserve Provider** shall provide to **National Grid** all such evidence as it may reasonably require).

1.2.17 The **Affected Fast Reserve Provider** shall take all reasonable steps to minimise any such increase in net costs arising from such **Detailed Change Proposal**.

1.2.18 The **Contract Prices** or any of them as agreed or determined to be increased pursuant to sub-paragraphs 1.2.16 and 1.2.19 (as the case may be) shall only be effective from the **Final Implementation Date** of the **Detailed Change Proposal**.

1.2.19 If by the expiry of the period of 520 **Business Days** referred to in sub-paragraph 1.2.16 **National Grid** and the **Affected Fast Reserve Provider** have been unable to agree an increase to the **Contract Prices** contemplated by sub-paragraph 1.2.16, then the **Fast Reserve Provider** may either:-

- (a) following not less than 5 **Business Days**' notice in writing to **National Grid**, refer the matter or matters in dispute to **Expert Determination**; or
- (b) where such **Detailed Change Proposal** is not required as a result of a **Qualifying Change in Law**, reject the application of such amendments to this **Document** to the **Affected Fast Reserve Contract(s)** by written notice to **National Grid** whereupon the provisions of sub-paragraphs 1.2.13, 1.2.14 and 1.2.15 shall apply mutatis mutandis.

1.2.20 **National Grid** may at its sole discretion modify a **Detailed Change Proposal** that is required as a result of a **Proposed Legal Requirement** at any time prior to the coming into effect of the **Change in Law**, provided that:-

- (a) such **Detailed Change Proposal** shall only be amended to the extent that and insofar as is necessary to give effect to any change to the **Proposed Legal Requirement** which comes to **National Grid's** attention; and
- (b) insofar as the **Fast Reserve Provider** notified **National Grid** pursuant to sub-paragraph 1.2.10(b) of its election to seek an increase to the **Contract Prices**, the **Fast Reserve Provider** shall have a further opportunity to do so to take account of any further increase in its net costs referred to therein resulting from the modification to the **Detailed Change Proposal**, provided always that such notice is received by **National Grid** no later than 5 **Business Days** after notification by **National Grid** of the modified **Detailed Change Proposal**.

1.2.21 Without prejudice to any provision of this paragraph 1.2, **National Grid** may, at its sole discretion and at any time prior to the later of (i) the relevant **Final Implementation Date** or, (ii) where sub-paragraphs 1.2.11, 1.2.14 or 1.2.19 apply, the date being 5 **Business Days** after the date of the **Expert's** written decision, withdraw a **Detailed Change Proposal** by notice in writing to the **Fast Reserve Provider**, whereupon the same shall be of no effect and:-

- (a) the **Fast Reserve Framework Agreement** of each **Affected Fast Reserve Provider** shall be amended so as to remove any **Special Condition(s)** agreed between the **Parties** pursuant to sub-paragraph 1.2.13 in respect of such **Detailed Change Proposal**; or

- (b) any increase in **Contract Prices** agreed or determined pursuant to sub-paragraphs 1.2.16 and 1.2.19 (as the case may be) shall be of no effect and the **Contract Prices** stated in the **Affected Fast Reserve Contracts** shall continue to apply.

1.22 Nothing in this paragraph 1.2 shall preclude **National Grid** and all other **Parties** at the relevant time from agreeing changes to this **Document** otherwise than in accordance with this paragraph 1.2.

1.3 **FAST RESERVE FRAMEWORK AGREEMENT**

- 1.3.1 If the prospective **Fast Reserve Provider** wishes to provide **Fast Reserve** to **National Grid** from any **Generating Unit(s)** and/or other **Plant** and **Apparatus**, it may seek to agree the terms of, and enter into, a **Fast Reserve Framework Agreement** with **National Grid** in respect of such **Generating Unit(s)** and/or other **Plant** and **Apparatus** in order to accede to the terms of this **Document**.
- 1.3.2 By entering into the **Fast Reserve Framework Agreement** the **Fast Reserve Provider** will, subject always to sub-paragraphs 1.3.5, 1.3.6 and 1.3.7, be permitted to provide the **Optional Service** and to submit **Firm Fast Reserve Tender(s)** with respect to such **Generating Unit(s)** and/or other **Plant** and **Apparatus** for such periods as specified by **National Grid** from time to time.
- 1.3.3 Each **Fast Reserve Framework Agreement** shall, as between **National Grid** and the **Fast Reserve Provider**, give contractual effect to this **Document** (as amended from time to time subject to and in accordance with sub-paragraph 1.2) and the provisions of this **Document** shall be deemed to be incorporated therein, save that **National Grid** and a **Fast Reserve Provider** may agree, by way of **Special Condition(s)**, to modify, disapply and/or supplement any provision of this **Document** where necessary to accommodate unit specific or site specific technical requirements or as otherwise contemplated by this **Document**, and this **Document** shall be read and construed accordingly.
- 1.3.4 The terms of the **Fast Reserve Framework Agreement** shall remain in force until terminated either:-
 - (a) by either or both **Parties** in accordance with this **Document**; or
 - (b) in accordance with the terms of the **Fast Reserve Framework Agreement**.

- 1.3.5 Where the provision of **Fast Reserve** from any **Generating Unit** and/or other **Plant** and **Apparatus** is dependent on the carrying out of works to such **Generating Unit** and/or other **Plant** and **Apparatus**, then the **Fast Reserve Provider** may not provide the **Optional Service** or submit a **Firm Fast Reserve Tender** with respect thereto unless and until either the **Fast Reserve Provider** shall have agreed the terms of and entered into with **National Grid** a **Fast Reserve Framework Agreement** containing the **Mandatory Works Provisions**, or as the case may be an existing **Fast Reserve Framework Agreement** shall have been amended in terms to be agreed so as to include the **Mandatory Works Provisions**.
- 1.3.6 Any **Fast Reserve Provider** wishing to submit a **Short Term Tender** with a **Tendered Service Term** in excess of 12 months or a **Long Term Tender** in either case comprising a basis for indexation of any or all of the **Contract Prices**, must first agree the terms of and enter into with **National Grid** a **Fast Reserve Framework Agreement** containing such indexation methodology, or as the case may be an existing **Fast Reserve Framework Agreement** shall be amended in terms to be agreed so as to include such indexation methodology.
- 1.3.7 For the avoidance of doubt, nothing in this **Document** shall create any rights and/or obligations as between two or more **Fast Reserve Providers**.

SECTION 2
TENDER RULES

2.1 INTRODUCTION

This Section 2 describes the monthly tendering process by which **National Grid** will procure **Firm Fast Reserve** from prospective **Fast Reserve Providers**. Only if a **Firm Fast Reserve Tender** submitted pursuant to this process is accepted by **National Grid** (or where the context otherwise requires) will the provisions of Section 3 or 4 (as the case may be) and the remainder of this **Document** apply with respect to the provision of and payment for **Firm Fast Reserve** in relation to the **Contracted BM Unit** or **Contracted Site(s)** in question.

2.2 FAST RESERVE PRE-QUALIFICATION ASSESSMENT AND REPROVING TESTS

2.2.1 It shall be a pre-condition to participating in any tender process described in this Section 2 that, at the time of submission of a **Firm Fast Reserve Tender** and in respect of the **Generating Unit** and/or other **Plant** or **Apparatus** in question, there subsists a **Fast Reserve Framework Agreement** between **National Grid** and the prospective **Firm Fast Reserve Provider** relating to the **Generating Unit** and/or other **Plant** or **Apparatus**, that, where applicable, contains the **Mandatory Works Provisions** and indexation methodology as referred to respectively in sub-paragraphs 1.3.5 and 1.3.6.

2.2.2 Save to the extent the subject of **Mandatory Works Provisions**, **National Grid** shall not enter into a **Fast Reserve Framework Agreement** with respect to any **Generating Unit** and/or other **Plant** or **Apparatus** unless that **Generating Unit** and/or other **Plant** or **Apparatus** has the capability (demonstrable to **National Grid**'s reasonable satisfaction) to:-

- (a) provide **Fast Reserve** within 2 minutes of instruction at rates equal to or greater than 25 MW per minute;
- (b) sustain continuous provision of **Fast Reserve** for a minimum period of 15 minutes;
- (c) cease provision of **Fast Reserve** within 2 minutes of instruction at rates equal to or greater than 25 MW per minute;
- (d) provide either singularly or in aggregate, with respect to any **Generating Unit** and/or other **Plant** or **Apparatus**, a **MW Delivery** of not less than 50 MW; and

- (e) deliver **Fast Reserve** against a constant **MW Delivery** or known **MW Delivery Profile** (as the case may be).

2.2.3 For the purposes of verifying compliance with sub-paragraph 2.2.22.2.22.2.22.2.2.2.2, and with respect to any **Generating Unit** and/or other **Plant** or **Apparatus**, **National Grid** reserves the right to require any prospective **Fast Reserve Provider** (other than a prospective **Fast Reserve Provider** to which sub-paragraph 1.3.5 applies) wishing to enter into a **Fast Reserve Framework Agreement** to submit to (at its own cost), and pass, a **Fast Reserve Pre-Qualification Assessment**, and in respect thereof the provisions of Annexure 1 to this Section 2 shall apply.

2.2.4 Furthermore, with respect to any **Generating Unit** and/or other **Plant** or **Apparatus** which is the subject of a **Fast Reserve Framework Agreement**, and for the purposes of verifying continued compliance with sub-paragraph 2.2.22.2.22.2.22.2.2.2.2, **National Grid** reserves the right at any time during the subsistence of that **Fast Reserve Framework Agreement** to require the party thereto to submit to (at its own cost) a **Reproving Test**, and failure to submit to, or pass, such **Reproving Test** shall entitle **National Grid** to terminate that **Fast Reserve Framework Agreement** in respect of the relevant **Generating Unit** and/or other **Plant** or **Apparatus** in accordance with sub-paragraph 5.4.4.

2.3 **FIRM FAST RESERVE TENDERS**

2.3.1 By the eighteenth **Business Day** of a calendar month, **National Grid** may publish on the **Industry Information Website** its estimated aggregate requirement for **Fast Reserve** (in MW) for each of the following types of **Operational Day** in the next but one following calendar month (“the **Service Requirement Month**”):-

- (a) commencing Mondays to Fridays;
- (b) commencing Saturdays; and
- (c) commencing Sundays and statutory bank holidays in England and Wales;

(together “the **Operational Day Types**”), each such requirement referred to in this **Document** as “the **Monthly Service Requirement**”.

2.3.2 In the calendar month immediately prior to the **Service Requirement Month** (“**Tender Month**”), a **Fast Reserve Provider** may, by the date specified in sub-paragraph 2.3.3, submit a **Firm Fast Reserve Tender** by specifying:-

- (a) the relevant **Contracted BM Unit** or **Contracted Site**;
- (b) the **Tendered Service Term**;
- (c) where applicable, whether the **Partial Acceptance Facility** is offered;
- (ed) for each **Firm Fast Reserve Month**:-
 - (i) in the case of a **Contracted BM Unit**, the **MW Delivery** or **MW Delivery Profile** (as the case may be);
 - (ii) in the case of a **Contracted Site**, any enhancements offered to the **Contracted MW** or revisions to the **Contracted MW Profile** (as the case may be);
 - (iii) the aggregate number of hours tendered for each of the three **Operational Day Types**, in one or more blocks of consecutive **Settlement Periods** (~~“**Tendered Service Periods**”~~);
 - (iv) any **Utilisation Restrictions**;
 - (v) the **Firm Service Fee** (comprising a **Firm Availability Fee**, a **Positional Fee** and a **Window Initiation Fee**); ~~and~~
 - (vi) in the case of a **Contracted BM Unit**, the **Capped Bid-Offer Price**; and
 - (vii) in the case of a **Contracted Site**, the **Firm Fast Reserve Energy Fee**,

together the “**Tendered Service Parameters**”.

2.3.3 ~~A **Firm Fast Reserve Tenders**~~ shall be submitted no later than the ~~third~~first **Business Day** of the **Tender Month**, ~~save that **Short Term Tenders** and **Long Term Tenders** shall be submitted by no later than the first **Business Day** of the **Tender Month**.~~

2.3.4 The **Tendered Service Term** shall commence at the start of the calendar month next following the **Tender Month** (being the relevant **Service Requirement Month**), save that:-

- (a) for **Short Term Tenders**, the **Tendered Service Term** may commence at the start of any calendar month thereafter; and

- (b) for **Long Term Tenders**, the **Tendered Service Term** may commence at the start of any calendar month from and including the third calendar month next following the **Tender Month** but may not commence any earlier.

2.3.5 Where, in any **Tender Month**, **National Grid** receives one or more **Long Term Tenders**, the following provisions shall apply:-

- (a) no later than the fifth **Business Day** of the **Tender Month**, **National Grid** shall notify by email all **Fast Reserve Providers** as to the **Tendered Service Term** (including **Commencement Date** and, where applicable, any offered **Partial Acceptance Facility**) of such **Long Term Tender(s)**, and shall also publish the same on the **Industry Information Website**;
- (b) following such notification any such **Fast Reserve Provider** shall have a further opportunity to submit a **Firm Fast Reserve Tender**, upon and subject to the following conditions:-
 - (i) the **Tendered Service Term** of such **Firm Fast Reserve Tender** must comply with sub-paragraph 2.3.4 and overlap by a minimum of one calendar month with the notified **Tendered Service Term**; and
 - (ii) any such **Firm Fast Reserve Tender** must be submitted in accordance with sub-paragraph 2.3.2 and by no later than the fifteenth **Business Day** of the calendar month next following the **Tender Month**.

2.3.6 A **Fast Reserve Provider** may submit more than one **Firm Fast Reserve Tender** in respect of the same **Contracted BM Unit** or **Contracted Site** where the **Tendered Service Term** in respect of some or all of such **Firm Fast Reserve Tenders** overlaps, provided that where such **Firm Fast Reserve Tenders** are mutually exclusive the **Fast Reserve Provider** shall submit them separately and **National Grid** may only accept one such **Firm Fast Reserve Tender** in respect of the **Contracted BM Unit** or **Contracted Site** in question.

2.3.7 By submitting a **Firm Fast Reserve Tender**, each **Fast Reserve Provider** hereby warrants and undertakes to **National Grid** that:-

- (a) with respect to any **Contracted BM Unit** or **Contracted Site**, at the time of submission of the **Firm Fast Reserve Tender** there are no existing or anticipated restrictions in any **Connection Agreement** and/or agreement for the supply of electricity to that **Contracted BM Unit** or **Contracted Site** and/or for the acceptance of electricity into, and its delivery from, that **Contracted BM Unit** or

Contracted Site which would cause the **Fast Reserve Provider** to breach at any time during the **Tendered Service Term** the warranty in sub-paragraphs 3.6.1 or 4.6.1 (as applicable); and

- (b) it has neither fixed nor adjusted the tendered **Firm Service Fees** under or in accordance with any agreement or arrangement with any other person, and that it has neither communicated to a person (other than its professional advisers) the amount or approximate amount of the tendered **Firm Service Fees** (other than in confidence in order to obtain quotations necessary for insurance purposes) nor entered into any agreement or arrangement with any other person to restrain that other person from tendering or to fix or adjust the tendered **Firm Service Fees** to be submitted by that other person; and
- (c) where, with respect to any **Contracted BM Unit**, it has indicated in the **Firm Fast Reserve Tender** that **Fast Reserve** is either to be treated, or as the case may be not to be treated, as an **Applicable Balancing Service** for the purposes of the **ABSVD Methodology Statement** and Section Q.6.4 of the **Balancing and Settlement Code**, then if that **Firm Fast Reserve Tender** is accepted by **National Grid** in accordance with this Section 2 the **Fast Reserve Provider** shall promptly take or desist from taking all actions necessary (without limitation as required by and in accordance with the **ABSVD Methodology Statement**) to ensure that, in accordance with the **Firm Fast Reserve Tender**, **Fast Reserve** from the **Contracted BM Unit** is treated, or as the case may be not to be treated, at all times during the **Tendered Service Term** as an **Applicable Balancing Service** for such purpose,

and each **Fast Reserve Provider** indemnifies **National Grid** from and against any losses, liabilities, claims, expenses and demands which **National Grid** might suffer as a result of the **Fast Reserve Provider** being in breach of any warranty and/or undertaking set out in this sub-paragraph 2.3.7.

- 2.3.8 A **Fast Reserve Provider** may withdraw a **Firm Fast Reserve Tender** submitted under sub-paragraphs 2.3.2 or 2.3.5 at any time prior to receiving written notification from **National Grid** confirming the acceptance of such **Firm Fast Reserve Tender** pursuant to sub-paragraph 2.5. Such withdrawal shall only be effective where sent by first class prepaid post or facsimile to **National Grid** at the address or facsimile number stated in the **Fast Reserve Framework Agreement** to be received by no later than 11:00 hours on the **Business Day** on which such withdrawal is to be effective. Where such withdrawal is received after 11:00 hours on a **Business Day** or on any day other than a **Business Day** it

shall not be effective until 09:00 hours on the next following **Business Day**. **National Grid** may accept a **Firm Fast Reserve Tender** at any time until a withdrawal is effective.

2.3.9 All **Firm Fast Reserve Tenders** shall:-

- (a) be fully compliant (without any qualification) with the requirements of this **Document**;
- (b) not be accompanied by statements that could be construed by **National Grid** as rendering the **Firm Fast Reserve Tender** equivocal and/or prevent its evaluation on an equal basis with other **Firm Fast Reserve Tenders**;
- (c) subject always to sub-paragraph 2.3.9(e), be returned by post to the address specified in the **ITT Pack** to be received on or by no later than 17.00 hours on the date specified in sub-paragraphs 2.3.3 or 2.3.5(b)(ii) (as the case may be);
- (d) subject always to sub-paragraph 2.3.9(e), be contained in an envelope marked on the top left hand corner “**Tender for Fast Reserve**”; and
- (e) notwithstanding sub-paragraphs 2.3.9(c) and (d), **National Grid** may at any time and by notice in writing to **Fast Reserve Providers** on its **Industry Information Website**, prescribe one or more additional or alternative methods of submitting **Firm Fast Reserve Tenders**.

2.3.10 If, in the sole judgement of **National Grid**, a **Fast Reserve Provider** has failed to submit a compliant **Firm Fast Reserve Tender**, **National Grid** reserves the right to:-

- (a) accept that **Firm Fast Reserve Tender**; or
- (b) disqualify that **Firm Fast Reserve Tender**; and/or
- (c) take any other action as it deems appropriate in the circumstances including requesting the **Fast Reserve Provider** to amend any information set out in the **Firm Fast Reserve Tender** (but not prices) and resubmit a non-compliant **Firm Fast Reserve Tender** so that it is made compliant.

National Grid's decision as to whether or not a **Firm Fast Reserve Tender** is compliant shall be final, and the **Fast Reserve Provider** may be notified of its decision without prior consultation or explanation.

- 2.3.11 If there are any amendments and/or additions which **Fast Reserve Providers** require to be made to Sections 3 or 4 (as the case may be) and/or 5 or 6 of this **Document** as a condition of **National Grid**'s acceptance of a **Firm Fast Reserve Tender**, these shall be indicated either on a separate sheet or by annotation on a copy of this **Document**, and in each case shall accompany the **Firm Fast Reserve Tender**.
- 2.3.12 As a condition of accepting any **Firm Fast Reserve Tender**, **National Grid** reserves the right at its sole discretion to require amendments and/or additions to Sections 3 or 4 (as the case may be) and/or 5 or 6 of this **Document** including without limitation where necessary and/or desirable to take account of or otherwise reflect the technical or other conditions or features of the **Contracted BM Unit** or **Contracted Site** in question.
- 2.3.13 Amendments and/or additions to Sections 3 or 4 (as the case may be) and/or 5 or 6 of this **Document**, either indicated by a **Fast Reserve Provider** pursuant to sub-paragraph 2.3.11 or required by **National Grid** pursuant to sub-paragraph 2.3.12, shall be incorporated into the relevant **Fast Reserve Contract(s)** by way of the inclusion of such amendments and/or additions as **Special Conditions** in the relevant **Fast Reserve Framework Agreement**, and for the avoidance of doubt such amendments and/or additions shall have effect only with respect to the **Firm Fast Reserve Tender** in question, and for the avoidance of doubt shall not thereby be incorporated into the **Fast Reserve Contract** between **National Grid** and any other **Fast Reserve Provider**.
- 2.3.14 If any further information is required to assist with the preparation of a **Firm Fast Reserve Tender**, the **Fast Reserve Provider** should request this information from **National Grid**. **National Grid** may consider it necessary to copy any further information given in response to specific enquiries to all other **Fast Reserve Providers**. No further information will be issued by **National Grid** after the date specified in sub-paragraphs 2.3.3 or 2.3.5(b)(ii) (as the case may be).
- 2.3.15 No costs or expenses incurred by **Fast Reserve Providers** in the course of preparing and/or submitting any **Firm Fast Reserve Tender** shall be paid by **National Grid**.
- 2.3.16 The **Firm Fast Reserve Tender** documentation shall be treated as private and confidential. **Fast Reserve Providers** must not divulge or release details of the **Firm Fast Reserve Tender** documentation 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 a tender.
- 2.3.17 Where applicable, in accordance with regulation 32 of the Utilities Contracts Regulations 2006, **National Grid** will be required to communicate details of **Fast Reserve Contracts** to the European Commission, and in doing so **National Grid** shall request the European

Commission to keep details of the **Fast Reserve Contracts** confidential and withhold publication in the Official Journal of the European Communities, and each **Fast Reserve Provider** consents to the disclosure by **National Grid** of information pursuant to this sub-paragraph 2.3.17 insofar as related to it and/or the contents of any **Firm Fast Reserve Tender** submitted by it.

2.4 TENDER ASSESSMENT

2.4.1 As soon as reasonably practicable following receipt of the **Firm Fast Reserve Tender**, **National Grid** may request that the **Fast Reserve Provider** provides clarification with regard to any one or more items of information contained in the **Firm Fast Reserve Tender** for the purpose of enabling **National Grid** to assess that **Firm Fast Reserve Tender**, and the **Fast Reserve Provider** shall provide such clarification in a timely manner.

2.4.2 When assessing **Firm Fast Reserve Tenders**, **National Grid** shall take account (in no particular order) of the **Tender Assessment Principles**.

2.4.3 Without limiting the generality of sub-paragraph ~~2.4.22.4.22.4.22.4.2~~, **National Grid** may decide to reject a **Firm Fast Reserve Tender** in the circumstances described in sub-paragraphs 3.7.5 and 4.7.5.

2.4.4 All and any **Long Term Tenders** received by **National Grid** in any **Tender Month** shall be assessed alongside all and any **Long Term Tenders** subsequently received pursuant to sub-paragraph 2.3.5(b).

2.5 ACCEPTANCE AND REJECTION

2.5.1 No later than the ~~tenth~~twelfth **Business Day** of the **Tender Month** (or, in the case of **Long Term Tenders**, no later than the ~~fifteenth~~twelfth **Business Day** of the second calendar month next following the **Tender Month**), **National Grid** shall notify in writing each **Fast Reserve Provider** who has submitted a **Firm Fast Reserve Tender** whether that **Firm Fast Reserve Tender** has been accepted or rejected (and, where applicable, in the case of acceptance where the **Partial Acceptance Facility** is offered, whether acceptance is in respect only of some of the **Firm Fast Reserve Months**). **National Grid's** decision shall be final and binding. Failing such notification by such date **National Grid** shall be deemed to have rejected the **Firm Fast Reserve Tender** concerned.

2.5.2 Subject to sub-paragraph 2.5.4, acceptance by **National Grid** of a **Firm Fast Reserve Tender** shall constitute formation of a **Fast Reserve Contract**, which shall be personal to the **Fast Reserve Provider** and may not be assigned otherwise than in accordance with

paragraph 5.5 without the consent of **National Grid** (not to be unreasonably withheld or delayed).

2.5.3 Upon notification by **National Grid** to the **Fast Reserve Provider** of acceptance of the **Firm Fast Reserve Tender** in respect of any **Contracted BM Unit** or **Contracted Site** in accordance with sub-paragraph 2.5.1, for the duration of the **Tendered Service Term** (or part thereof where acceptance is in respect of some only of the Firm Fast Reserve Months):-

- (a) where applicable, the provisions of Section 3 shall apply in respect of that **Contracted BM Unit** (and/or, where applicable in accordance with sub-paragraph 3.2.5, any **Contracted BM Unit** nominated as a substitute thereof);
- (b) where applicable, the provisions of Section 4 shall apply in respect of that **Contracted Site**; and
- (c) in each of the **Firm Fast Reserve Windows** (excluding any periods of substitution), the **Optional Service** shall be deemed to be unavailable from that **Contracted BM Unit** (or where applicable from any **Contracted BM Unit** nominated as a substitute thereof for the duration of such substitution), or **Contracted Site** (as the case may be), and the **Fast Reserve Provider** may not submit another tender for the **Firm Service** pursuant to the foregoing provisions of this Section 2.

2.5.4 Where **National Grid** has accepted a **Firm Fast Reserve Tender** in respect of a **Contracted BM Unit** or **Contracted Site** (as the case may be) which is the subject of **Mandatory Works Provisions**, such acceptance shall be conditional upon such **Contracted BM Unit** or **Contracted Site** successfully completing and commissioning in accordance with such **Mandatory Works Provisions** no later than the **Commencement Date** with respect to such **Firm Fast Reserve Tender**, provided always that **National Grid** may waive such condition pursuant to paragraph 5.7 of this **Document** and furthermore such acceptance shall be subject to withdrawal by **National Grid** upon the terms (if any) set out in the **Fast Reserve Framework Agreement**.

2.6 MARKET INFORMATION

2.6.1 To assist **Fast Reserve Providers** in the tender process described in this Section 2, **National Grid** shall publish on its **Industry Information Website** such information as it reasonably considers to be relevant and helpful in the preparation of **Firm Fast Reserve Tenders**.

2.6.2 Pursuant to sub-paragraph ~~2.6.12.6.12.6.12.6.1~~, **National Grid** shall use reasonable endeavours to publish on its **Industry Information Website** by the end of the

~~fifteenth~~fourteenth **Business Day** of a **Tender Month**, a report containing information with respect to those **Firm Fast Reserve Tenders**, including but not limited to:-

- (a) number of **Contracted BM Units** or **Contracted Sites** eligible to tender;
- (b) number of **Contracted BM Units** or **Contracted Sites** tendered;
- (c) number of **Contracted BM Units** or **Contracted Sites** that are currently the subject of a **Fast Reserve Contract** as a result of the acceptance by **National Grid** of a **Firm Fast Reserve Tender** pursuant to sub-paragraph 2.5.1 prior to the **Tender Month** in question;
- (d) aggregate MW available in respect of those **Fast Reserve Contracts** referred to in sub-paragraph 2.6.2(c);
- (e) aggregate MW specified in those **Firm Fast Reserve Tenders** received by **National Grid** during the applicable **Tender Month**;
- (f) aggregate MW of those **Firm Fast Reserve Tenders** accepted by **National Grid** pursuant to sub-paragraph 2.5.1;
- (g) an indication of which of the **Contracted BM Units** or **Contracted Sites** that are the subject of a **Fast Reserve Contract** are the subject of **Mandatory Works Provisions**; and
- (h) **Tendered Service Term** (including the commencement thereof) of those **Firm Fast Reserve Tenders** accepted by **National Grid** pursuant to sub-paragraph 2.5.1.

2.6.3 For the purposes of paragraph 5.6, each **Fast Reserve Provider** consents to the disclosure by **National Grid** of information pursuant to this paragraph 2.6 insofar as related to it and/or the contents of any **Firm Fast Reserve Tender** submitted by it and/or any **Fast Reserve Contract** to which it is a party, including without limitation the prevailing **Enhanced Rates Availability Fee** in respect of any **Contracted BM Unit** and the prevailing **Optional Availability Fee** and/or **Optional Energy Fee** in respect of any **Contracted Site**, and any revisions thereto.

2.6.4 **National Grid** shall not be bound to comply with the provisions of this paragraph 2.6 with respect to the publication of information if and to the extent that to do so would in **National**

Grid's reasonable opinion restrict, distort or prevent competition in the provision of **Fast Reserve** or be likely to do so.

-ANNEXURE 1 TO SECTION 2

FAST RESERVE PRE-QUALIFICATION ASSESSMENT - PROCEDURE

1. Purpose

The purpose of the **Fast Reserve Pre-Qualification Assessment** is to ensure the **Generating Unit** and/or other **Plant** or **Apparatus** complies with the mandatory requirements with respect to **Fast Reserve** as specified in sub-paragraph 2.2.2.

2. Specification

A full range of **Plant** performance tests will be carried out by the prospective **Fast Reserve Provider** to prove that the **Generating Unit** and/or other **Plant** or **Apparatus** performs correctly and (where applicable) without detriment to other **Generating Units** at the **Power Station**. The **Fast Reserve Pre-Qualification Assessment** may form part of these tests however it will be considered to be independent from them.

The **Fast Reserve Pre-Qualification Assessment** shall be deemed to be passed when the **Generating Unit** and/or other **Plant** or **Apparatus** has demonstrated that it has performed adequately in all the tests set out below such that all **Parties** can have confidence that **Fast Reserve** can be provided from the **Generating Unit** and/or other **Plant** or **Apparatus** in accordance with the mandatory requirements specified in sub-paragraph 2.2.2 when instructed by **National Grid**. The prospective **Fast Reserve Provider** will be expected to demonstrate:

- 2.1 the run up rate that the **Generating Unit** and/or other **Plant** or **Apparatus** can achieve in MW/min from standstill and the timing of any notice period;
- 2.2 the run down rate that the **Generating Unit** and/or other **Plant** or **Apparatus** can achieve in MW/min and the timing of any notice period;
- 2.3 that the **Generating Unit** and/or other **Plant** or **Apparatus** can start to change its output in accordance with these run up/run down rates within 2 minutes of an instruction from **National Grid**;
- 2.4 when the **Generating Unit** and/or other **Plant** or **Apparatus** is changing its output to deliver **Fast Reserve**, how quickly the delivery can be halted and how quickly the delivery can start to be reversed;
- 2.5 the maximum amount of **Fast Reserve** that the **Generating Unit** and/or other **Plant** or **Apparatus** can deliver in accordance with the run up rates given in MW and how much can be delivered from a single instruction (if different);
- 2.6 the ability to repeat delivery from the **Generating Unit** and/or other **Plant** or **Apparatus** and the minimum recovery period required between periods of **Fast Reserve** delivery;

- 2.7 there are no limitations that would affect flexibility of utilisation of **Fast Reserve** applying to the **Generating Unit** and/or other **Plant** or **Apparatus**, e.g. for non-grid code providers;
- 2.8 operation of the **Generating Unit** and/or other **Plant** or **Apparatus** within the **Frequency** range of 47Hz to 52Hz;
- 2.9 capability of the **Generating Unit** and/or other **Plant** or **Apparatus** to withstand distortions in the voltage waveform;
- 2.10 suitable **Operational Metering Equipment** is installed to monitor and meter the provision of **Fast Reserve** from the **Generating Unit** and/or other **Plant** or **Apparatus**; and
- 2.11 the provision of **Fast Reserve** from the **Generating Unit** and/or other **Plant** or **Apparatus** may be instructed by **EDL** (Electronic Data Logging), **Automatic Logging Device** or an equivalent electronic despatch facility.

SECTION 3

FAST RESERVE - BALANCING MECHANISM PARTICIPANTS - PRODUCTION BM UNITS

3.1 INTRODUCTION

3.1.1 Subject to sub-paragraph 3.1.2, this Section 3 sets out the terms for provision of **Fast Reserve** where the **Fast Reserve Provider** provides **Fast Reserve** from **Generating Unit(s)** comprised within a **Production BM Unit** which it has established and registered as such under and in accordance with the **Balancing and Settlement Code**.

3.1.2 Where a **Fast Reserve Contract** provides that the **Fast Reserve Provider** may procure the performance by a **Fast Reserve Provider's Agent** of certain of its obligations in connection with the provision of **Fast Reserve** pursuant to this Section 3, paragraphs 3.2 to 3.9 and Annexures 1 and 2 to this Section 3 shall not apply and shall be replaced with paragraphs 3.2 to 3.9 and Annexures 1 and 2 to Section 3 set out in Part 1 of Schedule 1.

3.1.3 The provisions of this Section 3 shall apply with respect to a **Fast Reserve Provider** who has submitted a **Firm Fast Reserve Tender(s)** which has been accepted (in whole or in part) by **National Grid** in respect of the **BM Unit** specified in such **Firm Fast Reserve Tender** pursuant to paragraph 2.5.1 so as to form a **Fast Reserve Contract**.

3.1.4 The provisions of this Section 3 shall also apply with respect to the provision by the **Fast Reserve Provider** of the **Optional Service**.

3.2 FIRM SERVICE

3.2.1 Availability of the Firm Service

- (a) No later than 36 hours prior to the commencement of each **Operational Day** during the **Contracted Service Term**, **National Grid** may notify the **Fast Reserve Provider** by facsimile in the applicable form set out in Annexure 2 to this Section 3 of those **Settlement Periods** comprised within the **TenderContracted Service Periods** for that **Operational Day** in respect of which **National Grid** requires the **Firm Service** to be provided from one or more of the **Firm Contracted BM Units** ("the **Firm Fast Reserve Window(s)**"). Such notification shall take account of any relevant **Utilisation Restrictions** in respect of the **Firm Contracted BM Unit(s)**. The **Fast Reserve Provider** shall acknowledge receipt of such notification as soon as reasonably practicable by facsimile in the applicable form set out in Annexure 2 to this Section 3. Failure by the **Fast Reserve Provider** to acknowledge receipt in accordance with this

sub-paragraph 3.2.1(a) shall not relieve the **Fast Reserve Provider** of its obligations set out in sub-paragraph 3.2.1(c).

- (b) Failing notification by **National Grid** pursuant to sub-paragraph 3.2.1(a) in respect of any **Firm Contracted BM Unit**, **National Grid** shall be deemed not to require provision of the **Firm Service** from that **Firm Contracted BM Unit** during any of the **FunderContracted Service Periods** for the **Operational Day** in question, but, for the avoidance of doubt, **National Grid**'s obligation contained in sub-paragraph 3.2.3 to pay the **Firm Availability Payment** shall be unaffected.
- (c) Where **National Grid** shall have notified the **Fast Reserve Provider** of the **Firm Fast Reserve Window(s)** in respect of any **Operational Day**, and in respect of each **Settlement Period** comprised within such **Firm Fast Reserve Window(s)**, the **Fast Reserve Provider** shall procure the following in respect of the relevant **Firm Contracted BM Unit** so as to enable either provision of the **MW Delivery** or following of the **MW Delivery Profile** (as the case may be):-
 - (i) the **Physical Notification(s)** and associated **Bid-Offer Data** prevailing at **Gate Closure** shall be consistent with (or, in the case of **Bid-Offer Prices**, shall not exceed) the respective **Base Service Parameters** and the respective **Capped Bid-Offer Price**; and
 - (ii) the **Dynamic Parameters** and **Maximum Export Limit** shall be revised (where necessary) so as to be consistent with the relevant **Base Service Parameters**.
- (d) The **Fast Reserve Provider** shall notify **National Grid** by facsimile in the form set out in Annexure 2 to this Section 3 forthwith upon becoming aware of the inability (howsoever caused) of any **Firm Contracted BM Unit** to provide the **Firm Service** during any or all of the **Settlement Periods** within any of the **FunderContracted Service Period(s)** in respect of any **Operational Day**, and with effect from the start of such inability until otherwise notified by the **Fast Reserve Provider** by facsimile in the form set out in Annexure 2 to this Section 3 that the ability of the **Firm Contracted BM Unit** to provide the **Firm Service** is restored, the **Firm Service** shall be deemed to be unavailable from such **Firm Contracted BM Unit** for the purposes of sub-paragraph 3.2.4(d).

3.2.2 Utilisation of Firm Fast Reserve

- (a) Subject to sub-paragraph 3.2.2(c), **National Grid** may instruct the **Fast Reserve Provider** to provide **Firm Fast Reserve** from a **Firm Contracted BM Unit** at any time during a **Firm Fast Reserve Window** by issuing a **Bid-Offer Acceptance** (or in the case of an **Aggregated BM Unit**, by a single **Bid-Offer Acceptance** for each component **BM Unit**) in respect of that **Firm Contracted BM Unit** in accordance with the **Grid Code**.
- (b) **National Grid** may instruct the **Fast Reserve Provider** to cease provision of **Firm Fast Reserve** from a **Firm Contracted BM Unit** at any time by issuing **Bid-Offer Acceptance(s)** in respect of the relevant **Bid-Offer Pair**.
- (c) **National Grid** may not (without the prior written consent of the **Fast Reserve Provider**) instruct the **Fast Reserve Provider** to provide **Firm Fast Reserve** from a **Firm Contracted BM Unit** where any one or more **Utilisation Restrictions** apply in respect of that **Firm Contracted BM Unit**.

3.2.3 Payment for the Firm Service

- (a) In respect of each relevant **Firm Contracted BM Unit**, and subject always to paragraph 3.2.4, **National Grid** shall in accordance with paragraph 5.2 pay to the **Fast Reserve Provider** an amount (“the **Firm Availability Payment**”) calculated by reference to the **Availability Fee** and the aggregate number of hours comprised within **Firm Contracted Service Periods** in each **Operational Day** during the **Contracted Service Term** in respect of which the **Output Usable** for that **Firm Contracted BM Unit** notified by the **Fast Reserve Provider** to **National Grid** in accordance with **Grid Code OC2.4.1.2.4(b)** is always greater than zero.
- (b) In respect of each relevant **Firm Contracted BM Unit**, and subject always to sub-paragraph 3.2.4, **National Grid** shall in accordance with paragraph 5.2 pay to the **Fast Reserve Provider** an amount (“the **Positional Payment**”) calculated by reference to the **Positional Fee** and the aggregate number of hours comprised within **Firm Fast Reserve Windows** in each **Operational Day** during the **Contracted Service Term**.
- (c) In respect of each relevant **Firm Contracted BM Unit**, **National Grid** shall in accordance with paragraph 5.2 pay to the **Fast Reserve Provider** an amount

(“the **Window Initiation Payment**”) calculated by reference to the **Window Initiation Fee** and each **Firm Fast Reserve Window** in each **Operational Day** during the **Contracted Service Term**.

- (d) No energy payments shall be made by **National Grid** to the **Fast Reserve Provider** under this paragraph 3.2 in respect of the provision of **Firm Fast Reserve** from a **Firm Contracted BM Unit** during **Firm Fast Reserve Windows**.

3.2.4 **Failure to provide the Firm Service**

- (a) If, in respect of any **Settlement Period** comprised within any **Firm Fast Reserve Window**, and in respect of any **Firm Contracted BM Unit**:-

- (i) the **Physical Notification(s)** and associated **Bid-Offer Data** in respect of that **Firm Contracted BM Unit** prevailing at **Gate Closure** is not in any respect consistent with (or, in the case of **Bid-Offer Prices**, exceeds) the respective **Base Service Parameters** and the respective **Capped Bid-Offer Price**; and/or

- (ii) the **Dynamic Parameters** and **Maximum Export Limit** in respect of that **Firm Contracted BM Unit** are not in any respect consistent with the respective **Base Service Parameters**,

in each case so as to permit either the provision of the **MW Delivery** or the following of the **MW Delivery Profile** (as the case may be), then for the purposes of sub-paragraph 3.2.4(e) each such event shall constitute an event of default, and **National Grid** shall, in respect of that **Firm Contracted BM Unit**, have the right to:-

- (a) withhold payment of the **Firm Availability Payment** and **Positional Payment** in respect of that **Settlement Period** only; and

- (b) withhold payment of the **Window Initiation Payment** in respect of the relevant **Firm Fast Reserve Window**.

- (b) If, in respect of any **Settlement Period** comprised within any **Firm Fast Reserve Window**, and in respect of any **Firm Contracted BM Unit**:-

- (i) the **Fast Reserve Provider** submits a revision to the **Maximum Export Limit** or **Stable Export Limit**; and/or
- (ii) that **Firm Contracted BM Unit** desynchronises other than pursuant to an instruction issued by **National Grid**,

in each case such that that **Firm Contracted BM Unit** is unable either to provide the **MW Delivery** or to follow the **MW Delivery Profile** (as the case may be), then for the purposes of sub-paragraph 3.2.4(e) each such event shall constitute an event of default, and **National Grid** shall have the right to withhold payment of the **Firm Availability Payment** and **Positional Payment** in respect of that **Firm Contracted BM Unit** in respect of that **Settlement Period** only.

- (c) If, during a **Firm Fast Reserve Window**, **National Grid** determines in accordance with the procedure set out in Annexure 1 to this Section 3 that a **Firm Contracted BM Unit** has in any **Settlement Period** failed to comply with a **Bid-Offer Acceptance** issued in accordance with the **Grid Code**, then for the purposes of sub-paragraph 3.2.4(e) such event shall constitute an event of default, and **National Grid** shall have the right to withhold payment of the **Firm Availability Payment** and **Positional Payment** in relation to that **Firm Contracted BM Unit** in respect of each such **Settlement Period**.
- (d) If, in respect of any **Settlement Period** comprised within any **Firm Fast Reserve Window**, and in respect of any **Firm Contracted BM Unit** the **Fast Reserve Provider** submits a notification pursuant to sub-paragraph 3.2.1(d) such that the **Firm Contracted BM Unit** is unable either to provide the **MW Delivery** or to follow the **MW Delivery Profile** (as the case may be), then for the purposes of sub-paragraph 3.2.4(e) each such event shall constitute an event of default, and **National Grid** shall have the right to withhold payment of the **Firm Availability Payment** and **Positional Payment** in respect of that **Firm Contracted BM Unit** in respect of that **Settlement Period** only.
- (e) Without prejudice to sub-paragraphs 3.2.4(a), (b), (c) and (d), **National Grid** shall have the right to terminate delivery of the **Firm Service** pursuant to the provisions of this paragraph 3.2 in respect of any **Firm Contracted BM Unit**, for the remainder of a **Firm Fast Reserve Month** or the **Contracted Service Term** (as **National Grid** may in its sole discretion determine), forthwith by notice in writing to the **Fast Reserve Provider** if the number of events of default referred to in sub-paragraphs 3.2.4(a), (b), (c) and (d) which shall have occurred in respect of that **Firm Contracted BM Unit** exceeds either:-
 - (i) two such events of default during that **Firm Fast Reserve Month**; or

- (ii) two such events of default during any thirty day period comprised in that **Contracted Service Term**; or
- (iii) three such events of default either during any three hundred and sixty five day period comprised in that **Contracted Service Term** or (where the relevant **Contracted Service Term** is for a period less than a calendar year) during that **Contracted Service Term**.

For the avoidance of doubt, following termination of delivery of the **Firm Service** in accordance with this sub-paragraph 3.2.4(e) in respect of any **Firm Contracted BM Unit**, no further payments shall accrue in respect of that **Firm Contracted BM Unit** pursuant to this paragraph 3.2 in respect of the remainder of the relevant **Firm Fast Reserve Month** or **Contracted Service Term** (as the case may be).

- (f) For the purposes of sub-paragraph 3.2.4(e) it is acknowledged that, in respect of any **Firm Contracted BM Unit**, the occurrence of both of the events of default described in sub-paragraphs 3.2.4(a)(i) and (ii) or the occurrence of both of the events of default described in sub-paragraphs 3.2.4(b)(i) and (ii) in respect of the same **Settlement Period** shall constitute a single event of default.

3.2.5 **Substitution of Firm Contracted BM Unit(s)**

In respect of any **Firm Contracted BM Unit** delivering the **Firm Service** in any **Firm Fast Reserve Month** or **Contracted Service Term** (as the case may be) pursuant to the provisions of this paragraph 3.2 (“the **Retired Contracted BM Unit**”), the **Fast Reserve Provider** may notify **National Grid** by facsimile in the applicable form set out in Annexure 2 to this Section 3 of its nomination of a substitute **Contracted BM Unit** for one or more specified **Firm Fast Reserve Windows** during such **Firm Fast Reserve Month** or **Contracted Service Term**. Provided that:-

- (i) such notice indicates the identity of the nominated **Contracted BM Unit** and the **Retired Contracted BM Unit** and the **Firm Fast Reserve Windows** concerned; and
- (ii) such notice is received by **National Grid** at least 2 hours prior to **Gate Closure** in respect of the first **Settlement Period** in any such **Firm Fast Reserve Window**; and

- (iii) the **Base Service Parameters** in respect of the nominated **Contracted BM Unit** are identical to the **Base Service Parameters** of the **Retired Contracted BM Unit**; and
- (iv) the **MW Delivery** or **MW Delivery Profile** (as the case may be) and **Capped Bid-Offer Price** in respect of the nominated **Contracted BM Unit** shall be deemed to be the **MW Delivery** or **MW Delivery Profile** (as the case may be) and **Capped Bid-Offer Price** tendered in respect of the **Retired Contracted BM Unit**; and
- (v) **National Grid** does not subsequently notify the **Fast Reserve Provider** by facsimile in the applicable form set out in Annexure 2 to this Section 3 by 1 hour prior to **Gate Closure** in respect of the first **Settlement Period** in any such **Firm Fast Reserve Window** that it does not approve such nomination (such refusal not to be unreasonably given),

then such substitution shall take effect so that, in respect of such **Firm Fast Reserve Window**, references in this paragraph 3.2 to the **Firm Contracted BM Unit** shall, in respect of the **Retired Contracted BM Unit**, be read and construed as references to the **Contracted BM Unit** so nominated.

3.2.6 **Interpretation**

In this paragraph 3.2, each reference to “**Physical Notification**”, “**Maximum Export Limit**” and “**Stable Export Limit**” shall, in respect of any **Firm Contracted BM Unit** comprising an **Aggregated BM Unit**, be read and construed as the **Physical Notification**, **Maximum Export Limit** and **Stable Export Limit** of each constituent **BM Unit** or any of them (as the context admits).

3.3 **OPTIONAL SERVICE**

3.3.1 **Availability of Optional Service**

- (a) Save in respect of any **Settlement Periods** where the **Optional Service** is deemed unavailable from a **Contracted BM Unit** in accordance with sub-paragraph 2.5.3, for the purposes of **Grid Code BC2.5.3.1** and **BC1.A.1.5** **National Grid** may request the **Fast Reserve Provider** to make available in one or more **Settlement Periods** enhanced run up and run down rates from that **Contracted BM Unit** which are consistent with those contained in the **Base Service Parameters** (“the **Enhanced Rates**”).

- (b) Upon receipt of a request pursuant to sub-paragraph 3.3.1(a), the **Fast Reserve Provider** shall within two minutes of receipt of such request, notify **National Grid** (as the case may be) either that it shall, or is unable to, make available the **Enhanced Rates** in accordance with that request. Failure to notify **National Grid** in accordance with this sub-paragraph 3.3.1(b) shall be deemed to constitute unavailability of the **Optional Service** from the **Contracted BM Unit** in question in respect of all relevant **Settlement Periods**.
- (c) Where the **Fast Reserve Provider** has confirmed that it shall make available the **Enhanced Rates** in accordance with a request from **National Grid** pursuant to sub-paragraph 3.3.1(a):-
- (i) the **Fast Reserve Provider** shall as soon as reasonably practicable (and preferably before expiry of the **Response Time**) and in respect of all **Settlement Periods** submit to **National Grid** in accordance with the **Grid Code** in respect of each relevant **Contracted BM Unit Dynamic Parameters** which include run up and run down rates consistent with the **Enhanced Rates**; and
- (ii) save where sub-paragraph 3.3.1(d) applies, **National Grid** shall subsequently notify the **Fast Reserve Provider** of the time from which it no longer requires the **Fast Reserve Provider** to make available the **Enhanced Rates** from a **Contracted BM Unit**.
- (d) Where the **Fast Reserve Provider** has submitted **Dynamic Parameters** to **National Grid** in respect of a **Contracted BM Unit** in accordance with sub-paragraph 3.3.1(c)(i), in the event that such **Contracted BM Unit** subsequently desynchronises other than pursuant to an instruction issued by **National Grid**, then **National Grid** shall be deemed with effect from the time of such **Desynchronisation** to have notified the **Fast Reserve Provider** in accordance with sub-paragraph 3.3.1(c)(ii) that it no longer requires the **Fast Reserve Provider** to make available the **Enhanced Rates** from such **Contracted BM Unit**.

3.3.2 Utilisation of Optional Fast Reserve

- (a) **National Grid** may instruct the **Fast Reserve Provider** to provide **Optional Fast Reserve** from a **Contracted BM Unit** at any time during **Settlement Periods** when the **Optional Service** is available by issuing a **Bid-Offer Acceptance** (or in

the case of an **Aggregated BM Unit**, by issuing a single **Bid-Offer Acceptance** for each component **BM Unit**) in respect of that **Contracted BM Unit** in accordance with the **Grid Code**.

- (b) **National Grid** may instruct the **Fast Reserve Provider** to cease provision of **Optional Fast Reserve** from a **Contracted BM Unit** at any time by issuing **Bid-Offer Acceptance(s)** in respect of the relevant **Bid-Offer Pair**.

3.3.3 Payment for the Optional Service

- (a) **National Grid** shall, in accordance with paragraph 5.2, pay to the **Fast Reserve Provider** an amount (“the **Enhanced Rates Availability Payment**”), in respect of each **Contracted BM Unit**, calculated by reference to the **Enhanced Rates Availability Fee** set out in the **Fast Reserve Framework Agreement** as revised from time to time pursuant to sub-paragraph 3.3.3(c) and either:
 - (i) (where the **Fast Reserve Provider** submits revised **Dynamic Parameters** to **National Grid** pursuant to sub-paragraph 3.3.1(c)(i) upon or before expiry of the **Response Time**) the period from **National Grid**’s request pursuant to sub-paragraph 3.3.1 until such time as **National Grid** notifies (or is deemed to have notified) the **Fast Reserve Provider** pursuant to sub-paragraph 3.3.1(c)(ii) that the **Enhanced Rates** are no longer required; or
 - (ii) (where the **Fast Reserve Provider** submits revised **Dynamic Parameters** to **National Grid** pursuant to sub-paragraph 3.3.1(c)(i) after expiry of the **Response Time**) the period from the time at which the **Enhanced Rates** are made available from a **Contracted BM Unit** pursuant to sub-paragraph 3.3.1(c)(i) until such time as **National Grid** notifies (or is deemed to have notified) the **Fast Reserve Provider** pursuant to sub-paragraph 3.3.1(c)(ii) that such **Enhanced Rates** are no longer required.
- (b) No energy payments shall be made by **National Grid** to the **Fast Reserve Provider** under this paragraph 3.3 in respect of the provision of **Optional Fast Reserve** from a **Contracted BM Unit** during **Settlement Periods** when the **Optional Service** is provided.
- (c) The **Fast Reserve Provider** may (by way of amendment to, or as otherwise provided in, the ~~**Fast Reserve Provider’s**~~ **Fast Reserve Framework**

Agreement) from time to time revise the **Enhanced Rates Availability Fee** in respect of any one or more of the **Contracted BM Units** from time to time provided that the **Fast Reserve Provider** shall have given **National Grid** not less than one week's notice in writing, and any such revision shall take effect from 05:00 hours on a Monday.

3.3.4 **Failure to provide Optional Fast Reserve**

If, having instructed the **Fast Reserve Provider** to provide **Optional Fast Reserve** from a **Contracted BM Unit** by way of the issue of a **Bid-Offer Acceptance(s)** in accordance with sub-paragraph 3.3.1, **National Grid** determines in accordance with the procedure set out in Annexure 1 to this Section 3 that the **Contracted BM Unit** has in any **Settlement Period** failed to comply in any respect with that **Bid-Offer Acceptance**, then **National Grid** shall have the right to withhold payment of the **Enhanced Rates Availability Payment** in relation to that **Contracted BM Unit** in respect of each such **Settlement Period**.

3.4 **GRID CODE AND DISTRIBUTION CODE**

The provision by the **Fast Reserve Provider** of **Fast Reserve** shall not relieve it of any of its obligations or affect such obligations (where applicable) set out in the **Grid Code** (including without limitation its obligations (if any) to provide **Demand** control when instructed by **National Grid** pursuant to **Grid Code OC 6**) or in the **Distribution Code** of its host **Public Distribution System Operator**.

3.5 **MAINTENANCE OF CONTRACTED BM UNITS**

The **Fast Reserve Provider** shall maintain the **Contracted BM Units** to such a standard that the **Fast Reserve Provider** can meet its obligations to provide **Fast Reserve** in accordance with the terms of this **Document** and any **Fast Reserve Contract(s)**.

3.6 **WARRANTY AND INDEMNITY**

3.6.1 The **Fast Reserve Provider** hereby warrants to **National Grid** that, where any **Contracted BM Unit** is **Embedded**, the entering into of a **Fast Reserve Contract** in respect of such **Contracted BM Unit** and the provision by it of **Fast Reserve** does not and will not cause the **Fast Reserve Provider** to be in breach of or to otherwise be non-compliant with any **Connection Agreement** and/or agreement for the supply of electricity to that **Contracted BM Unit** and/or for the acceptance of electricity into, and its delivery from, a **User System** or any other **System**.

3.6.2 The **Fast Reserve Provider** agrees that it will not make available and provide **Fast Reserve** from the relevant **Contracted BM Unit** to **National Grid** hereunder if such availability and/or provision would cause the **Fast Reserve Provider** to be in breach or non-compliance as described in sub-paragraph 3.6.1, and if it fails to make available and/or provide **Fast Reserve** on such grounds the **Fast Reserve Provider** will:-

- (a) notify **National Grid** in accordance with sub-paragraph 3.2.1(d); and
- (b) provide to **National Grid** to **National Grid**'s reasonable satisfaction such written statement and all such supporting evidence as shall be necessary to demonstrate how compliance would cause such breach or non-compliance.

3.6.3 In the event that the **Fast Reserve Provider** makes available and/or provides **Fast Reserve** to **National Grid** which causes the **Fast Reserve Provider** to be in breach or non-compliance as described in sub-paragraph 3.6.1 above, the **Fast Reserve Provider** shall indemnify **National Grid** against all and any claims made against **National Grid** by the **Fast Reserve Provider**'s host **Public Distribution System Operator** or any other person connected to or using the **Public Distribution System Operator**'s **User System** or any other **User System** or the owner or operator of any **User System** or any other person arising out of or resulting from such breach or non-compliance. Such indemnity shall include any legal costs and expenses reasonably incurred in the contesting of such claims including court costs and reasonable attorney's fees and other professional advisors' fees. The **Parties** agree and accept that, for the purposes of sub-paragraph 5.3.1, all such legal costs and expenses expressed to be the subject of such indemnity shall be treated as direct losses.

3.6.4 In the event of any such claim referred to in sub-paragraph 3.6.3 above or any third party claim under sub-paragraph 3.6.5 being made against **National Grid**, **National Grid** shall as soon as reasonably practicable give notice of the claim together with all relevant supporting documentation to the **Fast Reserve Provider**. The **Fast Reserve Provider** shall be entitled, upon written notice to **National Grid** and subject to **National Grid** receiving from the **Fast Reserve Provider** such reasonable undertakings as **National Grid** shall reasonably require to protect **National Grid** against damage to its name, to assume, at its own expense, sole conduct of all proceedings relating to such claim including the right to contest such claim in the name of **National Grid** and **National Grid** shall supply the **Fast Reserve Provider** with all information, assistance and particulars reasonably required by the **Fast Reserve Provider** in connection therewith. **National Grid** shall not accept, settle, pay or compromise any such claim without the prior written approval of the **Fast Reserve Provider** (such approval not to be unreasonably withheld or delayed). The **Fast Reserve Provider** shall reimburse **National Grid**'s reasonable expenses incurred in connection with the provision of any such information, assistance or particulars in the contesting of any such claim.

- 3.6.5 The **Fast Reserve Provider** warrants to **National Grid** that, on the date of the **Fast Reserve Contract** it is not, and it hereby undertakes that at all times throughout the term of each **Fast Reserve Contract** it will not be, in breach of the terms of the **Undertaking**, and, subject always to sub-paragraph 3.6.6, the **Fast Reserve Provider** will indemnify **National Grid** against any losses, liabilities, claims, expenses and demands which **National Grid** suffers as a direct result of the **Fast Reserve Provider** being in breach of the warranty set out in this sub-paragraph 3.6.5.
- 3.6.6 The amount or amounts for which the **Fast Reserve Provider** may be liable to **National Grid** pursuant to sub-paragraph 3.6.5 shall not exceed the sum of £250,000 per **Fast Reserve Contract**.

3.7 PROVISION OF OTHER SERVICES

- 3.7.1 The **Fast Reserve Provider** hereby warrants to **National Grid** that, on the **Commencement Date**, it is not a party to an agreement or arrangement with its host **Public Distribution System Operator** or electricity supplier or other person to provide any service from any **Contracted BM Unit** the provision of which impairs the **Fast Reserve Provider's** ability to provide **Fast Reserve** and/or perform its obligations under a **Fast Reserve Contract** and that, subject always to sub-paragraph 3.7.2, it will indemnify **National Grid** against any losses, liabilities, claims, expenses and demands which **National Grid** suffers as a direct result of a breach by the **Fast Reserve Provider** of the provisions of this sub-paragraph 3.7.1. Notwithstanding such warranty, where any agreement or arrangement results during the term of a **Fast Reserve Contract** in the impairment of the ability of the **Fast Reserve Provider** to provide **Fast Reserve** and/or perform its obligations under such **Fast Reserve Contract**, then the **Fast Reserve Provider** undertakes to reimburse to **National Grid** all and any losses, liabilities, claims, expenses and demands reasonably incurred or suffered by **National Grid** as a result of the **Fast Reserve Provider's** ability to provide **Fast Reserve** and/or perform its obligations under such **Fast Reserve Contract** being thereby impaired.
- 3.7.2 The amount or amounts for which the **Fast Reserve Provider** may be liable to **National Grid** pursuant to sub-paragraph 3.7.1 shall not exceed the sum of £250,000 per **Fast Reserve Contract**.
- 3.7.3 Where during the term of a **Fast Reserve Contract** the **Fast Reserve Provider** intends to enter into an agreement or arrangement with its host **Public Distribution System Operator** or electricity supplier or other person to provide any service from the relevant **Contracted BM Unit** the provision of which impairs the **Fast Reserve Provider's** ability to provide **Fast Reserve** and/or perform its obligations under the **Fast Reserve Contract**, the **Fast Reserve Provider** shall notify **National Grid**, in accordance with paragraph 5.8, as soon as

reasonably practicable before entering into such agreement or arrangement. Upon and with effect from the entering into of any such agreement or arrangement, **National Grid** shall have the right to terminate the **Fast Reserve Contract** forthwith and serve a notice to that effect in accordance with paragraph 5.8.

3.7.4 For the avoidance of doubt, the availability in any **Settlement Period** comprised in a ~~Tender~~**Contracted Service Period** of an increase in **Generation** from any **Contracted BM Unit** or any part thereof for the benefit of any third party (including without limitation the **Fast Reserve Provider's** host **Public Distribution System Operator** or electricity supplier) shall be deemed for the purposes of sub-paragraphs 3.7.1, 3.7.2 and 3.7.3 to impair the **Fast Reserve Provider's** ability to provide **Fast Reserve** from that **Contracted BM Unit**.

3.7.5 Where, during any one or more **Settlement Periods** in a **Contracted Service ~~PeriodTerm~~**, a **Fast Reserve Provider** is required under the terms of any agreement with **National Grid** to provide from a **Firm Contracted BM Unit** a firm **Ancillary Service** (except with respect to **Reactive Power**) and such service provision either overlaps to any extent with the **Contracted Service ~~PeriodTerm~~** and/or is otherwise inconsistent or in conflict with the delivery of **Firm Fast Reserve**, -then **National Grid** may (at its option) either:-

- (a) require the **Fast Reserve Provider** to declare or re-declare unavailable such service provision in accordance with the terms of such agreement for the duration of each such overlapping **Settlement Period** and otherwise as required to remove such inconsistency or conflict; and/or
- (b) require that the terms of such agreement are amended so as to remove such overlap and/or inconsistency or conflict,

and if the **Fast Reserve Provider** fails to so declare or re-declare unavailable as required pursuant to sub-paragraph 3.7.5(a), or (as the case may be) for so long as such agreement is not so amended as required by **National Grid** pursuant to sub-paragraph 3.7.5(b), **National Grid** may (at its option) either reject the **Firm Fast Reserve Tender** (if not by then accepted) or otherwise terminate the **Fast Reserve Contract** forthwith and at any time by notice in writing to the **Fast Reserve Provider**.

3.7.6 With respect to the **Optional Service**, where in any one or more **Settlement Periods** a **Fast Reserve Provider** is required under the terms of any agreement with **National Grid** to provide from a **Contracted BM Unit** a firm **Ancillary Service** (except with respect to **Reactive Power**) and such service provision either overlaps to any extent with such **Settlement Period** and/or is otherwise inconsistent or in conflict with the delivery of the **Optional Service**, then **National Grid** may require the **Fast Reserve Provider** to declare or re-declare unavailable such service provision in accordance with sub-paragraph 3.7.5(a). If

the Fast Reserve Provider fails to do so, **National Grid** may terminate the **Fast Reserve Framework Agreement** forthwith and at any time by notice in writing to the **Fast Reserve Provider**.

3.8 **COMMUNICATIONS**

Any communications required by this Section 3 to be given in writing shall be made and deemed to have been received in accordance with paragraph 5.8 save as may be otherwise agreed by the **Parties**. Each of the **Parties** hereby agrees and acknowledges that any reference to a communication by telephone or facsimile given by **National Grid** to the **Fast Reserve Provider** or vice versa in this Section 3 shall, where appropriate, be deemed to include a communication given by means of **EDL**. Instructions and confirmations stored on **EDL** shall (except during periods when **EDL** is unavailable for whatever reason in which case communication by telephone or facsimile (whichever is appropriate) shall resume with immediate effect) be conclusive evidence of the giving and/or receipt of any communication required to be given pursuant to the terms of this Section 3. The **Parties** consent to the recording of all telephone conversations between them relating in whole or in part to this **Document**, and each **Party** agrees to notify its employees of that consent and obtain their consent to that recording if required by law.

3.9 **MONITORING AND METERING**

- 3.9.1 The volume of **Fast Reserve** delivered and the time of delivery of **Fast Reserve** pursuant to **Bid-Offer Acceptance(s)** shall be monitored by **National Grid** from time to time.
- 3.9.2 The relationship between the **Parties** with respect to **Energy Metering Equipment** shall be regulated by Section L of the **Balancing and Settlement Code**.
- 3.9.3 The relationship between the **Parties** with respect to **Operational Metering Equipment** shall be regulated by Paragraph 6.7.3 of the **Connection and Use of System Code**.
- 3.9.4 The availability and delivery of **Fast Reserve** from a **Contracted BM Unit** shall be verified by **National Grid** by (inter alia) monitoring certain **BM Unit Data** and the carrying out of certain checks as described in Annexure 1 to this Section 3.

ANNEXURE 1 TO SECTION 3

PROCEDURE FOR DETERMINING COMPLIANCE WITH A BID-OFFER ACCEPTANCE

1. This procedure shall be used by **National Grid** to assess compliance by a **Contracted BM Unit** with a **Bid-Offer Acceptance(s)** issued in accordance with sub-paragraph 3.2.2 or 3.3.2.

2. By a comparison between the **Bid-Offer Acceptance** MW profile derived from the **EDL** and data obtained from **Operational Metering Equipment**, **National Grid** shall determine, for each **Contracted BM Unit**, and on a minute by minute basis, delivery against the **Bid-Offer Acceptance** MW profile in accordance with the run up and run down rates set out in the **Fast Reserve Framework Agreement** (as the same may be revised from time to time in respect of the **Firm Service** pursuant to sub-paragraph 2.3.2(ed)(ii)).

3. Subject to paragraph 4 of this Annexure, for the purposes of sub-paragraphs 3.2.4(c) and 3.3.4, the **Fast Reserve Provider** shall, in respect of a **Contracted BM Unit**, be deemed not to have complied with a **Bid-Offer Acceptance** if the measured MW of delivered **Fast Reserve** is less than 90% of the **Bid-Offer Acceptance** MW profile in any minute.

4. The **Fast Reserve Provider** shall be deemed to have complied with a **Bid-Offer Acceptance** for the purposes of sub-paragraphs 3.2.4(c) and 3.3.4 in respect of a **Contracted BM Unit** in any minute when such **Contracted BM Unit** provided **Fast Reserve** pursuant to an instruction issued by **National Grid**.

SECTION 3A

FAST RESERVE - BALANCING MECHANISM PARTICIPANTS - CONSUMPTION BM UNITS

SECTION 4

FAST RESERVE - NON-BALANCING MECHANISM PARTICIPANTS

4.1 INTRODUCTION

4.1.1 Subject to sub-paragraph 4.1.2, this Section 4 sets out the terms for provision of **Fast Reserve** where the **Fast Reserve Provider** provides **Fast Reserve** from either:-

- (a) **Generating Unit(s)** and/or other **Plant** and **Apparatus** which the **Fast Reserve Provider** has not established and registered as a **BM Unit(s)** under and in accordance with the **Balancing and Settlement Code**; or
- (b) **Generating Unit(s)** and/or other **Plant** and **Apparatus** which are established and registered as a **BM Unit(s)** under and in accordance with the **Balancing and Settlement Code**, but which do not, and will not for any part of the term of the **Fast Reserve Contract**, actively participate in the **Balancing Mechanism**.

4.1.2 Where a **Fast Reserve Contract** confirms that the **Fast Reserve Provider** may procure the performance by a **Fast Reserve Provider's Agent** of certain of its obligations in connection with the provision of **Fast Reserve** pursuant to this Section 4, paragraphs 4.2 to 4.9 and Annexures 1 to 3 to this Section 4 shall not apply and shall be replaced with paragraphs 4.2 to 4.9 and Annexures 1 to 3 to Section 4 set out in Part 2 of Schedule 1.

4.1.3 The provisions of this Section 4 shall apply with respect to a **Fast Reserve Provider** who has submitted a **Firm Fast Reserve Tender(s)** which has been accepted by **National Grid** (in whole or in part) in respect of such **Generating Units(s)** and/or other **Plant** and **Apparatus** specified in such **Firm Fast Reserve Tender** pursuant to sub-paragraph 2.5.1 so as to form a **Fast Reserve Contract**.

4.1.4 The provisions of this Section 4 shall also apply with respect to the provision by the **Fast Reserve Provider** of the **Optional Service**.

4.2 FIRM SERVICE

4.2.1 Availability of the Firm Service

- (a) No later than 36 hours prior to the commencement of each **Operational Day** during the **Contracted Service Term**, **National Grid** may notify the **Fast Reserve Provider** by facsimile in the applicable form set out in Annexure 3 to this Section 4 of those **Settlement Periods** comprised within the

~~TenderContracted~~ **Service Periods** for that **Operational Day** in respect of which **National Grid** requires the **Firm Service** to be provided from one or more of the **Firm Contracted Sites** (“the **Firm Fast Reserve Window(s)**”). Such notification shall take account of any relevant **Utilisation Restrictions** in respect of the **Firm Contracted Site**. The **Fast Reserve Provider** shall acknowledge receipt of such notification as soon as reasonably practicable by facsimile in the applicable form set out in Annexure 3 to this Section 4. Failure by the **Fast Reserve Provider** to acknowledge receipt in accordance with this sub-paragraph 4.2.1(a) shall not relieve the **Fast Reserve Provider** of its obligations set out in sub-paragraph 4.2.1(c).

- (b) Failing notification by **National Grid** pursuant to sub-paragraph 4.2.1(a) in respect of any **Firm Contracted Site**, **National Grid** shall be deemed not to require provision of the **Firm Service** from that **Firm Contracted Site** during any of the ~~TenderContracted~~ **Service Periods** for the **Operational Day** in question, but, for the avoidance of doubt, **National Grid**'s obligation contained in sub-paragraph 4.2.3 to pay the **Firm Availability Payment** shall be unaffected.
- (c) Where **National Grid** shall have notified the **Fast Reserve Provider** of the **Firm Fast Reserve Window(s)** in respect of any **Operational Day**, and in respect of each **Settlement Period** comprised within such **Firm Fast Reserve Window(s)**, the **Fast Reserve Provider** shall, subject always to sub-paragraphs 4.2.1(d), (e) and (f), procure that the **Tendered Service Parameters** represent the true operating parameters of the **Firm Contracted Site**.
- (d) In respect of any **Firm Contracted Site** which is a **Type 2 Contracted Site**, the **Fast Reserve Provider** shall, in respect of each **Firm Fast Reserve Window** notified by **National Grid** pursuant to sub-paragraph 4.2.1(a), submit to **National Grid** a notice in the applicable form set out in Annexure 3 to this Section 4 (a “**Firm Service Declaration**”) in which the **Fast Reserve Provider** shall, by reference to the latest forecast **Demand** or **Generation** profile of the **Firm Contracted Site**, either confirm the accuracy of or notify revisions (if any) to the **Contracted MW Profile** of such **Firm Contracted Site**, in either case so that the ~~Contracted MW Profile~~ reflects such forecast **Demand** or **Generation** profile provided always that the ~~Fast Reserve Provider~~ shall use reasonable endeavours to ensure that the aggregate ~~Demand~~ reduction or increase in ~~Generation~~ capability available from the relevant ~~Firm Contracted Site~~ in respect of each ~~Settlement Period~~ comprised in a ~~Firm Fast Reserve Window~~ notified in the ~~Firm Service Declaration~~ is accurate to within a ten per cent error ~~+/-~~ 10% margin.

(e) Any **Firm Service Declaration** made by the **Fast Reserve Provider** in accordance with sub-paragraph 4.2.1(d) shall be submitted to **National Grid** no later than **Gate Closure** in respect of the first **Settlement Period** which falls within the **Firm Fast Reserve Window**. Failure to submit a **Firm Service Declaration** in accordance with sub-paragraph 4.2.1(d) (including where the **Fast Reserve Provider** is unable to confirm or revise the **Contracted MW Profile** as required by and this sub-paragraph 4.2.1~~(de)~~) shall be deemed to constitute unavailability of **Firm Fast Reserve** from the **Firm Contracted Site** in respect of the relevant **Firm Fast Reserve Window**. As soon as reasonably practicable after receipt of a **Firm Service Declaration**, **National Grid** shall acknowledge receipt by facsimile in the applicable form set out in Annexure 3 to this Section 4.

(f) Where, in respect of more than 15 minutes after the introduction of Demand or Generation from a **Firm Contracted Site** (being a **Type 2 Contracted Site**), the **Fast Reserve Provider** becomes aware that, in the event that a **Firm Instruction** is issued by **National Grid** in accordance with sub-paragraph 4.2.2(a), either:-

(i) the actual reduction in Demand or increase in Generation levels in a **Firm Fast Reserve Window** are shortfalling from such **Firm Contracted Site** will fall short of the **Contracted MW Profile** notified in the relevant **Firm Service Declaration** in respect of that **Firm Contracted Site** by more than 10%ten per cent; or

(ii) a technical problem exists which in the reasonable opinion of the **Fast Reserve Provider** will limit the ability of the **Fast Reserve Provider** to provide **Firm Fast Reserve** from that **Firm Contracted Site**,

the **Fast Reserve Provider** shall forthwith:-

(i) serve notice to **National Grid** in the applicable form set out in Annexure 3 to this Section 4 (a "**Shortfall Notification**") stating that the **Contracted MW Profile** has been curtailed for the remainder of the **Firm Fast Reserve Window**; and

(ii) re-issue the **Firm Service Declaration** to **National Grid** revising the **Contracted MW Profile** to reflect the curtailed **Contracted MW Profile**,

and provided always that the resulting **MW Net Export Range** is not less than 50MW, such revision shall take effect forthwith. As soon as reasonably practicable after receipt of a **Shortfall Notification**, **National Grid** shall acknowledge receipt by facsimile in the applicable form set out in Annexure 3 to this Section 4 and, at its sole discretion, reduce the **Availability Payments** accordingly.

(g) If, prior to **Gate Closure** or during the **Gate Closure Period**, in respect of the first **Settlement Period** which falls within a **Firm Fast Reserve Window** or during the **Firm Fast Reserve Window** itself, the **Fast Reserve Provider** becomes aware of changes in the technical capabilities of a **Firm Contracted Site** (being either a **Type 1 Contracted Site** or a **Type 2 Contracted Site**) which either:-

(i) reduces the **MW Net Export Range** of such **Firm Contracted Site** to less than 50MW; or

(ii) otherwise limits its ability to provide any form of **Firm Fast Reserve** from such **Firm Contracted Site**;

it shall withdraw the **Firm Service Declaration** forthwith by serving notice on **National Grid** in the applicable form set out in Annexure 3 to this Section 4 (“a **Service Withdrawal Notification**”) indicating that, for reasons related to the technical capability of the **Firm Contracted Site**, **Firm Fast Reserve** will not be available during that **Firm Fast Reserve Window** and the **Fast Reserve Provider** shall, for the purposes of sub-paragraphs 4.2.3(a), (b) and (c), be deemed not to have made **Firm Fast Reserve** available in such **Firm Fast Reserve Window** and no **Firm Availability Payment**, **Positional Payment** or **Window Initiation Payment** shall be made in respect of that **Firm Fast Reserve Window**. As soon as reasonably practicable after receipt of a **Service Withdrawal Notification**, **National Grid** shall acknowledge receipt by facsimile in the applicable form set out in Annexure 3 to this Section 4.

4.2.2 Utilisation of Firm Fast Reserve

(a) Subject to sub-paragraph 4.2.2(f), **National Grid** may instruct the **Fast Reserve Provider** to provide **Firm Fast Reserve** from a **Firm Contracted Site** at any time during a **Firm Fast Reserve Window** (a “**Firm Instruction**”) and, subject to sub-paragraph 4.2.2(c), the **Fast Reserve Provider** shall provide **Firm Fast Reserve** in accordance with sub-paragraph 4.2.2(g).

- (b) Within 5 minutes of receipt of any **Firm Instruction**, the **Fast Reserve Provider** shall confirm receipt by facsimile to **National Grid** in the applicable form set out in Annexure 3 to this Section 4.
- (c) The **Fast Reserve Provider** may only reject a **Firm Instruction**, if it is necessary on safety grounds and where a **Firm Instruction** is so rejected, no **Firm Availability Payment** or **Positional Payment** shall be made by **National Grid** to the **Fast Reserve Provider** in accordance with sub-paragraphs 4.2.3(a) and 4.2.3(b) in respect of the relevant **Firm Fast Reserve Window**.
- (d) **National Grid** may instruct the **Fast Reserve Provider** to cease provision of **Firm Fast Reserve** from a **Firm Contracted Unit** at any time.
- (e) Within 5 minutes of receipt of any instruction given by **National Grid** pursuant to sub-paragraph 4.2.2(d), the **Fast Reserve Provider** shall confirm receipt by facsimile in the applicable form set out in Annexure 3 to this Section 4.
- (f) **National Grid** may not (without the prior written consent of the **Fast Reserve Provider**) instruct the **Fast Reserve Provider** to provide **Firm Fast Reserve** from a **Firm Contracted Site** where any one or more **Utilisation Restrictions** apply in respect of that **Firm Contracted Site**.
- (g) On receipt of a **Firm Instruction** the **Fast Reserve Provider** shall, commencing on or before expiry of the **Response Time**, provide **Firm Fast Reserve** continuously until the earlier of:-
 - (i) expiry of the **Firm Fast Reserve Window**; and
 - (ii) the time specified by **National Grid** in an instruction issued pursuant to sub-paragraph 4.2.2(d),
 subject always to any **Utilisation Restrictions** which may apply in respect of that **Firm Contracted Site**.

4.2.3 **Payment for the Firm Service**

- (a) In respect of each relevant **Firm Contracted Site**, and subject always to sub-paragraphs 4.2.1(g), 4.2.2(c) and 4.2.4, **National Grid** shall in accordance with paragraph 5.2 pay to the **Fast Reserve Provider** an amount (“the **Firm**

Availability Payment”) calculated by reference to the **Firm Availability Fee** and the aggregate number of hours comprised within **TenderContracted Service Periods** in each **Operational Day** during the **Contracted Service Term**.

- (b) In respect of each relevant **Firm Contracted Site**, and subject always to paragraphs 4.2.1(g), 4.2.2(c) and 4.2.4, **National Grid** shall in accordance with paragraph 5.2 pay to the **Fast Reserve Provider** an amount (“the **Positional Payment**”) calculated by reference to the **Positional Fee** and the aggregate number of hours comprised within **Firm Fast Reserve Windows** in each **Operational Day** during the **Contracted Service Term**.
- (c) In respect of each relevant **Firm Contracted Site**, **National Grid** shall in accordance with paragraph 5.2 pay to the **Fast Reserve Provider** an amount (“the **Window Initiation Payment**”) calculated by reference to the **Window Initiation Fee** and each **Firm Fast Reserve Window** in each **Operational Day** during the **Contracted Service Term**.
- (d) In respect of each relevant **Firm Contracted Site**, **National Grid** shall in accordance with paragraph 5.2 pay to the **Fast Reserve Provider** an amount (“the **Firm Energy Payment**”) calculated in accordance with the appropriate formula set out in Annexure 2 to this Section 4.

4.2.4 **Failure to provide the Firm Service**

- (a) If, in respect of any **Settlement Period** comprised within any **Firm Fast Reserve Window** the **Tendered Service Parameters** do not represent the true operating characteristics of the **Firm Contracted Site** then for the purposes of sub-paragraph 4.2.4(d) such event shall constitute an event of default in respect of that **Settlement Period** only, and **National Grid** shall in respect of that **Firm Contracted Site** have the right to withhold payment of the **Firm Availability Payment** and **Positional Payment** in respect of that **Settlement Period** only.
- (b) If, in respect of any **Settlement Period** comprised within any **Firm Fast Reserve Window**, and in respect of any **Firm Contracted Site**:-
 - (i) the **Fast Reserve Provider** fails to acknowledge receipt of any **Firm Instruction** within 5 minutes in accordance with sub-paragraph 4.2.2(b); and/or

- (ii) the **Fast Reserve Provider** rejects a **Firm Instruction** where it is not necessary on safety grounds; and/or
- (iii) following issue of a **Firm Instruction**, **National Grid** determines in accordance with the procedure set out in Annexure 1 to this Section 4 that a **Firm Contracted Site** has in any **Settlement Period** failed to comply in any respect with that **Firm Instruction**; and/or
- (iv) the **Fast Reserve Provider** fails to acknowledge receipt of an instruction issued by **National Grid** in accordance with sub-paragraph 4.2.2(d) within 5 minutes of the issue of such instruction

then for the purposes of sub-paragraph 4.2.4(d) each such event shall constitute an event of default, and **National Grid** shall have the right to withhold payment of the **Firm Availability Payment** and **Positional Payment** in relation to that **Firm Contracted Site** in respect of each such **Settlement Period**.

- (c) If the **Fast Reserve Provider** fails in respect of any **Operational Day**, and in respect of any **Firm Contracted Site**, to comply with its obligations pursuant to paragraph 4.9 within two weeks of such **Operational Day** then for the purposes of sub-paragraph 4.2.4(d) such failure shall constitute an event of default.
- (d) Without prejudice to sub-paragraphs 4.2.4(a), (b) and (c), **National Grid** shall have the right to terminate delivery of the **Firm Service** pursuant to the provisions of this paragraph 4.2 in respect of any **Firm Contracted Site**, for the remainder of a **Firm Fast Reserve Month** or the **Contracted Service Term** (as **National Grid** may in its sole discretion determine), forthwith by notice in writing to the **Fast Reserve Provider** if, the number of events of default referred to in sub-paragraphs 4.2.4(a) to 4.2.4(c) (inclusive) which shall have occurred in respect of that **Firm Contracted Site** exceeds either:-
 - (i) two such events of default during that **Firm Fast Reserve Month**; or
 - (ii) two such events of default during any thirty day period comprised in that **Contracted Service Term**; or
 - (iii) three such events of default either during any three hundred and sixty five day period comprised in that **Contracted Service Term** or (where the relevant **Contracted Service Term** is for a period less than a calendar year) during that **Contracted Service Term**.

For the avoidance of doubt, following termination of delivery of the **Firm Service** in accordance with this sub-paragraph 4.2.4(d) in respect of any **Firm Contracted Site**, no further payments shall accrue in respect of that **Firm Contracted Site** pursuant to this paragraph 4.2 in respect of the remainder of the relevant **Firm Fast Reserve Month** or **Contracted Service Term** (as the case may be).

- (e) For the purposes of sub-paragraph 4.2.4(d) it is acknowledged that, in respect of any **Firm Contracted Site**, the occurrence of the events of default described in sub-paragraph 4.2.4(a) or in sub-paragraph 4.2.4(b) in respect of the same **Settlement Period** shall constitute a single event of default.

4.3 **OPTIONAL SERVICE**

4.3.1 **Availability of Optional Service**

- (a) ~~Save in respect of any Settlement Periods where the Optional Service is deemed unavailable from a Contracted Site in accordance with sub paragraph 4.3.1(b),~~ **National Grid** may request the **Fast Reserve Provider** to make the **Optional Service** available in one or more **Settlement Periods** provided always that **National Grid** shall not make any such request less than five minutes prior to any such **Settlement Period**.
- (b) Upon receipt of a request pursuant to sub-paragraph 4.3.1(a), the **Fast Reserve Provider** shall within two minutes of receipt of such request, notify **National Grid** (as the case may be) either that it shall, or is unable to, make available the **Optional Service** in accordance with that request. The **Fast Reserve Provider** shall, within five minutes of such notification, confirm the same by facsimile in the applicable form set out in Annexure 3 to this Section 4 (an “**Optional Service Declaration**”). Failure to notify **National Grid** verbally of availability of the **Optional Service** in accordance with this sub-paragraph 4.3.1(b) shall be deemed to constitute unavailability of the **Optional Service** from the **Contracted Site** in question in respect of all relevant **Settlement Periods**.
- (c) Where the **Fast Reserve Provider** has confirmed verbally that it shall make available the **Optional Service** from the **Contracted Site** in accordance with a request from **National Grid** pursuant to sub-paragraph 4.3.1(a):-

- (i) the **Fast Reserve Provider** shall make the **Optional Service** available from the **Contracted Unit** from the time specified by **National Grid** in the request pursuant to sub-paragraph 4.3.1(a); and
 - (ii) save where sub-paragraph 4.3.1(d) applies, **National Grid** shall subsequently notify the **Fast Reserve Provider** of the time from which it no longer requires the **Fast Reserve Provider** to make the **Optional Service** available from the **Contracted Site**.
- (d) If at any time before, or during a **Settlement Period** in respect of which the **Optional Service** is declared available from a **Contracted Site** in accordance with sub-paragraph 4.3.1(b), the **Fast Reserve Provider** becomes aware that it will be unable to provide the **Optional Service** from a **Contracted Site** during any such **Settlement Period**, it shall notify **National Grid** forthwith.

4.3.2 Utilisation of Optional Fast Reserve

- (a) Subject to sub-paragraph 4.3.2(b), **National Grid** may at any time during **Settlement Periods** when the **Optional Service** is available instruct the **Fast Reserve Provider** to provide **Optional Fast Reserve** from a **Contracted Site** (an “**Instruction**”) and, subject to sub-paragraph 4.3.2(d), the **Fast Reserve Provider** shall provide **Optional Fast Reserve** in accordance with sub-paragraph 4.3.2(g).
- (b) Except with the prior consent of the **Fast Reserve Provider**, **National Grid** shall not issue an **Instruction** in a **Recovery Period**.
- (c) Within 5 minutes of receipt of any **Instruction**, the **Fast Reserve Provider** shall confirm receipt by facsimile to **National Grid** in the applicable form set out in Annexure 3 to this Section 4.
- (d) The **Fast Reserve Provider** may only reject an **Instruction** if it is necessary on safety grounds.
- (e) **National Grid** may instruct the **Fast Reserve Provider** to cease provision of **Optional Fast Reserve** from a **Contracted Site** at any time.
- (f) Within 5 minutes of receipt of any **Instruction** given by **National Grid** pursuant to sub-paragraph 4.3.2(e), the **Fast Reserve Provider** shall confirm receipt by facsimile in the applicable form set out in Annexure 3 to this Section 4.

- (g) On receipt of an **Instruction** the **Fast Reserve Provider** shall, commencing on or before expiry of the **Response Time**, provide **Optional Fast Reserve** continuously until the earlier of:-
- (i) subject always to sub-paragraph 4.3.2(h), the expiry of the **Maximum Utilisation Period**;
 - (ii) the commencement of a **Settlement Period** in respect of which the **Fast Reserve Provider** has notified **National Grid** in accordance with sub-paragraph 4.3.1(d) that **Optional Fast Reserve** is unavailable from a **Contracted Site**; and
 - (iii) the time specified by **National Grid** in an instruction issued pursuant to sub-paragraph 4.3.2(e).
- (h) Where **National Grid** issues an **Instruction** in respect of a **Contracted Site** which is comprised of an aggregation of **Contracted Load Groups**, then, where sub-paragraph 4.3.2(g)(i) applies, the **Fast Reserve Provider** shall continue to provide **Optional Fast Reserve** from each instructed **Contracted Load Group** until the expiry of the relevant **Maximum Utilisation Period** specified in respect of that **Contracted Load Group** in the **Fast Reserve Framework Agreement**.

4.3.3 Payment for the Optional Service

- (a) **National Grid** shall, in accordance with paragraph 5.2, pay to the **Fast Reserve Provider** an amount (“the **Optional Availability Payment**”), in respect of each **Contracted Site**, calculated by reference to the **Optional Availability Fee** set out in the **Fast Reserve Framework Agreement** as revised from time to time pursuant to sub-paragraph 4.3.3(c) and the period from the time at which the **Optional Service** is made available from the **Contracted Site** pursuant to sub-paragraph 4.3.1(c)(i) until the earlier of:-
- (i) such time as **National Grid** notifies the **Fast Reserve Provider** pursuant to sub-paragraph 4.3.1(c)(ii) that the **Optional Service** is no longer required; or
 - (ii) notification by the **Fast Reserve Provider** to **National Grid** pursuant to sub-paragraph 4.3.1(d) that it is unable to provide the **Optional Service** from the **Contracted Site**.

- (b) **National Grid** shall, in accordance with paragraph 5.2, pay to the **Fast Reserve Provider** an amount (“the **Optional Energy Payment**”) calculated in accordance with the relevant formula set out in Annexure 2 to this Section 4, in respect of each **Contracted Site**.
- (c) The **Fast Reserve Provider** may (by way of amendment to, or as otherwise provided in, the ~~Fast Reserve Provider’s~~ **Fast Reserve Framework Agreement**) from time to time revise the **Optional Availability Fee** and/or the **Optional Energy Fee** in respect of any one or more of the **Contracted Sites** from time to time, provided that the **Fast Reserve Provider** shall have given **National Grid** not less than one week’s notice in writing, and any such revision shall take effect from 05:00 hours on a Monday.

4.3.4 **Failure to provide Optional Fast Reserve**

- (a) If, having issued an **Instruction** in accordance with sub-paragraph 4.3.2(a), **National Grid** determines in accordance with the procedure set out in Annexure 1 to this Section 4 that the **Contracted Site** has in any **Settlement Period** failed to comply in any respect with that **Instruction**, then **National Grid** shall have the right to withhold payment of the **Optional Energy Payment** in relation to that **Contracted Site** in respect of each such **Settlement Period**.
- (b) Subject always to sub-paragraph 4.3.4(c), **National Grid** shall have the right to terminate the **Fast Reserve Framework Agreement** in respect of any **Contracted Site** forthwith by notice in writing to the **Fast Reserve Provider** if the **Fast Reserve Provider** fails on more than 3 occasions, in respect of that **Contracted Site** and any **Operational Day**, to comply with its obligations pursuant to sub-paragraph 4.9 within two weeks of such **Operational Day**.
- (c) For the purposes of sub-paragraph 4.3.4(b), where a **Contracted Service Term** has already been accepted by **National Grid** in respect of any **Contracted Site** in accordance with sub-paragraph 2.5.1, **National Grid** shall not give written notice to terminate the **Fast Reserve Contract** in respect of that **Contracted Site** in accordance with sub-paragraph 4.3.4(b) earlier than the day after expiry of such **Contracted Service Term**.

4.4 **GRID CODE AND DISTRIBUTION CODE**

The provision by the **Fast Reserve Provider** of **Fast Reserve** shall not relieve it of any of its obligations or affect such obligations (where applicable) set out in the **Grid Code** (including without limitation its obligations (if any) to provide **Demand** control when instructed by **National Grid** under **Grid Code OC 6**) or in the **Distribution Code** of its host **Public Distribution System Operator**.

4.5 MAINTENANCE OF CONTRACTED SITES

The **Fast Reserve Provider** shall maintain the **Plant** and **Apparatus** comprising each **Contracted Site** to such a standard that the **Fast Reserve Provider** can meet its obligations to provide **Fast Reserve** in accordance with the terms of the **Fast Reserve Contract**.

4.6 WARRANTY AND INDEMNITY

4.6.1 The **Fast Reserve Provider** hereby warrants to **National Grid** that the entering into of a **Fast Reserve Contract** and the provision by it of **Fast Reserve** does not and will not cause the **Fast Reserve Provider**:-

- (a) to be in breach of its duties (if any) under Section 9 of the **Act**;
- (b) to be in breach of the Electricity Safety, Quality and Continuity Regulations 2002 (as amended from time to time) or of any regulations made under Section 29 of the **Act** or of any other enactment relating to safety or standards applicable in respect of the business of the **Fast Reserve Provider**;
- (c) to be in breach of any provisions of the **Grid Code** or (where applicable) the **Distribution Code** of its host **Public Distribution System Operator** or make its compliance with any provision of either of these **Codes** impossible;
- (d) (where any **Contracted Site** is **Embedded**) to be in breach of or to otherwise be non-compliant with any **Connection Agreement** and/or any agreement for the supply of electricity to the **Plant** or for the acceptance of electricity into, and its delivery from, a **User System** or any other **System**;
- (e) to be in breach of any provision of its **Licence** (if any);
- (f) to be in breach of any restrictions and conditions attaching to relevant authorisations of the Environment Agency; or
- (g) to be in breach of any other agreement or arrangement of whatever nature with any other person.

- 4.6.2 The **Fast Reserve Provider** agrees that it will not accept an **Instruction** from **National Grid** hereunder if compliance with such **Instruction** would cause the **Fast Reserve Provider** to be in breach or non-compliance as described in sub-paragraph 4.6.1, and if it declines to accept an **Instruction** on such grounds the **Fast Reserve Provider** will:-
- (a) notify **National Grid** in accordance with sub-paragraph 4.2.1(g); and
 - (b) provide to **National Grid** to **National Grid**'s reasonable satisfaction such written statement and all such supporting evidence as shall be necessary to demonstrate how compliance would cause such breach or non-compliance.
- 4.6.3 In the event that the **Fast Reserve Provider** complies with an **Instruction** from **National Grid** which causes the **Fast Reserve Provider** to be in breach or non-compliance as described in sub-paragraph 4.6.1 above, the **Fast Reserve Provider** shall indemnify **National Grid** against all and any claims made against **National Grid** by the **Fast Reserve Provider**'s host **Public Distribution System Operator** or any other person connected to or using the **Public Distribution System Operator**'s **User System** or any other **User System** or the owner or operator of any **User System** or any other person arising out of or resulting from such breach or non-compliance. Such indemnity shall include any legal costs and expenses reasonably incurred in the contesting of such claims including court costs and reasonable attorney's fees and other professional advisors' fees. The **Parties** agree and accept that, for the purposes of sub-paragraph 5.3.1, all such legal costs and expenses expressed to be the subject of such indemnity shall be treated as direct losses.
- 4.6.4 In the event of any such claim referred to in sub-paragraph 4.6.3 above or any third party claim under sub-paragraph 4.6.5 being made against **National Grid**, **National Grid** shall as soon as reasonably practicable give notice of the claim together with all relevant supporting documentation to the **Fast Reserve Provider**. The **Fast Reserve Provider** shall be entitled, upon written notice to **National Grid** and subject to **National Grid** receiving from the **Fast Reserve Provider** such reasonable undertakings as **National Grid** shall reasonably require to protect **National Grid** against damage to its name, to assume, at its own expense, sole conduct of all proceedings relating to such claim including the right to contest such claim in the name of **National Grid** and **National Grid** shall supply the **Fast Reserve Provider** with all information, assistance and particulars reasonably required by the **Fast Reserve Provider** in connection therewith. **National Grid** shall not accept, settle, pay or compromise any such claim without the prior written approval of the **Fast Reserve Provider** (such approval not to be unreasonably withheld or delayed). The **Fast Reserve Provider** shall reimburse **National Grid**'s reasonable expenses incurred in connection with the provision of any such information, assistance or particulars in the contesting of any such claim.

4.6.5 The **Fast Reserve Provider** hereby warrants to **National Grid** that, on the date of entering into each **Fast Reserve Contract** it is not, and it hereby undertakes that at all times throughout the term of the **Fast Reserve Contract** it will not be, in breach of the terms of the **Undertaking** and that, subject always to sub-paragraph 4.6.6, it will indemnify **National Grid** against any losses, liabilities, claims, expenses and demands which **National Grid** suffers as a direct result of a breach by the **Fast Reserve Provider** of the provisions of this sub-paragraph 4.6.5.

4.6.6 The amount or amounts for which the **Fast Reserve Provider** may be liable to **National Grid** pursuant to sub-paragraph 4.6.5 shall not exceed the sum of £250,000 per **Fast Reserve Contract**.

4.7 **PROVISION OF OTHER SERVICES**

4.7.1 The **Fast Reserve Provider** hereby warrants to **National Grid** that, on the date of entering into the **Fast Reserve Contract**, it is not a party to an agreement or arrangement with its host **Public Distribution System Operator** or electricity supplier or other person to provide any service from the **Contracted Site(s)** the provision of which impairs the **Fast Reserve Provider's** ability to make available and/or provide **Fast Reserve** during any **Firm Fast Reserve Window** and/or to perform its obligations under a **Fast Reserve Contract** and that, subject always to sub-paragraph 4.7.2, it will indemnify **National Grid** against any losses, liabilities, claims, expenses and demands which **National Grid** suffers as a direct result of a breach by the **Fast Reserve Provider** of the provisions of this sub-paragraph 4.7.1. Notwithstanding such warranty where any agreement or arrangement results during the term of a **Fast Reserve Contract** in the impairment of the ability of the **Fast Reserve Provider** to provide **Fast Reserve** and/or perform its obligations under such **Fast Reserve Contract**, then the **Fast Reserve Provider** undertakes to reimburse to **National Grid** all and any losses, liabilities, claims, expenses and demands reasonably incurred or suffered by **National Grid** as a result of the **Fast Reserve Provider's** ability to provide **Fast Reserve** and/or perform its obligations under such **Fast Reserve Contract** being thereby impaired.

4.7.2 The amount or amounts for which the **Fast Reserve Provider** may be liable to **National Grid** pursuant to sub-paragraph 4.7.1 shall not exceed the sum of £250,000 per **Fast Reserve Contract**.

4.7.3 Where during the term of a **Fast Reserve Contract** the **Fast Reserve Provider** intends to enter into an agreement or arrangement with its host **Public Distribution System Operator** or electricity supplier or other person to provide any service from the **Contracted Site(s)** the provision of which impairs the **Fast Reserve Provider's** ability to provide **Fast Reserve** and/or perform its obligations under the **Fast Reserve Contract**, the **Fast Reserve**

Provider shall notify **National Grid**, in accordance with paragraph 5.8, as soon as reasonably practicable before entering into such agreement or arrangement. Upon and with effect from the entering into of any such agreement or arrangement, **National Grid** shall have the right to terminate the **Fast Reserve Contract** forthwith and serve a notice to that effect in accordance with paragraph 5.8.

4.7.4 For the avoidance of doubt, the availability in any **Settlement Period** comprised in a Contracted Service Period of an increase in **Generation** and/or reduction in **Demand** from the **Contracted Site** or any part thereof for the benefit of any third party (including without limitation the **Fast Reserve Provider's** host **Public Distribution System Operator** or electricity supplier) shall be deemed for the purposes of sub-paragraphs 4.7.1 and 4.7.2 to impair the **Fast Reserve Provider's** ability to provide **Fast Reserve**.

4.7.5 Where, during any one or more **Settlement Periods** in a **Contracted Service Period**, the **Fast Reserve Provider** is required under the terms of any agreement with **National Grid** to provide from a **Firm Contracted Site** a firm **Ancillary Service** or similar service (except with respect to **Reactive Power**) and such service provision either overlaps to any extent with a **Contracted Service Period** and/or is otherwise inconsistent or in conflict with the delivery of **Firm Fast Reserve**, then **National Grid** may (at its option) either:-

- (a) require the **Fast Reserve Provider** to declare or re-declare unavailable such service provision in accordance with the terms of such agreement for the duration of each such overlapping **Settlement Period** and otherwise as required to remove such inconsistency or conflict; and/or
- (b) require that the terms of such agreement are amended so as to remove such overlap and/or inconsistency or conflict,

and if the **Fast Reserve Provider** fails to do declare or re-declare unavailable as required pursuant to sub-paragraph 4.7.5(a), or (as the case may be) for so long as such agreement is not so amended as required by **National Grid** pursuant to sub-paragraph 4.7.5(b), **National Grid** may (at its option) either reject the **Firm Fast Reserve Tender** (if not by then accepted) or otherwise terminate the **Fast Reserve Contract** forthwith and at any time by notice in writing to the **Fast Reserve Provider**.

4.7.6 With respect to the **Optional Service**, where in any one or more **Settlement Periods** a **Fast Reserve Provider** is required under the terms of any agreement with **National Grid** to provide from a **Contracted Site** a firm **Ancillary Service** (except with respect to **Reactive Power**) and such service provision either overlaps to any extent with such **Settlement Period** and/or is otherwise inconsistent or in conflict with the delivery of the **Optional Service**, then **National Grid** may require the **Fast Reserve Provider** to declare or re-

declare unavailable such service provision in accordance with sub-paragraph 4.7.5(a). If the **Fast Reserve Provider** fails to do so, **National Grid** may terminate the **Fast Reserve Framework Agreement** forthwith and at any time by notice in writing to the **Fast Reserve Provider**.

4.8 **COMMUNICATIONS**

Any communications required by this Section 4 to be given in writing shall be made and deemed to have been received in accordance with paragraph 5.8 save as may be otherwise agreed by the **Parties**. Each of the **Parties** hereby agrees and acknowledges that any reference to a communication by telephone or facsimile given by **National Grid** to the **Fast Reserve Provider** or vice versa in this Section 4 shall, where appropriate, be deemed to include a communication given by means of an **Automatic Logging Device**, such mode of communication to commence within a date five **Business Days** following notification to the **Fast Reserve Provider** by **National Grid** to this effect. From the date on which such notification becomes effective, instructions and confirmations stored on the **Automatic Logging Device** shall (except during periods when the **Automatic Logging Device** is unavailable for whatever reason in which case communication by telephone or facsimile (whichever is appropriate) shall resume with immediate effect) be conclusive evidence of the giving and/or receipt of any communication required to be given pursuant to the terms of this Section 4. The **Parties** consent to the recording of all telephone conversations between them relating in whole or in part to this **Document**, and each **Party** agrees to notify its employees of that consent and obtain their consent to that recording if required by law.

4.9 **MONITORING AND METERING**

For the purposes of Annexure 1 to this Section 4, the **Fast Reserve Provider** shall, in respect of each **Operational Day** in which **National Grid** has issued either (1) **Firm Instruction(s)** in respect of a **Firm Contracted Site** or (2) **Instruction(s)** in respect of a **Contracted Site**, provide to **National Grid**, within a week of such **Operational Day**, a copy of metering data with at least one MW spot value per minute to enable **National Grid** to monitor the **Fast Reserve Provider**'s provision of **Firm Fast Reserve** or **Optional Fast Reserve** (as the case may be) from the relevant **Firm Contracted Site** or **Contracted Site**, and the amount of **Firm Fast Reserve** or **Optional Fast Reserve** provided by the relevant **Firm Contracted Site** or **Contracted Site** during such **Operational Day** for the purposes of this Section 4.

ANNEXURE 1 TO SECTION 4
PROCEDURE FOR DETERMINING COMPLIANCE WITH AN INSTRUCTION OR FIRM
INSTRUCTION

1. This procedure shall be used by **National Grid** to assess compliance by a **Contracted Site** or a **Firm Contracted Site** with an **Instruction** or **Firm Instruction** (as the case may be) issued in accordance with sub-paragraph 4.2.2 or 4.3.2.
2. **National Grid** shall, utilising the data supplied by the **Fast Reserve Provider** in accordance with either sub-paragraph 4.9 and metering equipment owned or operated by **National Grid** determine, for the **Contracted Site** or **Firm Contracted Site** (as the case may be), and on a minute by minute basis, delivery against the **Instruction** or **Firm Instruction** (as the case may be) in accordance with the run up and run down rates specified in the **Fast Reserve Framework Agreement**.
3. For the purposes of sub-paragraphs 4.2.2 and 4.3.2, the **Fast Reserve Provider** shall, in respect of the **Contracted Site** or **Firm Contracted Site** (as the case may be), be deemed not to have complied with an **Instruction** or **Firm Instruction** (as the case may be) if the MW of **Fast Reserve** delivered in any minute is less than 90% of:-
 - (i) in the case of **Optional Fast Reserve**, the level or profile of MW (within the **MW Import Reduction Range**) notified by **National Grid** in its **Instruction** issued in accordance with sub-paragraph 4.3.2; and
 - (ii) in the case of **Firm Fast Reserve**, the level of MW (being not greater than the **Contracted MW**) or the profile (comprising all or part of the **Contracted MW Profile**) (as the case may be) notified by **National Grid** in its **Firm Instruction** issued in accordance with sub-paragraph 4.2.2.

ANNEXURE 2 TO SECTION 4

PAYMENT FORMULAE

Part I

Optional Energy Payment

- (i) Where the **Contracted Site** comprises a **Type 1 Contracted Site** the **Optional Fast Reserve Energy Payment** (OUP_M) shall be determined as follows:-

$$OUP_M = \sum_{n \in M} (OR \times V_n)$$

Where:

$\sum_{n \in M}$ = the summation of all utilisations, n, in calendar month M

OR = **Optional Fast Reserve Energy Fee**

V_n = the total volume in MWh for utilisation, n, from all **Contracted Load Groups** determined as follows:-

$$V_n = \min \left[\left[\left(\frac{Z}{60} \right) * [(Y - X - R) - 0.5 * (a + b)] \right], QM_n \right]$$

Where:

X = time the **Instruction** is issued in accordance with sub-paragraph 4.3.2

Y = the earlier of the following relevant times: (i) the time specified in an instruction to cease provision issued in accordance with sub-paragraph 4.3.2(e); (ii) the commencement of a **Settlement Period** in respect of which the **Fast Reserve Provider** has notified **National Grid** in accordance with sub-paragraph 4.3 that **Optional Fast Reserve** is unavailable from the **Contracted Site**; and (iii) expiry of the **Maximum Utilisation Period**

Z = the level of MW notified by **National Grid** in the **Instruction**

a = Z/i

b = Z/j

i = **Minimum Run-Up Rate** (MW/min)

j = **Minimum Run-Down Rate** (MW/min)

R = **Response Time**

QM_n = metered delivery in MWh for utilisation, n

- (ii) Where the **Contracted Site** comprises a **Type 2 Contracted Site** the **Optional Fast Reserve Energy Payment** (OUP_M) shall be determined as follows:-

$$OUP_M = \sum_{n \in M} (OR \times V_n)$$

Where:

$\sum_{n \in M}$ = the summation of all utilisations, n, in calendar month M

OR = the **Optional Fast Reserve Energy Fee**

V_n = the total volume in MWh for utilisation, n, from all **Contracted Load Groups** determined as follows:-

$$V_n = \sum_g \min(MWh_{gn}, QM_n)$$

Where:

\sum_g = the summation of all **Contracted Load Groups**, g

g = the **Contracted Load Group**

QM_n = metered delivery in MWh for utilisation, n

MWh_{gn} = the total volume in MWh from **Contracted Load Group** g for utilisation, n, determined as follows:-

$$MWh_{gn} = \sum_{k \in n} MW_{gk} \times [\min(end_{gi}, end_{gk}) - \max(start_{gi}, start_{gk})]$$

Where:

$start_{gk}$ = the date and time from which MW level, k, is declared available from **Contracted Load Group**, g

end_{gk} = the date and time at which MW level, k, ceases to be available from **Contracted Load Group**, g

MW_{gk} = the MW level, k, declared available from **Contracted Load Group**, g, bounded by $start_{gk}$ and end_{gk}

$start_{gi}$ = the date and start time of an **Instruction** to provide **Optional Fast Reserve** from **Contracted Load Group**, g

end_{gi} = the date and end time of an **Instruction** to provide **Optional Fast Reserve** from **Contracted Load Group**, g, being the earlier of:-

- (i) the expiry of the **Maximum Utilisation Period**;
- (ii) the commencement of a **Settlement Period** in respect of which the **Fast Reserve Provider** has notified **National Grid** in accordance with sub-paragraph 4.3 that **Optional Fast Reserve** is unavailable from the **Contracted Site**; and
- (iii) the time specified by **National Grid** in an instruction issued pursuant to sub-paragraph 4.3.2(e).

$\sum_{k \in n}$ = the summation of all MW levels, k, declared available for utilisation, n

Part II
Firm Energy Payment

- (i) Where the **Firm Contracted Site** comprises a **Type 1 Contracted Site** the **Firm Fast Reserve Energy Payment** (FUP_M) shall be determined as follows:-

$$FUP_M = \sum_{n \in M} (FR_m \times V_n)$$

Where:

$\sum_{n \in M}$ = the summation of all utilisations, n, in calendar month M

FR_m = the **Firm Fast Reserve Energy Fee** in respect of calendar month, m

V_n = the total volume in MWh for utilisation, n, from all **Contracted Load Groups** determined as follows

$$V_n = \min \left[\left[\left(\frac{Z}{60} \right) * [(Y - X - R) - 0.5 * (a + b)] \right], QM_n \right]$$

Where:

X = time the **Firm Instruction** is issued in accordance with sub-paragraph 4.2.2

Y = the earlier of the following relevant times: (i) the time specified in an instruction to cease provision issued in accordance with sub-paragraph 4.2.2(d); and (ii) expiry of the **Firm Fast Reserve Window**

Z = **Contracted MW** for the **Firm Service**

a = Z/i

b = Z/j

i = **Minimum Run-Up Rate** (MW/min)

j = **Minimum Run-Down Rate** (MW/min)

R = **Response Time**

QM_n = metered delivery in MWh for utilisation, n

- (ii) Where the **Firm Contracted Site** comprises a **Type 2 Contracted Site** the **Firm Fast Reserve Energy Payment** (FUP_M) shall be determined as follows:-

$$FUP_M = \sum_{n \in M} (FR_m \times V_n)$$

Where:

$\sum_{n \in M}$ = the summation of all utilisations, n, in calendar month M

FR_m = the **Firm Fast Reserve Energy Fee** in respect of calendar month, m

V_n = the total volume in MWh for utilisation, n, from all **Contracted Load Groups** determined as follows:-

$$V_n = \sum_g \min(MWh_{gn}, QM_n)$$

Where:

\sum_g = the summation of all **Contracted Load Groups**, g

g = the **Contracted Load Group**

QM_n = metered delivery in MWh for utilisation, n

MWh_{gn} = the total volume in MWh from **Contracted Load Group** g for utilisation, n, determined as follows:-

$$MWh_{gn} = \sum_{k \in n} MW_{gk} \times [\min(end_{gi}, end_{gk}) - \max(start_{gi}, start_{gk})]$$

Where:

$start_{gk}$ = the date and time from which MW level, k, is declared available from **Contracted Load Group**, g

end_{gk} = the date and time at which MW level, k, ceases to be available from **Contracted Load Group**, g

MW_{gk} = the MW level, k, declared available from **Contracted Load Group**, g, bounded by $start_{gk}$ and end_{gk}

$start_{gi}$ = the date and start time of a **Firm Instruction** to provide **Firm Fast Reserve** from **Contracted Load Group**, g

end_{gi} = the date and end time of a **Firm Instruction** to provide **Firm Fast Reserve** from **Contracted Load Group**, g, being the earlier of:-

- (i) the end of the relevant **Firm Fast Reserve Window**; and
- (ii) the time specified by **National Grid** in an instruction issued pursuant to subparagraph 4.2.2(d).

$\sum_{k \in n}$ = the summation of all MW levels, k, declared available for utilisation, n

ANNEXURE 3 TO SECTION 4
FACSIMILE FORMS
(NON-BALANCING MECHANISM PARTICIPANTS)

Part I

Declaration of Availability of Optional Fast Reserve

(Sub-paragraph 4.3.1)

From: *Fast Reserve Provider details* **Fax:**

To: **National Grid Control Centre, Wokingham** **Fax:**

Date:

Operational Day in question: DD/MM/YY

Start Date: [dd/mm/yyyy] Time: [hh:mm]

End Date: [dd/mm/yyyy] Time: [hh:mm]

We confirm that Optional Fast Reserve will be [available][unavailable]* in the following Settlement Periods (*delete as appropriate):

	Settlement Period																			
Contracted Site /																				
Contracted Load Group																				

.....

From: **National Grid Control Centre, Wokingham** **Fax:**

To: *Fast Reserve Provider details* **Fax:**

Date:

We confirm receipt of your Optional Service Declaration as set out above.

Signed by:(signature)

Name:

For and on behalf of National Grid Electricity Transmission plc

Part II

Facsimile Form - Confirmation of Receipt of Instruction to Provide Optional Fast Reserve or a Firm Instruction to Provide Firm Fast

Reserve

(Sub-paragraph 4.2.2(b) and 4.3.2(c))

From: *Fast Reserve Provider details* **Fax:**
To: **National Grid Control Centre, Wokingham** **Fax:**

Date:

Operational Day in question: DD/MM/YY

*We confirm receipt of your Instruction to provide Optional Fast Reserve which was received at [] hours.

or

*We confirm receipt of your Firm Instruction to provide Firm Fast Reserve which was received at [] hours.

(* Delete as appropriate)

Signed by: (signature)

Name:

For and on behalf of []

Part III

Facsimile Form - Confirmation of Receipt of Instruction to Cease Provision of Optional or Firm Fast Reserve

(Sub-paragraph 4.2.2(e) and 4.3.2(f))

From: *Fast Reserve Provider details* **Fax:**
To: **National Grid Control Centre, Wokingham** **Fax:**

Date:

Operational Day in question: DD/MM/YY

*We confirm receipt of your instruction to cease provision of Optional Fast Reserve, which was received at [] hours.

or

*We confirm receipt of your instruction to cease provision of Firm Fast Reserve received at [] hours.

(* Delete as appropriate)

Signed by: (signature)

Name:

For and on behalf of []

Part IV

Facsimile Form - Notification of Firm Fast Reserve Windows

(Sub-paragraph 4.2.1(a))

From: National Grid Control Centre, Wokingham **Fax:**

To: *Fast Reserve Provider details* **Fax:**

Date:

Operational Day in question: DD/MM/YY

Firm Fast Reserve Windows							
(1) From:	(1) To:	(2) From:	(2) To:	(3) From:	(3) To:	(4) From:	(4) To:

Signed by:(signature)

Name:

For and on behalf of []

From: *Fast Reserve Provider details* **Fax:**

To: National Grid Control Centre, Wokingham **Fax:**

Date:

We confirm receipt of your notification of Firm Fast Reserve Windows as set out above.

Signed by:(signature)

Name:

For and on behalf of []

Part V
Declaration of Availability of Firm Fast Reserve
 (Sub-paragraph 4.2.1(d))

From: *Fast Reserve Provider details* **Fax:**

To: **National Grid Control Centre, Wokingham** **Fax:**

Date:

Operational Day in question: DD/MM/YY

Start Date: [dd/mm/yyyy] Time: [hh:mm]

End Date: [dd/mm/yyyy] Time: [hh:mm]

Firm Fast Reserve will be available in the following Settlement Periods in the stated amounts below:

	Settlement Period													
Contracted Site /														
Contracted Load Group														

.....

From: **National Grid Control Centre, Wokingham** **Fax:**

To: *Fast Reserve Provider details* **Fax:**

Date:

We confirm receipt of your Firm Service Declaration as set out above.

Signed by:(signature)

Name:

For and on behalf of National Grid Electricity Transmission plc

Part VI
Shortfall Notification
(Sub-paragraph 4.2.1(f))

From: *Fast Reserve Provider details* **Fax:**
To: **National Grid Control Centre, Wokingham** **Fax:**

Date:

Operational Day in question: DD/MM/YY

Time [hh:mm]

Firm Fast Reserve will be curtailed as follows:-

Insert details:-

Eg. The following Contracted Load Group(s) will not be available:- [][]*[]*[]*[]**
(delete as appropriate)*

.....

From: **National Grid Control Centre, Wokingham** **Fax:**
To: *Fast Reserve Provider details* **Fax:**

Date:

We confirm receipt of your Shortfall Notification as set out above.

Signed by:(signature)

Name:

For and on behalf of National Grid Electricity Transmission plc

Part VII
Withdrawal of Service Availability
(Sub-paragraph 4.2.1(g))

From: *Fast Reserve Provider details* **Fax:**
To: **National Grid Control Centre, Wokingham** **Fax:**

Date:

Operational Day in question: DD/MM/YY

Time [hh:mm]

Firm Fast Reserve will not be available for the Firm Fast Reserve Window

.....

From: **National Grid Control Centre, Wokingham** **Fax:**
To: *Fast Reserve Provider details* **Fax:**

Date:

We confirm receipt of your Service Withdrawal Notification as set out above.

Signed by:(signature)

Name:

For and on behalf of National Grid Electricity Transmission plc

SECTION 5
GENERAL PROVISIONS

5.1 **INTRODUCTION**

5.1.1 Subject to sub-paragraph 5.1.2, this General Provisions Section contains those provisions which are generic, but which do not relate directly to the specific areas dealt with in other Sections.

5.1.2 Paragraphs 5.2, 5.6 and 5.8 shall not apply and shall be replaced with paragraphs 5.2, 5.6 and 5.8 set out in Schedule 2 where a **Fast Reserve Contract** provides that the **Fast Reserve Provider** may procure the performance by a **Fast Reserve Provider's Agent** of certain of its obligations in connection with the provision of **Fast Reserve** pursuant to either Section 3 or Section 4.

5.2 **PAYMENTS**

5.2.1 On the eighteenth **Business Day** of each calendar month **National Grid** shall send to the **Fast Reserve Provider** a statement ("the **Monthly Statement**") setting out details of the following (to the extent applicable) in respect of the preceding calendar month:-

5.2.1.1 the **Firm Fast Reserve Windows** or **Settlement Periods** (as the case may be);

5.2.1.2 the hours of provision of **Fast Reserve** for each **Contracted BM Unit** and/or **Contracted Site** (as the case may be);

5.2.1.3 the **Firm Availability Payments, Positional Payments, Window Initiation Payments, Enhanced Rates Availability Payments** and **Optional Availability Payments**;

5.2.1.4 each occurrence of an event of default specified in sub-paragraph 3.2.4 or 4.2.4 (as the case may be).

5.2.2 If the **Fast Reserve Provider** disagrees with any dates, times, facts or calculations set out in the **Monthly Statement**, it shall produce to **National Grid** the evidence upon which it relies in support of such disagreement. The **Parties** shall discuss and endeavour to resolve the matter and any revisions to the **Monthly Statement** agreed as a result thereof shall appear 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 by an arbitrator appointed pursuant to sub-paragraph 5.9.

5.2.3 Where:-

5.2.3.1 **National Grid** discovers that any previous **Monthly Statement** contains an arithmetic error or omission; or

5.2.3.2 **National Grid** becomes aware of any facts (other than facts falling within sub-paragraph 5.2.3.1) which show that the **Fast Reserve Provider** was not entitled to receive a payment already made (including, for the avoidance of doubt, where sub-paragraph 5.4.4 applies),

National Grid shall adjust the account between itself and the **Fast Reserve Provider** accordingly in the next **Monthly Statement** which it issues, setting out the reason why the adjustment has been made, and the provisions of sub-paragraph 5.2.2 shall apply mutatis mutandis to such adjustments.

5.2.4 The due date of payment for the purposes of sub-paragraph 5.2.7 in respect of any disputed amount subsequently determined or agreed to be payable to the **Fast Reserve Provider** shall be the date for payment of the relevant **Monthly Statement** from which the dispute arises.

5.2.5 **National Grid** shall pay to the **Fast Reserve Provider** the amount shown as due from **National Grid** in a **Monthly Statement** within three **Business Days** of the date on which the **Monthly Statement** is or should be received. The **Fast Reserve Provider** shall pay to **National Grid** the amount shown as due from the **Fast Reserve Provider** in a **Monthly Statement** within three **Business Days** of the date on which the **Monthly Statement** is issued.

5.2.6 If either **Party** ("the **Defaulting Party**") in good faith and/or with reasonable cause fails to pay under sub-paragraph 5.2.5 any amount properly due under this **Document**, such **Defaulting Party** shall pay to the other **Party** interest on such overdue amount from and including the due date of such payment to (but excluding) the date of actual payment (as well after as before judgement) at the **Base Rate** provided that should the **Defaulting Party** otherwise fail to pay any amount properly due under this **Document** on the due date then the **Defaulting Party** shall pay to the other **Party** interest on such overdue amount at the **Enhanced Rate** from the due date on which such payment was properly due to (but excluding) the date of actual payment. Interest shall accrue from day to day.

- 5.2.7 If, following a dispute or by virtue of sub-paragraphs 5.2.2 or 5.2.3, it is determined or agreed that the **Fast Reserve Provider** was entitled to a further payment from **National Grid**, the **Fast Reserve Provider** shall be entitled to interest at the **Base Rate** on the amount of such further payment from the due date calculated in accordance with sub-paragraph 5.2.4 until the date of actual payment.
- 5.2.8 If following a dispute or by virtue of the provisions of sub-paragraphs 5.2.2 or 5.2.3 it is determined or agreed that the **Fast Reserve Provider** was not entitled to any payment it has received, **National Grid** shall be entitled to interest at the **Base Rate** on the amount so paid from the date of payment until the date of repayment or the date when **National Grid** makes a payment to the **Fast Reserve Provider** which takes such payment into account.
- 5.2.9 Notwithstanding any other provision of this **Document**, the **Parties** shall not be limited in any way as to the evidence upon which they may rely in any proceedings arising out of or in connection with payment for making available or providing **Fast Reserve** under this **Document**, the **Fast Reserve Framework Agreement** and/or the **Fast Reserve Contract** and the **Parties** agree that, in the event and to the extent that either **Party** succeeds in proving in any such proceedings that **Fast Reserve** was or was not made available or provided, the successful **Party** shall be entitled to repayment of the sums already paid or payment of sums not paid as the case may be in respect of **Fast Reserve** or its availability.
- 5.2.10 Save as otherwise expressly provided in this **Document** or the **Fast Reserve Framework Agreement**, sums payable by one **Party** to the other pursuant to this **Document** or the **Fast Reserve Framework Agreement** whether by way of charges, interest or otherwise, shall (except to the extent otherwise required by law) be paid in full, free and clear of and without deduction, set-off or deferment in respect of any disputes or claims whatsoever provided that either **Party** shall be entitled to set off any payment due and payable by the other **Party** under this **Document** or the **Fast Reserve Framework Agreement** against any payment it makes to that **Party**.
- 5.2.11 **National Grid** represents and warrants to the **Fast Reserve Provider** that it enters into the **Fast Reserve Framework Agreement** and each **Fast Reserve Contract** as principal and not as agent for any other person.
- 5.2.12 All amounts specified in the **Fast Reserve Contract** shall be exclusive of any **Value Added Tax** or other similar tax and **National Grid** shall pay to the **Fast Reserve 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 provision of **Fast Reserve** under this **Document**, the **Fast Reserve Framework Agreement** and all **Fast Reserve Contracts**.

- 5.2.13 The **Fast Reserve Provider** hereby warrants and represents to **National Grid** that it consents to the operation of a self-billing system by **National Grid** with regard to the payment for **Reserve** to be provided and made available pursuant to this **Document**, the **Fast Reserve Framework Agreement** and all **Fast Reserve Contracts** and will at all times throughout the terms of each **Fast Reserve Contract** maintain such consent. The **Fast Reserve Provider** hereby undertakes to do (at **National Grid** 's cost) all acts and things reasonably necessary to enable **National Grid** to comply with the regulations of HM Customs and Excise as regards such self billing.
- 5.2.14 The submission of all **Monthly Statements** and facts and other evidence in support thereof and any questions in connection therewith from **National Grid** to the **Fast Reserve Provider** and vice versa in accordance with this paragraph 5.2 must be made, in the absence of agreement to the contrary between the **Parties**, by 19.00 hours on the **Business Day** concerned.
- 5.2.15 All payments to be made by **National Grid** to the **Fast Reserve Provider** under this **Document** will be made by payment to the **Fast Reserve Provider's** bank account details of which are notified by the **Fast Reserve Provider** from time to time in accordance with paragraph 5.8.
- 5.2.16 The provisions of this sub-paragraph 5.2 shall survive the termination of any **Fast Reserve Contract** and/or **Fast Reserve Framework Agreement**.

5.3 **LIMITATION OF LIABILITY**

- 5.3.1 Subject to sub-paragraph 5.3.2, and save where any provision of this **Document**, the **Fast Reserve Framework Agreement** or any **Fast Reserve Contract** provides for an indemnity or the payment of liquidated damages, the **Parties** agree and acknowledge that neither **Party** (the "**Party Liable**") nor any of its officers, employees or agents shall be liable to the other **Party** for loss arising from any breach of this **Document**, the **Fast Reserve Framework Agreement** or the **Fast Reserve Contract** other than for loss directly resulting from such breach and which at the date of the **Fast Reserve Framework Agreement** or the **Fast Reserve Contract** concerned was reasonably foreseeable as not unlikely to occur in the ordinary course of events from such breach in respect of:-
- 5.3.1.1 physical damage to the property of the other **Party**, its officers, employees or agents; and/or
- 5.3.1.2 the liability of such other **Party** to any other person for loss in respect of physical damage to the property of any person subject, for the avoidance of doubt, to the

requirement that the amount of such liability claimed by such other **Party** should be mitigated in accordance with general law,

provided further that the liability of any **Party** in respect of all claims for such loss shall not exceed five million pounds sterling (£5,000,000) per incident or series of related incidents.

- 5.3.2 Nothing in this **Document** or in the **Fast Reserve Framework Agreement** or any **Fast Reserve Contract** 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.
- 5.3.3 Subject to sub-paragraph 5.3.2, and save where any provision of this **Document**, the **Fast Reserve Framework Agreement** or any **Fast Reserve Contract** 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:-
- 5.3.3.1 any loss of profit, loss of revenue, loss of use, loss of contract or loss of goodwill;
or
- 5.3.3.2 any indirect or consequential loss; or
- 5.3.3.3 loss resulting from the liability of the other **Party** to any other person howsoever and whensoever arising save as provided in sub-paragraph 5.3.1.2 and sub-paragraph 5.3.2.
- 5.3.4 Each **Party** acknowledges and agrees that the other **Party** holds the benefit of sub-paragraphs 5.3.1 and 5.3.2 and 5.3.3 for itself and as trustee and agent for its officers, employees and agents.
- 5.3.5 The rights and remedies provided by this **Document**, the **Fast Reserve Framework Agreement** and any **Fast Reserve Contract** to the **Parties** are exclusive and not cumulative and exclude and are in place of all substantive (but not procedural) rights or remedies express or implied and provided by common law or statute in respect of the subject matter of this **Document**, the **Fast Reserve Framework Agreement** and any **Fast Reserve Contract**, including (without limitation) any rights either **Party** may possess in tort which shall include actions brought in negligence and/or nuisance. Accordingly, each of the **Parties** hereby

waives to the fullest extent possible such rights and remedies provided by common law or statute and releases the other **Party**, its officers, employees and agents to the same extent from all duties, liabilities, responsibilities or obligations provided by common law or statute in respect of the matters dealt with in this **Document**, the **Fast Reserve Framework Agreement** and any **Fast Reserve Contract** and undertakes not to enforce any of the same except as expressly provided herein.

5.3.6 For the avoidance of doubt, the **Parties** acknowledge and agree that nothing in this **Document** or in the **Fast Reserve Framework Agreement** or any **Fast Reserve Contract** 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.

5.3.7 Each of sub-paragraphs 5.3.1, 5.3.2, 5.3.3 and 5.3.4 shall:-

5.3.7.1 be construed as a separate and severable contract term, and if one or more of such sub-paragraphs is held to be invalid, unlawful or otherwise unenforceable the other or others of such sub-paragraphs shall remain in full force and effect and shall continue to bind the **Parties**; and

5.3.7.2 survive termination of the **Fast Reserve Framework Agreement** or the **Fast Reserve Contract** concerned.

5.3.8 For the avoidance of doubt, nothing in this paragraph 5.3 shall prevent or restrict any **Party** enforcing any obligation (including suing for a debt) owed to it under or pursuant to this **Document**, the **Fast Reserve Framework Agreement** or any **Fast Reserve Contract**.

5.3.9 Each **Party** acknowledges and agrees that the provisions of this sub-paragraph 5.3 have been the subject of discussion and negotiation and are fair and reasonable having regard to the circumstances as at the date of submission of the relevant **Firm Fast Reserve Tender**.

5.4 **TERMINATION**

*Termination by the **Fast Reserve Provider***

5.4.1 In the event that:-

5.4.1.1 **National Grid** shall fail to pay (other than by inadvertent error in funds transmission which is discovered by the **Fast Reserve Provider**, notified to **National Grid** and corrected within five **Business Days** following such notification) any amount properly due or owing from it pursuant to this

Document, the **Fast Reserve Framework Agreement** or any **Fast Reserve Contract** according to its terms, and such non-payment continues unremedied and not disputed in good faith and upon reasonable grounds at the expiry of seven **Business Days** immediately following receipt by **National Grid** of written notice from the **Fast Reserve Provider** of such non-payment; or

5.4.1.2 in respect of **National Grid**:-

- (a) an order of the High Court is made or an effective resolution passed for its insolvent winding-up or dissolution; or
- (b) a receiver (which expression shall include (where relevant) 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 any other steps are taken to appoint an administrator or a voluntary arrangement is proposed 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) it is unable to pay its debts within the meaning of Section 123 (1) or (2) of the Insolvency Act 1986 save that such section shall have effect as if for £750.00 there was inserted £250,000 (and **National Grid** 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 of the cases specified in this sub-paragraph 5.4.1.2, within 28 days of appointment of the liquidator, receiver, administrative receiver, administrator, nominee or other similar officer, such person has not provided to the **Fast Reserve Provider** a guarantee of future performance by **National Grid** of the **Fast Reserve Framework Agreement** and all **Fast Reserve Contracts** in such form and amount as the **Fast Reserve Provider** may reasonably require,

the **Fast Reserve Provider** may declare by notice in writing to **National Grid** that such event or events has become a termination event. Once the **Fast Reserve Provider** has given notice of a termination event, the **Fast Reserve Contract(s)** shall terminate.

Termination by National Grid

5.4.2 In the event that the **Fast Reserve Provider** at any time ceases to be a party to an agreement for connection to and (where required) use of a **System** in respect of any **Contracted BM Unit** or **Contracted Site**, **National Grid** may in its absolute discretion terminate the **Fast Reserve Contract** related to such **Contracted BM Unit** or **Contracted Site** by notice in writing to the **Fast Reserve Provider** provided always that such right of termination shall not arise where the **Fast Reserve Provider** shall have assigned or transferred the benefit or burden of the **Fast Reserve Contract** concerned in accordance with sub-paragraph 5.5.1.

5.4.3 In the event that:-

5.4.3.1 the **Fast Reserve Provider** shall fail to pay (other than by inadvertent error in funds transmission which is discovered by **National Grid**, notified to the **Fast Reserve Provider** and corrected within five **Business Days** thereafter) any amount properly due or owing from the **Fast Reserve Provider** to **National Grid** pursuant to this **Document**, the **Fast Reserve Framework Agreement** or any **Fast Reserve Contract** according to its terms, and such non-payment continues unremedied and not disputed in good faith and upon reasonable grounds at the expiry of seven **Business Days** immediately following receipt by the **Fast Reserve Provider** of written notice from **National Grid** of such non-payment; or

5.4.3.2 in respect of the **Fast Reserve Provider**:-

- (a) an order of the High Court is made or an effective resolution passed for its insolvent winding up or dissolution; or
- (b) a receiver (which expression shall include (where relevant) 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 any other steps are taken to appoint an administrator or a voluntary arrangement is proposed under Section 1 of that Act; or

- (d) it enters into any scheme of arrangement (other than for the purpose of a reconstruction or amalgamation upon terms and within such period as may previously have been approved in writing by the **Authority**); or
- (e) it is unable to pay its debts (within the meaning of Section 123(1) or (2) of the Insolvency Act 1986 save that such sections shall have effect as if for £750.00 there was inserted £250,000 and the **Fast Reserve Provider** shall not be deemed to be unable to pay its debts if any demand for payment is being contested in good faith by the **Fast Reserve Provider** with recourse to all appropriate measures and procedures),

and, in any of the cases specified in this sub-paragraph 5.4.3.2, within 28 days of appointment of the liquidator, receiver, administrative receiver, administrator, nominee or other similar officer, such person has not provided to **National Grid** a guarantee of future performance by the **Fast Reserve Provider** of the **Fast Reserve Framework Agreement** and all **Fast Reserve Contracts** in such form and amount as **National Grid** may reasonably require,

National Grid may declare by notice in writing to the **Fast Reserve Provider** that such event or events has become a termination event in respect of the **Fast Reserve Contract(s)** and (in **National Grid**'s discretion) the **Fast Reserve Framework Agreement**. Once **National Grid** has given notice of a termination event the **Fast Reserve Contract(s)** and (where applicable) the **Fast Reserve Framework Agreement** shall terminate.

5.4.4 Where the **Fast Reserve Provider** has, in respect of a **Generating Unit** and/or other **Plant** and **Apparatus** or which is the subject of a **Fast Reserve Framework Agreement**, failed two or more consecutive **Reproving Tests** conducted in accordance with sub-paragraph 2.2.4, **National Grid** shall (without prejudice to any other provision of this paragraph 5.4) be entitled (at its sole discretion but subject always to sub-paragraph 5.4.5) to terminate the **Fast Reserve Framework Agreement** in respect of the **Generating Unit** in question by notice in writing to the **Fast Reserve Provider**.

5.4.5 Before deciding (in its sole discretion) whether to exercise its right to terminate pursuant to sub-paragraph 5.4.4 above, **National Grid** shall use reasonable endeavours to discuss with the **Reserve Provider** the circumstances giving rise to the failed **Reproving Tests** (any such discussion to be confirmed in writing by **National Grid**).

5.4.6 Termination of the **Fast Reserve Framework Agreement** and any **Fast Reserve Contract** shall be without prejudice to the rights and remedies to which a **Party** may be entitled

thereunder and shall not affect any accrued rights or liabilities of either **Party** nor the coming into or continuance in force of any provision thereof which is expressly or by implication intended to come into force on or after such termination.

5.5 ASSIGNMENT

5.5.1 The **Fast Reserve Provider** shall not assign or transfer nor purport to assign or transfer the benefit or burden of the **Fast Reserve Framework Agreement** and/or any **Fast Reserve Contract** save in the following circumstances:-

5.5.1.1 the **Fast Reserve Provider** may assign or charge its benefit under the **Fast Reserve Framework Agreement** and/or a **Fast Reserve Contract** in whole or in part by way of security;

5.5.1.2 upon the disposal of the whole or any part of the **Fast Reserve Provider's** business or undertaking of which the **Contracted Site** or **Contracted BM Unit** forms part, the **Fast Reserve Provider** may transfer all or some of its rights and obligations under the **Fast Reserve Framework Agreement** to the purchaser thereof with the prior written consent of **National Grid** (which shall not be unreasonably withheld or delayed), and all extant **Fast Reserve Contracts** with respect to that **Contracted Site** or **Contracted BM Unit** forms part, shall thereupon be deemed to be transferred to such purchaser.

5.5.2 **National Grid** shall not assign or transfer nor purport to assign or transfer the benefit or burden of the **Fast Reserve Framework Agreement** and any **Fast Reserve Contract** save to a person required by a licence granted under Section 6(1)(b) of the **Act** to contract for **Balancing Services**.

5.6 CONFIDENTIALITY AND ANNOUNCEMENTS

5.6.1 *General Restrictions*

5.6.1.1 Subject to the exceptions provided in sub-paragraph 5.6.2, and to the extent otherwise expressly permitted by this **Document**, the **Fast Reserve Framework Agreement** and/or any **Fast Reserve Contract**, neither **Party** shall, at any time, whether before or after the expiry or sooner termination of the **Fast Reserve Framework Agreement** and/or any **Fast Reserve Contract**, without the prior consent of the other **Party** in writing, 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 **Fast Reserve Framework Agreement** and/or any **Fast Reserve Contract**) of:-

- (a) any of the contents of the **Fast Reserve Framework Agreement** and/or any **Firm Fast Reserve Tender** and/or any **Firm Fast Reserve Tender Acceptance** and/or any **Firm Fast Reserve Tender Rejection**;
- (b) any commercially confidential information relating to the negotiations concerning the entering into of the **Fast Reserve Framework Agreement**;
- (c) any commercially confidential information which may come to a **Party's** knowledge in the course of such negotiations; or
- (d) any commercially confidential information concerning the operations, contracts, commercial or financial arrangements or affairs of the other **Party**.

5.6.1.2 Each **Party** undertakes to use information referred to in sub-paragraph 5.6.1.1 and disclosed to it by the other **Party** solely for the purposes of the **Fast Reserve Framework Agreement** and/or any **Fast Reserve Contract** and shall not use it for any other purpose or for the purposes of any third party.

5.6.2 *Exceptions*

5.6.2.1 The restrictions imposed by sub-paragraph 5.6.1 shall not apply to the disclosure of any information:-

- (a) 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** or which it received from a third party independently entitled to disclose it;
- (b) which is required by law or pursuant to the rules of the **Electricity Supply Industry Arbitration Association** in **Great Britain** or pursuant to the rules or regulations of the Financial Services Authority to be disclosed to any person who is authorised by law or pursuant to the rules of the **Electricity Supply Industry Arbitration Association**

in **Great Britain** or pursuant to the rules or regulations of the Financial Services Authority to receive the same;

- (c) 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;
- (d) to a court, arbitrator or administrative tribunal in the course of proceedings before it to which the disclosing **Party** is a party;
- (e) in accordance with the provisions of the **Balancing and Settlement Code** or pursuant to any **Licence** of the **Party** concerned;
- (f) to any parent, subsidiary or fellow subsidiary undertaking on a "need to know" basis only;
- (g) to any authorised consultants, banks, financiers, insurers or professional advisers to the disclosing **Party**;
- (h) required or expressly permitted to be disclosed under the terms of any agreement or arrangement (including this **Document**, the **Grid Code**, the **Connection and Use of System Code**, the **Distribution Code** and the **Fuel Security Code** (if any)) to which the **Parties** have agreed to be bound.

5.6.2.2 In this sub-paragraph 5.6.2, the words "parent", "subsidiary" and "undertaking" shall have the meanings as provided in Sections 258 and 259 of the Companies Act 1985.

5.6.3 *Third parties*

Before either **Party** discloses any information in any of the circumstances described in sub-paragraph 5.6.2.1 (f) and (g) (other than to its authorised professional advisers), it shall notify the other **Party** of its intention to make such disclosure and 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 paragraph 5.6.

5.6.4 *Public announcements*

- (a) Subject to sub-paragraph 5.6.4(b), no public announcement or statement regarding the signature, performance or termination of the **Fast Reserve Framework Agreement** and/or any **Fast Reserve Contract** shall be issued or made unless 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).
- (b) Neither **Party** shall be prohibited from issuing or making any such public announcement or statement to the extent expressly permitted or otherwise contemplated by this **Document**, the **Fast Reserve Framework Agreement** and/or any **Fast Reserve Contract** or if 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.

5.6.5 *Procedures*

With respect to the information referred to in sub-paragraph 5.6.1.1, both **Parties** shall ensure that:-

- (a) such information is disseminated within their respective organisations on a "need to know" basis only;
- (b) employees, directors, agents, consultants and professional advisers who are in receipt of such information are made fully aware of the **Party's** obligations of confidence in relation thereto; and
- (c) any copies of such information, whether in hard copy or computerised form, will clearly identify the information as confidential.

5.6.6 *Termination*

Notwithstanding any other provision of this **Document**, the **Fast Reserve Framework Agreement** and/or any **Fast Reserve Contract**, the provisions of this paragraph 5.6 shall continue to bind a person after termination of the **Fast Reserve Framework Agreement** and/or any **Fast Reserve Contract**, in whole or in part, for whatever reason.

5.7 **WAIVER**

No delay by or omission of any **Party** in exercising any right, power, privilege or remedy under this **Document**, the **Fast Reserve Framework Agreement** or any **Fast Reserve Contract** shall operate to impair such right, power, privilege or remedy or be construed as a waiver thereof. Any single or partial exercise of any such right, power, privilege or remedy shall not preclude any other or further

exercise thereof or the exercise of any other right, power, privilege or remedy. Payment of any sum or the submission of any **Monthly Statement** by **National Grid** to the **Fast Reserve Provider** under this **Document**, the **Fast Reserve Framework Agreement** or any **Fast Reserve Contract** shall not operate to impair or be construed as a waiver of any right, power, privilege or remedy **National Grid** may have against the **Fast Reserve Provider** under this **Document**, the **Fast Reserve Framework Agreement** and/or any **Fast Reserve Contract** or otherwise whatsoever and howsoever arising or arisen.

5.8 NOTICES

5.8.1 Any notice or other communication to be given by one **Party** to the other under, or in connection with the matters contemplated by this **Document**, the **Fast Reserve Framework Agreement** or any **Fast Reserve Contract**, shall unless otherwise expressly agreed herein be addressed to the recipient and sent to the address or facsimile number of such other **Party** set out in the **Fast Reserve Framework Agreement** for the purpose and marked for the attention of the person so given or to such other address or facsimile number and/or marked for such other attention as such other **Party** may from time to time specify by notice given in accordance with this paragraph 5.8 to the **Party** giving the relevant notice or other communication to it.

5.8.2 Any notice or other communication to be given by one **Party** to the other **Party** under, or in connection with the matters contemplated by, this **Document**, the **Fast Reserve Framework Agreement** or any **Fast Reserve Contract** shall unless otherwise expressly agreed herein be in writing and shall be given by letter delivered by hand or sent by first class prepaid post (airmail if overseas) or facsimile, and shall be deemed to have been received:-

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

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

5.8.2.3 in the case of facsimile, on acknowledgement by the addressee's facsimile receiving equipment (where such acknowledgement occurs before 17:00 hours on the day of acknowledgement) and in any other case on the day following the day of acknowledgement.

5.9 DISPUTE RESOLUTION

- 5.9.1 Save where expressly stated in this **Document** or in the **Fast Reserve Framework Agreement** or any **Fast Reserve Contract** to the contrary and subject to any contrary provision of the **Act** or any **Licence**, and subject always to sub-paragraph 5.9.3, any dispute or difference of whatever nature howsoever arising under, out of or in connection with this **Document**, the **Fast Reserve Framework Agreement** or any **Fast Reserve Contract** between the **Parties** shall be and is hereby referred to arbitration pursuant to the arbitration rules of the **Electricity Supply Industry Arbitration Association** in force from time to time.
- 5.9.2 Whatever the nationality, residence or domicile of either **Party** and wherever the dispute or difference or any part thereof arose, the laws of England and Wales shall be the proper law of any reference to arbitration hereunder and in particular (but not so as to derogate from the generality of the foregoing) the provisions of the Arbitration Act 1996 (notwithstanding anything in Section 108 thereof) shall apply to any such arbitration wherever the same or any part of it shall be conducted.
- 5.9.3 Where a provision of this **Document** expressly provides for the referral by **National Grid** or a **Fast Reserve Provider** of any matter or matters in dispute to **Expert Determination**, the following provisions shall apply:-
- (a) 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;
 - (b) if **National Grid** and the **Fast Reserve Provider** cannot agree upon the selection of an **Expert**, the **Expert** shall be determined by the President for the time being of the Law Society of England and Wales;
 - (c) all references to the **Expert** shall be made in writing by either **National Grid** or the **Fast Reserve Provider** with notice to the other being given contemporaneously, and **National Grid** and the **Fast Reserve Provider** shall promptly supply the **Expert** with such documents and information as he may request when considering any referral;
 - (d) 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, and his decision shall, in the absence of fraud or manifest error, be final and binding upon **National Grid** and the **Fast Reserve Provider**;

- (e) if the **Expert** wishes to obtain independent professional and/or technical advice in connection with the question before him:-
 - (i) he shall first provide **National Grid** and the **Fast Reserve Provider** with details of the name, organisation and estimated fees of the professional or technical adviser; and
 - (ii) he may engage such advisor with the consent of **National Grid** and the **Fast Reserve Provider** (which consent shall not be unreasonably withheld or delayed) for the purposes of obtaining such professional and/or technical advice as he may reasonably require;
- (f) the **Expert** shall not be held liable for any act or omission, and his written decision will be given without any liability on the **Expert's** part to either **National Grid** or the **Fast Reserve Provider**, unless it shall be shown that he acted fraudulently or in bad faith;
- (g) save to the extent otherwise expressly provided herein pending the determination by the **Expert**, any subsisting **Fast Reserve Contract(s)** shall continue to the extent possible for **National Grid** and the **Fast Reserve Provider** to perform their obligations under such **Fast Reserve Contract(s)**; and
- (h) the **Expert** shall at his discretion be entitled to order that the costs of the reference of a dispute to him shall be paid by **National Grid** and/or the **Fast Reserve Provider** in whatever proportions he thinks fit.

5.10 JURISDICTION

- 5.10.1 Subject to paragraph 5.9 and to sub-paragraph 5.10.4, both **Parties** irrevocably agree that the courts of England and Wales and the courts of Scotland are to have jurisdiction to settle any disputes which may arise out of or in connection with this **Document**, the **Fast Reserve Framework Agreement** and/or any **Fast Reserve Contract** and that accordingly any suit, action or proceeding (together in this paragraph 5.10 referred to as "**Proceedings**") arising out of or in connection with this **Document**, the **Fast Reserve Framework Agreement** and/or any **Fast Reserve Contract** may be brought to such courts.
- 5.10.2 Each **Party** irrevocably waives any objection which it may have now or hereafter to the laying of the venue of any **Proceedings** in any such court as is referred to in this paragraph 5.10 and any claim that any such **Proceedings** have been brought in an inconvenient forum

and further irrevocably agrees that judgment in any proceedings brought in the courts of England and Wales or the courts of Scotland shall be conclusive and binding upon such **Party** and may be enforced in the courts of any other jurisdiction.

5.10.3 Each **Party** which is not incorporated in any part of **Great Britain** agrees that if it does not have, or shall cease to have, a place of business in **Great Britain** it will promptly appoint, and shall at all times maintain, a person in **Great Britain** to accept service of process on its behalf in any **Proceedings** in **Great Britain**.

5.10.4 For the avoidance of doubt nothing contained in the foregoing provisions of this paragraph 5.10 shall be taken as permitting a party to commence **Proceedings** in the courts where this **Document**, the **Fast Reserve Framework Agreement** or any **Fast Reserve Contract** otherwise provides for **Proceedings** to be referred to arbitration.

5.11 **GOVERNING LAW**

This **Document**, the **Fast Reserve Framework Agreement** and each **Fast Reserve Contract** shall be governed by and construed in all respects in accordance with English law.

5.12 **FORCE MAJEURE**

5.12.1 In so far as either **Party** is prevented from performing any of its obligations under this **Document**, the **Fast Reserve Framework Agreement** and/or any **Fast Reserve Contract** due to an event or circumstance of **Force Majeure**, then neither the **Fast Reserve Provider** nor **National Grid** (as the case may be) shall be deemed to be in breach of such obligations for so long as the circumstance of **Force Majeure** continues to prevent such performance.

5.12.2 If **National Grid** is unable to accept the provision of **Fast Reserve** and/or issue a **Bid-Offer Acceptance** or an **Instruction** (as the case may be) due to an event or circumstance of **Force Majeure**, it shall not be obliged to pay the **Firm Service Fees** or an **Enhanced Rates Availability Payment** (as the case may be) to the **Fast Reserve Provider** pursuant to subparagraphs 3.2.3 or 3.3.3 or 4.2.3 or 4.3.3 (as the case may be) in respect of the period during which the event or circumstance of **Force Majeure** continues to prevent such acceptance and/or ability to issue a **Bid-Offer Acceptance** or **Instruction**.

5.12.3 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**.

5.12.4 As soon as is reasonably practicable, following an event or circumstance of **Force Majeure**, the **Parties** shall meet to discuss how best to continue their respective obligations as set out in this **Document**, the **Fast Reserve Framework Agreement** and the relevant **Fast Reserve Contract**.

5.12.5 For the avoidance of doubt the non-performance of either **Party's** obligations pursuant to this **Document**, the **Fast Reserve Framework Agreement** and any **Fast Reserve 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**.

5.12.6 Either **Party** shall have a right to terminate the provisions of the **Fast Reserve Framework Agreement** and/or the relevant **Fast Reserve Contract** if a **Party** has been prevented from performing its obligations under this **Document**, the **Fast Reserve Framework Agreement** and such **Fast Reserve Contract** due to an event or circumstance of **Force Majeure** for a continuous period of two calendar months.

5.13 SEVERANCE OF TERMS

If any provision of this **Document**, the **Fast Reserve Framework Agreement** or any **Fast Reserve Contract** is or becomes or is declared invalid, unenforceable or illegal by the courts of any jurisdiction to which it is subject or by order of the Commission of the European Communities or by order of the **Secretary of State**, such invalidity, unenforceability or illegality shall not prejudice or affect the remaining provisions of this **Document**, the **Fast Reserve Framework Agreement** and such **Fast Reserve Contract** which shall continue in full force and effect notwithstanding such invalidity, unenforceability or illegality.

5.14 ENTIRE AGREEMENT

This **Document**, the **Fast Reserve Framework Agreement** and the relevant **Fast Reserve Contract** contain or expressly refer to the entire agreement between the **Parties** with respect to the subject matter of such agreements, 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 this **Document**, the **Fast Reserve Framework Agreement** and the relevant **Fast Reserve Contract** upon which it has relied in entering into this **Document**, the **Fast Reserve Framework Agreement** and the relevant **Fast Reserve 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 **Fast Reserve Framework Agreement** and/or any **Fast Reserve Contract** unless such warranty or misrepresentation was made or given fraudulently.

5.15 **THIRD PARTY RIGHTS**

The **Parties** acknowledge and agree for the purposes of the Contracts (Rights of Third Parties) Act 1999 that no rights, powers of benefits are or shall be conferred on any person pursuant to this **Document**, the **Fast Reserve Framework Agreement** or any **Fast Reserve Contract** save as expressly provided in this **Document**, the **Fast Reserve Framework Agreement** or such **Fast Reserve Contract**.

5.16 ANTI-BRIBERY

5.16.1 Each **Party** shall:

- (a) comply with all **Relevant Requirements**;
- (b) 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;
- (c) have and shall maintain in place, throughout the term of a **Fast Reserve Framework Agreement**, its own policies and procedures, including **Adequate Procedures**, to ensure compliance with the **Relevant Requirements** and this paragraph 5.16, and will enforce them where appropriate; and
- (d) procure and ensure that all of its **Associated Persons** and/or other persons who are performing the services in connection with a **Fast Reserve Framework Agreement** comply with this paragraph 5.16.

5.16.2 If either **Party** breaches this paragraph 5.16 then, without prejudice to any other rights or remedies, the other **Party** may immediately terminate the **Fast Reserve Framework Agreement** and all and any subsisting **Fast Reserve Contract** on written notice to the **Party** in breach.

SECTION 6

INTERPRETATION AND DEFINITIONS

6.1 INTRODUCTION

This Section sets out general rules to be applied in interpreting this **Document**, the **Fast Reserve Framework Agreement** and **Fast Reserve Contracts**. A **Fast Reserve Framework Agreement** and/or **Fast Reserve Contract** may, in accordance with sub-paragraph 6.2.2, have its own further interpretation rules and defined terms which apply only to that **Fast Reserve Framework Agreement** and/or **Fast Reserve Contract**.

6.2 INTERPRETATION AND CONSTRUCTION

6.2.1 In this **Document** and in the **Fast Reserve Framework Agreement** and each **Fast Reserve Contract**:-

- (a) the interpretation rules in this paragraph 6.2; and
- (b) the words and expressions defined in paragraph 6.3,

shall, unless the subject matter or context otherwise requires or is inconsistent therewith, apply.

6.2.2 Save as otherwise expressly provided in this **Document**, in the event of any inconsistency between the provisions of the **Fast Reserve Framework Agreement** or any **Fast Reserve Contract** (as the case may be) and this **Document**, the provisions of the **Fast Reserve Framework Agreement** or **Fast Reserve Contract** (as the case may be) shall prevail in relation to the subject matter thereof.

6.2.3 In this **Document** and in the **Fast Reserve Framework Agreement** and each **Fast Reserve Contract**:

- (a) unless the context otherwise requires, all references to a particular paragraph, Section, Schedule or Annexure shall be a reference to that paragraph, Section, Schedule or Annexure in or to this **Document**, and all references to a particular paragraph or Appendix shall be a reference to that paragraph or Appendix in or to a **Fast Reserve Contract**;

- (b) a table of contents and headings are inserted for convenience only and shall be ignored in construing this **Document**, the **Fast Reserve Framework Agreement** and each **Fast Reserve Contract**;
- (c) references to the words “include” or “including” are to be construed without limitation to the generality of the preceding words;
- (d) unless 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 modification, extension or re-enactment thereof then in force and to all instruments, order or regulations then in force and made under or deriving validity from the relevant Act of Parliament; and
- (e) references to the masculine shall include the feminine and references in the singular shall include the plural and vice versa and words denoting persons shall include any individual, partnership, firm, company, corporation, joint venture, trust, association, organisation or other entity, in each case whether or not having separate legal personality.

6.3 DEFINITIONS

The following terms shall have the following meanings:-

"the Act"	means the Electricity Act 1989;
“ABSVD Methodology Statement”	means the document entitled “Applicable Balancing Services Volume Data Methodology Statement” as published by National Grid as the same may be amended from time to time;
“Active Power”	means the product of voltage and the in-phase component of alternating current measured in units of Watts and standard multiples thereof i.e. 1000 Watts = 1kW 1000 kW = 1MW 1000 MW = 1GW 1000 GW = 1TW;
<u>“Adequate Procedures”</u>	<u>shall be determined in accordance with section 7(2) of</u>

“Affected Fast Reserve Provider”

the Bribery Act (and any guidance issued under section 8 of that Act);

means, with respect to any **Detailed Change Proposal**, a **Fast Reserve Provider** which is a party to one or more **Affected Fast Reserve Contracts**, and which is of the reasonable opinion that:-

- (1) its ability to provide **Fast Reserve** and/or comply with such **Affected Fast Reserve Contract(s)** will be materially prejudiced by the amendments to this **Document** described in such **Detailed Change Proposal**; and/or
- (2) the net cost to it of providing **Fast Reserve** and/or complying with such **Affected Fast Reserve Contract(s)** is materially increased as a result of such amendments;

“Affected Fast Reserve Contract”

means a subsisting **Fast Reserve Contract** in force at the date that **National Grid** submits a **Detailed Change Proposal** and whose term continues beyond the **Final Implementation Date** specified therein;

“Aggregated BM Unit”

means those **BM Units** which together comprise an **Aggregated BM Unit** as specified in the **Fast Reserve Framework Agreement** having a **MW Delivery** of not less than 50 MW, and “**Aggregated BM Units**” shall be construed accordingly;

“Ancillary Services”

means **System Ancillary Services** and/or **Commercial Ancillary Services**, as the case may be;

“Apparatus”

means all equipment in which electrical conductors are used, supported or of which they may form a part;

“Applicable Balancing Service”

has the meaning attributed to it in the **Balancing and Settlement Code**;

“Associated Person”

has the meaning ascribed to it in section 8 of the Bribery Act and shall include but is not limited to any

employees, agents and/or subcontractors of the **Fast Reserve Provider** or **National Grid** as applicable in relation to the provision of **Fast Reserve**;

“Authorised Electricity Operator”

means any person (other than **National Grid** in its capacity as operator of the **GBNational Electricity Transmission System**) who is authorised under the **Act** to generate, transmit, distribute or supply electricity;

“Authority”

means the Gas and Electricity Markets Authority established by section 1 of the Utilities Act 2000;

“Automatic Logging Device”

means any electronic apparatus or other device capable of relaying instructions and confirmations between **National Grid** and the **Fast Reserve Provider** and/or memorising and storing any instructions and confirmations so given;

“Balancing and Settlement Code (BSC)”

the meaning attributed to it in the **Transmission Licence**;

“Balancing Mechanism”

the meaning attributed to it in the **Transmission Licence**;

“Balancing Service”

has the meaning given in the **Transmission Licence**;

“Base Rate”

in respect of any day, means the rate per annum which is equal to the base lending rate from time to time of Barclays Bank plc as at the close of business on the immediately preceding **Business Day**;

“Base Service Parameters”

means, for each **Contracted BM Unit** the values specified in the **Fast Reserve Framework Agreement** in respect of **Physical Notifications** and **Dynamic Parameters**, or, for each **Contracted Site**, the operating characteristics specified in the **Fast Reserve Framework Agreement** for that **Contracted Site**;

“Bid-Offer Acceptance”	the meaning attributed to it in the Grid Code ;
“Bid-Offer Data”	the meaning attributed to it in the BSC ;
“Bid-Offer Pair”	the meaning attributed to it in the BSC ;
“BM Unit”	the meaning attributed to it in the BSC , except for the purposes of this Document the reference to “a Party” in the BSC shall be a reference to the Fast Reserve Provider ;
“BM Unit Data”	the meaning attributed to it in the Grid Code ;
“Bribery Act”	<u>means the Bribery Act 2010;</u>
“Business Day”	means a week-day other than a Saturday on which banks are open for domestic business in the City of London;
“Capped Bid-Offer Price”	means, in respect of a Bid-Offer Pair , the maximum value of an equal Bid Price and Offer Price for each Contracted BM Unit (or, in the case of an Aggregated BM Unit , for each component BM Unit) applicable in respect of the MW Delivery or MW Delivery Profile (as the case may be), which is tendered by the Fast Reserve Provider in respect of the Firm Service as part of the Tendered Service Parameters ;
“Change in Law”	means the coming into effect of :- <ol style="list-style-type: none"> (1) a Legal Requirement; or (2) any applicable judgement of a relevant court of law which materially changes a binding precedent;
“Commencement Date”	means (where the context permits) the date specified either in a Firm Fast Reserve Tender or in a Firm Fast Reserve Tender Acceptance from which a Fast Reserve Contract for the Firm Service shall come

into effect;

“Commercial Ancillary Services” Means **Ancillary Services** other than **System Ancillary Services**;

“Competent Authority” means the Gas and Electricity Markets Authority or any local, national or supra-national agency, authority, department, inspectorate, minister, official, court, tribunal or public or statutory person (whether autonomous or not) of the United Kingdom (or the government thereof) or the member states of the European Union which have jurisdiction over **National Grid** or the subject matter of this **Document**;

“Connection Agreement” means any agreement in respect of the connection (including the maintenance and modification of that connection) of **Plant** and **Apparatus** to a **Distribution System**;

“Connection and Use of System Code (CUSC)” means the Connection and Use of System Code designated by the **Secretary of State** as from time to time modified;

“Consumption BM Unit” the meaning attributed to it in the **BSC**;

“Contract Prices” means (as the case may be):-

- (1) in respect of a **Firm Contracted BM Unit**, any or all of the **Firm Availability Fee**, the **Positional Fee** and the **Window Initiation Fee**;
- (2) in respect of a **Contracted BM Unit**, the **Enhanced Rates Availability Fee**;
- (3) in respect of a **Firm Contracted Site**, any or all of the **Firm Availability Fee**, the **Positional Fee** and the **Window Initiation Fee**; or

(4) in respect of a **Contracted Site**, the **Optional Availability Fee** or **Optional Energy Fee**;

“**Contracted BM Units**”

means each of the **BM Units** specified individually in the **Fast Reserve Framework Agreement** and/or (as the case may be) any **Aggregated BM Unit(s)**;

“**Contracted Load Groups**”

means those load groups which together comprise a **Contracted Site** being a number of distinct groups of **Demand** under the individual control of the **Fast Reserve Provider**;

“**Contracted MW**”

in respect of a **Type 1 Contracted Site** only, means the maximum respective change in the level of energy production or consumption in MW for such **Type 1 Contracted Site** which the **Fast Reserve Provider** may be instructed by **National Grid** to provide from the **Type 1 Contracted Site** when delivering **Fast Reserve** more particularly specified in the **Fast Reserve Framework Agreement** (as the same may be revised from time to time in respect of the **Firm Service** in accordance with sub-paragraph 2.3.2(ed)(ii));

“**Contracted MW -Profile**”

in respect of a **Type 2 Contracted Site** only, means a profile of energy production or consumption in MW for such **Type 2 Contracted Site** against which **Fast Reserve** will be delivered which is described by reference to **Contracted Settlement Periods**, a maximum and minimum MW level and a profile shape, as more particularly specified in the **Fast Reserve Framework Agreement** (as the same may be revised from time to time in respect of the **Firm Service** in accordance with sub-paragraph 2.3.2(ed)(ii));

“**Contracted Service Periods**”

means, in respect of a **Fast Reserve Contract**, the **tendered Settlement Periods in an Operational Day in a Tendered Service Term** (or where **National Grid** has

“Contracted Service Term”	<p><u>accepted some only of the Firm Fast Reserve Months in the Tendered Service Term, in those Firm Fast Reserve Months only) described as such forming part of the Tendered Service Parameters;</u></p> <p>means the single or period of two or more consecutive calendar month<u>Firm Fast Reserve Month(s)</u> the subject of a Fast Reserve Contract formed upon the issue by National Grid of a Firm Fast Reserve Tender Acceptance;</p>
“Contracted Settlement Periods”	<p>means those consecutive Settlement Periods <u>occurring over the duration of</u>comprised in a Contracted MW Profile as more particularly specified in the Fast Reserve Framework Agreement;</p>
“Contracted Site(s)”	<p>means the Generating Unit(s) and/or other Plant or Apparatus described in the Fast Reserve Framework Agreement which may be either:-</p> <ul style="list-style-type: none"> (i) load reduction equipment located at a single premises; or (ii) an aggregation of Contracted Load Groups, together having a MW Net Export Range of not less than 50 MW, <p>which shall be either a Type 1 Contracted Site or a Type 2 Contracted Site as more particularly specified in the Fast Reserve Framework Agreement;</p>
“CUSC Framework Agreement”	<p>the meaning attributed to it in the Transmission Licence;</p>
“Customer”	<p>means a person to whom electrical power is provided (whether or not he is the same person as the person who provides the electrical power);</p>

“Defaulting Party”	the meaning attributed to it in sub-paragraph 5.2.6;
“Demand”	the demand of MW and Mvar of Electricity ;
“Detailed Change Proposal”	means a proposal prepared by National Grid for the purposes of sub-paragraph 1.2.6;
“Directive”	means any present or future directive, request, requirement, instruction, code of practice, direction or rule of any Competent Authority and any modification, extension or replacement thereof;
“Distribution Code(s)”	means the Distribution Code(s) drawn up by Public Distribution System Operators pursuant to the terms of their respective Licence(s) as from time to time revised in accordance with those Licences ;
“Distribution System”	means the system consisting (wholly or mainly) of electric lines owned or operated by any Authorised Electricity Operator and used for the distribution of electricity from Grid Supply Points or generation sets or other entry points to the point of delivery to Customers or Authorised Electricity Operators , and includes any Remote Transmission Assets operated by such Authorised Electricity Operator and any electrical plant and meters owned or operated by the Authorised Electricity Operator in connection with the distribution of electricity, but shall not include any part of the GBNational Electricity Transmission System ;
“Document”	means this issue of the Fast Reserve Tender Rules and Standard Contract Terms as varied and/or reissued from time to time in accordance with paragraph 1.2;
“Dynamic Parameters”	the meaning attributed to it in the Grid Code ;
“EDL”	means the electronic despatch logging mechanism by which National Grid communicates with the Fast Reserve Provider and the Fast Reserve Provider

	communicates with National Grid in respect of the Contracted BM Units for the purposes of operation of the Balancing Mechanism and the utilisation of Balancing Services ;
“Electricity Supply Industry Arbitration Association”	the meaning attributed to it in the Grid Code ;
“Embedded”	the meaning attributed to it in the Grid Code ;
“Energy Metering Equipment”	the meaning attributed to the phrase “Metering Equipment” in the Balancing and Settlement Code ;
“Enhanced Rate”	in respect of any day, means the rate per annum which is 4% above the base lending rate from time to time of Barclays Bank plc as at the close of business on the immediately preceding Business Day ;
“Enhanced Rates”	has the meaning given in sub-paragraph 3.3.1(a);
“Enhanced Rates Availability Fee”	means the fee in respect of each Contracted BM Unit specified in a Fast Reserve Framework Agreement (as the same may be amended from time to time in accordance with sub-paragraph 3.3.3(c);
“Expert”	means an independent expert appointed for the purposes of Expert Determination ;
“Expert Determination”	means the process specified in sub-paragraph 5.9.3;
“Expiry Date”	means the date specified in a Firm Fast Reserve Tender Acceptance from which the Fast Reserve Contract shall cease to have effect;
“Fast Reserve”	means a rapid and flexible energy service capable of being delivered and reversed, to start within 2 minutes of an instruction to do so, at rates in excess of 25 MW per minute, which may be provided to National Grid as either Firm Fast Reserve or Optional Fast Reserve ;

“Fast Reserve Contract”	each contract made between National Grid and the Fast Reserve Provider for the provision of Fast Reserve upon and subject to the terms of this Document and the Fast Reserve Framework Agreement , and, where applicable, a Firm Fast Reserve Tender and Firm Fast Reserve Tender Acceptance ;
“Fast Reserve Framework Agreement”	means the agreement to which National Grid and the Fast Reserve Provider are each a party more particularly referred to in paragraph 1.3;
“Fast Reserve Pre-Qualification Assessment”	means the test or sequence of tests referred to in Appendix 1 to Section 2 for the purposes of ensuring the Generating Unit and/or Plant or Apparatus complies with the mandatory requirements in respect of Fast Reserve as specified in sub-paragraph 2.2.2;
“Fast Reserve Provider”	means each person (other than National Grid) for the time being and from time to time a party to a Fast Reserve Framework Agreement and any successor(s) in title to, or permitted assign(s) of, such person;
“Fast Reserve Provider’s Agent”	means the person (if any) specified as such in the Fast Reserve Contract ;
“Final Implementation Date”	means the Proposed Implementation Date or, in the case of a Detailed Change Proposal required as a result of a Proposed Legal Requirement , the date that the relevant Change in Law is currently expected by National Grid to come into effect;
“Firm Availability Fee”	means the fee described as such forming part of the Tendered Service Parameters ;
“Firm Availability Payment”	has the meaning given in sub-paragraph 3.2.3(a) or 4.2.3(a) as the case may be;

“Firm Contracted BM Unit”	means a Contracted BM Unit the subject of a Firm Fast Reserve Tender Acceptance ;
“Firm Contracted Site”	means a Contracted Site the subject of a Firm Fast Reserve Tender Acceptance ;
“Firm Energy Payment”	has the meaning given in sub-paragraph 4.2.3(d);
“Firm Fast Reserve”	means:- <ul style="list-style-type: none"> (a) in the case of a Contracted BM Unit, the delivery from that Contracted BM Unit of a specified amount of MW (being not greater than the MW Delivery) or the following of a profile (comprising all or part of the MW Delivery Profile) during the Firm Fast Reserve Windows; and (b) in the case of a Contracted Site, the reduction in Demand and/or the increase in Generation from the Contracted Site while operating in accordance with the Tendered Service Parameters resulting in <u>a reduction in the net import of Active Power to the Premises from the National Electricity Transmission System</u> or an increase in the net export of Active Power from the Premises to the <u>GBNational Electricity Transmission System</u> either:- <ul style="list-style-type: none"> (i) (in respect of a Type 1 Contracted Site) of a specified amount of MW (being not greater than the Contracted MW); or (ii) (in respect of a Type 2 Contracted Site) in accordance with a profile (comprising all or part of the Contracted MW Profile),

as notified by **National Grid** in a **Firm Instruction** issued in accordance with sub-paragraph 4.2.2, which amount of MW is provided or profile is followed (as the case may be) during the **Firm Fast Reserve Windows** in the manner more particularly described in paragraph 4.2;

“ Firm Fast Reserve Energy Fee ”	means the fee described as such forming part of the Tendered Service Parameters referred to in sub-paragraph 2.3.2(ed)(vii);
“ Firm Fast Reserve Month ”	means each and any calendar month comprised in a Tendered Service Term ;
“ Firm Fast Reserve Tender ”	means a tender submitted by the Fast Reserve Provider to National Grid for the provision of Firm Fast Reserve in the form set out in the ITT Pack , being either a Single Month Tender , a Short Term Tender or a Long Term Tender ;
“ Firm Fast Reserve Tender Acceptance ”	means, in respect of a Firm Fast Reserve Tender , the notification issued by National Grid in accordance with sub-paragraph specifying (inter alia) the Contracted BM Unit or Contracted Site (as the case may be) and the Tendered Service Term tendered by the Fast Reserve Provider which are accepted in respect of that Firm Fast Reserve Tender ;
“ Firm Fast Reserve Tender Rejection ”	means, in respect of a Firm Fast Reserve Tender , the notification issued by National Grid in accordance with sub-paragraph specifying (inter alia) the Contracted BM Unit or Contracted Site (as the case may be) and the Tendered Service Term tendered by the Fast Reserve Provider which are rejected in respect of that Firm Fast Reserve Tender ;
“ Firm Fast Reserve Windows ”	has the meaning given in sub-paragraph 3.2.1(a) or 4.2.1(a) as the case may be;

“Firm Instruction”	has the meaning given in sub-paragraph 4.2.2(a);
“Firm Service”	means either (1) in the case of Contracted BM Unit(s) a Balancing Service provided from one or more Contracted BM Units in specified Settlement Periods during a Contracted Service Term and contributing towards National Grid ’s requirement for Fast Reserve , involving the provision of, and payment for, specified Physical Notifications and Bid-Offer Pairs with capped Bid-Offer Prices , together with enhanced Dynamic Parameters , all as more particularly described in paragraph 3.2 or (ii) in the case of Contracted Site(s) a Balancing Service provided from one or more Contracted Site(s) in specified Settlement Periods during a Contracted Service Term and contributing towards National Grid ’s requirement for Fast Reserve , involving the provision or following of, and payment for, a specified amount or profile (as the case may be) of energy in conjunction with specified operating characteristics, and a predetermined fee for energy production or consumption, all as more particularly described in paragraph 4.2;
“Firm Service Declaration”	has the meaning given in sub-paragraph 4.2.1(d);
“Firm Service Fee”	means, for any Operational Day , the fees payable by National Grid to the Fast Reserve Provider in respect of the Firm Service , comprising the Firm Availability Fee , the Positional Fee and the Window Initiation Fee ;
"Force Majeure"	means, in relation to either Party , any event or circumstance which is beyond the reasonable control of such Party (not being, without limitation an event or circumstance caused by the negligence or lack of care and attention of that Party or its officers or employees) but subject thereto including act of God, 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, lightning, fire, storm, flood, earthquake, accumulation of snow or ice, lack of water arising from weather or environmental problems, explosion, governmental restraint, Act of Parliament, other legislation, bye law and Directive (not being any order, regulation or direction under Section 32, 33, 34 and 35 of the Act);

“Frequency” means the number of alternating current cycles per second (expressed in Hertz) at which a **System** is running;

“Fuel Security Code” means the document of that title designated as such by the **Secretary of State** as from time to time amended;

“Gate Closure” means, in relation to a **Settlement Period**, the spot time one hour before the spot time at the start of that **Settlement Period**, or otherwise as may be defined from time to time in the **BSC**;

“Gate Closure Period” means the period between **Gate Closure** and the spot time at the start of the associated **Settlement Period**;

“GBSO” means the Great Britain System Operator;

~~**“GB Transmission System”**~~ ~~the meaning attributed to it in the CUSC;~~

“Generating Unit” unless otherwise provided in any **Fast Reserve Contract**, means any **Apparatus** which produces electricity including for the avoidance of doubt a **CCGT Unit**;

“Generation” means the electrical output (in MW) of a **Generating Unit**;

“Great Britain” the meaning attributed to it in Schedule 1 of the **Transmission Licence**;

"Grid Code"	means the Grid Code drawn up pursuant to the Transmission Licence as from time to time revised in accordance with the Transmission Licence (and references in this Document , the Fast Reserve Framework Agreement or any Fast Reserve Contract to any specific provision or part of the Grid Code shall be construed as references to such provision or part as from time to time amended);
"Grid Code BC"	means the Balancing Codes of the Grid Code ;
"Grid Code CC"	means the Connection Conditions of the Grid Code ;
"Grid Code OC"	means the Operating Codes of the Grid Code ;
"Grid Supply Point"	means a point of supply from the GB National Electricity Transmission System to a Distribution System or a Non-Embedded Customer ;
"Instruction"	has the meaning given in sub-paragraph 4.3.2(a);
"Industry Information Website"	means the site established by National Grid on the World-Wide Web for the publication of information for the use of Fast Reserve Providers and other interested persons in accordance with such restrictions on access as may be determined from time to time by National Grid ;
"ITT Pack"	means the pack of documents entitled " Fast Reserve - Invitation to Tender " issued from time to time by National Grid ;
"Lead Party"	the meaning attributed to it in the BSC ;
"Legal Requirement"	means any Act of Parliament, regulation, licence or Directive of a Competent Authority ;
"Licence"	means any one or more as appropriate of the Licences granted pursuant to section 6 of the Act ;

“Long Term Tender”

means a **Firm Fast Reserve Tender** which specifies a **Tendered Service Term** of twenty four or more consecutive calendar months;

“Mandatory Works Provisions”

means, with respect to all and any works required to be carried out to a **Generating Unit** and/or any other item of **Plant** and **Apparatus** to enable the same to provide **Fast Reserve**, any or all of the following provisions relating to such works as may be required by **National Grid** (at its sole discretion) to be included in a **Fast Reserve Framework Agreement**:

- (1) a complete description of the programme of such works;
- (2) a suitable milestone schedule for the carrying out, completion and commissioning of such works, to commence upon formation of any **Fast Reserve Contract** and to complete no later than the **Commencement Date**; and
- (3) provisions for the conduct of testing (or sequence of testing) and independent witness testing thereof to validate such commissioning, including a technical specification for such testing (or sequence of testing) to enable validation of the **Technical Parameters**;

“Maximum Utilisation Period”

means, in relation to any **Instruction**, the period set out in the **Fast Reserve Framework Agreement**, beginning on commencement of provision of **Optional Fast Reserve**;

“Minimum Run-Down Rate”

in respect of the **Contracted Unit**, the minimum rate of increase in the import of **Active Power** to the **Premises** from the **GBNational Electricity Transmission System** or the decrease in the export of **Active Power** from the **Premises** to the **GBNational Electricity Transmission System** (as the case may be) expressed in MW/minute and set out in the **Fast**

Reserve Framework Agreement;

“**Monthly Service Requirement**” has the meaning attributed to it in sub-paragraph 2.3.1;

“**Minimum Run-Up Rate**” in respect of the **Contracted Site**, the minimum rate of decrease in the import of **Active Power** to the **Premises** from the GBNational Electricity Transmission System or the increase in the export of **Active Power** from the **Premises** to the GBNational Electricity Transmission System (as the case may be) expressed in MW/minute and set out in the **Fast Reserve Framework Agreement;**

“**Monthly Statement**” the meaning attributed to it in sub-paragraph 5.2.1;

“**MW Delivery**” means the maximum amount of MW deliverable as **Firm Fast Reserve** for a **Contracted BM Unit** described as such forming part of the **Tendered Service Parameters;**

“**MW Delivery Profile**” means a profile of energy production and/or consumption in MW for a **Contracted BM Unit** against which **Fast Reserve** will be delivered which is described by reference to a start time and end time, a maximum and minimum **Physical Notification** and a profile shape and forming part of the **Tendered Service Parameters;**

“**MW Net Export Range**” means the range of MW from which **National Grid** may instruct either the required amount of MW by which or the required profile of MW in accordance with which (as the case may be) the **Fast Reserve Provider** shall increase (by means of a reduction in **Demand** and/or an increase in **Generation**) the net export of **Active Power** from the **Premises** to the GBNational Electricity Transmission System pursuant to an **Instruction** issued in accordance with sub-paragraph 4.3.2;

“National Electricity Transmission” has the meaning attributed to it in the **CUSC;**

System”

“National Grid”

means National Grid Electricity Transmission plc, a company registered with number 2366977 and whose registered office is situated at 1-3 Strand, London, WC2N 5EH, which expression shall include its permitted successors and/or assigns;

“Non-Embedded Customer”

means a **Customer**, except for a **Public Distribution System Operator**, receiving electricity directly from the GBNational Electricity Transmission System irrespective of from whom it is supplied;

“Operational Day”

means the period from 05:00 hours on one day to 05:00 hours on the following day;

“Operational Day Types”

has the meaning given in sub-paragraph 2.3.1;

“Operational Metering Equipment”

means meters, instrument transformers (both voltage and current), transducers metering protection equipment including alarms circuitry and their associated outstations as may be necessary for the purposes of the **Grid Code CC6.5.6** and the corresponding provision of the relevant **Distribution Code**;

“Optional Availability Fee”

means the payment rate described as such set out in the **Fast Reserve Framework Agreement** as revised from time to time pursuant to sub-paragraph 4.3.3(c);

“Optional Availability Payment”

has the meaning given in sub-paragraph 4.3.3(a);

“Optional Energy Fee”

means the payment rate described as such set out in the **Fast Reserve Framework Agreement** as revised from time to time pursuant to sub-paragraph 4.3.3(c);

“Optional Energy Payment”

has the meaning given in sub-paragraph 4.3.3(b);

“Optional Fast Reserve”

means **Fast Reserve** provided during periods of availability of the **Optional Service** as more particularly described in sub-paragraphs 3.3.1 and

4.3.1, which in the case of a **Contracted Site** shall mean a reduction in **Demand** and/or increase in **Generation** from the **Contracted Unit** while operating in accordance with the **Base Service Parameters** resulting in an increase in the net export of **Active Power** from the **Premises** to the GB National Electricity Transmission System of the amount or in accordance with the profile (as the case may be) of MW notified by **National Grid** in an **Instruction** issued in accordance with sub-paragraph 4.3.2 being within the **MW Net Export Range** provided during periods of availability of the **Optional Service** in the manner more particularly described in paragraph 4.3;

“Optional Service”

means a **Balancing Service** provided from one or more **Contracted BM Unit(s)** or **Contracted Site(s)** in certain **Settlement Periods** as and when agreed between **National Grid** and the **Fast Reserve Provider** from time to time and contributing to **National Grid’s** requirement for **Fast Reserve**, involving the provision of, and payment for, enhanced **Dynamic Parameters** or specified operating characteristics, all as more particularly described in sub-paragraphs 3.3 and 4.3;

“Optional Service Declaration”

has the meaning given in sub-paragraph 4.3.1(b);

“Output Usable”

the meaning attributed to it in the **Grid Code**;

“Part 1 System Ancillary Services”

the meaning attributed to it in the **Grid Code**;

“Part 2 System Ancillary Services”

the meaning attributed to it in the **Grid Code**;

“Partial Acceptance Facility”

means, in respect of a **Short Term Tender** and a **Long Term Tender**, an option for **National Grid** to accept some only of the **Firm Fast Reserve Months** comprised in the **Tendered Service Term**;

"Party"

means each person for the time being and from time to

	time a party to the Fast Reserve Framework Agreement , and any successor(s) in title to, or permitted assign(s) of, such person;
“Party Liable”	the meaning attributed to it in sub-paragraph 5.3.1;
“Physical Notification”	the meaning attributed to it in the Grid Code ;
"Plant"	means fixed and movable items used in the generation and/or supply and/or transmission and/or distribution of electricity other than Apparatus ;
“Positional Fee”	means the fee described as such forming part of the Tendered Service Parameters ;
“Positional Payment”	has the meaning given in sub-paragraph 3.2.3(b) or 4.2.3(b) as the case may be;
“Premises”	the premises of the Fast Reserve Provider (which term may include (inter alia) a single site, a group of sites or a geographical area defined by reference to Contracted Load Groups), details of which are given in the Fast Reserve Framework Agreement ;
“Production BM Unit”	the meaning attributed to it in the BSC ;
“Proceedings”	the meaning attributed to it in sub-paragraph 5.10.1;
“Proposed Implementation Date”	means the date from which National Grid proposes that amendments to this Document described in an Outline Change Proposal are to become effective, being either:- <ul style="list-style-type: none"> (1) the date specified in such Outline Change Proposal being a date that is not less than 6 calendar months <u>(or such other period as may be agreed between National Grid and the Fast Reserve Providers)</u> after the date that such Outline Change Proposal is submitted by National Grid; or

- (2) in the case of an **Outline Change Proposal** required as a result of a **Proposed Legal Requirement** or a **Change in Law**, the date that the relevant **Change in Law** is currently expected by **National Grid** to come into effect;

“Proposed Legal Requirement”

means a **Legal Requirement** that has been proposed by a **Competent Authority**, including without limitation by means of a consultation, white paper, green paper or parliamentary bill, but which has not yet come into effect as a **Change in Law**;

“Public Distribution System Operator”

the meaning attributed to it in the **CUSC**;

“Qualifying Change in Law”

means a **Change in Law** which principally affects or principally relates to **National Grid** in its capacity as **GBSO** and/or the procurement of **Fast Reserve** or **Balancing Services** generally;

“Recovery Period”

means, in respect of a **Contracted Unit**, the period set out in the **Fast Reserve Framework Agreement**, beginning at the time when the **Contracted Unit** ceases provision of **Optional Fast Reserve**;

“Relevant Requirements”

means all applicable laws, statutes, regulations, and codes relating to anti-bribery and anti-corruption including but not limited to the **Bribery Act**;

“Remote Transmission Assets”

means any **Plant** and **Apparatus** or meters owned by **National Grid** which (a) are embedded in a **Distribution System** or a **User System** and which are not directly connected by **Plant** and/or **Apparatus** owned by **National Grid** to a sub-station owned by **National Grid** and (b) are by agreement between **National Grid** and such **Public Distribution System Operator** or **User** under the direction and control of such **Public Distribution System Operator** or **User**;

“Reproving Test”	means any or all of the tests comprised within a Fast Reserve Pre-Qualification Assessment as may be specified by National Grid ;
“Response Time”	means either in respect of (1) a Contracted BM Unit , the period of time required to submit the necessary Dynamic Parameters in accordance with sub-paragraphs 3.3.1(c)(i) specified in the Fast Reserve Framework Agreement for each Contracted BM Unit commencing on the time of issue by National Grid of a request pursuant to sub-paragraph 3.3.1(a), or (2) a Contracted Site , in relation to any Instruction or Firm Instruction , the period set out in the Fast Reserve Framework Agreement , commencing on the time of issue of that Instruction or Firm Instruction ;
“Retired Contracted BM Unit”	has the meaning given in sub-paragraph 3.2.5;
“Secretary of State”	the meaning attributed to it in the Act ;
“Service Requirement Month”	has the meaning given in sub-paragraph 2.3.1;
“Service Withdrawal Notification”	has the meaning given in sub-paragraph 4.2.1(g)(ii);
“Settlement Period”	means a period of 30 minutes ending on the hour or half hour in each hour during an Operational Day ;
“Short Term Tender”	means a Firm Fast Reserve Tender which specifies a Tendered Service Term in excess of one but less than twenty four consecutive calendar months;
“Shortfall Notification”	has the meaning given in sub-paragraph 4.2.1(f);
“Single Month Tender”	means a Firm Fast Reserve Tender which specifies a Tendered Service Term of one calendar month;
“Special Conditions”	means such special conditions as may from time to time be described as such and specified in a Fast

Reserve Framework Agreement for the purposes of sub-paragraphs 1.2.13, 1.3.3 and 2.3.13;

“**Standard Contract Terms**” means the document entitled “**Fast Reserve Standard Contract Terms**” published by **National Grid** and as revised from time to time in accordance with its terms;

“**System**” means any **User System** or the **GB National Electricity Transmission System** as the case may be;

“**System Ancillary Services**” means **Part 1 System Ancillary Services** and **Part 2 System Ancillary Services**;

“**Tender Assessment Principles**” means the principles from time to time published by **National Grid** for the purposes of this **Document**;

“**Tender Month**” means the calendar month in which a **Firm Fast Reserve Tender** may be submitted as defined in sub-paragraph 2.3.2;

“**Tendered Service Term**” means the period comprising one or more **Firm Fast Reserve Month(s)**;

“**Tendered Service Parameters**” means the data tendered by the **Fast Reserve Provider** as specified in sub-paragraph 2.3.2;

“~~**Tendered Service Periods**~~” ~~means the consecutive **Settlement Periods** in an **Operational Day** in a **Tendered Service Term** described as such forming part of the **Tendered Service Parameters**;~~

“**Transmission Licence**” means the licence granted to **National Grid** under section 6(1)(b) of the **Act**;

“**Type 1 Contracted Site**” means a **Contracted Site** which (where denoted as a “**Type 1 Contracted Site**” in the **Fast Reserve Framework Agreement**) is obliged to provide a specified amount of MW (of an amount not greater than the **Contracted MW**) when instructed by **National Grid** to provide **Fast Reserve**;

“Type 2 Contracted Site”	means a Contracted Site which (where denoted as a “Type 2 Contracted Site” in the Fast Reserve Framework Agreement) is obliged to follow a specified profile of MW (of all or part of the Contracted MW Profile) when instructed by National Grid to provide Fast Reserve ;
“Undertaking”	means the Undertaking of Bona Fide Tender and Non-Canvassing contained in the Fast Reserve Framework Agreement ;
“User”	means a person who is party to the CUSC Framework Agreement other than National Grid ;
“User System”	means any System owned or operated by a User comprising:- <ul style="list-style-type: none"> (a) Generating Units; and/or (b) Distribution Systems (and/or other systems consisting (wholly or mainly) of electric lines which are owned or operated by a person other than a Public Distribution System Operator); <p>and Plant and/or Apparatus connecting:</p> <ul style="list-style-type: none"> (c) Generating Units and/or Distribution Systems (and/or other systems consisting (wholly or mainly) of electric lines which are owned or operated by a person other than a Public Distribution System Operator); or (d) Non-Embedded Customers; <p>to the GB National Electricity Transmission System or to the relevant other User System, as the case may be, including any Remote Transmission Assets operated by such User or other person and any Plant</p>

and/or **Apparatus** and meters owned or operated by the **User** or other person in connection with the distribution of electricity but does not include any part of the **GBNational Electricity Transmission System**;

“Utilisation Restrictions”

means the restrictions described as such forming part of the **Tendered Service Parameters** referred to in sub-paragraph 2.3.2(ed)(iv);

“Value Added Tax”

means Value Added Tax as defined by the Value Added Tax Act 1994 and any modification or re-enactment thereof and any new tax of a similar nature;

“Window Initiation Fee”

means the fee described as such forming part of the **Tendered Service Parameters**;

“Window Initiation Payment”

has the meaning given in sub-paragraph 3.2.3(c) or 4.2.3(c) as the case may be;

SCHEDULE 1

PART 1

FAST RESERVE - BALANCING MECHANISM PARTICIPANTS - PRODUCTION BM UNITS

(FAST RESERVE PROVIDER'S AGENT)

Where sub-paragraph 3.1.2 of Section 3 applies, the following paragraphs 3.2. to 3.9 and Annexures 1 and 2 shall replace paragraphs 3.2 to 3.9 of Section 3 and Annexures 1 and 2 to Section 3:-

3.2 FIRM SERVICE

3.2.1 Availability of the Firm Service

- (a) No later than 36 hours prior to the commencement of each **Operational Day** during the **Contracted Service Term, National Grid** may notify the **Fast Reserve Provider** or the **Fast Reserve Provider's Agent** (as the case may be) by facsimile in the applicable form set out in Annexure 2 to this Section 3 of those **Settlement Periods** comprised within the **FunderContracted Service Periods** for that **Operational Day** in respect of which **National Grid** requires the **Firm Service** to be provided from one or more of the **Firm Contracted BM Units** ("the **Firm Fast Reserve Window(s)**"). Such notification shall take account of any relevant **Utilisation Restrictions** in respect of the **Firm Contracted BM Unit(s)**. The **Fast Reserve Provider** shall or shall procure that the **Fast Reserve Provider's Agent** acknowledge receipt of such notification as soon as reasonably practicable by facsimile in the applicable form set out in Annexure 2 to this Section 3. Failure by the **Fast Reserve Provider** or the **Fast Reserve Provider's Agent** to acknowledge receipt in accordance with this sub-paragraph 3.2.1(a) shall not relieve the **Fast Reserve Provider** of its obligations set out in sub-paragraph 3.2.1(c).
- (b) Failing notification by **National Grid** pursuant to sub-paragraph 3.2.1(a) in respect of any **Firm Contracted BM Unit, National Grid** shall be deemed not to require provision of the **Firm Service** from that **Firm Contracted BM Unit** during any of the **FunderContracted Service Periods** for the **Operational Day** in question, but, for the avoidance of doubt, **National Grid's** obligation contained in sub-paragraph 3.2.3 to pay the **Firm Availability Payment** shall be unaffected.
- (c) Where **National Grid** shall have notified the **Fast Reserve Provider** or the **Fast Reserve Provider's Agent** (as the case may be) of the **Firm Fast Reserve Window(s)** in respect of any **Operational Day**, and in respect of each

Settlement Period comprised within such **Firm Fast Reserve Window(s)**, the **Fast Reserve Provider** shall procure the following in respect of the relevant **Firm Contracted BM Unit** so as to enable either provision of the **MW Delivery** or following of the **MW Delivery Profile** (as the case may be):-

- (i) the **Physical Notification(s)** and associated **Bid-Offer Data** prevailing at **Gate Closure** shall be consistent with (or, in the case of **Bid-Offer Prices**, shall not exceed) the respective **Base Service Parameters** and the respective **Capped Bid-Offer Price**; and
 - (ii) the **Dynamic Parameters** and **Maximum Export Limit** shall be revised (where necessary) so as to be consistent with the relevant **Base Service Parameters**.
- (d) The **Fast Reserve Provider** shall notify or shall procure that the **Fast Reserve Provider's Agent** notifies **National Grid** by facsimile in the form set out in Annexure 2 to this Section 3 forthwith upon becoming aware of the inability (howsoever caused) of any **Firm Contracted BM Unit** to provide the **Firm Service** during any or all of the **Settlement Periods** within any of the **TenderContracted Service Period(s)** in respect of any **Operational Day**, and with effect from the start of such inability until otherwise notified by the **Fast Reserve Provider** by facsimile in the form set out in Annexure 2 to this Section 3 that the ability of the **Firm Contracted BM Unit** to provide the **Firm Service** is restored, the **Firm Service** shall be deemed to be unavailable from such **Firm Contracted BM Unit** for the purposes of sub-paragraph 3.2.4(d).

3.2.2 Utilisation of Firm Fast Reserve

- (a) Subject to sub-paragraph 3.2.2(c), **National Grid** may instruct the **Fast Reserve Provider** to provide **Firm Fast Reserve** from a **Firm Contracted BM Unit** at any time during a **Firm Fast Reserve Window** by issuing a **Bid-Offer Acceptance** (or in the case of an **Aggregated BM Unit**, by a single **Bid-Offer Acceptance** for each component **BM Unit**) in respect of that **Firm Contracted BM Unit** in accordance with the **Grid Code**.
- (b) **National Grid** may instruct the **Fast Reserve Provider** to cease provision of **Firm Fast Reserve** from a **Firm Contracted BM Unit** at any time by issuing **Bid-Offer Acceptance(s)** in respect of the relevant **Bid-Offer Pair**.

- (c) **National Grid** may not (without the prior written consent of the **Fast Reserve Provider**) instruct the **Fast Reserve Provider** to provide **Firm Fast Reserve** from a **Firm Contracted BM Unit** where any one or more **Utilisation Restrictions** apply in respect of that **Firm Contracted BM Unit**.

3.2.3 Payment for the Firm Service

- (a) In respect of each relevant **Firm Contracted BM Unit**, and subject always to paragraph 3.2.4, **National Grid** shall in accordance with paragraph 5.2 pay to the **Fast Reserve Provider's Agent** an amount ("the **Firm Availability Payment**") calculated by reference to the **Availability Fee** and the aggregate number of hours comprised within ~~Fender~~**Contracted Service Periods** in each **Operational Day** during the **Contracted Service Term** in respect of which the **Output Usable** for that **Firm Contracted BM Unit** notified by the **Fast Reserve Provider** to **National Grid** in accordance with **Grid Code OC2.4.1.2.4(b)** is always greater than zero.
- (b) In respect of each relevant **Firm Contracted BM Unit**, and subject always to sub-paragraph 3.2.4, **National Grid** shall in accordance with paragraph 5.2 pay to the **Fast Reserve Provider's Agent** an amount ("the **Positional Payment**") calculated by reference to the **Positional Fee** and the aggregate number of hours comprised within **Firm Fast Reserve Windows** in each **Operational Day** during the **Contracted Service Term**.
- (c) In respect of each relevant **Firm Contracted BM Unit**, **National Grid** shall in accordance with paragraph 5.2 pay to the **Fast Reserve Provider's Agent** an amount ("the **Window Initiation Payment**") calculated by reference to the **Window Initiation Fee** and each **Firm Fast Reserve Window** in each **Operational Day** during the **Contracted Service Term**.
- (d) No energy payments shall be made by **National Grid** to the **Fast Reserve Provider's Agent** under this paragraph 3.2 in respect of the provision of **Firm Fast Reserve** from a **Firm Contracted BM Unit** during **Firm Fast Reserve Windows**.

3.2.4 Failure to provide the Firm Service

- (a) If, in respect of any **Settlement Period** comprised within any **Firm Fast Reserve Window**, and in respect of any **Firm Contracted BM Unit**:-

- (i) the **Physical Notification(s)** and associated **Bid-Offer Data** in respect of that **Firm Contracted BM Unit** prevailing at **Gate Closure** is not in any respect consistent with (or, in the case of **Bid-Offer Prices**, exceeds) the respective **Base Service Parameters** and the respective **Capped Bid-Offer Price** and/or
- (ii) the **Dynamic Parameters** and **Maximum Export Limit** in respect of that **Firm Contracted BM Unit** are not in any respect consistent with the respective **Base Service Parameters**,

in each case so as to permit either the provision of the **MW Delivery** or the following of the **MW Delivery Profile** (as the case may be), then for the purposes of sub-paragraph 3.2.4(e) each such event shall constitute an event of default, and **National Grid** shall, in respect of that **Firm Contracted BM Unit**, have the right to:-

- (a) withhold payment of the **Firm Availability Payment** and **Positional Payment** in respect of that **Settlement Period** only; and
 - (b) withhold payment of the **Window Initiation Payment** in respect of the relevant **Firm Fast Reserve Window**.
- (b) If, in respect of any **Settlement Period** comprised within any **Firm Fast Reserve Window**, and in respect of any **Firm Contracted BM Unit**:-
- (i) the **Fast Reserve Provider** submits a revision to the **Maximum Export Limit** or **Stable Export Limit**; and/or
 - (ii) that **Firm Contracted BM Unit** desynchronises other than pursuant to an instruction issued by **National Grid**,

in each case such that that **Firm Contracted BM Unit** is unable either to provide the **MW Delivery** or to follow the **MW Delivery Profile** (as the case may be), then for the purposes of sub-paragraph 3.2.4(e) each such event shall constitute an event of default, and **National Grid** shall have the right to withhold payment of the **Firm Availability Payment** and **Positional Payment** in respect of that **Firm Contracted BM Unit** in respect of that **Settlement Period** only.

- (c) If, during a **Firm Fast Reserve Window**, **National Grid** determines in accordance with the procedure set out in Annexure 1 to this Section 3 that a **Firm Contracted BM Unit** has in

any **Settlement Period** failed to comply with a **Bid-Offer Acceptance** issued in accordance with the **Grid Code**, then for the purposes of sub-paragraph 3.2.4(e) such event shall constitute an event of default, and **National Grid** shall have the right to withhold payment of the **Firm Availability Payment** and **Positional Payment** in relation to that **Firm Contracted BM Unit** in respect of each such **Settlement Period**.

- (d) If, in respect of any **Settlement Period** comprised within any **Firm Fast Reserve Window**, and in respect of any **Firm Contracted BM Unit** the **Fast Reserve Provider** or the **Fast Reserve Provider's Agent** (as the case may be) submits a notification pursuant to sub-paragraph 3.2.1(d) such that the **Firm Contracted BM Unit** is unable either to provide the **MW Delivery** or to follow the **MW Delivery Profile** (as the case may be), then for the purposes of sub-paragraph 3.2.4(e) each such event shall constitute an event of default, and **National Grid** shall have the right to withhold payment of the **Firm Availability Payment** and **Positional Payment** in respect of that **Firm Contracted BM Unit** in respect of that **Settlement Period** only.
- (e) Without prejudice to sub-paragraphs 3.2.4(a), (b), (c) and (d), **National Grid** shall have the right to terminate delivery of the **Firm Service** pursuant to the provisions of this paragraph 3.2 in respect of any **Firm Contracted BM Unit**, for the remainder of a **Firm Fast Reserve Month** or the **Contracted Service Term** (as **National Grid** may in its sole discretion determine, forthwith by notice in writing to the **Fast Reserve Provider** if the number of events of default referred to in sub-paragraphs 3.2.4(a), (b), (c) and (d) which shall have occurred in respect of that **Firm Contracted BM Unit** exceeds either:-
- (i) two such events of default during that **Firm Fast Reserve Month**; or
 - (ii) two such events of default during any thirty day period comprised in that **Contracted Service Term**; or
 - (iii) three such events of default either during any three hundred and sixty five day period comprised in that **Contracted Service Term** or (where the relevant **Contracted Service Term** is for a period less than a calendar year) during that **Contracted Service Term**.

For the avoidance of doubt, following termination of delivery of the **Firm Service** in accordance with this sub-paragraph 3.2.4(e) in respect of any **Firm Contracted BM Unit**, no further payments shall accrue in respect of that **Firm Contracted BM Unit** pursuant to this paragraph 3.2 in respect of the remainder of the relevant **Firm Fast Reserve Month** or **Contracted Service Term** (as the case may be).

- (e) For the purposes of sub-paragraph 3.2.4(e) it is acknowledged that, in respect of any **Firm Contracted BM Unit**, the occurrence of both of the events of default described in sub-paragraphs 3.2.4(a)(i) and (ii) or the occurrence of both of the events of default described in sub-paragraphs 3.2.4(b)(i) and (ii) in respect of the same **Settlement Period** shall constitute a single event of default.

3.2.5 **Substitution of Firm Contracted BM Unit(s)**

In respect of any **Firm Contracted BM Unit** delivering the **Firm Service** in any **Firm Fast Reserve Month** or **Contracted Service Term** (as the case may be) pursuant to the provisions of this paragraph 3.2 (“the **Retired Contracted BM Unit**”), the **Fast Reserve Provider** may notify or may procure that the **Fast Reserve Provider’s Agent** notifies **National Grid** by facsimile in the applicable form set out in Annexure 2 to this Section 3 of its nomination of a substitute **Contracted BM Unit** for one or more specified **Firm Fast Reserve Windows** during such **Firm Fast Reserve Month** or **Contracted Service Term**. Provided that:-

- (i) such notice indicates the identity of the nominated **Contracted BM Unit** and the **Retired Contracted BM Unit** and the **Firm Fast Reserve Windows** concerned; and
- (ii) such notice is received by **National Grid** at least 2 hours prior to **Gate Closure** in respect of the first **Settlement Period** in any such **Firm Fast Reserve Window**; and
- (iii) the **Base Service Parameters** in respect of the nominated **Contracted BM Unit** are identical to the **Base Service Parameters** of the **Retired Contracted BM Unit**; and
- (iv) the **MW Delivery** or **MW Delivery Profile** (as the case may be) and **Capped Bid-Offer Price** in respect of the nominated **Contracted BM Unit** shall be deemed to be the **MW Delivery** or **MW Delivery Profile** (as the case may be) and **Capped Bid-Offer Price** tendered in respect of the **Retired Contracted BM Unit**; and
- (v) **National Grid** does not subsequently notify the **Fast Reserve Provider** or the **Fast Reserve Provider’s Agent** (as the case may be) by facsimile in the applicable form set out in Annexure 2 to this Section 3 by 1 hour prior to **Gate Closure** in respect of the first **Settlement Period** in any such **Firm Fast Reserve**

Window that it does not approve such nomination (such refusal not to be unreasonably given),

then such substitution shall take effect so that, in respect of such **Firm Fast Reserve Window**, references in this paragraph 3.2 to the **Firm Contracted BM Unit** shall, in respect of the **Retired Contracted BM Unit**, be read and construed as references to the **Contracted BM Unit** so nominated.

3.2.6 **Interpretation**

In this paragraph 3.2, each reference to “**Physical Notification**”, “**Maximum Export Limit**” and “**Stable Export Limit**” shall, in respect of any **Firm Contracted BM Unit** comprising an **Aggregated BM Unit**, be read and construed as the **Physical Notification**, **Maximum Export Limit** and **Stable Export Limit** of each constituent **BM Unit** or any of them (as the context admits)

3.3 **OPTIONAL SERVICE**

3.3.1 **Availability of Optional Service**

- (a) Save in respect of any **Settlement Periods** where the **Optional Service** is deemed unavailable from a **Contracted BM Unit** in accordance with sub-paragraph 2.5.3, for the purposes of **Grid Code BC2.5.3.1** and **BC1.A.1.5 National Grid** may request the **Fast Reserve Provider** to make available in one or more **Settlement Periods** enhanced run up and run down rates from that **Contracted BM Unit** which are consistent with those contained in the **Base Service Parameters** (“the **Enhanced Rates**”).
- (b) Upon receipt of a request pursuant to sub-paragraph 3.3.1(a), the **Fast Reserve Provider** shall within two minutes of receipt of such request, notify or procure that the **Fast Reserve Provider’s Agent** notifies **National Grid** either that it shall, or is unable to, make available the **Enhanced Rates** in accordance with that request. Failure to notify **National Grid** in accordance with this sub-paragraph 3.3.1(b) shall be deemed to constitute unavailability of the **Optional Service** from the **Contracted BM Unit** in question in respect of all relevant **Settlement Periods**.
- (c) Where the **Fast Reserve Provider** or the **Fast Reserve Provider’s Agent** (as the case may be) has confirmed that it shall make available the **Enhanced Rates** in

accordance with a request from **National Grid** pursuant to sub-paragraph 3.3.1(a):-

- (i) the **Fast Reserve Provider** shall as soon as reasonably practicable (and preferably before expiry of the **Response Time**) and in respect of all **Settlement Periods** submit to **National Grid** in accordance with the **Grid Code** in respect of each relevant **Contracted BM Unit Dynamic Parameters** which include run up and run down rates consistent with the **Enhanced Rates**; and
 - (ii) save where sub-paragraph 3.3.1(d) applies, **National Grid** shall subsequently notify the **Fast Reserve Provider** or the **Fast Reserve Provider's Agent** (as the case may be) of the time from which it no longer requires the **Fast Reserve Provider** to make available the **Enhanced Rates** from a **Contracted BM Unit**.
- (d) Where the **Fast Reserve Provider** has submitted **Dynamic Parameters** to **National Grid** in respect of a **Contracted BM Unit** in accordance with sub-paragraph 3.3.1(c)(i), in the event that such **Contracted BM Unit** subsequently desynchronises other than pursuant to an instruction issued by **National Grid**, then **National Grid** shall be deemed with effect from the time of such **Desynchronisation** to have notified the **Fast Reserve Provider** or the **Fast Reserve Provider's Agent** (as the case may be) in accordance with sub-paragraph 3.3.1(c)(ii) that it no longer requires the **Fast Reserve Provider** to make available the **Enhanced Rates** from such **Contracted BM Unit**.

3.3.2 Utilisation of Optional Fast Reserve

- (a) **National Grid** may instruct the **Fast Reserve Provider** to provide **Optional Fast Reserve** from a **Contracted BM Unit** at any time during **Settlement Periods** when the **Optional Service** is available by issuing a **Bid-Offer Acceptance** (or in the case of an **Aggregated BM Unit**, by issuing a single **Bid-Offer Acceptance** for each component **BM Unit**) in respect of that **Contracted BM Unit** in accordance with the **Grid Code**.
- (b) **National Grid** may instruct the **Fast Reserve Provider** to cease provision of **Optional Fast Reserve** from a **Contracted BM Unit** at any time by issuing **Bid-Offer Acceptance(s)** in respect of the relevant **Bid-Offer Pair**.

3.3.3 **Payment for the Optional Service**

- (a) **National Grid** shall, in accordance with paragraph 5.2, pay to the **Fast Reserve Provider's Agent** an amount ("the **Enhanced Rates Availability Payment**"), in respect of each **Contracted BM Unit**, calculated by reference to the **Enhanced Rates Availability Fee** set out in the **Fast Reserve Framework Agreement** as revised from time to time pursuant to sub-paragraph 3.3.2(c) and either:
- (i) (where the **Fast Reserve Provider** submits revised **Dynamic Parameters** to **National Grid** pursuant to sub-paragraph 3.3.1(c)(i) upon or before expiry of the **Response Time**) the period from **National Grid's** request pursuant to sub-paragraph 3.3.1 until such time as **National Grid** notifies (or is deemed to have notified) the **Fast Reserve Provider** pursuant to sub-paragraph 3.3.1(c)(ii) that the **Enhanced Rates** are no longer required; or
 - (ii) (where the **Fast Reserve Provider** submits revised **Dynamic Parameters** to **National Grid** pursuant to sub-paragraph 3.3.1(c)(i) after expiry of the **Response Time**) the period from the time at which the **Enhanced Rates** are made available from a **Contracted BM Unit** pursuant to sub-paragraph 3.3.1(c)(i) until such time as **National Grid** notifies (or is deemed to have notified) the **Fast Reserve Provider** pursuant to sub-paragraph 3.3.1(c)(ii) that such **Enhanced Rates** are no longer required.
- (b) No energy payments shall be made by **National Grid** to the **Fast Reserve Provider's Agent** under this paragraph 3.3 in respect of the provision of **Optional Fast Reserve** from a **Contracted BM Unit** during **Settlement Periods** when the **Optional Service** is provided.
- (c) The **Fast Reserve Provider's Agent** may (by way of amendment to or as otherwise provided in, the ~~**Fast Reserve Provider's**~~ **Fast Reserve Framework Agreement**) from time to time revise the **Enhanced Rates Availability Fee** in respect of any one or more of the **Contracted BM Units** from time to time provided that the **Fast Reserve Provider** shall have given **National Grid** not less than one week's notice in writing, and any such revision shall take effect from 05:00 hours on a Monday.

3.3.4 **Failure to provide Optional Fast Reserve**

If, having instructed the **Fast Reserve Provider** to provide **Optional Fast Reserve** from a **Contracted BM Unit** by way of the issue of a **Bid-Offer Acceptance(s)** in accordance with sub-paragraph 3.3.1, **National Grid** determines in accordance with the procedure set out in Annexure 1 to this Section 3 that the **Contracted BM Unit** has in any **Settlement Period** failed to comply in any respect with that **Bid-Offer Acceptance**, then **National Grid** shall have the right to withhold payment of the **Enhanced Rates Availability Payment** in relation to that **Contracted BM Unit** in respect of each such **Settlement Period**.

3.4 **GRID CODE AND DISTRIBUTION CODE**

The provision by the **Fast Reserve Provider** of **Fast Reserve** shall not relieve it of any of its obligations or affect such obligations (where applicable) set out in the **Grid Code** (including without limitation its obligations (if any) to provide **Demand** control when instructed by **National Grid** pursuant to **Grid Code OC 6**) or in the **Distribution Code** of its host **Public Distribution System Operator**.

3.5 **MAINTENANCE OF CONTRACTED BM UNITS**

The **Fast Reserve Provider** shall maintain the **Contracted BM Units** to such a standard that the **Fast Reserve Provider** can meet its obligations to provide **Fast Reserve** in accordance with the terms of this **Document** and any **Fast Reserve Contract(s)**.

3.6 **WARRANTY AND INDEMNITY**

3.6.1 The **Fast Reserve Provider** hereby warrants to **National Grid** that, where any **Contracted BM Unit** is **Embedded**, the entering into of a **Fast Reserve Contract** in respect of such **Contracted BM Unit** and the provision by it of **Fast Reserve** does not and will not cause the **Fast Reserve Provider** to be in breach of or to otherwise be non-compliant with any **Connection Agreement** and/or agreement for the supply of electricity to that **Contracted BM Unit** and/or for the acceptance of electricity into, and its delivery from, a **User System** or any other **System**.

3.6.2 The **Fast Reserve Provider** agrees that it will not make available and provide **Fast Reserve** from the relevant **Contracted BM Unit** to **National Grid** hereunder if such availability and/or provision would cause the **Fast Reserve Provider** to be in breach or non-compliance as described in sub-paragraph 3.6.1, and if it fails to make available and/or provide **Fast Reserve** on such grounds the **Fast Reserve Provider** will:-

- (a) notify **National Grid** in accordance with sub-paragraph 3.2.1(d); and
- (b) provide to **National Grid** to **National Grid**'s reasonable satisfaction such written statement and all such supporting evidence as shall be necessary to demonstrate how compliance would cause such breach or non-compliance.

3.6.3 In the event that the **Fast Reserve Provider** makes available and/or provides **Fast Reserve** to **National Grid** which causes the **Fast Reserve Provider** to be in breach or non-compliance as described in sub-paragraph 3.6.1 above, the **Fast Reserve Provider** shall indemnify **National Grid** against all and any claims made against **National Grid** by the **Fast Reserve Provider**'s host **Public Distribution System Operator** or any other person connected to or using the **Public Distribution System Operator**'s **User System** or any other **User System** or the owner or operator of any **User System** or any other person arising out of or resulting from such breach or non-compliance. Such indemnity shall include any legal costs and expenses reasonably incurred in the contesting of such claims including court costs and reasonable attorney's fees and other professional advisors' fees. The **Parties** agree and accept that, for the purposes of sub-paragraph 5.3.1, all such legal costs and expenses expressed to be the subject of such indemnity shall be treated as direct losses.

3.6.4 In the event of any such claim referred to in sub-paragraph 3.6.3 above or any third party claim under sub-paragraph 3.6.5 being made against **National Grid**, **National Grid** shall as soon as reasonably practicable give notice of the claim together with all relevant supporting documentation to the **Fast Reserve Provider**. The **Fast Reserve Provider** shall be entitled, upon written notice to **National Grid** and subject to **National Grid** receiving from the **Fast Reserve Provider** such reasonable undertakings as **National Grid** shall reasonably require to protect **National Grid** against damage to its name, to assume, at its own expense, sole conduct of all proceedings relating to such claim including the right to contest such claim in the name of **National Grid** and **National Grid** shall supply the **Fast Reserve Provider** with all information, assistance and particulars reasonably required by the **Fast Reserve Provider** in connection therewith. **National Grid** shall not accept, settle, pay or compromise any such claim without the prior written approval of the **Fast Reserve Provider** (such approval not to be unreasonably withheld or delayed). The **Fast Reserve Provider** shall reimburse **National Grid**'s reasonable expenses incurred in connection with the provision of any such information, assistance or particulars in the contesting of any such claim.

3.6.5 The **Fast Reserve Provider** warrants to **National Grid** that, on the date of the **Fast Reserve Contract** it is not, and it hereby undertakes that at all times throughout the term of each **Fast Reserve Contract** it will not be, in breach of the terms of the **Undertaking**, and, subject always to sub-paragraph 3.6.6, the **Fast Reserve Provider** will indemnify **National Grid** against any losses, liabilities, claims, expenses and demands which **National Grid**

suffers as a direct result of the **Fast Reserve Provider** being in breach of the warranty set out in this sub-paragraph 3.6.5.

- 3.6.6 The amount or amounts for which the **Fast Reserve Provider** may be liable to **National Grid** pursuant to sub-paragraph 3.6.5 shall not exceed the sum of £250,000 per **Fast Reserve Contract**.

3.7 **PROVISION OF OTHER SERVICES**

- 3.7.1 The **Fast Reserve Provider** hereby warrants to **National Grid** that, on the **Commencement Date**, it is not a party to an agreement or arrangement with its host **Public Distribution System Operator** or electricity supplier or other person to provide any service from any **Contracted BM Unit** the provision of which impairs the **Fast Reserve Provider's** ability to provide **Fast Reserve** and/or perform its obligations under a **Fast Reserve Contract** and that, subject always to sub-paragraph 3.7.2, it will indemnify **National Grid** against any losses, liabilities, claims, expenses and demands which **National Grid** suffers as a direct result of a breach by the **Fast Reserve Provider** of the provisions of this sub-paragraph 3.7.1. Notwithstanding such warranty, where any agreement or arrangement results during the term of a **Fast Reserve Contract** in the impairment of the ability of the **Fast Reserve Provider** to provide **Fast Reserve** and/or perform its obligations under such **Fast Reserve Contract**, then the **Fast Reserve Provider** undertakes to reimburse to **National Grid** all and any losses, liabilities, claims, expenses and demands reasonably incurred or suffered by **National Grid** as a result of the **Fast Reserve Provider's** ability to provide **Fast Reserve** and/or perform its obligations under such **Fast Reserve Contract** being thereby impaired.
- 3.7.2 The amount or amounts for which the **Fast Reserve Provider** may be liable to **National Grid** pursuant to sub-paragraph 3.7.1 shall not exceed the sum of £250,000 per **Fast Reserve Contract**.
- 3.7.3 Where during the term of a **Fast Reserve Contract** the **Fast Reserve Provider** intends to enter into an agreement or arrangement with its host **Public Distribution System Operator** or electricity supplier or other person to provide any service from the relevant **Contracted BM Unit** the provision of which impairs the **Fast Reserve Provider's** ability to provide **Fast Reserve** and/or perform its obligations under the **Fast Reserve Contract**, the **Fast Reserve Provider** shall notify or procure that the **Fast Reserve Provider's Agent** notifies **National Grid**, in accordance with paragraph 5.8, as soon as reasonably practicable before entering into such agreement or arrangement. Upon and with effect from the entering into of any such agreement or arrangement, **National Grid** shall have the right to terminate the **Fast Reserve Contract** forthwith and serve a notice to that effect in accordance with paragraph 5.8.

3.7.4 For the avoidance of doubt, the availability in any **Settlement Period** comprised in an ~~Tender~~**Contracted Service Period** of an increase in **Generation** from any **Contracted BM Unit** or any part thereof for the benefit of any third party (including without limitation the **Fast Reserve Provider's** host **Public Distribution System Operator** or electricity supplier) shall be deemed for the purposes of sub-paragraphs 3.7.1, 3.7.2 and 3.7.3 to impair the **Fast Reserve Provider's** ability to provide **Fast Reserve** from that **Contracted BM Unit**.

3.7.5 Where, during any one or more **Settlement Periods** in a **Contracted Service ~~Period~~Term**, a **Fast Reserve Provider** is required under the terms of any agreement with **National Grid** to provide from a **Firm Contracted –BM Unit** a firm **Ancillary Service** (except with respect to **Reactive Power**) and such service provision either overlaps to any extent with a **Contracted Service ~~Period~~Term** and/or is otherwise inconsistent or in conflict with the delivery of **Firm Fast Reserve**, then **National Grid** may (at its option) either:-

- (a) require the **Fast Reserve Provider** to declare or re-declare unavailable such service provision in accordance with the terms of such agreement for the duration of each such overlapping **Settlement Period** and otherwise as required to remove such inconsistency or conflict; and/or
- (b) require that the terms of such agreement are amended so as to remove such overlap and/or inconsistency or conflict,

and if the **Fast Reserve Provider** fails to so declare or re-declare unavailable as required pursuant to sub-paragraph 3.7.5(a), or (as the case may be) for so long as such agreement is not so amended as required by **National Grid** pursuant to sub-paragraph 3.7.5(b), **National Grid** may (at its option) either reject the **Firm Fast Reserve Tender** (if not by then accepted) or otherwise terminate the **Fast Reserve Contact** forthwith and at any time by notice in writing to the **Fast Reserve Provider**.

3.7.6 With respect to the **Optional Service**, where in any one or more **Settlement Periods** a **Fast Reserve Provider** is required under the terms of any agreement with **National Grid** to provide from a **Contracted BM Unit** a firm **Ancillary Service** (except with respect to **Reactive Power**) and such service provision either overlaps to any extent with such **Settlement Period** and/or is otherwise inconsistent or in conflict with the delivery of the **Optional Service**, then **National Grid** may require the **Fast Reserve Provider** to declare or re-declare unavailable such service provision in accordance with sub-paragraph 3.7.5(a). If the **Fast Reserve Provider** fails to do so, **National Grid** may terminate the **Fast Reserve Framework Agreement** forthwith and at any time by notice in writing to the **Fast Reserve Provider**.

3.8 COMMUNICATIONS

Any communications required by this Section 3 to be given in writing shall be made and deemed to have been received in accordance with paragraph 5.8 save as may be otherwise agreed by the **Parties**. Each of the **Parties** and the **Fast Reserve Provider's Agent** hereby agrees and acknowledges that any reference to a communication by telephone or facsimile given by **National Grid** to the **Fast Reserve Provider** or vice versa in this Section 3 shall, where appropriate, be deemed to include a communication given by means of **EDL**. Instructions and confirmations stored on **EDL** shall (except during periods when **EDL** is unavailable for whatever reason in which case communication by telephone or facsimile (whichever is appropriate) shall resume with immediate effect) be conclusive evidence of the giving and/or receipt of any communication required to be given pursuant to the terms of this Section 3. The **Parties** consent to the recording of all telephone conversations between them relating in whole or in part to this **Document**, and each **Party** agrees to notify its employees of that consent and obtain their consent to that recording if required by law.

3.9 MONITORING AND METERING

- 3.9.1 The volume of **Fast Reserve** delivered and the time of delivery of **Fast Reserve** pursuant to **Bid-Offer Acceptance(s)** shall be monitored by **National Grid** from time to time.
- 3.9.2 The relationship between the **Parties** with respect to **Energy Metering Equipment** shall be regulated by Section L of the **Balancing and Settlement Code**.
- 3.9.3 The relationship between the **Parties** with respect to **Operational Metering Equipment** shall be regulated by Paragraph 6.7.3 of the **Connection and Use of System Code**.
- 3.9.4 The availability and delivery of **Fast Reserve** from a **Contracted BM Unit** shall be verified by **National Grid** by (inter alia) monitoring certain **BM Unit Data** and the carrying out of certain checks as described in Annexure 1 to this Section 3.

ANNEXURE 1 TO SECTION 3
PROCEDURE FOR DETERMINING COMPLIANCE WITH A BID-OFFER ACCEPTANCE - FAST
RESERVE PROVIDER'S AGENT

1. This procedure shall be used by **National Grid** to assess compliance by a **Contracted BM Unit** or a **Firm Contracted BM Unit** (as the case may be) with a **Bid-Offer Acceptance(s)** issued in accordance with sub-paragraph 3.2.2 or 3.3.2.
2. By a comparison between the **Bid-Offer Acceptance** MW profile derived from the **EDL** and data obtained from **Operational Metering Equipment**, **National Grid** shall determine, for each **Contracted BM Unit**, and on a minute by minute basis, delivery against the **Bid-Offer Acceptance** MW profile in accordance with the run up and run down rates set out in the **Fast Reserve Framework Agreement** (as the same may be revised from time to time in respect of the **Firm Service** pursuant to sub-paragraph 2.3.2(ed)(ii)).
3. Subject to paragraph 4 of this Annexure, for the purposes of sub-paragraphs 3.2.4(c) and 3.3.4, the **Fast Reserve Provider** shall, in respect of a **Contracted BM Unit** or **Firm Contracted BM Unit** (as the case may be), be deemed not to have complied with a **Bid-Offer Acceptance** if the measured MW of delivered **Fast Reserve** is less than 90% of the **Bid-Offer Acceptance** MW profile in any minute.
4. The **Fast Reserve Provider** shall be deemed to have complied with a **Bid-Offer Acceptance** for the purposes of sub-paragraphs 3.2.4(c) and 3.3.4 in respect of a **Contracted BM Unit** or **Firm Contracted BM Unit** (as the case may be) in any minute when such **Contracted BM Unit** or **Firm Contracted BM Unit** provided **Fast Reserve** pursuant to an instruction issued by **National Grid**.

ANNEXURE 2 TO SECTION 3
FACSIMILE FORMS

(BALANCING MECHANISM PARTICIPANTS - PRODUCTION BM UNITS - FAST RESERVE PROVIDER'S AGENT)

NOTIFICATION FORMATS

Part I

Facsimile Form - Notification of Firm Fast Reserve Windows

From: National Grid Control Centre, Wokingham **Fax:**

To: *Fast Reserve Provider details* **Fax:**

Date:

Operational Day in question: DD/MM/YY

Firm Contracted BM Unit	Firm Fast Reserve Windows							
	(1) From:	(1) To:	(2) From:	(2) To:	(3) From:	(3) To:	(4) From:	(4) To:

Signed by:(signature)

Name:
 For and on behalf of **National Grid Electricity Transmission plc**

From: *Fast Reserve Provider details* **Fax:**

To: National Grid Control Centre, Wokingham **Fax:**

Date:

We confirm receipt of your notification of Firm Fast Reserve Windows as set out above.

Signed by:(signature)

Name:
 For and on behalf of []

PART 2
FAST RESERVE - NON-BALANCING MECHANISM PARTICIPANTS

(FAST RESERVE PROVIDER'S AGENT)

Where sub-paragraph 4.1.2 of Section 4 applies, the following paragraphs 4.2. to 4.9 and Annexures 1 to 3 shall replace paragraphs 4.2 to 4.9 of Section 4 and Annexures 1 to 3 to Section 4:-

4.2 FIRM SERVICE

4.2.1 Availability of the Firm Service

- (a) No later than 36 hours prior to the commencement of each **Operational Day** during the **Contracted Service Term**, **National Grid** may notify the **Fast Reserve Provider** or the **Fast Reserve Provider's Agent** (as the case may be) by facsimile in the applicable form set out in Annexure 3 to this Section 4 of those **Settlement Periods** comprised within the **TenderContracted Service Periods** for that **Operational Day** in respect of which **National Grid** requires the **Firm Service** to be provided from one or more of the **Firm Contracted Sites** ("the **Firm Fast Reserve Window(s)**"). Such notification shall take account of any relevant **Utilisation Restrictions** in respect of the **Firm Contracted Site**. The **Fast Reserve Provider** shall acknowledge or procure that the **Fast Reserve Provider's Agent** acknowledges receipt of such notification as soon as reasonably practicable by facsimile in the applicable form set out in Annexure 3 to this Section 4. Failure by the **Fast Reserve Provider** or the **Fast Reserve Provider's Agent** (as the case may be) to acknowledge receipt in accordance with this sub-paragraph 4.2.1(a) shall not relieve the **Fast Reserve Provider** of its obligations set out in sub-paragraph 4.2.1(c).
- (b) Failing notification by **National Grid** pursuant to sub-paragraph 4.2.1(a) in respect of any **Firm Contracted Site**, **National Grid** shall be deemed not to require provision of the **Firm Service** from that **Firm Contracted Site** during any of the **TenderContracted Service Periods** for the **Operational Day** in question, but, for the avoidance of doubt, **National Grid's** obligation contained in sub-paragraph 4.2.3 to pay the **Firm Availability Payment** shall be unaffected.
- (c) Where **National Grid** shall have notified the **Fast Reserve Provider** or the **Fast Reserve Provider's Agent** (as the case may be) of the **Firm Fast Reserve Window(s)** in respect of any **Operational Day**, and in respect of each **Settlement Period** comprised within such **Firm Fast Reserve Window(s)**, the **Fast Reserve Provider** shall, subject always to sub-paragraphs 4.2.1(d), (e) and

(f), procure that the **Tendered Service Parameters** represent the true operating parameters of the **Firm Contracted Site**.

(d) In respect of any **Firm Contracted Site** which is a **Type 2 Contracted Site**, the **Fast Reserve Provider** shall, in respect of each **Firm Fast Reserve Window** notified by **National Grid** pursuant to sub-paragraph 4.2.1(a), submit or procure that the **Fast Reserve Provider's Agent** submits to **National Grid** a notice in the applicable form set out in Annexure 3 to this Section 4 (a "**Firm Service Declaration**") in which the **Fast Reserve Provider** or the **Fast Reserve Provider's Agent** (as the case may be) shall, by reference to the latest forecast **Demand** or **Generation** profile of the **Firm Contracted Site**, either confirm the accuracy of or notify revisions (if any) to the **Contracted MW Profile** of such **Firm Contracted Site**, in either case so that the **Contracted MW Profile** reflects such forecast **Demand** or **Generation** profile provided always that the **Fast Reserve Provider** or the **Fast Reserve Provider's Agent** (as the case may be) shall use reasonable endeavours to ensure that the aggregate **Demand** reduction or increase in **Generation** capability available from the relevant **Firm Contracted Site** in respect of each **Settlement Period** comprised in a **Firm Fast Reserve Window** notified in the **Firm Service Declaration** is accurate to within +/-10% a ten per cent error margin.

(e) Any **Firm Service Declaration** made by the **Fast Reserve Provider** or **Fast Reserve Provider's Agent** (as the case may be) in accordance with sub-paragraph 4.2.1(d) shall be submitted to **National Grid** no later than **Gate Closure** in respect of the first **Settlement Period** which falls within the **Firm Fast Reserve Window**. Failure to submit a **Firm Service Declaration** in accordance with sub-paragraph 4.2.1(d) (including where the **Fast Reserve Provider** is unable to confirm or revise the **Contracted MW Profile** as required and this by sub-paragraph 4.2.1(ed)) shall be deemed to constitute unavailability of **Firm Fast Reserve** from the **Firm Contracted Site** in respect of the relevant **Firm Fast Reserve Window**. As soon as reasonably practicable after receipt of a **Firm Service Declaration**, **National Grid** shall acknowledge receipt by facsimile in the applicable form set out in Annexure 3 to this Section 4.

(f) Where, in respect of more than 15 minutes after the introduction of **Demand** or **Generation** from a **Firm Contracted Site** (being a **Type 2 Contracted Site**), the **Fast Reserve Provider** or **Fast Reserve Provider's Agent** (as the case may be) becomes aware that, in the event that a **Firm Instruction** is issued by **National Grid** in accordance with sub-paragraph 4.2.2(a), either:-

- (i) ~~the actual reduction in Demand or increase in Generation levels in a Firm Fast Reserve Window are shortfalling from such Firm Contracted Site will fall short of the Contracted MW Profile notified in the relevant Firm Service Declaration in respect of that Firm Contracted Site~~ by more than 10%ten per cent; or
- (ii) a technical problem exists which in the reasonable opinion of the **Fast Reserve Provider** will limit the ability of the **Fast Reserve Provider** to provide **Firm Fast Reserve** from that **Firm Contracted Site**,

the **Fast Reserve Provider** shall or procure that the **Fast Reserve Provider's Agent** shall forthwith:-

- (i) serve notice to **National Grid** in the applicable form set out in Annexure 3 to this Section 4 (a "**Shortfall Notification**") stating that the **Contracted MW Profile** has been curtailed for the remainder of the **Firm Fast Reserve Window**; and
- (ii) re-issue the **Firm Service Declaration** to **National Grid** revising the **Contracted MW Profile** to reflect the curtailed **Contracted MW Profile**,

and provided always that the resulting **MW Net Export Range** is not less than 50MW, such revision shall take effect forthwith. As soon as reasonably practicable after receipt of a **Shortfall Notification**, **National Grid** shall acknowledge receipt by facsimile in the applicable form set out in Annexure 3 to this Section 4 and, at its sole discretion, reduce the Availability Payments accordingly.

- (g) If, ~~prior to Gate Closure~~ or during the **Gate Closure Period**, in respect of the first **Settlement Period** which falls within a **Firm Fast Reserve Window** or during the **Firm Fast Reserve Window** itself, the **Fast Reserve Provider** or the **Fast Reserve Provider's Agent** (as the case may be) becomes aware of changes in the technical capabilities of a **Firm Contracted Site** (being either a **Type 1 Contracted Site** or a **Type 2 Contracted Site**) which either:-
 - (i) reduces the **MW Net Export Range** of such **Firm Contracted Site** to less than 50MW; or

- (ii) limits the ability to provide any form of **Firm Fast Reserve** from such **Firm Contracted Site**;

it shall withdraw the **Firm Service Declaration** forthwith by serving notice on **National Grid** in the applicable form set out in Annexure 3 to this Section 4 (“a **Service Withdrawal Notification**”) indicating that, for reasons related to the technical capability of the **Firm Contracted Site**, **Firm Fast Reserve** will not be available during that **Firm Fast Reserve Window** and the **Fast Reserve Provider** shall, for the purposes of sub-paragraphs 4.2.3(a), (b) and (c), be deemed not to have made **Firm Fast Reserve** available in such **Firm Fast Reserve Window** and no **Firm Availability Payment**, **Positional Payment** or **Window Initiation Payment** shall be made in respect of that **Firm Fast Reserve Window**. As soon as reasonably practicable after receipt of a **Service Withdrawal Notification**, **National Grid** shall acknowledge receipt by facsimile in the applicable form set out in Annexure 3 to this Section 4.

4.2.2 Utilisation of Firm Fast Reserve

- (a) Subject to sub-paragraph 4.2.2(f), **National Grid** may instruct the **Fast Reserve Provider** to provide **Firm Fast Reserve** from a **Firm Contracted Site** at any time during a **Firm Fast Reserve Window** (a “**Firm Instruction**”) and, subject to sub-paragraph 4.2.2(c), the **Fast Reserve Provider** shall provide **Firm Fast Reserve** in accordance with sub-paragraph 4.2.2(g).
- (b) Within 5 minutes of receipt of any **Firm Instruction**, the **Fast Reserve Provider** shall confirm or procure that the **Fast Reserve Provider’s Agent** confirms receipt by facsimile to **National Grid** in the applicable form set out in Annexure 3 to this Section 4.
- (c) The **Fast Reserve Provider** may only reject or procure that the **Fast Reserve Provider’s Agent** rejects a **Firm Instruction**, if it is necessary on safety grounds and where a **Firm Instruction** is so rejected, no **Firm Availability Payment** or **Positional Payment** shall be made by **National Grid** to the **Fast Reserve Provider** in accordance with sub-paragraphs 4.2.3(a) and 4.2.3(b) in respect of the relevant **Firm Fast Reserve Window**.
- (d) **National Grid** may instruct the **Fast Reserve Provider** to cease provision of **Firm Fast Reserve** from a **Firm Contracted Unit** at any time.

- (e) Within 5 minutes of receipt of any instruction given by **National Grid** pursuant to sub-paragraph 4.2.2(d), the **Fast Reserve Provider** shall confirm or procure that the **Fast Reserve Provider's Agent** confirms receipt by facsimile in the form set out in Annexure 3 to this Section 4.
- (f) **National Grid** may not (without the prior written consent of the **Fast Reserve Provider**) instruct the **Fast Reserve Provider** to provide **Firm Fast Reserve** from a **Firm Contracted Site** where any one or more **Utilisation Restrictions** apply in respect of that **Firm Contracted Site**.
- (g) On receipt of a **Firm Instruction** the **Fast Reserve Provider** shall, commencing on or before expiry of the **Response Time**, provide **Firm Fast Reserve** continuously until the earlier of:-
 - (i) expiry of the **Firm Fast Reserve Window**; and
 - (ii) the time specified by **National Grid** in an instruction issued pursuant to sub-paragraph 4.2.2(d),

subject always to any **Utilisation Restrictions** which may apply in respect of that **Firm Contracted Site**.

4.2.3 Payment for the Firm Service

- (a) In respect of each relevant **Firm Contracted Site**, and subject always to sub-paragraphs 4.2.1(g), 4.2.2(c) and 4.2.4, **National Grid** shall in accordance with paragraph 5.2 pay to the **Fast Reserve Provider's Agent** an amount ("the **Firm Availability Payment**") calculated by reference to the **Firm Availability Fee** and the aggregate number of hours comprised within **Firm Contracted Service Periods** in each **Operational Day** during the **Contracted Service Term**.
- (b) In respect of each relevant **Firm Contracted Site**, and subject always to paragraphs 4.2.1(g), 4.2.2(c) and 4.2.4, **National Grid** shall in accordance with paragraph 5.2 pay to the **Fast Reserve Provider's Agent** an amount ("the **Positional Payment**") calculated by reference to the **Positional Fee** and the aggregate number of hours comprised within **Firm Fast Reserve Windows** in each **Operational Day** during the **Contracted Service Term**.
- (c) In respect of each relevant **Firm Contracted Site**, **National Grid** shall in accordance with paragraph 5.2 pay to the **Fast Reserve Provider's Agent** an

amount (“the **Window Initiation Payment**”) calculated by reference to the **Window Initiation Fee** and each **Firm Fast Reserve Window** in each **Operational Day** during the **Contracted Service Term**.

- (d) In respect of each relevant **Firm Contracted Site**, **National Grid** shall in accordance with paragraph 5.2 pay to the **Fast Reserve Provider’s Agent** an amount (“the **Firm Energy Payment**”) calculated in accordance with the appropriate formula set out in Annexure 2 to this Section 4.

4.2.4 **Failure to provide the Firm Service**

- (a) If, in respect of any **Settlement Period** comprised within any **Firm Fast Reserve Window** the **Tendered Service Parameters** do not represent the true operating characteristics of the **Firm Contracted Site** then for the purposes of sub-paragraph 4.2.4(d) such event shall constitute an event of default in respect of that **Settlement Period** only, and **National Grid** shall in respect of that **Firm Contracted Site** have the right to withhold payment of the **Firm Availability Payment** and **Positional Payment** in respect of that **Settlement Period** only.
- (b) If, in respect of any **Settlement Period** comprised within any **Firm Fast Reserve Window**, and in respect of any **Firm Contracted Site**:-
 - (i) the **Fast Reserve Provider** or the **Fast Reserve Provider’s Agent** (as the case may be) fails to acknowledge receipt of any **Firm Instruction** within 5 minutes in accordance with sub-paragraph 4.2.2(b); and/or
 - (ii) the **Fast Reserve Provider** rejects or procures that the **Fast Reserve Provider’s Agent** rejects a **Firm Instruction** where it is not necessary on safety grounds; and/or
 - (iii) following issue of a **Firm Instruction**, **National Grid** determines in accordance with the procedure set out in Annexure 1 to this Section 4 that a **Firm Contracted Site** has in any **Settlement Period** failed to comply in any respect with that **Firm Instruction**; and/or
 - (iv) the **Fast Reserve Provider** or the **Fast Reserve Provider’s Agent** (as the case may be) fails to acknowledge receipt of an instruction issued by **National Grid** in accordance with sub-paragraph 4.2.2(d) within 5 minutes of the issue of such instruction

then for the purposes of sub-paragraph 4.2.4(d) each such event shall constitute an event of default, and **National Grid** shall have the right to withhold payment of the **Firm Availability Payment** and **Positional Payment** in relation to that **Firm Contracted Site** in respect of each such **Settlement Period**.

- (c) If the **Fast Reserve Provider** fails in respect of any **Operational Day**, and in respect of any **Firm Contracted Site**, to comply with its obligations pursuant to paragraph 4.9 within two weeks of such **Operational Day** then for the purposes of sub-paragraph 4.2.4(d) such failure shall constitute an event of default.

- (d) Without prejudice to sub-paragraphs 4.2.4(a), (b) and (c), **National Grid** shall have the right to terminate delivery of the **Firm Service** pursuant to the provisions of this paragraph 4.2 in respect of any **Firm Contracted Site**, for the remainder of a **Firm Fast Reserve Month** or the **Contracted Service Term** (as **National Grid** may in its sole discretion determine), forthwith by notice in writing to the **Fast Reserve Provider** if, the number of events of default referred to in sub-paragraphs 4.2.4(a) to 4.2.4(c) (inclusive) which shall have occurred in respect of that **Firm Contracted Site** exceeds either:-
 - (i) two such events of default during that **Firm Fast Reserve Month**; or
 - (ii) two such events of default during any thirty day period comprised in that **Contracted Service Term**; or
 - (iii) three such events of default either during any three hundred and sixty five day period comprised in that **Contracted Service Term** or (where the relevant **Contracted Service Term** is for a period less than a calendar year) during that **Contracted Service Term**.

For the avoidance of doubt, following termination of delivery of the **Firm Service** in accordance with this sub-paragraph 4.2.4(d) in respect of any **Firm Contracted Site**, no further payments shall accrue in respect of that **Firm Contracted Site** pursuant to this paragraph 4.2 in respect of the remainder of the relevant **Firm Fast Reserve Month** or **Contracted Service Term** (as the case may be).

- (e) For the purposes of sub-paragraph 4.2.4(d) it is acknowledged that, in respect of any **Firm Contracted Site**, the occurrence of the events of default described in sub-paragraph 4.2.4(a) or in sub-paragraph 4.2.4(b) in respect of the same **Settlement Period** shall constitute a single event of default.

4.3 **OPTIONAL SERVICE**

4.3.1 **Availability of Optional Service**

- (a) ~~Save in respect of any Settlement Periods where the Optional Service is deemed unavailable from a Contracted Site in accordance with sub-paragraph 4.3.1(b),~~ **National Grid** may request the **Fast Reserve Provider** to make the **Optional Service** available in one or more **Settlement Periods** provided always that **National Grid** shall not make any such request less than five minutes prior to any such **Settlement Period**.
- (b) Upon receipt of a request pursuant to sub-paragraph 4.3.1(a), the **Fast Reserve Provider** shall within two minutes of receipt of such request, notify or procure that the **Fast Reserve Provider's Agent** notifies **National Grid** (as the case may be) either that it shall, or is unable to, make available the **Optional Service** in accordance with that request. The **Fast Reserve Provider** shall, within five minutes of such notification, confirm or procure that the **Fast Reserve Provider's Agent** confirms the same by facsimile in the applicable form set out in Annexure 3 to this Section 4 (an "**Optional Service Declaration**"). Failure to notify **National Grid** verbally of availability of the **Optional Service** in accordance with this sub-paragraph 4.3.1(b) shall be deemed to constitute unavailability of the **Optional Service** from the **Contracted Site** in question in respect of all relevant **Settlement Periods**.
- (c) Where the **Fast Reserve Provider** or the **Fast Reserve Provider's Agent** (as the case may be) has confirmed verbally that it shall make available the **Optional Service** from the **Contracted Site** in accordance with a request from **National Grid** pursuant to sub-paragraph 4.3.1(a):-
- (i) the **Fast Reserve Provider** shall make the **Optional Service** available from the **Contracted Unit** from the time specified by **National Grid** in the request pursuant to sub-paragraph 4.3.1(a); and
 - (ii) save where sub-paragraph 4.3.1(d) applies, **National Grid** shall subsequently notify the **Fast Reserve Provider** of the time from which

it no longer requires the **Fast Reserve Provider** to make the **Optional Service** available from the **Contracted Site**.

- (d) If at any time before, or during a **Settlement Period** in respect of which the **Optional Service** is declared available from a **Contracted Site** in accordance with sub-paragraph 4.3.1(b), the **Fast Reserve Provider** becomes aware that it will be unable to provide the **Optional Service** from a **Contracted Site** during any such **Settlement Period**, it shall notify or procure that the **Fast Reserve Provider's Agent** notifies **National Grid** forthwith.

4.3.2 Utilisation of Optional Fast Reserve

- (a) Subject to sub-paragraph 4.3.2(b), **National Grid** may at any time during **Settlement Periods** when the **Optional Service** is available instruct the **Fast Reserve Provider** to provide **Optional Fast Reserve** from a **Contracted Site** (an "**Instruction**") and, subject to sub-paragraph 4.3.2(d), the **Fast Reserve Provider** shall provide **Optional Fast Reserve** in accordance with sub-paragraph 4.3.2(g).
- (b) Except with the prior consent of the **Fast Reserve Provider**, **National Grid** shall not issue an **Instruction** in a **Recovery Period**.
- (c) Within 5 minutes of receipt of any **Instruction**, the **Fast Reserve Provider** shall confirm or procure that the **Fast Reserve Provider's Agent** confirms receipt by facsimile to **National Grid** in the applicable form set out in Annexure 3 to this Section 4.
- (d) The **Fast Reserve Provider** or **Fast Reserve Provider's Agent** (as the case may be) may only reject an **Instruction** if it is necessary on safety grounds.
- (e) **National Grid** may instruct the **Fast Reserve Provider** to cease provision of **Optional Fast Reserve** from a **Contracted Site** at any time.
- (f) Within 5 minutes of receipt of any **Instruction** given by **National Grid** pursuant to sub-paragraph 4.3.2(e), the **Fast Reserve Provider** shall confirm or procure that the **Fast Reserve Provider's Agent** confirms receipt by facsimile in the applicable form set out in Annexure 3 to this Section 4.

- (g) On receipt of an **Instruction** the **Fast Reserve Provider** shall, commencing on or before expiry of the **Response Time**, provide **Optional Fast Reserve** continuously until the earlier of:-
- (i) subject always to sub-paragraph 4.3.2(h), the expiry of the **Maximum Utilisation Period**;
 - (ii) the commencement of a **Settlement Period** in respect of which the **Fast Reserve Provider** or the **Fast Reserve Provider's Agent** (as the case may be) has notified **National Grid** in accordance with sub-paragraph 4.3.1(d) that **Optional Fast Reserve** is unavailable from a **Contracted Site**; and
 - (iii) the time specified by **National Grid** in an instruction issued pursuant to sub-paragraph 4.3.2(e).
- (h) Where **National Grid** issues an **Instruction** in respect of a **Contracted Site** which is comprised of an aggregation of **Contracted Load Groups**, then, where sub-paragraph 4.3.2(g)(i) applies, the **Fast Reserve Provider** shall continue to provide **Optional Fast Reserve** from each instructed **Contracted Load Group** until the expiry of the relevant **Maximum Utilisation Period** specified in respect of that **Contracted Load Group** in the **Fast Reserve Framework Agreement**.

4.3.3 Payment for the Optional Service

- (a) **National Grid** shall, in accordance with paragraph 5.2, pay to the **Fast Reserve Provider's Agent** an amount ("the **Optional Availability Payment**"), in respect of each **Contracted Site**, calculated by reference to the **Optional Availability Fee** set out in the **Fast Reserve Framework Agreement** as revised from time to time pursuant to sub-paragraph 4.3.3(c) and the period from the time at which the **Optional Service** is made available from the **Contracted Site** pursuant to sub-paragraph 4.3.1(c)(i) until the earlier of:-
- (i) such time as **National Grid** notifies the **Fast Reserve Provider** pursuant to sub-paragraph 4.3.1(c)(ii) that the **Optional Service** is no longer required; or
 - (ii) notification by the **Fast Reserve Provider** or the **Fast Reserve Provider's Agent** (as the case may be) to **National Grid** pursuant to

sub-paragraph 4.3.1(d) that it is unable to provide the **Optional Service** from the **Contracted Site**.

- (b) **National Grid** shall, in accordance with paragraph 5.2, pay to the **Fast Reserve Provider's Agent** an amount ("the **Optional Energy Payment**") calculated in accordance with the relevant formula set out in Annexure 2 to this Section 4, in respect of each **Contracted Site**.
- (c) The **Fast Reserve Provider's Agent** may (by way of amendment to or as otherwise as provided in, the **Fast Reserve ~~Provider's~~ Framework Agreement**) from time to time revise the **Optional Availability Fee** and/or the **Optional Energy Fee** in respect of any one or more of the **Contracted Sites** from time to time, provided that the **Fast Reserve Provider** shall have given **National Grid** not less than one week's notice in writing, and any such revision shall take effect from 05:00 hours on a Monday.

4.3.4 **Failure to provide Optional Fast Reserve**

- (a) If, having issued an **Instruction** in accordance with sub-paragraph 4.3.2(a), **National Grid** determines in accordance with the procedure set out in Annexure 1 to this Section 4 that the **Contracted Site** has in any **Settlement Period** failed to comply in any respect with that **Instruction**, then **National Grid** shall have the right to withhold payment of the **Optional Energy Payment** in relation to that **Contracted Site** in respect of each such **Settlement Period**.
- (b) Subject always to sub-paragraph 4.3.4(c), **National Grid** shall have the right to terminate the **Fast Reserve Framework Agreement** in respect of any **Contracted Site** forthwith by notice in writing to the **Fast Reserve Provider** if the **Fast Reserve Provider** fails on more than 3 occasions, in respect of that **Contracted Site** and any **Operational Day**, to comply with its obligations pursuant to sub-paragraph 4.9 within two weeks of such **Operational Day**.
- (c) For the purposes of sub-paragraph 4.3.4(b), where a **Contracted Service Term** has already been accepted by **National Grid** in respect of any **Contracted Site** in accordance with sub-paragraph 2.5.1, **National Grid** shall not give written notice to terminate the **Fast Reserve Contract** in respect of that **Contracted Site** in accordance with sub-paragraph 4.3.4(b) earlier than the day after expiry of such **Contracted Service Term**.

4.4 **GRID CODE AND DISTRIBUTION CODE**

The provision by the **Fast Reserve Provider** of **Fast Reserve** shall not relieve it of any of its obligations or affect such obligations (where applicable) set out in the **Grid Code** (including without limitation its obligations (if any) to provide **Demand** control when instructed by **National Grid** under **Grid Code OC 6**) or in the **Distribution Code** of its host **Public Distribution System Operator**.

4.5 MAINTENANCE OF CONTRACTED SITES

The **Fast Reserve Provider** shall maintain the **Plant** and **Apparatus** comprising each **Contracted Site** to such a standard that the **Fast Reserve Provider** can meet its obligations to provide **Fast Reserve** in accordance with the terms of the **Fast Reserve Contract**.

4.6 WARRANTY AND INDEMNITY

4.6.1 The **Fast Reserve Provider** hereby warrants to **National Grid** that the entering into of a **Fast Reserve Contract** and the provision by it of **Fast Reserve** does not and will not cause the **Fast Reserve Provider**:-

- (a) to be in breach of its duties (if any) under Section 9 of the **Act**;
- (b) to be in breach of the Electricity Safety, Quality and Continuity Regulations 2002 (as amended from time to time) or of any regulations made under Section 29 of the **Act** or of any other enactment relating to safety or standards applicable in respect of the business of the **Fast Reserve Provider**;
- (c) to be in breach of any provisions of the **Grid Code** or (where applicable) the **Distribution Code** of its host **Public Distribution System Operator** or make its compliance with any provision of either of these **Codes** impossible;
- (d) (where any **Contracted Site** is **Embedded**) to be in breach of or to otherwise be non-compliant with any **Connection Agreement** and/or any agreement for the supply of electricity to the **Plant** or for the acceptance of electricity into, and its delivery from, a **User System** or any other **System**;
- (e) to be in breach of any provision of its **Licence** (if any);

- (f) to be in breach of any restrictions and conditions attaching to relevant authorisations of the Environment Agency; or
- (g) to be in breach of any other agreement or arrangement of whatever nature with any other person.

4.6.2 The **Fast Reserve Provider** agrees that it will not accept an **Instruction** from **National Grid** hereunder if compliance with such **Instruction** would cause the **Fast Reserve Provider** to be in breach or non-compliance as described in sub-paragraph 4.6.1, and if it declines to accept an **Instruction** on such grounds the **Fast Reserve Provider** will:-

- (a) notify **National Grid** in accordance with sub-paragraph 4.2.1(g); and
- (b) provide to **National Grid** to **National Grid**'s reasonable satisfaction such written statement and all such supporting evidence as shall be necessary to demonstrate how compliance would cause such breach or non-compliance.

4.6.3 In the event that the **Fast Reserve Provider** complies with an **Instruction** from **National Grid** which causes the **Fast Reserve Provider** to be in breach or non-compliance as described in sub-paragraph 4.6.1 above, the **Fast Reserve Provider** shall indemnify **National Grid** against all and any claims made against **National Grid** by the **Fast Reserve Provider**'s host **Public Distribution System Operator** or any other person connected to or using the **Public Distribution System Operator**'s **User System** or any other **User System** or the owner or operator of any **User System** or any other person arising out of or resulting from such breach or non-compliance. Such indemnity shall include any legal costs and expenses reasonably incurred in the contesting of such claims including court costs and reasonable attorney's fees and other professional advisors' fees. The **Parties** agree and accept that, for the purposes of sub-paragraph 5.3.1, all such legal costs and expenses expressed to be the subject of such indemnity shall be treated as direct losses.

4.6.4 In the event of any such claim referred to in sub-paragraph 4.6.3 above or any third party claim under sub-paragraph 4.6.5 being made against **National Grid**, **National Grid** shall as soon as reasonably practicable give notice of the claim together with all relevant supporting documentation to the **Fast Reserve Provider**. The **Fast Reserve Provider** shall be entitled, upon written notice to **National Grid** and subject to **National Grid** receiving from the **Fast Reserve Provider** such reasonable undertakings as **National Grid** shall reasonably require to protect **National Grid** against damage to its name, to assume, at its own expense, sole conduct of all proceedings relating to such claim including the right to contest such claim in the name of **National Grid** and **National Grid** shall supply the **Fast Reserve Provider** with all information, assistance and particulars reasonably required by the **Fast Reserve Provider** in connection therewith. **National Grid** shall not accept, settle, pay or compromise any such

claim without the prior written approval of the **Fast Reserve Provider** (such approval not to be unreasonably withheld or delayed). The **Fast Reserve Provider** shall reimburse **National Grid**'s reasonable expenses incurred in connection with the provision of any such information, assistance or particulars in the contesting of any such claim.

4.6.5 The **Fast Reserve Provider** hereby warrants to **National Grid** that, on the date of entering into each **Fast Reserve Contract** it is not, and it hereby undertakes that at all times throughout the term of the **Fast Reserve Contract** it will not be, in breach of the terms of the **Undertaking** and that, subject always to sub-paragraph 4.6.6, it will indemnify **National Grid** against any losses, liabilities, claims, expenses and demands which **National Grid** suffers as a direct result of a breach by the **Fast Reserve Provider** of the provisions of this sub-paragraph 4.6.5.

4.6.6 The amount or amounts for which the **Fast Reserve Provider** may be liable to **National Grid** pursuant to sub-paragraph 4.6.5 shall not exceed the sum of £250,000 per **Fast Reserve Contract**.

4.7 PROVISION OF OTHER SERVICES

4.7.1 The **Fast Reserve Provider** hereby warrants to **National Grid** that, on the date of entering into the **Fast Reserve Contract**, it is not a party to an agreement or arrangement with its host **Public Distribution System Operator** or electricity supplier or other person to provide any service from the **Contracted Site(s)** the provision of which impairs the **Fast Reserve Provider's** ability to make available and/or provide **Fast Reserve** during any (**Availability Window**) and/or to perform its obligations under a **Fast Reserve Contract** and that, subject always to sub-paragraph 4.7.2, it will indemnify **National Grid** against any losses, liabilities, claims, expenses and demands which **National Grid** suffers as a direct result of a breach by the **Fast Reserve Provider** of the provisions of this sub-paragraph 4.7.1. Notwithstanding such warranty where any agreement or arrangement results during the term of a **Fast Reserve Contract** in the impairment of the ability of the **Fast Reserve Provider** to provide **Fast Reserve** and/or perform its obligations under such **Fast Reserve Contract**, then the **Fast Reserve Provider** undertakes to reimburse to **National Grid** all and any losses, liabilities, claims, expenses and demands reasonably incurred or suffered by **National Grid** as a result of the **Fast Reserve Provider's** ability to provide **Fast Reserve** and/or perform its obligations under such **Fast Reserve Contract** being thereby impaired.

4.7.2 The amount or amounts for which the **Fast Reserve Provider** may be liable to **National Grid** pursuant to sub-paragraph 4.7.1 shall not exceed the sum of £250,000 per **Fast Reserve Contract**.

4.7.3 Where during the term of a **Fast Reserve Contract** the **Fast Reserve Provider** intends to enter into an agreement or arrangement with its host **Public Distribution System Operator** or electricity supplier or other person to provide any service from the **Contracted Site(s)** the provision of which impairs the **Fast Reserve Provider's** ability to provide **Fast Reserve** and/or perform its obligations under the **Fast Reserve Contract**, the **Fast Reserve Provider** shall notify or procure that the **Fast Reserve Provider's Agent** notifies **National Grid**, in accordance with paragraph 5.8, as soon as reasonably practicable before entering into such agreement or arrangement. Upon and with effect from the entering into of any such agreement or arrangement, **National Grid** shall have the right to terminate the **Fast Reserve Contract** forthwith and serve a notice to that effect in accordance with paragraph 5.8.

4.7.4 For the avoidance of doubt, the availability in any **Settlement Period** comprised in a **Contracted Service Period** of an increase in **Generation** and/or reduction in **Demand** from the **Contracted Site** or any part thereof for the benefit of any third party (including without limitation the **Fast Reserve Provider's** host **Public Distribution System Operator** or electricity supplier) shall be deemed for the purposes of sub-paragraphs 4.7.1 and 4.7.2 to impair the **Fast Reserve Provider's** ability to provide **Fast Reserve**.

4.7.5 Where, during any one or more **Settlement Periods** in a **Contracted Service PeriodTerm**, the **Fast Reserve Provider** is required under the terms of any agreement with **National Grid** to provide from a **Firm Contracted Site** a firm **Ancillary Service** or similar service (except with respect to **Reactive Power**) and such service provision either overlaps to any extent with a **Contracted Service PeriodTerm** and/or is otherwise inconsistent or in conflict with the delivery of **Firm Fast Reserve**, then **National Grid** may (at its option) either:-

- (a) require the **Fast Reserve Provider** to declare or re-declare unavailable such service provision in accordance with the terms of such agreement for the duration of each such overlapping **Settlement Period** and otherwise as required to remove such inconsistency or conflict; and/or
- (b) require that the terms of such agreement are amended so as to remove such overlap and/or inconsistency or conflict,

and if the **Fast Reserve Provider** fails to do declare or re-declare unavailable as required pursuant to sub-paragraph 4.7.5(a), or (as the case may be) for so long as such agreement is not so amended as required by **National Grid** pursuant to sub-paragraph 4.7.5(b), **National Grid** may (at its option) either reject the **Firm Fast Reserve Tender** (if not by then accepted) or otherwise terminate the **Fast Reserve Contract** forthwith and at any time by notice in writing to the **Fast Reserve Provider**.

4.7.6 With respect to the **Optional Service**, where in any one or more **Settlement Periods** a **Fast Reserve Provider** is required under the terms of any agreement with **National Grid** to provide from a **Contracted Site** a firm **Ancillary Service** (except with respect to **Reactive Power**) and such service provision either overlaps to any extent with such **Settlement Period** and/or is otherwise inconsistent or in conflict with the delivery of the **Optional Service**, then **National Grid** may require the **Fast Reserve Provider** to declare or re-declare unavailable such service provision in accordance with sub-paragraph 4.7.5(a). If the **Fast Reserve Provider** fails to do so, **National Grid** may terminate the **Fast Reserve Framework Agreement** forthwith and at any time by notice in writing to the **Fast Reserve Provider**.

4.8 COMMUNICATIONS

Any communications required by this Section 4 to be given in writing shall be made and deemed to have been received in accordance with paragraph 5.8 save as may be otherwise agreed by the **Parties**. Each of the **Parties** and the **Fast Reserve Provider's Agent** hereby agrees and acknowledges that any reference to a communication by telephone or facsimile given by **National Grid** to the **Fast Reserve Provider** or vice versa in this Section 4 shall, where appropriate, be deemed to include a communication given by means of an **Automatic Logging Device**, such mode of communication to commence within a date five **Business Days** following notification to the **Fast Reserve Provider** by **National Grid** to this effect. From the date on which such notification becomes effective, instructions and confirmations stored on the **Automatic Logging Device** shall (except during periods when the **Automatic Logging Device** is unavailable for whatever reason in which case communication by telephone or facsimile (whichever is appropriate) shall resume with immediate effect) be conclusive evidence of the giving and/or receipt of any communication required to be given pursuant to the terms of this Section 4. The **Parties** and the **Fast Reserve Provider's Agent** consent to the recording of all telephone conversations between them relating in whole or in part to this **Document**, and each **Party** agrees to notify its employees of that consent and obtain their consent to that recording if required by law.

4.9 MONITORING AND METERING

For the purposes of Annexure 1 to this Section 4, the **Fast Reserve Provider** shall, in respect of each **Operational Day** in which **National Grid** has issued either (1) **Firm Instruction(s)** in respect of a **Firm Contracted Site** or (2) **Instruction(s)** in respect of a **Contracted Site**, provide to **National Grid**, within a week of such **Operational Day**, a copy of metering data with at least one MW spot value per minute to enable **National Grid** to monitor the **Fast Reserve Provider's** provision of **Firm Fast Reserve** or **Optional Fast Reserve** (as the case may be) from the relevant **Firm Contracted Site** or **Contracted Site**, and the amount of **Firm Fast Reserve** or **Optional Fast Reserve** provided by the

relevant **Firm Contracted Site** or **Contracted Site** during such **Operational Day** for the purposes of this Section 4.

ANNEXURE 1 TO SECTION 4
PROCEDURE FOR DETERMINING COMPLIANCE WITH AN INSTRUCTION OR FIRM
INSTRUCTION -FAST RESERVE PROVIDER'S AGENT

1. This procedure shall be used by **National Grid** to assess compliance by a **Contracted Site** or a **Firm Contracted Site** with an **Instruction** issued in accordance with sub-paragraph 4.2.2 or 4.3.2.

2. **National Grid** shall, utilising the data supplied by the **Fast Reserve Provider** in accordance with either sub-paragraph 4.9 and metering equipment owned or operated by **National Grid** determine, for the **Contracted Site** or **Firm Contracted Site** (as the case may be), and on a minute by minute basis, delivery against the **Instruction** or **Firm Instruction** (as the case may be) in accordance with the run up and run down rates specified in the **Fast Reserve Framework Agreement** or the **Fast Reserve Contract** (as the case may be).

3. For the purposes of sub-paragraphs 4.2.2 and 4.3.2, the **Fast Reserve Provider** shall, in respect of the **Contracted Site** or **Firm Contracted Site** (as the case may be), be deemed not to have complied with an **Instruction** or **Firm Instruction** (as the case may be) if the MW of **Fast Reserve** delivered in any minute is less than 90% of:-
 - (i) in the case of **Optional Fast Reserve**, the level or profile of MW (within the **MW Import Reduction Range**) notified by **National Grid** in its **Instruction** issued in accordance with sub-paragraph 4.3.2; and

 - (ii) in the case of **Firm Fast Reserve**, the level of MW (being not greater than the **Contracted MW**) or the profile (comprising all or part of the **Contracted MW Profile**) (as the case may be) notified by **National Grid** in its **Firm Instruction** issued in accordance with sub-paragraph 4.2.2.

ANNEXURE 2 TO SECTION 4
PAYMENT FORMULAE - FAST RESERVE PROVIDER'S AGENT

Part I

Optional Energy Payment

- (i) Where the **Contracted Site** comprises a **Type 1 Contracted Site** the **Optional Fast Reserve Energy Payment** (OUP_M) shall be determined as follows:-

$$OUP_M = \sum_{n \in M} (OR \times V_n)$$

Where:

$\sum_{n \in M}$ = the summation of all utilisations, n, in calendar month M

OR = **Optional Fast Reserve Energy Fee**

V_n = the total volume in MWh for utilisation, n, from all **Contracted Load Groups** determined as follows:-

$$V_n = \min \left[\left[\left(\frac{Z}{60} \right) * [(Y - X - R) - 0.5 * (a + b)] \right], QM_n \right]$$

Where:

X = time the **Instruction** is issued in accordance with sub-paragraph 4.3.2

Y = the earlier of the following relevant times: (i) the time specified in an instruction to cease provision issued in accordance with sub-paragraph 4.3.2(e); (ii) the commencement of a **Settlement Period** in respect of which the **Fast Reserve Provider** or the **Fast Reserve Provider's Agent** (as the case may be) has notified **National Grid** in accordance with sub-paragraph 4.3 that **Optional Fast Reserve** is unavailable from the **Contracted Site**; and (iii) expiry of the **Maximum Utilisation Period**

Z = the level of MW notified by **National Grid** in the **Instruction**

a = Z/i

b = Z/j

i = **Minimum Run-Up Rate** (MW/min)

j = **Minimum Run-Down Rate** (MW/min)

R = **Response Time**

QM_n = metered delivery in MWh for utilisation, n

- (ii) Where the **Contracted Site** comprises a **Type 2 Contracted Site** the **Optional Fast Reserve Energy Payment** (OUP_M) shall be determined as follows:-

$$OUP_M = \sum_{n \in M} (OR \times V_n)$$

Where:

$\sum_{n \in M}$ = the summation of all utilisations, n, in calendar month M

OR = the **Optional Fast Reserve Energy Fee**

V_n = the total volume in MWh for utilisation, n, from all **Contracted Load Groups** determined as follows:-

$$V_n = \sum_g \min(MWh_{gn}, QM_n)$$

Where:

\sum_g = the summation of all **Contracted Load Groups**, g

g = the **Contracted Load Group**

QM_n = metered delivery in MWh for utilisation, n

MWh_{gn} = the total volume in MWh from **Contracted Load Group** g for utilisation, n, determined as follows:-

$$MWh_{gn} = \sum_{k \in n} MW_{gk} \times [\min(end_{gi}, end_{gk}) - \max(start_{gi}, start_{gk})]$$

Where:

$start_{gk}$ = the date and time from which MW level, k, is declared available from **Contracted Load Group**, g

end_{gk} = the date and time at which MW level, k, ceases to be available from **Contracted Load Group**, g

MW_{gk} = the MW level, k, declared available from **Contracted Load Group**, g, bounded by $start_{gk}$ and end_{gk}

$start_{gi}$ = the date and start time of an **Instruction** to provide **Optional Fast Reserve** from **Contracted Load Group**, g

end_{gi} = the date and end time of an **Instruction** to provide **Optional Fast Reserve** from **Contracted Load Group**, g, being the earlier of:-

- (i) the expiry of the **Maximum Utilisation Period**;
- (ii) the commencement of a **Settlement Period** in respect of which the **Fast Reserve Provider** or the **Fast Reserve Provider's Agent** (as the case may be) has notified **National Grid** in accordance with sub-paragraph 4.3 that **Optional Fast Reserve** is unavailable from the **Contracted Site**; and
- (iii) the time specified by **National Grid** in an instruction issued pursuant to sub-

paragraph 4.3.2(e).

$\sum_{k \in n}$ = the summation of all MW levels, k, declared available for utilisation, n

Part II
Firm Energy Payment

(i) Where the **Firm Contracted Site** comprises a **Type 1 Contracted Site** the **Firm Fast Reserve Energy Payment** (FUP_M) shall be determined as follows:-

$$FUP_M = \sum_{n \in M} (FR_m \times V_n)$$

Where:

$\sum_{n \in M}$ = the summation of all utilisations, n, in calendar month M

FR_m = the **Firm Fast Reserve Energy Fee** in respect of calendar month, m

V_n = the total volume in MWh for utilisation, n, from all **Contracted Load Groups** determined as follows

$$V_n = \min \left[\left[\left(\frac{Z}{60} \right) * [(Y - X - R) - 0.5 * (a + b)] \right], QM_n \right]$$

Where:

X = time the **Firm Instruction** is issued in accordance with sub-paragraph 4.2.2

Y = the earlier of the following relevant times: (i) the time specified in an instruction to cease provision issued in accordance with sub-paragraph 4.2.2(d); and (ii) expiry of the **Firm Fast Reserve Window**

Z = **Contracted MW** for the **Firm Service**

a = Z/i

b = Z/j

i = **Minimum Run-Up Rate** (MW/min)

j = **Minimum Run-Down Rate** (MW/min)

R = **Response Time**

QM_n = metered delivery in MWh for utilisation, n

- (ii) Where the **Firm Contracted Site** comprises a **Type 2 Contracted Site** the **Firm Fast Reserve Energy Payment** (FUP_M) shall be determined as follows:-

$$FUP_M = \sum_{n \in M} (FR_m \times V_n)$$

Where:

$\sum_{n \in M}$ = the summation of all utilisations, n, in calendar month M

FR_m = the **Firm Fast Reserve Energy Fee** in respect of calendar month, m

V_n = the total volume in MWh for utilisation, n, from all **Contracted Load Groups** determined as follows:-

$$V_n = \sum_g \min(MWh_{gn}, QM_n)$$

Where:

\sum_g = the summation of all **Contracted Load Groups**, g

g = the **Contracted Load Group**

QM_n = metered delivery in MWh for utilisation, n

MWh_{gn} = the total volume in MWh from **Contracted Load Group** g for utilisation, n, determined as follows:-

$$MWh_{gn} = \sum_{k \in n} MW_{gk} \times [\min(end_{gi}, end_{gk}) - \max(start_{gi}, start_{gk})]$$

Where:

$start_{gk}$ = the date and time from which MW level, k, is declared available from **Contracted Load Group**, g

end_{gk} = the date and time at which MW level, k, ceases to be available from **Contracted Load Group**, g

MW_{gk} = the MW level, k, declared available from **Contracted Load Group**, g, bounded by $start_{gk}$ and end_{gk}

$start_{gi}$ = the date and start time of a **Firm Instruction** to provide **Firm Fast Reserve** from **Contracted Load Group**, g

end_{gi} = the date and end time of a **Firm Instruction** to provide **Firm Fast Reserve** from **Contracted Load Group**, g, being the earlier of:-

- (i) the end of the relevant **Firm Fast Reserve Window**; and
- (ii) the time specified by **National Grid** in an instruction issued pursuant to subparagraph 4.2.2(d).

$\sum_{k \in n}$ = the summation of all MW levels, k, declared available for utilisation, n

ANNEXURE 3 TO SECTION 4

FACSIMILE FORMS

(NON-BALANCING MECHANISM PARTICIPANTS - FAST RESERVE PROVIDER'S AGENT)

Part I

Declaration of Availability of Optional Fast Reserve

(Sub-paragraph 4.3.1)

From: *Fast Reserve Provider details* **Fax:**

To: **National Grid Control Centre, Wokingham** **Fax:**

Date:

Operational Day in question: DD/MM/YY

Start Date: [dd/mm/yyyy] Time: [hh:mm]

End Date: [dd/mm/yyyy] Time: [hh:mm]

We confirm that Optional Fast Reserve will be [available][unavailable]* in the following Settlement Periods (*delete as appropriate):

	Settlement Period												
Contracted Site / Contracted Load Group													

.....

From: **National Grid Control Centre, Wokingham** **Fax:**

To: *Fast Reserve Provider details* **Fax:**

Date:

We confirm receipt of your Optional Service Declaration as set out above.

Signed by:(signature)

Name:

For and on behalf of National Grid Electricity Transmission plc

Part II

Facsimile Form - Confirmation of Receipt of Instruction to Provide Optional Fast Reserve or a Firm Instruction to Provide Firm Fast

Reserve

(Sub-paragraph 4.2.2(b) and 4.3.2(c))

From: *Fast Reserve Provider details* **Fax:**
To: **National Grid Control Centre, Wokingham** **Fax:**

Date:

Operational Day in question: DD/MM/YY

*We confirm receipt of your Instruction to provide Optional Fast Reserve which was received at [] hours.

or

*We confirm receipt of your Firm Instruction to provide Firm Fast Reserve which was received at [] hours.

(* Delete as appropriate)

Signed by: (signature)

Name:

For and on behalf of []

Part III

Facsimile Form - Confirmation of Receipt of Instruction to Cease Provision of Optional or Firm Fast Reserve

(Sub-paragraph 4.2.2(e) and 4.3.2(f))

From: *Fast Reserve Provider details* **Fax:**
To: **National Grid Control Centre, Wokingham** **Fax:**

Date:

Operational Day in question: DD/MM/YY

*We confirm receipt of your instruction to cease provision of Optional Fast Reserve, which was received at [] hours.

or

*We confirm receipt of your instruction to cease provision of Firm Fast Reserve received at [] hours.

(* Delete as appropriate)

Signed by: (signature)

Name:

For and on behalf of []

Part IV

Facsimile Form - Notification of Firm Fast Reserve Windows

(Sub-paragraph 4.2.1(a))

From: National Grid Control Centre, Wokingham **Fax:**

To: *Fast Reserve Provider details* **Fax:**

Date:

Operational Day in question: DD/MM/YY

Firm Fast Reserve Windows							
(1) From:	(1) To:	(2) From:	(2) To:	(3) From:	(3) To:	(4) From:	(4) To:

Signed by:(signature)

Name:

For and on behalf of []

From: *Fast Reserve Provider details* **Fax:**

To: National Grid Control Centre, Wokingham **Fax:**

Date:

We confirm receipt of your notification of Firm Fast Reserve Windows as set out above.

Signed by:(signature)

Name:

For and on behalf of []

Part V
Declaration of Availability of Firm Fast Reserve
 (Sub-paragraph 4.2.1(d))

From: *Fast Reserve Provider details* **Fax:**

To: **National Grid Control Centre, Wokingham** **Fax:**

Date:

Operational Day in question: DD/MM/YY

Start Date: [dd/mm/yyyy] Time: [hh:mm]

End Date: [dd/mm/yyyy] Time: [hh:mm]

Firm Fast Reserve will be available in the following Settlement Periods in the stated amounts below:

	Settlement Period													
Contracted Site / Contracted Load Group														

.....

From: **National Grid Control Centre, Wokingham** **Fax:**

To: *Fast Reserve Provider details* **Fax:**

Date:

We confirm receipt of your Firm Service Declaration as set out above.

Signed by:(signature)

Name:

For and on behalf of National Grid Electricity Transmission plc

Part VI
Shortfall Notification
(Sub-paragraph 4.2.1(f))

From: *Fast Reserve Provider details* **Fax:**
To: **National Grid Control Centre, Wokingham** **Fax:**

Date:

Operational Day in question: DD/MM/YY

Time [hh:mm]

Firm Fast Reserve will be curtailed as follows:-

Insert details:-

Eg. The following Contracted Load Group(s) will not be available:- [][]*[]*[]*[]**
(* delete as appropriate)

.....

From: **National Grid Control Centre, Wokingham** **Fax:**
To: *Fast Reserve Provider details* **Fax:**

Date:

We confirm receipt of your Shortfall Notification as set out above.

Signed by:(signature)

Name:

For and on behalf of National Grid Electricity Transmission plc

Part VII
Withdrawal of Service Availability
(Sub-paragraph 4.2.1(g))

From: *Fast Reserve Provider details* **Fax:**
To: **National Grid Control Centre, Wokingham** **Fax:**

Date:

Operational Day in question: DD/MM/YY

Time [hh:mm]

Firm Fast Reserve will not be available for the Firm Fast Reserve Window

.....

From: **National Grid Control Centre, Wokingham** **Fax:**
To: *Fast Reserve Provider details* **Fax:**

Date:

We confirm receipt of your Service Withdrawal Notification as set out above.

Signed by:(signature)

Name:

For and on behalf of National Grid Electricity Transmission plc

SCHEDULE 2
GENERAL PROVISIONS
(FAST RESERVE PROVIDER'S AGENT)

Where sub-paragraph 3.1.2 of Section 3 or 4.1.2 of Section 4 applies, the following paragraphs 5.2, 5.6 and 5.8 shall replace paragraphs 5.2, 5.6 and 5.8 of Section 5:-

5.2 PAYMENTS

5.2.1 On the eighteenth **Business Day** of each calendar month **National Grid** shall send to the **Fast Reserve Provider** a statement ("the **Monthly Statement**") setting out details of the following (to the extent applicable) in respect of the preceding calendar month:-

5.2.1.1 the **Firm Fast Reserve Windows** or **Settlement Periods** (as the case may be);

5.2.1.2 the hours of provision of **Fast Reserve** for each **Contracted BM Unit** and/or **Contracted Site** (as the case may be);

5.2.1.3 the **Firm Availability Payments, Positional Payments, Window Initiation Payments, Enhanced Rates Availability Payments** and **Optional Availability Payments**;

5.2.1.4 each occurrence of an event of default specified in sub-paragraph 3.2.4 or 4.2.4 (as the case may be).

5.2.2 If the **Fast Reserve Provider** disagrees with any dates, times, facts or calculations set out in the **Monthly Statement**, it shall procure that the **Fast Reserve Provider's Agent** produces to **National Grid** the evidence upon which it relies in support of such disagreement. The **Fast Reserve Provider** shall procure that the **Fast Reserve Provider's Agent** (and not the **Fast Reserve Provider**) shall discuss and endeavour to resolve the matter and any revisions to the **Monthly Statement** agreed as a result thereof shall appear 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 **National Grid** and the **Fast Reserve Provider's Agent** or by an arbitrator appointed pursuant to sub-paragraph 5.9.

5.2.3 Where:-

5.2.3.1 **National Grid** discovers that any previous **Monthly Statement** contains an arithmetic error or omission; or

5.2.3.2 **National Grid** becomes aware of any facts (other than facts falling within sub-paragraph 5.2.4.1) which show that the **Fast Reserve Provider's Agent** was not entitled to receive a payment already made (including, for the avoidance of doubt, where sub-paragraph 5.4.4 applies),

National Grid shall adjust the account between itself and the **Fast Reserve Provider's Agent** accordingly in the next **Monthly Statement** which it issues, setting out the reason why the adjustment has been made, and the provisions of sub-paragraph 5.2.2 shall apply mutatis mutandis to such adjustments.

5.2.4 The due date of payment for the purposes of sub-paragraph 5.2.7 in respect of any disputed amount subsequently determined or agreed to be payable to the **Fast Reserve Provider's Agent** shall be the date for payment of the relevant **Monthly Statement** from which the dispute arises.

5.2.5 **National Grid** shall pay to the **Fast Reserve Provider's Agent** the amount shown as due from **National Grid** in a **Monthly Statement** within three **Business Days** of the date on which the **Monthly Statement** is or should be received. The **Fast Reserve Provider** shall pay to **National Grid** the amount shown as due from the **Fast Reserve Provider** in a **Monthly Statement** within three **Business Days** of the date on which the **Monthly Statement** is issued.

5.2.6 If either **Party** ("the **Defaulting Party**") in good faith and/or with reasonable cause fails to pay under sub-paragraph 5.2.5 any amount properly due under this **Document**, such **Defaulting Party** shall pay to the other **Party** interest on such overdue amount from and including the due date of such payment to (but excluding) the date of actual payment (as well after as before judgement) at the **Base Rate** provided that should the **Defaulting Party** otherwise fail to pay any amount properly due under this **Document** on the due date then the **Defaulting Party** shall pay to the other **Party** interest on such overdue amount at the **Enhanced Rate** from the due date on which such payment was properly due to (but excluding) the date of actual payment. Interest shall accrue from day to day.

5.2.7 If, following a dispute or by virtue of sub-paragraphs 5.2.2 or 5.2.3, it is determined or agreed that the **Fast Reserve Provider** was entitled to a further payment from **National Grid**, the **Fast Reserve Provider** shall be entitled to interest at the **Base Rate** on the amount

of such further payment from the due date calculated in accordance with sub-paragraph 5.2.4 until the date of actual payment.

- 5.2.8 If following a dispute or by virtue of the provisions of sub-paragraphs 5.2.2 or 5.2.3 it is determined or agreed that the **Fast Reserve Provider** was not entitled to any payment it has received, **National Grid** shall be entitled to interest at the **Base Rate** on the amount so paid from the date of payment until the date of repayment or the date when **National Grid** makes a payment to the **Fast Reserve Provider's Agent** which takes such payment into account.
- 5.2.9 Notwithstanding any other provision of this **Document**, the **Parties** shall not be limited in any way as to the evidence upon which they may rely in any proceedings arising out of or in connection with payment for making available or providing **Reserve** under this **Document**, the **Fast Reserve Framework Agreement** and/or the **Fast Reserve Contract** and the **Parties** agree that, in the event and to the extent that either **Party** succeeds in proving in any such proceedings that **Reserve** was or was not made available or provided, the successful **Party** shall be entitled to repayment of the sums already paid or payment of sums not paid as the case may be in respect of **Reserve** or its availability and in the case of a repayment of a payment to which the **Fast Reserve Provider** is entitled under this sub-paragraph 5.2.9 such payment shall be made by **National Grid** to the **Fast Reserve Provider's Agent**.
- 5.2.10 Save as otherwise expressly provided in this **Document** or the **Fast Reserve Framework Agreement**, sums payable by **National Grid** to the **Fast Reserve Provider's Agent** or payable by the **Fast Reserve Provider** pursuant to this **Document** or the **Fast Reserve Framework Agreement** whether by way of charges, interest or otherwise, shall (except to the extent otherwise required by law) be paid in full, free and clear of and without deduction, set-off or deferment in respect of any disputes or claims whatsoever provided that either **Party** shall be entitled to set off any payment due and payable by the other **Party** under this **Document** or the **Fast Reserve Framework Agreement** against any payment it makes to that **Party** or (in the case of **National Grid**) to the **Fast Reserve Provider's Agent**.
- 5.2.11 **National Grid** represents and warrants to the **Fast Reserve Provider** that it enters into the **Fast Reserve Framework Agreement** and each **Fast Reserve Contract** as principal and not as agent for any other person.
- 5.2.12 All amounts specified in the **Fast Reserve Contract** shall be exclusive of any **Value Added Tax** or other similar tax and **National Grid** shall pay to the **Fast Reserve Provider's Agent** **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 provision of **Reserve** under this **Document**, the **Fast Reserve Framework Agreement** and all **Fast Reserve Contracts**.

- 5.2.13 The **Fast Reserve Provider** hereby warrants and represents to **National Grid** that it consents to the operation of a self-billing system by **National Grid** with regard to the payment for **Reserve** to be provided and made available pursuant to this **Document**, the **Fast Reserve Framework Agreement** and all **Fast Reserve Contracts** and will at all times throughout the terms of each **Fast Reserve Contract** maintain such consent. The **Fast Reserve Provider** hereby undertakes to do (at **National Grid**'s cost) all acts and things reasonably necessary to enable **National Grid** to comply with the regulations of HM Customs and Excise as regards such self billing.
- 5.2.14 The submission of all **Monthly Statements** and facts and other evidence in support thereof and any questions in connection therewith from **National Grid** to the **Fast Reserve Provider's Agent** and vice versa in accordance with this paragraph 5.2 must be made, in the absence of agreement to the contrary between the **Parties**, by 19.00 hours on the **Business Day** concerned.
- 5.2.15 All payments to be made by **National Grid** to the **Fast Reserve Provider's Agent** under this **Document** will be made by payment to the **Fast Reserve Provider's Agent's** bank account details of which are notified by the **Fast Reserve Provider** from time to time in accordance with paragraph 5.8.
- 5.2.16 The **Fast Reserve Provider** hereby agrees that the receipt by the **Fast Reserve Provider's Agent** of payments to be made by **National Grid** under this **Document** shall be effective as though made to the **Fast Reserve Provider**, and that any entitlement by **National Grid** to withhold payments from the **Fast Reserve Provider's Agent** under this **Document** shall not result in any entitlement on the part of the **Fast Reserve Provider** to receive such withheld payment.
- 5.2.17 All payments to be made to the **Fast Reserve Provider's Agent** by **National Grid** pursuant to the obligations contained in this sub-paragraph 5.2 shall be made to the **Fast Reserve Provider's Agent** as agent for and on behalf of the **Fast Reserve Provider**. If the **Fast Reserve Provider** wishes to appoint an alternative agent to act on its behalf then it shall be entitled to do so by the service of not less than 28 days notice in writing to **National Grid**. With effect from the expiry of such notice the **Fast Reserve Provider's Agent's** details in the **Fast Reserve Contract** shall be deemed to have been amended so as to reflect such change. If the **Fast Reserve Provider** wishes to cease use of the **Fast Reserve Provider's Agent** then it shall be entitled to do so by the service of not less than 28 days notice in writing to **National Grid** and with effect from the expiry of such notice the **Fast Reserve Provider's Agent's** details in the **Fast Reserve Contract** shall be deemed to have been deleted and Schedule 1, Part I or Part II (as the case may be) and Schedule 2 of this **Document** shall cease to apply in respect of that **Fast Reserve Contract**.

5.2.18 The provisions of this sub-paragraph 5.2 shall survive the termination of any **Fast Reserve Contract** and/or **Fast Reserve Framework Agreement**.

5.6 CONFIDENTIALITY AND ANNOUNCEMENTS

5.6.1 *General Restrictions*

5.6.1.1 Subject to the exceptions provided in sub-paragraph 5.6.2, and to the extent otherwise expressly permitted by this **Document**, the **Fast Reserve Framework Agreement** and/or any **Fast Reserve Contract** (including the **Short Term Operating Reserve Despatch Procedure**), neither **Party** shall, at any time, whether before or after the expiry or sooner termination of the **Fast Reserve Framework Agreement** and/or any **Fast Reserve Contract**, without the prior consent of the other **Party** in writing, 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 **Fast Reserve Framework Agreement** and/or any **Fast Reserve Contract**) of:-

- (a) any of the contents of the **Fast Reserve Framework Agreement** and/or any **Firm Fast Reserve Tender** and/or any **Firm Fast Reserve Tender Acceptance** and/or any **Firm Fast Reserve Tender Rejection**;
- (b) any commercially confidential information relating to the negotiations concerning the entering into of the **Fast Reserve Framework Agreement**;
- (c) any commercially confidential information which may come to a **Party's** knowledge in the course of such negotiations; or
- (d) any commercially confidential information concerning the operations, contracts, commercial or financial arrangements or affairs of the other **Party**.

5.6.1.2 Each **Party** undertakes to use information referred to in sub-paragraph 5.6.1.1 and disclosed to it by the other **Party** solely for the purposes of the **Fast Reserve Framework Agreement** and/or any **Fast Reserve Contract** and shall not use it for any other purpose or for the purposes of any third party.

5.6.2 *Exceptions*

5.6.2.1 The restrictions imposed by sub-paragraph 5.6.1 shall not apply to the disclosure of any information:-

- (a) 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** or which it received from a third party independently entitled to disclose it;
- (b) which is required by law or pursuant to the rules of the **Electricity Supply Industry Arbitration Association in Great Britain** or pursuant to the rules or regulations of the Financial Services Authority to be disclosed to any person who is authorised by law or pursuant to the rules of the **Electricity Supply Industry Arbitration Association in Great Britain** or pursuant to the rules or regulations of the Financial Services Authority to receive the same;
- (c) 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;
- (d) to a court, arbitrator or administrative tribunal in the course of proceedings before it to which the disclosing **Party** is a party;
- (e) in accordance with the provisions of the **Balancing and Settlement Code** or pursuant to any **Licence** of the **Party** concerned;
- (f) to any parent, subsidiary or fellow subsidiary undertaking on a "need to know" basis only;
- (g) to any authorised consultants, banks, financiers, insurers or professional advisers to the disclosing **Party**;
- (h) required or expressly permitted to be disclosed under the terms of any agreement or arrangement (including this **Document**, the **Grid Code**, the **Connection and Use of System Code**, the **Distribution Code** and the

Fuel Security Code (if any)) to which the **Parties** have agreed to be bound.

5.6.2.2 In this sub-paragraph 5.6.2, the words "parent", "subsidiary" and "undertaking" shall have the meanings as provided in Sections 258 and 259 of the Companies Act 1985.

5.6.3 *Third parties*

Before either **Party** discloses any information in any of the circumstances described in sub-paragraph 5.6.2.1 (f) and (g) (other than to its authorised professional advisers) or, in the case of the **Fast Reserve Provider**, to the **Fast Reserve Provider's Agent**, it shall notify the other **Party** of its intention to make such disclosure and 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 paragraph 5.6.

5.6.4 *Public announcements*

- (a) Subject to sub-paragraph 5.6.4(b), no public announcement or statement regarding the signature, performance or termination of the **Fast Reserve Framework Agreement** and/or any **Fast Reserve Contract** shall be issued or made unless 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).
- (b) Neither **Party** shall be prohibited from issuing or making any such public announcement or statement to the extent expressly permitted or otherwise contemplated by this **Document**, the **Fast Reserve Framework Agreement** and/or any **Fast Reserve Contract** or if 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.

5.6.5 *Procedures*

With respect to the information referred to in sub-paragraph 5.6.1.1, both **Parties** shall ensure that:-

- (a) such information is disseminated within their respective organisations on a "need to know" basis only;
- (b) employees, directors, agents, consultants and professional advisers who are in receipt of such information are made fully aware of the **Party's** obligations of confidence in relation thereto; and

- (c) any copies of such information, whether in hard copy or computerised form, will clearly identify the information as confidential.

5.6.6 *Termination*

Notwithstanding any other provision of this **Document**, the **Fast Reserve Framework Agreement** and/or any **Fast Reserve Contract**, the provisions of this paragraph 4.6 shall continue to bind a person after termination of the **Fast Reserve Framework Agreement** and/or any **Fast Reserve Contract**, in whole or in part, for whatever reason.

5.8 **NOTICES**

5.8.1 Any notice or other communication to be given by one **Party** to the other under, or in connection with the matters contemplated by this **Document**, the **Fast Reserve Framework Agreement** or any **Fast Reserve Contract**, shall unless otherwise expressly agreed herein be addressed to the recipient and sent to the address or facsimile number of such other **Party** set out in the **Fast Reserve Framework Agreement** for the purpose and marked for the attention of the person so given or to such other address or facsimile number and/or marked for such other attention as such other **Party** may from time to time specify by notice given in accordance with this paragraph 5.8 to the **Party** giving the relevant notice or other communication to it.

5.8.2 Any notice or other communication to be given by one **Party** to the other **Party** under, or in connection with the matters contemplated by, this **Document**, the **Fast Reserve Framework Agreement** or any **Fast Reserve Contract** shall unless otherwise expressly agreed herein be in writing and shall be given by letter delivered by hand or sent by first class prepaid post (airmail if overseas) or facsimile, and shall be deemed to have been received:-

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

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

5.8.2.3 in the case of facsimile, on acknowledgement by the addressee's facsimile receiving equipment (where such acknowledgement occurs before 1700 hours on the day of acknowledgement) and in any other case on the day following the day of acknowledgement.

5.8.3 **National Grid** agrees that in the event of its serving any notice or other communication on the **Fast Reserve Provider** under or in connection with the matters contemplated by this **Document**, the **Fast Reserve Framework Agreement** or any **Fast Reserve Contract**, it will contemporaneously with service of such notice or other communication on the **Fast Reserve Provider**, serve a copy for information purposes on the **Fast Reserve Provider's Agent**. Service of any such copy of a notice or other communication on the **Fast Reserve Provider's Agent** shall not under any circumstances be deemed to constitute or satisfy any requirement for service of any notices or other communications on the **Fast Reserve Provider** nor shall the non-service of any such copy of a notice or other communication on the **Fast Reserve Provider's Agent** invalidate or otherwise affect any notice or other communication properly served on the **Fast Reserve Provider**. Similarly, non-service of any copy of a notice or other communication by the **Fast Reserve Provider** on the Contracts and Trading Manager of **National Grid** shall not invalidate or otherwise affect any notice or other communication properly served on **National Grid** and marked for the attention of the Company Secretary.