

SCHEDULE 2 - EXHIBIT 2

DATED [_____]

[NATIONAL GRID COMPANY PLC] (1)

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and

[_____] (2)

**THE CONNECTION AND USE OF SYSTEM CODE
BILATERAL EMBEDDED GENERATION AGREEMENT**

**[USE OF SYSTEM FOR AN EMBEDDED POWER STATION]
[USE OF SYSTEM FOR A SMALL POWER STATION TRADING PARTY]
[DISTRIBUTION INTERCONNECTOR OWNER]**

At [_____]

Reference:[_____]

V1.0

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THIS **BILATERAL EMBEDDED GENERATION 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 use of the Transmission System and pursuant to the System Operator Transmission Licence the System Operator is required to offer terms for use of system.
- (C) The **User** has applied for use of the Transmission System in the capacity of [] as set out in Paragraph 1.2.4 of the **CUSC**.
- (D) As at the date hereof, 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 the parties). This **Bilateral Embedded Generation Agreement** is entered into pursuant to the **CUSC** and shall be read as being governed by it.

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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 9 of the **CUSC** have the same meanings, interpretations or constructions in this **Bilateral Embedded Generation Agreement**.

2. COMMENCEMENT

This **Bilateral Embedded Generation Agreement** shall commence on [].

3. THE SITE OF CONNECTION TO THE DISTRIBUTION SYSTEM

The site of **Connection** of the **Embedded Power Station [Distribution Interconnector]** to the **Distribution System** to which this **Bilateral Embedded Generation Agreement** relates is more particularly described in Appendix A.

[The sites of **Connection** of the **Embedded Power Stations [Distribution Interconnector]** to the relevant **Distribution Systems** to which this **Bilateral Embedded Generation Agreement** relates are more particularly described in Appendix A.]

4. CHARGING DATE

The date from which **Use of System Charges** shall be payable by the **User** (including **One-Off Charges** where applicable) shall be [].

5. USE OF SYSTEM

The right to use the **Transmission System** shall commence on and **Use of System Charges** shall be payable by the **User** from the date hereof.

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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 3 of the **CUSC**.]

7. ENTRY ACCESS CAPACITY

7.1 The **Entry Access Capacity** of [each of the] site[s] of **Connection** is [are] and the[ir] value[s] for the purposes of Paragraph 3.2 of the **CUSC** are specified in Appendix C.

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~~ will 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 prepare 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 and submitted by the **User** for each **Settlement Period**.

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8. COMPLIANCE WITH SITE SPECIFIC TECHNICAL CONDITIONS

The site specific technical conditions applying to [each of] the site[s] of **Connection** are set out in Appendices F1 to F5 to this **Bilateral Embedded Generation 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 Embedded Generation Agreement** shall continue until all of the **User's** equipment [or **Equipment** for which the **User** is responsible (as defined in Section K of the **Balancing and Settlement Code**] is **Disconnected** from the relevant **Distribution System** at the site[s] of **Connection** as provided in Section 5 of the **CUSC**.

10. VARIATIONS

- 10.1 Subject to 10.2 and 10.3, no variation to this **Bilateral Embedded Generation 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 Embedded Generation 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 Appendix B in accordance with this **Bilateral Embedded Generation Agreement** and the **CUSC** including any variation necessary to enable the System Operator to charge in accordance with the **Charging Statements** or upon any change to the **Charging Statements**.

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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 Embedded Generation Agreement** shall not take effect or shall cease to have effect:

11.1.1 if a copy of this **Bilateral Embedded Generation Agreement** is not provided to the Department of Trade and Industry (“**DTI**”) within 28 days of the date of this **Bilateral Embedded Generation 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 Embedded Generation 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
THE SITE OF CONNECTION

1. SITE[s] OF CONNECTION

Company

:

Site[s] of Connection :

Owner[s] / Operator[s] of Distribution System:

APPENDIX B
CHARGES AND PAYMENT

Company :

Site of Connection:

1. PART 1: ONE-OFF CHARGES
2. PART 2: MISCELLANEOUS CHARGE(S)

APPENDIX C

TRANSMISSION ENTRY CAPACITY

Part 1 Transmission Entry Capacity

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

	TEC(MW)
Power Station	[]

Part 2 BM Units comprising Power Station

E_BMU 1	(Associated with Genset 1)
E_BMU 2	(Associated with Genset 2)
E_BMU 3	(Associated with Genset 3)
E_BMU 4	(Associated with Genset 4)
E_BMU SD-1	(Station Demand) if applicable
E_BMU AD-1	(Additional Trading Site Demand) if applicable

APPENDIX FI

SITE SPECIFIC TECHNICAL CONDITIONS:

AGREED BALANCING SERVICES

APPENDIX F2

[NOT USED]

APPENDIX F2

SITE SPECIFIC TECHNICAL CONDITIONS:

SPECIAL AUTOMATIC FACILITIES

APPENDIX F3

SITE SPECIFIC TECHNICAL CONDITIONS: PROTECTION

AND CONTROL RELAY SETTINGS

FAULT CLEARANCE TIMES

APPENDIX F4

SITE SPECIFIC TECHNICAL CONDITIONS:

OTHER

END OF SCHEDULE 2 - EXHIBIT 2