

SCHEDULE 2 - EXHIBIT 1

DATED [_____]

[NATIONAL GRID COMPANY PLC] (1)

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and

[_____] (2)

THE CONNECTION AND USE OF SYSTEM CODE

BILATERAL CONNECTION AGREEMENT

[FOR A DIRECTLY CONNECTED POWER STATION]

[FOR A DIRECTLY CONNECTED DISTRIBUTION SYSTEM]

[FOR A NON-EMBEDDED CUSTOMER SITE]

[FOR AN INTERCONNECTOR OWNER]

At [_____]

Reference: [_____]

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THIS **BILATERAL CONNECTION AGREEMENT** is made on the [] day of [] 200[]

BETWEEN

- (1) NATIONAL GRID COMPANY plc 1 a company registered in England with number [2366977] whose registered office is at [1-3 Strand, London WC2N 5EH] ("**System Operator**", which expression shall include its successors and/or permitted assigns); and
- (2) [] a company registered in [] with number [] whose registered office is at [] ("**User**", which expression shall include its successors and/or permitted assigns)

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WHEREAS

- (A) Pursuant to the System Operator Transmission Licence, the System Operator is required to prepare a Connection and Use of System Code (**CUSC**) setting out the terms of the arrangements for connection to and use of the Transmission System and the provision of certain **Balancing Services**.
- (B) The **User** has applied for [Connection to] [and use of] [Modification of its existing **Connection** to [and use of]] the Transmission System and pursuant to the System Operator Transmission Licence the System Operator is required to offer terms in this respect.
- (C) The **User** has applied for connection [and use] in the capacity of a [] as set out in Paragraph 1.2.4 of the **CUSC**.
- (D) The System Operator and the **User** are parties to the **CUSC Framework Agreement** (being an agreement by which the **CUSC** is made contractually binding between **CUSC Parties**).
- (E) This **Bilateral Connection Agreement** is entered into pursuant to the **CUSC** and shall be read as being governed by it.
- [(F) The parties are also on even date herewith entering into a **Construction Agreement**.]

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NOW IT IS HEREBY AGREED as follows:

1. DEFINITIONS, INTERPRETATION AND CONSTRUCTION

Unless the subject matter or context otherwise requires or is inconsistent therewith, terms and expressions defined in Section 11 of the **CUSC** have the same meanings, interpretations or constructions in this **Bilateral Connection Agreement** [and the following terms and expressions shall have the meaning set out below:-

- "Construction Agreement"** the agreement made between the parties of even date herewith for the carrying out of construction works;
- "Charging Date"** as defined in the **Construction Agreement.**]

2. COMMENCEMENT

This **Bilateral Connection Agreement** shall commence on [].

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3. THE CONNECTION SITE AND **CONNECTION ASSETS**

The **Connection Site** and **Connection Assets** to which this **Bilateral Connection Agreement** relates is more particularly described in Appendix A.

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4. CONNECTION CHARGES

The **Connection Charges** payable by the **User** in accordance with the **CUSC** in respect of **the Connection Assets** set out in Appendix A [(including the **One-Off Charge** and **Land Charges**)] are set out in Appendix B. These **Connection Charges** shall be payable by the **User** from the [**CUSC Implementation Date**] [or] [**Charging Date.**]

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5. [USE OF SYSTEM (*power station only*)

The right to use the **Transmission System** shall commence on and **Use of System Charges** shall be payable by the **User** from the [**CUSC Implementation Date**] [or] [**Charging Date.**]

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6. CREDIT REQUIREMENTS

The amount to be secured by the **User** from [date] is set out in the **Secured Amount Statement** issued from time to time and as varied from time to time in accordance with Section 2 of the **CUSC**.

7. CONNECTION ENTRY CAPACITY AND TRANSMISSION ENTRY CAPACITY

7.1 The **Connection Entry Capacity** in relation to the **Generating Units** and the **Connection Site** and the **Transmission Entry Capacity** in relation to the **Connection Site**, are specified in Appendix C.

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7.2 Appendix C Part 3 will set out the **BM Unit Identifiers** of the **BM Units** registered at the **Connection Site** under the **Balancing and**

Settlement Code. The **User** will provide the System Operator with the information needed to complete details of these **BM Unit Identifiers** as soon as practicable after the date hereof and thereafter in association with any request to modify the **Transmission Entry Capacity** and the System Operator shall prepare and issue a revised Appendix C incorporating this information. The **User** shall notify the System Operator prior to any alteration in the **BM Unit Identifiers** and the System Operator shall prepared and issue a revised Appendix C incorporating this information.

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- 7.3 The System Operator shall monitor the **Users** compliance with its obligation relating to **Transmission Entry Capacity** against the sum of metered volumes of the **BM Units** set out in Part 3 of Appendix C submitted by the **User** for each **Settlement Period**.

8. COMPLIANCE WITH SITE SPECIFIC TECHNICAL CONDITIONS

The site specific technical conditions applying to the **Connection Site** are set out in Appendices F1 to F5 to this **Bilateral Connection Agreement** as modified from time to time in accordance with Paragraph 6.9 of the **CUSC**.

9. TERM

Subject to the provisions for earlier termination set out in the **CUSC** this **Bilateral Connection Agreement** shall continue until the **User's Equipment** is **Disconnected** from the **Transmission System** at the **Connection Site** in accordance with Section 5 of the **CUSC**.

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10. VARIATIONS

- 10.1 Subject to Clause 10.2, 10.3 and 10.4 below, no variation to this **Bilateral Connection Agreement** shall be effective unless made in writing and signed by or on behalf of both the System Operator and the **User**.

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- 10.2 The System Operator and the **User** shall effect any amendment required to be made to this **Bilateral Connection Agreement** by the **Authority** as a result of a change in the **CUSC** or the **System Operator Transmission Licence**, an order or direction made pursuant to the **Act** or a **Licence**, or as a result of settling any of the terms hereof. The **User** hereby authorises and instructs the System Operator to make any such amendment on its behalf and undertakes not to withdraw, qualify or revoke such authority or instruction at any time.

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- 10.3 The System Operator has the right to vary Appendices A and B in accordance with this **Bilateral Connection Agreement** and the **CUSC** including any variation necessary to enable the System Operator to

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charge in accordance with the **Charging Statements**, or upon any change to the **Charging Statements**.

10.4 Appendices A and B shall be varied automatically to reflect any change to the **Construction Works or Connection Assets** as provided for in the **Construction Agreement**.

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11. RESTRICTIVE TRADE PRACTICES ACT

Any restriction or information provision (as each of those terms are defined or construed in Section 43(1) of the Restrictive Trade Practices Act 1976) contained in this **Bilateral Connection Agreement** shall not take effect or shall cease to have effect:

11.1.1 if a copy of this **Bilateral Connection Agreement** is not provided to the Department of Trade and Industry ("**DTI**") within 28 days of the date of this **Bilateral Connection Agreement**; or

11.1.2 if, within 28 days of the provision of that copy to the **DTI**, the **DTI** gives notice of objection to the party providing it.

12. GENERAL PROVISIONS

Paragraph 6.10 and Paragraphs 6.12 to 6.26 of the **CUSC** are incorporated into this **Bilateral Connection Agreement** *mutatis mutandis*.

IN WITNESS WHEREOF the hands of the duly authorised representatives of the parties hereto at the date first above written

SIGNED BY)
[name])
for and on behalf of)
[NATIONAL GRID COMPANY plc])

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SIGNED BY)
[name])
for and on behalf of)
[User])

APPENDIX A

CONNECTION ASSETS/CONNECTION SITE

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Company: []

Connection Site: []

Type: []

Part 1 - Pre-Vesting Assets

| <u>Allocation</u> | <u>Description</u> | <u>Age</u> (As at []) | <u>Year</u> |
|-------------------|--------------------|---------------------------|-------------|
|-------------------|--------------------|---------------------------|-------------|

Part 2 - Post-Vesting Assets

| <u>Allocation</u> | <u>Description</u> | <u>Age</u> (As at []) | <u>Year</u> |
|-------------------|--------------------|---------------------------|-------------|
|-------------------|--------------------|---------------------------|-------------|

Part 3 - Energy Metering Systems (*)

| <u>Allocation</u> | <u>Description</u> | <u>Age</u> (As at []) | <u>Year</u> |
|-------------------|--------------------|---------------------------|-------------|
|-------------------|--------------------|---------------------------|-------------|

(*) FMS, Energy Metering Systems - The Electronics components have a 15 year replacement period. The Non-Electronics components have a 40 year replacement period.

All the above are inclusive of civil engineering works. At double busbar type substations, ownership of main and reserve busbars follows ownership of section switches.

Diagram Reference: []

Appendix Reference: []

Agreement Reference: []

APPENDIX B

CONNECTION CHARGES/PAYMENT

Company: []

Connection Site: []

Type: []

(1) **Connection Charges**

The Connection Charges set out below may be revised in accordance with the terms of this Bilateral Connection Agreement and/or the Construction Agreement and/or the CUSC and/or the Charging Statements

Part 1 - Pre-Vesting Assets

The Connection Charge for those assets extant at 31st March 1990 and specified in Appendix A Part 1 will be at an annual rate for the period [] to [] of £[] where

Rate of Return = []%

Transmission Costs

Part A Site specific maintenance element = £[]
Part B Other transmission costs element = £[]

Part 2 - Post-Vesting Assets

The Connection Charge for those assets installed for this agreement after 31st March 1990 and specified in Appendix A Part 2 will be at an annual rate for the period [] to [] of £[] where

Rate of Return = []%

Transmission Costs

Part A Site specific maintenance element = £[]
Part B Other transmission costs element = £[]

Part 3 - Energy Metering Systems

For FMS, Energy Metering Systems assets, installed for this agreement as specified in Appendix A Part 3 the Connection Charge will be at an annual rate for the period from [] to [] of £[]

Part 4 - Land Charges

The Land Charge Base Amount is £[], based on a [] price base

The land charge shall be £[] in respect of the period from [] to [] payable as an estimated indexed charge in twelve monthly instalments subject to adjustment in accordance with the terms of this Bilateral Connection Agreement and/or the CUSC and/or the Charging Statements

Part 5 - Miscellaneous Charges

The miscellaneous charge shall be £[] in respect of the period from [] to [] payable as an estimated indexed charge in twelve monthly instalments subject to adjustment in accordance with the terms of this Bilateral Connection Agreement and/or the CUSC and/or the Charging Statements

Part 6 - One-off / Transmission Charges

The transmission charge shall be £[] in respect of the period from [] to [] payable as an estimated indexed charge in twelve monthly instalments subject to adjustment in accordance with the terms of this Bilateral Connection Agreement and/or the CUSC and/or the Charging Statements

(2) Payment

The Connection Charges for Parts 1 to 6 shall be payable in equal monthly instalments as specified in Paragraph 6.6 of the CUSC

Appendix Reference: []

APPENDIX C (Power Stations)

CONNECTION ENTRY CAPACITY AND TRANSMISSION ENTRY CAPACITY

Company:

Grid Supply Point/Connection Site:

Part 1 Connection Entry Capacity

Connection Entry Capacity (CEC) expressed as an instantaneous MW figure

| | |
|-----------------|-----------|
| Power Station | CEC(MW) |
| | [] |
| Generating Unit | |
| Genset 1 | [] |
| Genset 2 | [] |
| Genset 3 | [] |
| Genset 4 | [] |

Part 2 Transmission Entry Capacity

Transmission Entry Capacity (TEC) expressed in average MW taken over a half hour settlement period

| | |
|---------------|-----------|
| TEC(MW) | |
| Power Station | [] |

Part 3 BM Units comprising Power Station

| | |
|------------|----------------------------------|
| T_BMU 1 | (Associated with Genset 1) |
| T_BMU 2 | (Associated with Genset 2) |
| T_BMU 3 | (Associated with Genset 3) |
| T_BMU 4 | (Associated with Genset 4) |
| T_BMU SD-1 | (Station Demand) |
| T_BMU AD-1 | (Additional Trading Site Demand) |

APPENDIX C (Interconnector Owners)

CONNECTION ENTRY CAPACITY AND TRANSMISSION ENTRY CAPACITY

Company:

Connection Site:

Part 1 Connection Entry Capacity

Connection Entry Capacity (CEC) expressed as an instantaneous MW figure

| | |
|----------------|-----------|
| | CEC(MW) |
| Interconnector | [] |

Part 2 Transmission Entry Capacity

Transmission Entry Capacity (TEC) expressed in average MW taken over a half hour settlement period

| | |
|----------------|-----------|
| Interconnector | [] |
|----------------|-----------|

Part 3 BM Units comprising Interconnector

All BMU's starting with an identifier [I_FRA for example]. No need to list all individual BMU's

Part 4 Figure for the Purposes of CUSC Paragraph 9.6

APPENDIX FI

SITE SPECIFIC TECHNICAL CONDITIONS:

AGREED ANCILLARY SERVICES

APPENDIX F2

[NOT USED]

APPENDIX F3

SITE SPECIFIC TECHNICAL CONDITIONS:

SPECIAL AUTOMATIC FACILITIES

APPENDIX F4

SITE SPECIFIC TECHNICAL CONDITIONS:

PROTECTION AND CONTROL RELAY SETTINGS

FAULT CLEARANCE TIMES

APPENDIX F5

SITE SPECIFIC TECHNICAL CONDITIONS:

LOAD SHEDDING FREQUENCY SENSITIVE RELAYS

END OF SCHEDULE 2 - EXHIBIT 1