

DATED 5th October 2006

THE PARTIES (1)

and

DCUSA LIMITED (2)

**DISTRIBUTION CONNECTION AND
USE OF SYSTEM AGREEMENT**

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NOTE

The Gas and Electricity Markets Authority is not a party to this Agreement. References in this Agreement to duties and functions of the Authority have been approved by it, but are merely declaratory as to its role and do not entail any contractual duties being owed by it to, or contractual rights being owed to it by, other Parties.

INTRODUCTION

- (A) The Parties comprise certain electricity distributors, suppliers and generators and the OTSO Party.
- (B) The DNO Parties and IDNO Parties are required, by their licences, to be party to, comply with, and maintain this Agreement.
- (C) The Supplier Parties are required, by their licences, to be party to, and comply with, this Agreement.
- (D) The DG Parties are under certain obligations, under other industry agreements, regarding distribution use of system arrangements, and have agreed to accede to this Agreement in order to meet those obligations.
- (E) The OTSO Party wishes to connect to and use the systems of the DNO Parties and the IDNO Parties, and has agreed to accede to this Agreement in order to do so.
- (F) The Gas Supplier Parties have agreed to accede to this Agreement in order to allow them to install, operate, inspect, maintain, repair, renew, reposition, replace and remove Smart Metering Comms Hub Devices.
- (G) DCUSA Ltd is a company established under this Agreement to facilitate the operation of this Agreement.
- (H) The Parties and DCUSA Ltd have agreed to give effect to, and to be bound by, this Agreement in accordance with an Accession Agreement.

SECTION 1

GOVERNANCE AND CHANGE CONTROL

SECTION 1A – PRELIMINARY

1. **DEFINITIONS AND INTERPRETATION**

Definitions

1.1 In this Agreement, except where the context otherwise requires, the expressions in the left hand column below shall have the meanings given to them in the right hand column below:

Accession Agreement	means the agreement by which DCUSA Ltd and each Party agreed to be bound by this Agreement.
Act	means the Electricity Act 1989.
Affected Party	has the meaning given to that term in Clause 55.1.
Affiliate	means, in relation to any person, any holding company of that person, any subsidiary of that person or any subsidiary of a holding company of that person, in each case within the meaning of Section 1159 of the Companies Act 2006.
Agency for the Cooperation of Energy Regulators	means the agency of that name established under Regulation 2009/713/EC of the European Parliament and of the Council of 13 July 2009 establishing an Agency for the Cooperation of Energy Regulators.
Agreement	means this Distribution Connection and Use of System Agreement (including its Schedules and Annexes), and is to be construed as including the Accession Agreements.
Alternate	has the meaning given to that term in Clause 6.11.
Annual Review Pack or ARP	has the meaning given to that term in Paragraph 1.1 of Schedule 20.
Applicant	has the meaning given to that term in Clause 4.1.

Application Form	has the meaning given to that term in Clause 4.3.
Approved Budget	has the meaning given to that term in Clause 8.5.
Approved Contractor	has the meaning given to that term in Schedule 5.
Assessment Process	has the meaning given to that term in Clause 11.1.
Authority	means the Gas and Electricity Markets Authority as established under Section 1 of the Utilities Act 2000.
Balancing and Settlement Code or BSC	means the Balancing and Settlement Code, including all Code Subsidiary Documents (as therein defined), established pursuant to the National Electricity Transmission System Operator Licence.
Basic Vote	has the meaning given to that term in Clause 12.10.
Bilateral Connection Agreement	means an agreement entered into pursuant to Clause 38.1 which, unless agreed otherwise by the Company and the User, is substantially in the form set out in Schedule 13, and which together with this Agreement shall: (a) govern the terms under which a User's System shall be entitled to be Connected and remain Connected to the Company's Distribution System at each relevant Connection Point; and (b) detail the ownership, operational and maintenance responsibilities and procedures in respect of the Connection Equipment at each relevant Connection Point.
Breaching Party	has the meaning given to that term in Clause 54.1.
BSC Party Agent	has the meaning given to the term 'Party Agent' in the BSC.

BSCCo	has the meaning given to that term in the BSC.
CCCM	means the common connection charging methodology set out in Schedule 22 (Common Connection Charging Methodology). As described in that Schedule, the CCCM only comprises part of the connection charging methodology that each DNO Party is obliged to have in force under its Distribution Licence.
CDCM	means the common distribution charging methodology for determining certain of the Use of System Charges of the DNO Parties that are to be recovered pursuant to Section 2A, Section 2B, and the Relevant Charging Statements, as set out in Schedule 16 (Common Distribution Charging Methodology).
CDCA	means the Central Data Collection Agent as defined in the Balancing and Settlement Code.
Change Proposal	has the meaning given to that term in Clause 10.1.
Change Register	has the meaning given to that term in Clause 11.25.
Change Report	has the meaning given to that term in Clause 11.19.
Charges	means, in respect of Section 2A, those charges referred to in Clause 19.2, and, in respect of Section 2B, those charges referred to in Clause 43.2 (and in each case, for the avoidance of doubt, includes both Use of System Charges and Transactional Charges).
Charging Methodologies	means each of the CDCM, the EDCM and the CCCM.
Charging Objectives	has the meaning given to that term in Clause 3.2.

Citizens Advice	means the National Association of Citizens Advice Bureaux (a company incorporated in England and Wales with company number 1436945).
Citizens Advice Scotland	means the Scottish Association of Citizens Advice Bureaux (a company incorporated in Scotland with company number SC089892).
CMRS	means the Central Meter Registration Service as defined in the Balancing and Settlement Code.
Code Administration Code of Practice	means the code of that name approved by the Authority as amended and/or re-published with the Authority's approval from time to time.
Company	has; (a) in respect of Section 2A, the meaning given to that term in Clause 15.1; (b) in respect of Section 2B, the meaning given to that term in Clause 36.1; (c) in respect of Section 2C, the meaning given to that term in Clause 52A.1; and (d) in respect of Section 2D, the meaning given to that term in Clause 52G.4.
Competent Authority	means the Secretary of State, the Authority, and any local or national agency, authority, department, inspectorate, minister, ministry, official or public or statutory person (whether autonomous or not) of the government of the United Kingdom or of the European Union insofar as it is acting within the limits of its proper authority.
Competent Person	has the meaning given to that term in Schedule 5.

Connect	means, in respect of Section 2B, to provide Connection Assets in such a way that, subject to Energisation and the terms of this Agreement and the relevant Bilateral Connection Agreement, electricity may flow between the Distribution System of the Company and the System of the User across the Connection Point, or series of related Connection Points (such related Connection Points to be identified in the relevant Bilateral Connection Agreement), and cognate expressions shall be construed accordingly.
Connection and Use of System Code or CUSC	means the Connection and Use of System Code (and the CUSC Framework Agreement) established pursuant to the National Electricity Transmission System Operator Licence.
Connectee	means, in respect of: (a) Section 2A 2C or 2D and a Customer Installation, the relevant Customer; (b) Section 2A and a Generation Installation, the relevant Generator; (c) Section 2A and a User Installation, the User; and (d) Section 2B, a person whose premises are connected to the Company's Distribution System or a person whose premises are connected to the User's System (as determined in accordance with Clause 36.4).
Connected Installation	means a Customer Installation, a Generator Installation or a User Installation (as the case may be).
Connection Agreement	means an agreement between a Company and a Connectee which provides that that Connectee has the right for its Connected Installation to be and remain directly or indirectly connected to that Company's Distribution System.

Connection Assets	means those assets, including the Company's Connection Equipment, that are operated and maintained by the Company, and which are provided for the sole use of Connecting the User's System to the Company's Distribution System.
Connection Equipment	means any Electrical Plant and/or Electric Line which is provided and installed at the Connection Point for the purposes of providing a connection between the Company's Distribution System and the User's System, as specified in the relevant Bilateral Connection Agreement and (where appropriate) illustrated on the diagram annexed thereto.
Connection Point	means a point at which the Distribution System of the Company Connects to the System of the User via the Connection Equipment, such point being specified in the relevant Bilateral Connection Agreement.
Consumer Body	means (as the context requires) either or both of Citizens Advice and/or Citizens Advice Scotland
Contract	means a Supply Contract or a Power Purchase Contract.
Contract Manager	has the meaning given to that term in Clause 60.5.
Cost Contribution	has the meaning given to that term in Clause 8.9.
Cover	has the meaning given to that term in Schedule 1.
CRA	means the Central Registration Agent as defined in the Balancing and Settlement Code.
CUSC Framework Agreement	means the agreement of that name, in the form approved by the Secretary of State, by which the CUSC is made contractually binding between the parties to it.

Customer	means: (a) in respect of Section 2A, a person to whom a User proposes to supply, or for the time being supplies, electricity through an Exit Point, or from whom a User, or any Relevant Exempt Supplier, is entitled to recover charges, compensation or an account of profits in respect of electricity supplied through an Exit Point; and (b) in respect of Section 2B 2C or 2D, any owner or occupier of premises in Great Britain who is supplied or requires to be supplied with electricity, and includes an electricity supplier when acting on behalf of such a person.
Customer Installation	means any structures, equipment, lines, appliances or devices used or to be used by a Customer and connected or to be connected directly or indirectly to the Distribution System.
Daily Statement	means a statement based on the Supercustomer DUoS Report and providing the data items set out in Data Transfer Catalogue D0242 as amended from time to time in accordance with the provisions of the Master Registration Agreement.
Data Aggregator	has the meaning given to that term in the Balancing and Settlement Code.
Data Collector	has the meaning given to that term in the Balancing and Settlement Code.
Data Protection Act	Means the Data Protection Act 1998.
Data Services	has the meaning given to that term in the Distribution Licences.
Data Transfer Catalogue	means the catalogue of data flows, data definitions and data formats established under the Master Registration Agreement.

Data Transfer Network	means the electronic network provided as part of the Data Transfer Service.
Data Transfer Service	has the meaning given to that term in the Distribution Licences.
Data Transfer Service Agreement	means the agreement for the provision of the Data Transfer Service dated 30 July 1997.
DCUSA Issue Form or DIF	means a form, established by the Panel and published on the Website, to be used by any person identified in Clause 10.2 wishing to submit an issue relating to the operation of this Agreement to the DCUSA Standing Issues Group.
DCUSA Ltd	means DCUSA Limited, a company incorporated in England and Wales with registered number 5812381.
DCUSA Objectives	means, in respect of the Charging Methodologies only, the Charging Objectives and, in all other cases, the General Objectives.
DCUSA Standing Issues Group or SIG	means a Working Group representing a cross-section of industry participants brought together to consider solutions to operational issues (including those submitted by way of DCUSA Issue Forms).

De-energise

means:

- (a) in respect of Section 2A, 2C or 2D, deliberately to prevent the flow of electricity until Re-energised or Disconnected:
 - (i) in the case of an Exit Point, from the Distribution System through the relevant Exit Point (or, in the case of an Unmetered Supply, any one or more of the relevant Exit Points) to; and/or
 - (ii) in the case of an Entry Point, via the Distribution System through the relevant Entry Point (or, in the case of an Unmetered Supply, any one or more of the relevant Entry Points) from, a Connected Installation, for any purpose other than a System Outage on the Company's Distribution System (and cognate expressions shall be construed accordingly); and
- (b) in respect of Section 2B, deliberately to prevent the flow of electricity through a Connection Point for any purpose other than a System Outage on the Company's Distribution System until Re-energised or Disconnected (and cognate expressions shall be construed accordingly).

De-energisation Works

means:

- (a) the movement of any switch,
 - (b) the removal of any fuse or meter; or
 - (c) the taking of any other physical works,
- to De-energise a Connection Point, Metering Point or Metering System.

Definition Procedure

has the meaning given to that term in Clause 11.14.

Default Interest Rate	means 8% above the base lending rate of Barclays Bank plc.
De-register	means: (a) in relation to a Metering Point, to change the status of the Supply Number relating to that Metering Point within MPAS so as to prevent any further registrations (as defined by the Master Registration Agreement) in respect of that Supply Number (and De-registered shall be construed accordingly, and De-registration Notice shall be construed as a notice issued by the Company to De-register); and (b) in relation to a Metering System, to De-register that Metering System in accordance with the provisions of the Balancing and Settlement Code.
DG Party	means a Party that: (a) holds a Generation Licence; or (b) is engaged in the generation of electricity and is exempt from the requirement to hold a Generation Licence pursuant to Section 5 of the Act, and: (c) has one or more of its generating stations connected to the Distribution Network; and (d) does not hold a Distribution Licence, and, for the avoidance of doubt, a Party may be both a DG Party and a Supplier Party.

Directive	includes any present or future directive, requirement, instruction, direction or rule of any Competent Authority (but only, if not having the force of law, if compliance with the Directive is in accordance with the general practice of persons to whom the Directive is addressed) and includes any modification, extension or replacement thereof then in force.
Disconnect	means to permanently disconnect a Connection Point, Metering Point or Metering System in accordance with Section 17 of the Act (and cognate expressions shall be construed accordingly).
Disconnection Notice	means, in relation to a Metering Point or a Metering System, a notice sent by the User to the Company stating that there is no reasonably foreseeable future use for that Metering Point or Metering System and requesting that it be Disconnected.
Distribution Business	has, in respect of each DNO Party or IDNO Party, the meaning given to that term in that Party's Distribution Licence.
Distribution Code	has, in respect of each DNO Party or IDNO Party, the meaning given to that term in that Party's Distribution Licence.
Distribution Licence	means a licence granted, or treated as granted, pursuant to Section 6(1)(c) of the Act.
Distribution Network	means, collectively, the Distribution Systems of the DNO Parties and the IDNO Parties.
Distribution Services Area	means, in respect of each DNO Party, the area specified in respect of that Party pursuant to its Distribution Licence.

Distribution System	has the meaning given to that term in the Distribution Licences, and means: (a) in respect of each DNO Party or IDNO Party, that Party's Distribution System; and (b) in Section 2A (unless the context otherwise requires), the Company's Distribution System.
Draft Budget	has the meaning given to that term in Clause 8.2.
DNO Party	means a Party that holds a Distribution Licence in which Section B of the standard distribution licence conditions has effect, whether or not that Party is also engaged in the supply or generation of electricity.
DNO/IDNO Party	means a DNO Party or an IDNO Party (and DNO/IDNO Parties shall mean the DNO Parties and the IDNO Parties collectively).
DNO/IDNO/OTSO Party	means a DNO Party, an IDNO Party or the OTSO Party (and DNO/IDNO/OTSO Parties shall mean the DNO Parties, the IDNO Parties and the OTSO Party collectively).
EDCM	means the EHV distribution charging methodology for determining certain of the Use of System Charges of the DNO Parties that are to be recovered pursuant to Section 2A, Section 2B, and the Relevant Charging Statements, as set out: (a) in Schedule 17 (EHV Distribution Charging Methodology A) in respect of those DNO Parties that are named in that Schedule; and (b) in Schedule 18 (EHV Distribution Charging Methodology B) in respect of those DNO Parties that are named in that Schedule.

EHV	means extra-high voltage, being a nominal voltage of more than 22,000 volts.
Electric Line	means any line which is used for carrying electricity to or from a Connection Point, Entry Point or Exit Point and includes, unless the context otherwise requires: (a) any support for such line, that is to say, any structure, pole or other thing in, on, by or from which any such line is or may be supported, carried or suspended; (b) any apparatus connected to such line for the purpose of carrying electricity; and (c) any wire, cable, tube, pipe or other similar thing (including its casing or coating) which surrounds or supports, or is surrounded or supported by, or is installed in close proximity to, or is supported, carried or suspended in association with, any such line.
Electrical Plant	means any plant, equipment, apparatus or appliance used for or for purposes connected with the distribution of electricity (including any metering equipment) other than an Electric Line.
Electricity Supplier	(a) in respect of Section 2C and any Smart Metering Comms Hub Device, means the Supplier Party that is Registered from time to time for the Metering Point associated with the Premises to which that Smart Metering Comms Hub Device relates; or (b) in respect of Section 2D, has the meaning given to that expression in Clause 52G.1
Enabling Agreement	means an agreement for the provision of Exempt Supply Services.

Energise	means: (a) in respect of Section 2A, deliberately to allow the flow of electricity: (i) in the case of an Exit Point, from the Distribution System through the relevant Exit Point (or, in the case of an Unmetered Supply, any one or more of the relevant Exit Points) to; and/or (ii) in the case of an Entry Point, via the Distribution System through the relevant Entry Point (or, in the case of an Unmetered Supply, one or more of the relevant Entry Points) from, a Connected Installation, where such a flow of electricity has never previously existed (and cognate expressions shall be construed accordingly); (b) in respect of Section 2B, deliberately to allow the flow of electricity through a Connection Point where such a flow of electricity has never previously existed (and cognate expressions shall be construed accordingly).
Energisation Works	means the movement of any switch or the addition of any fuse or meter to Energise a Connection Point, Metering Point or Metering System.
Entry Point	has the meaning given to that term in the Distribution Licences.
Equivalent Meter	means an equivalent half-hourly meter as defined by the Unmetered Supplies Procedure.
ESPR	means the Electricity (Standards of Performance) Regulations 2010 (SI 2010/698).
Event of Default	has the meaning given to that term in Clause 54.1.

Exempt Supplier	means a person who is authorised to supply electricity by an exemption granted under Section 5 of the Act.
Exempt Supply Services	means services, provided by a Supplier Party to an Exempt Supplier, pursuant to which the Supplier Party becomes Registered in respect of one or more Metering Points and Metering Systems that relate to premises supplied, or required to be supplied, by the Exempt Supplier.
Exit Point	has the meaning given to that term in the Distribution Licences.
Extra-Settlement Determination	has the meaning given to that term in the Balancing and Settlement Code.
Financial Year	means the financial year adopted by DCUSA Ltd from time to time and established, at the date of this Agreement, as 1 April to 31 March.

Force Majeure

means, in respect of any person, any event or circumstance which is beyond the reasonable control of that person and which results in or causes the failure of that person to perform any of its obligations under this Agreement, 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, explosion, fault or failure of plant or machinery which (in each case) could not have been prevented by Good Industry Practice; and any governmental restraint, Act of Parliament, other legislation, bylaw and Directive (not being any order, regulation or direction under Section 32, 34 or 35 of the Act), or (in the case of each Company) the failure of any generator or other person to deliver electricity to that Company or any deficiency in such delivery to the extent that such failure or deficiency or the consequences thereof could not have been prevented by Good Industry Practice by the Company: provided that lack of funds shall not be interpreted as a cause beyond a person's reasonable control.

Gas Meter Asset Manager

has the meaning given to the expression 'Meter Asset Manager' in condition 1 of the standard conditions applicable to Gas Supply Licences.

Gas Supplier

has:

- (a) in respect of Section 2C, the meaning given to that term in Clause 52A.2; and
- (b) in respect of Section 2D, the meaning given to that term in Clause 52G.2.

Gas Supplier Parties	means a Party that holds a Gas Supply Licence (whether or not that Party is also a Supplier Party and/or a DG Party).
Gas Supply Licence	means a licence to supply gas granted pursuant to Section 7A of the Gas Act 1986.
Gateway	has the meaning given to that term in the Data Transfer Service Agreement.
Generation Licence	means a licence granted, or treated as granted, pursuant to Section 6(1)(a) of the Act.
Generator	means a person from whom a User purchases, or proposes to purchase, electricity, at an Entry Point (who may from time to time be supplied with electricity as a Customer of that User (or another electricity supplier) through an Exit Point).
Generator Installation	means any structure, equipment, lines, appliances or devices used or to be used by a Generator and connected or to be connected directly or indirectly to a Distribution System.
General Objectives	has the meaning given to that term in Clause 3.1.
Good Industry Practice	means the exercise of that degree of skill, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced operator engaged in the same type of undertaking under the same or similar circumstances.
Green Deal Premises	has the meaning given to that term in the Distribution Licences.
Green Deal Provider	means a person who is authorised to act as a green deal provider under the Green Deal Framework (Disclosure, Acknowledgement, Redress etc.) Regulations 2012.

Grid Code	has the meaning given to that term in the National Electricity Transmission System Operator Licence.
Group	means, in respect of each Party Category and subject to Clause 12.3, each Party that is a member of that Party Category collectively with that Party's Affiliates (if any) who are also members of that Party Category.
IDNO Party	means a Party that holds a Distribution Licence in which Section B of the standard distribution licence conditions does not have effect, whether or not that Party is also engaged in the supply or generation of electricity.
IDNO/OTSO Party	means an IDNO Party or the OTSO Party (and IDNO/OTSO Parties shall mean the IDNO Parties and the OTSO Party collectively).
Implementation	has the meaning given to that term in Clause 14.1.
Initial Account	has the meaning given to that term in Clause 20.3.
Initial Settlement Run	has the meaning given to that term in the Balancing and Settlement Code.
Intellectual Property	means patents, registered design rights, unregistered design rights, domain names, copyrights, rights in trade marks whether registered or not, goodwill and rights in confidential information and know-how, and any associated or similar rights (including, in all cases, applications and rights to apply therefor).

Interconnection	means, in respect of each relevant Bilateral Connection Agreement, to connect (or permit the connection of) the User's System (or any Electric Lines connected thereto) to: (a) the Company's Distribution System, at Connection Points other than those that are the subject of the Bilateral Connection Agreement; or (b) a Distribution System of any person other than the Company, or to an Offshore Transmission System, where (in either case) that system is connected (directly or indirectly) to a source of energy (other than via the Connection Points that are subject to the Bilateral Connection Agreement), in each case so that (subject to energisation) electricity may flow to or from the User's System.
Interested Industry Participant	has the meaning given to that term in Schedule 14
Interim Information Settlement Run	has the meaning given to that term in the Balancing and Settlement Code.
Invoice Date	means, in respect of each account (including an Initial Account or Reconciliation Account), the date on which that account is produced by a Company pursuant to this Agreement.
kVA	means kilovoltamperes.
Late Payment Notice	has, in respect of Section 2A, the meaning given to that term in Clause 23.2, and, in respect of Section 2B, has the meaning given to that term in Clause 46.2.
Legacy Meter Asset Provision	means the provision of Legacy Metering Equipment (as such term is defined in the Distribution Licences).
Market Domain Data	has the meaning given to that term in the BSC.

Market Domain I.D.	has the meaning given to that term in the Data Transfer Service Agreement.
Master Registration Agreement or MRA	has the meaning given to the term “Master Registration Agreement” in the Distribution Licences.
Maximum Export Capacity	means: (a) in respect of Section 2A and any Entry Point, the maximum amount of electricity, as agreed with the Company and expressed in kilowatts or kilovoltamperes, which may be exported onto the Distribution System via that Entry Point; and (b) in respect of Section 2B and any Bilateral Connection Agreement, the maximum amount of electricity, as set out in that Bilateral Connection Agreement and expressed in kilowatts or kilovoltamperes, which may be exported onto the Company’s Distribution System via the Connection Point or defined group of Connection Points to which that Bilateral Connection Agreement relates.
Maximum Import Capacity	means: (a) in respect of Section 2A and any Exit Point, the maximum amount of electricity, as agreed with the Company and expressed in kilowatts or kilovoltamperes, which may be imported from the Distribution System via that Exit Point; and (b) in respect of Section 2B and any Bilateral Connection Agreement, the maximum amount of electricity, as set out in that Bilateral Connection Agreement and expressed in kilowatts or kilovoltamperes, which may be imported from the Company’s Distribution System via the Connection Point or defined group of Connection Points to which that Bilateral Connection Agreement relates.
Meter Administrator	has the meaning given to that term in the Balancing and Settlement Code.

Meter Operation Services Agreement	means an agreement between the Meter Operator Agent and the User (or, where applicable, the Connectee) for the provision of meter operation services to be provided by the Meter Operator Agent.
Meter Operator Agent	has the meaning given to that term in the Balancing and Settlement Code.
Meter Operation Code of Practice Agreement	means the Meter Operation Code of Practice Agreement dated 8 September 1998.
Meter Technical Details	has the meaning given to that term in the BSC.
Metering Data	means, in respect of a Metering Point or Metering System: (a) any Meter Technical Details associated with that Metering Point or Metering System; and/or (b) data concerning the quantities of active energy and reactive energy (exported or imported) measured, collected or otherwise determined as having been conveyed across that Metering Point or Metering System.
Metering Point	means the point, determined according to the principles and guidance given at Schedule 9 of the Master Registration Agreement, at which a supply to (export) or from (import) a Distribution System: (a) is or is intended to be measured; or (b) where metering equipment has been removed, was or was intended to be measured; or (c) in the case of an Unmetered Supply under the Unmetered Supplies Procedure, is deemed to be measured, where in each case such measurement is for the purposes of ascertaining a Supplier/DG Party's liabilities under the Balancing and Settlement Code.

Metering System	means a metering system registered in CMRS in accordance with the provisions of the BSC, and relating to an Entry Point or an Exit Point.
Modification	means any actual or proposed replacement, renovation, modification, alteration or construction: (a) by or on behalf of the Company to the Company's Electrical Plant or Electric Lines (or the manner of their operation); or (b) by or on behalf of the User (or, in the case of the OTSO Party, the Offshore Transmission Owner) to the User's (or that owner's) Electrical Plant or Electric Lines (or the manner of their operation), which in either case has, or may have, a material effect on the User (or the User's System) or on the Company (or the Company's Distribution System) respectively.
Modification Application	means an application for a Modification in the form set out in the relevant Bilateral Connection Agreement.
Modification Offer	means an offer made pursuant to Clause 52 and in the form set out in the relevant Bilateral Connection Agreement setting out the terms for a Modification.
MPAS	has the meaning given to that term in the Master Registration Agreement.
MPAS Provider	means a DNO Party or IDNO Party in its capacity as the person who provides the services described in Condition 18 of the Distribution Licences.
MPAS Registration System	has the meaning given to that term in the Master Registration Agreement.
MRASCo	has the meaning given to that term in the Master Registration Agreement.

MPAN	means the core meter point administration number, a 13-digit reference used in MPAS to identify a Metering Point.
National Electricity Transmission System Operator	means the holder, from time to time, of the National Electricity Transmission System Operator Licence.
National Electricity Transmission System Operator Licence	means a transmission licence granted, or treated as granted, pursuant to Section 6(1)(b) of the Act and in which section C of the standard transmission licence conditions applies.
National Terms of Connection	has the meaning given to that term in Clause 17.1.
Nominated Calculation Agent	means the independent person notified as such to the IDNO Parties from time to time, such person to be agreed between the DNO Parties (or, in the absence of unanimous agreement, the majority of the DNO Parties) and appointed by the DNO Parties for the purposes of Clauses 42.13 and 42.14 and Schedule 16.
Offshore Transmission Owner	means, in respect of an Offshore Transmission System, the owner of that Offshore Transmission System.
Offshore Transmission System	has the meaning given to that term in the Grid Code.
Operational Metering Equipment	means metering equipment suitable to provide a Company with such data as it requires for use of system or operational purposes.
OTSO Party	means the National Electricity Transmission System Operator in its capacity as the operator of Offshore Transmission Systems.

Panel	means the body established as such in accordance with Clause 5.
Panel Member	has the meaning given to that term in Clause 5.5.
Panel Objectives	has the meaning given to that term in Clause 5.2.
Panel Chairman	means the person appointed as such in accordance with Clause 7.1.
Panel Secretary	means the person appointed as such in accordance with Clause 7.5.
Part 1 Matter	has the meaning given to that term in Clause 9.4.
Part 2 Matter	has the meaning given to that term in Clause 9.6.
Party	means a party to this Agreement from time to time, but excluding (except in the case of Clauses 53, 54.1.1, 58 and 60) DCUSA Ltd.
Party Category	means, as the context requires, one of the following categories: (a) the DNO Parties collectively; (b) the IDNO/OTSO Parties; (c) the Supplier Parties collectively; (d) the DG Parties collectively; (e) the Gas Supplier Parties collectively, save that, in determining which Party Categories are eligible to vote on a particular Change Proposal, the IDNO Parties and the OTSO Party may be considered separately, so that the IDNO Parties may be eligible to vote on a Change Proposal and the OTSO Party not (or vice versa).

Party Details	means, in respect of each Party, the information relating to that Party and corresponding to the heads of information set out in Schedule 11.
Party Liable	has the meaning given to that term in Clause 53.1.
Password Controlled Pages	has the meaning given to that term in Schedule 14.
Payee	means, in respect of any Charges payable pursuant to Section 2A, the Party to which those Charges are payable (ordinarily being the Company, but being the User in the case of negative Use of System Charges, as referred to in Clause 19.2.1).
Payment Default	has, in respect of Section 2A, the meaning given to that term in Clause 23.1, and, in respect of Section 2B, the meaning given to that term in Clause 46.1.
Payor	means, in respect of any Charges payable pursuant to Section 2A, the Party obliged to pay those Charges (ordinarily being the User, but being the Company in the case of negative Use of System Charges, as referred to in Clause 19.2.1).
Permission	has the meaning given to that term in Schedule 5.
Post-Final Settlement Run	has the meaning given to that term in the Balancing and Settlement Code.
Power Purchase Contract	means a contract between a Supplier Party and a Generator for the purchase by the Supplier Party of electricity generated by such Generator and (if agreed in such contract) the sale of electricity to the Generator by the Supplier Party.

Prescribed Period	has the meaning given to that term in regulation 3 of the ESPR.
Premises	has the meaning given to that term in the Act.
Prescribed Sum	has the meaning given to that term in regulation 3 of the ESPR.
Proposer	has the meaning given to that term in Clause 10.3.
Public Pages	has the meaning given to that term in Schedule 14.
Qualification	has the meaning given to that term in the Balancing and Settlement Code, and Qualified shall be construed accordingly.
Quarter	means the period of three months commencing on 1 January, 1 April, 1 July and 1 October respectively in each year.
Radio Teleswitch Agreement	means the agreement of that name dated 1 April 2001, which details the rights and obligations of its signatories in relation to the use of radio teleswitches.
Reconciliation Account	has the meaning given to that term in Clause 20.4.
Reconciliation Run	has the meaning given to the term “Reconciliation Settlement Run” in the Balancing and Settlement Code.
Recoverable Costs	has the meaning given to that term in Clause 8.1.

Re-energise

means:

- (a) in respect of Section 2A 2C or 2D, deliberately to allow the flow of electricity:
 - (i) in the case of an Exit Point, from the Distribution System through the relevant Exit Point (or, in the case of an Unmetered Supply, any one or more of the relevant Exit Points) to; and/or
 - (ii) in the case of an Entry Point, to the Distribution System through the relevant Entry Point (or, in the case of an Unmetered Supply, any one or more of the relevant Entry Points) from,
 a Connected Installation, where such flow of electricity was previously prevented by De-energisation Works (and cognate expressions shall be construed accordingly); and
- (b) in respect of Section 2B, deliberately to allow the flow of electricity through a Connection Point, where such flow was previously prevented by De-energisation Works (and cognate expressions shall be construed accordingly).

Re-energisation Works

Means:

- (a) the movement of any switch,
 - (b) the replacement of any fuse or meter; or
 - (c) the undertaking of any other physical works,
- to Re-energise a Connection Point, Metering Point or Metering System.

Registered	means, in respect of a Supplier/DG Party and: (a) a Metering Point, that that Party is registered in respect of that Metering Point under and in accordance with the Master Registration Agreement; and (b) a Metering System, that that Party is registered in respect of that Metering System under and in accordance with the BSC.
Registration Notice	means, in respect of: (a) a Metering Point, a notice sent to the MPAS Provider by either the User or the Company, as the case may be, instructing the MPAS Provider to change the status of that Metering Point in the way set out in the notice; and (b) a Metering System, a notice sent to the CRA or the CDCA (as applicable) by the User giving instructions to change the status of that Metering System in the way set out in the notice.
Regulations	means the Electricity Safety, Quality and Continuity Regulations 2002 (S1 2002/2665).
Regulation on Cross-Border Exchanges in Electricity	means Regulation 2009/714/EC of the European Parliament and of the Council of 13 July 2009 on conditions for access to the network for cross-border exchanges in electricity and repealing Regulation 2003/1228/EC.

Related Person	means, in relation to an individual, any member of that individual's immediate family; any partner with whom that individual is in partnership; that individual's employer; any Affiliate of such employer; any person by whom that individual was employed in the previous 12 months; and any company (or Affiliate of a company) in respect of which that individual (individually or collectively with any member of his immediate family) controls more than 20% of the voting rights in respect of the shares in that company.
Related Undertaking	means, in respect of any person, any undertaking in which that person has a participating interest as defined in regulations made under Part 15 of the Companies Act 2006.
Relevant Charging Statement	means, as the case may require, any of the following: (a) the statement prepared by a Company in relation to charges for use of system for the time being in force pursuant to Condition 14 of its Distribution Licence; (b) the statement prepared by a Company in relation to charges for the provision of MPAS for the time being in force pursuant to Condition 18 of its Distribution Licence; (c) the statement prepared by a Company in relation to charges for Legacy Meter Asset Provision and Data Services for the time being in force pursuant to Condition 36 of its Distribution Licence; (d) the statement prepared by a Company and for the time being in force pursuant to Condition 38 of its Distribution Licence in relation to Last Resort Supply Payments (as described in that Condition); and (e) any statement prepared by a Company and for the time being in force in relation to charges for any other services offered by the Company.

Relevant Exempt Supplier	means, in respect of a User, an Exempt Supplier which has entered into an Enabling Agreement with that User in respect of supplies of electricity to Customers of that Exempt Supplier.
Relevant Instruments	means: (a) the Act and all subordinate legislation made under it as amended from time to time; (b) the Data Protection Act and all subordinate legislation made under it as amended from time to time; (c) the Distribution Licence and the Supply Licence, and any determination, direction, consent or notice made or issued by the Authority pursuant to the terms thereof; (d) the Data Transfer Service Agreement; (e) the Master Registration Agreement; (f) the Connection and Use of System Code; (g) the Balancing and Settlement Code; (h) the Smart Energy Code, and, whether under any of the foregoing or otherwise, all authorisations, approvals, licences, exemptions, filings, registrations, notarisations, consents and other matters which are required, or which a Company acting in accordance with Good Industry Practice would obtain, in connection with the provision of the services under this Agreement, of or from any Competent Authority.
Report Phase	has the meaning given to that term in Clause 11.19.
Reserve	has the meaning given to that term in Clause 6.5.

Responsible Gas Supplier	means, in respect of any Premises, the Gas Supplier Party that is registered under the Supply Point Administration Agreement (as defined in condition 1 of the standard conditions applicable to Gas Supply Licences) as responsible for a gas supply point at that Premises.
Revenue Protection Activity	means an activity relating to actual or suspected Theft of Electricity, including the identification, prevention, investigation and/or resolution of cases of Theft of Electricity, and any other activity within the subject matter of the Revenue Protection Code of Practice.
Revenue Protection Agent	has the meaning given to that term in the Revenue Protection Code of Practice.
Revenue Protection Code of Practice	means the code of practice of that name set out in Schedule 23.
Revenue Protection Service	means any service provided by a person to another person in respect of one or more Revenue Protection Activities.
Smart Energy Code or SEC	means the smart energy code designated for the purposes of the smart meter communication licences granted pursuant to the Act and the Gas Act 1986.
SECCo	means the company established to facilitate the operation of the SEC panel, as defined in the Smart Energy Code.
Secretariat	has the meaning given to that term in Clause 7.36.
Secretary of State	has the meaning given to that term in the Interpretation Act 1978.

Security and Safety of Supplies Statement	means, in respect of each DNO Party or IDNO Party, the statement prepared by that Party in relation to security and safety of supplies for the time being in force pursuant to Condition 8 of its Distribution Licence.
Settlement	has the meaning given to that term in the Balancing and Settlement Code.
Settlement Class	has the meaning given to that term in the Balancing and Settlement Code.
Settlement Class MSiD Count	has the meaning given to that term in the Data Transfer Catalogue.
Settlement Class Unit Count	has the meaning given to that term in the Data Transfer Catalogue.
Settlement Code	has the meaning given to that term in the Market Domain Data.
Settlement Day	has the meaning given to that term in the Balancing and Settlement Code.
Settlement Run	means, as appropriate, an Initial Settlement Run, Reconciliation Run, or Interim Information Settlement Run.

Significant Code Review means a review of one or more matters which the Authority considers likely to:

- (a) relate to this Agreement (either on its own or in conjunction with one or more other industry codes); and
- (b) be of particular significance in relation to its principal objective and/or general duties (under section 3A of the Act), statutory functions and/or relevant obligations arising under EU law,

and concerning which the Authority has issued a notice to the Parties (among others, as appropriate) stating: (i) that the review will constitute a significant code review; (ii) the start date of the review; and (iii) the matters that will fall within the scope of the review.

Significant Code Review Phase means the period commencing on the start date of a Significant Code Review as stated by the Authority, and ending:

- (a) on the date on which the Authority issues a statement that no directions will be issued in relation to the Significant Code Review and this Agreement; or
- (b) if no statement is made, on the date on which a Change Proposal is submitted by a DNO/IDNO Party in accordance with directions issued by the Authority in relation to the Significant Code Review; or
- (c) 28 days after the Authority publishes its Significant Code Review conclusions if the Authority issues no such statement or directions

within such period of 28 days.

Small Participant

means:

- (a) a generator, supplier, distributor, or new entrant to the electricity market in Great Britain that can demonstrate to the Secretariat that it is resource-constrained and, therefore, in particular need of assistance;
- (b) any other Party or class of Parties that the Secretariat considers to be in particular need of assistance; or
- (c) a Party or class of Parties that the Authority has identified to the Secretariat as being in particular need of assistance.

Small Scale Generator

means any generator that is installed in accordance with, and complies with the requirements of, Regulation 22 (2) sub-paragraphs (a) to (c) of the Regulations.

Smart Metering Comms Hub Device

means a device installed at a Premises that enables data to be communicated to the Gas Supplier (or its appointed data communications company) from a gas smart meter within the Premises (and vice versa), and shall include any equipment associated with that device (including its power supply unit).

Standard Settlement Configuration

has the meaning given to that term in the Balancing and Settlement Code.

STC

has the meaning given to that term in the CUSC.

Supercustomer DUoS Report	means a report of profiled data by Settlement Class providing the data items set out in Data Transfer Catalogue D0030 (as amended from time to time in accordance with the provisions of the Master Registration Agreement).
Supplier/DG Party	means a Supplier Party or a DG Party (and Supplier/DG Parties shall mean the Supplier Parties and the DG Parties collectively).
Supplier Party	means a Party that holds a Supply Licence and that does not hold a Distribution Licence, and, for the avoidance of doubt, a Party may be both a Supplier Party and a DG Party.
Supplier Volume Allocation Agent or SVAA	has the meaning given to “Supplier Volume Allocation Agent” in the Balancing and Settlement Code.
Supply Business	means, in respect of a Supplier Party, that Party’s business of supplying electricity (as authorised pursuant to the Act).
Supply Contract	means a contract (whether oral, in writing or deemed) between a Supplier Party, or any Relevant Exempt Supplier, and a Customer for a supply of electricity to such Customer through an Exit Point.
Supply Licence	means a licence granted, or treated as granted, pursuant to Section 6(1)(d) of the Act.
Supply Number	has the meaning given to that term in the Master Registration Agreement.
Surplus Vote	has the meaning given to that term in Clause 12.13.
Surplus Vote Adjustment	has the meaning given to that term in Clause 12.10.

System	means, in respect of: (a) a DNO/IDNO Party, that Party's Distribution System; and (b) the OTSO Party, the Offshore Transmission System relating to the relevant Connection Point (and references to the User's System shall be construed accordingly, notwithstanding that the OTSO Party may not own that Offshore Transmission System).
Systems Connection Point	has the meaning given to that term in the BSC.
System Outage	means, in relation to a DNO Party or IDNO Party, a planned or unplanned interruption to the flow of electricity through the whole or part of that Party's Distribution System implemented by or on behalf of that Party for safety or system security reasons or to enable that Party to inspect or effect alterations, maintenance, repairs or additions to any part of that Distribution System.
Theft In Conveyance	means the abstraction of electricity (regardless of where such abstraction takes place) for use otherwise than at a Premises for which there is a Metering Point or Metering System that is Registered by a User.
Theft of Electricity	includes (but is not limited to) Theft In Conveyance, the circumstances described in paragraph 4 of schedule 6 to the Act, and the circumstances described in paragraph 11 of schedule 7 to the Act.
Theft Risk Assessment Service Arrangements	means the arrangements for a theft risk assessment service and other related measures that the Supplier Parties are (or will become) obliged to maintain pursuant to the Supplier Licences (subject to the Authority's decision on its consultation 'Tackling Electricity Theft', reference 100/13).

Transactional Charges	has, in respect of Section 2A, the meaning given to that term in Clause 22.1, and, in respect of Section 2B, the meaning given to that term in Clause 45.1.
Unit	means a kilowatt hour.
Unit Rate	means a charge in pence and/or pounds applied to a Unit.
Unmetered Supplies Certificate	means a certificate issued by a Company (in its sole discretion) to a Customer in accordance with the Unmetered Supplies Procedure which states (amongst other things) the Supply Numbers of the Metering Points by reference to which the Company has authorised the Customer to receive Unmetered Supplies.
Unmetered Supplies Procedure	means Section S of the Balancing and Settlement Code and BSC Procedure BSCP 520 established under the Balancing and Settlement Code and any replacement or substitute BSC Procedure from time to time in force.
Unmetered Supply	means a supply of electricity the quantity of which the Company, through the issue of a relevant Unmetered Supplies Certificate, has authorised not to be measured by physical metering equipment.
Urgent Change Proposal	has the meaning given to that term in Clause 10.12.

Use of Distribution System	means, in respect of a Company or User, the use by that User of that Company's Distribution System for the passing of electricity into a Distribution System and for the conveyance of such electricity by that Company through its Distribution System: (a) in the case of Section 2A, to Exit Points or from Entry Points; or (b) in the case of Section 2B, to or from Connection Points.
Use of System Charges	has, in respect of Section 2A, the meaning given to that term in Clause 19.2.1, and, in respect of Section 2B, the meaning given to that term in Clause 43.2.1.
User	has, in respect of Section 2A, the meaning given to that term in Clause 15.2, and, in respect of Section 2B, has the meaning given to that term in Clause 36.2.
User Installation	means any structures, equipment, lines, appliances or devices used or to be used by a User and connected or to be connected directly or indirectly to the Distribution System at any Exit Point or Entry Point in relation to which that User is Registered.
Value Added Tax or VAT	means VAT as defined in the Value Added Tax Act 1994 and any tax of a similar nature which may be substituted for or levied in addition to it.
Voting Procedure	has the meaning given to that term in Clause 12.1.
Web Account	has the meaning given to that term in Schedule 14.
Website	means a dedicated website established at the direction of the Panel for the purposes of this Agreement.
Weighted Vote	has the meaning given to that term in Clause 12.8.

WG Chairman	has the meaning given to that term in Clause 7.28.
Working Day	has the meaning given to that term in Section 64 of the Act.
Working Group	means a sub-committee established by the Panel in accordance with Clause 7.24.
Works	has the meaning given to that term in Schedule 5.

Interpretation

- 1.2 In this Agreement, unless the context otherwise requires, any reference to:
- 1.2.1 a “person” includes a reference to an individual, a body corporate, an association or a partnership;
 - 1.2.2 the singular includes the plural, and vice versa;
 - 1.2.3 a gender includes every gender;
 - 1.2.4 a numbered Clause, Section or Schedule is a reference (respectively) to a clause, part or section of, or a schedule to, this Agreement which bears that number;
 - 1.2.5 a numbered Paragraph or Annex is a reference (respectively) to a paragraph of, or an annex to, the Schedule in which such reference occurs;
 - 1.2.6 a numbered Condition (with or without a letter) is a reference to the standard condition bearing that number (and, where relevant, letter) in the licence indicated;
 - 1.2.7 writing includes all methods of reproducing words in a legible and non-transitory form;
 - 1.2.8 “include”, “including” and “in particular” are to be construed without limitation to the generality of the preceding words;

- 1.2.9 any statute or statutory provision includes any subordinate legislation made under it, any provision which it has modified or re-enacted, and any provision which subsequently supersedes or re-enacts it (with or without modification);
 - 1.2.10 an agreement, code, licence or other document is to such agreement, code, licence or other document as amended, supplemented, novated or replaced from time to time;
 - 1.2.11 a term that is stated to have the meaning given to it in the BSC is, where the BSC contains more than one definition of that term, a reference to that term as defined in annex 1 of section X of the BSC; and
 - 1.2.12 a term that is stated to have the meaning given to it in the Distribution Licences or the Supply Licences is a reference to that term as defined in the standard conditions of the Distribution Licences or of the Supply Licences (as applicable).
- 1.3 The headings in this Agreement are for ease of reference only and shall not affect its interpretation.

2. COMMENCEMENT AND DURATION

Commencement

2.1 This Agreement shall take effect from 00.00 on 06 October 2006.

Duration

2.2 Once it comes into effect, this Agreement shall remain in effect:

2.2.1 in respect of each Party, until (subject to Clauses 54.8 and 54.9) such Party ceases to be a Party in accordance with Clause 54.5; and

2.2.2 generally, until (subject to Clauses 54.8 and 54.9) all of the DNO Parties and all of the IDNO Parties have ceased to be Parties in accordance with Clause 54.5.

3. DCUSA OBJECTIVES

- 3.1 The objectives of this Agreement (such objectives being the **General Objectives**), except in respect of the Charging Methodologies, shall be:
 - 3.1.1 the development, maintenance and operation by each of the DNO Parties and IDNO Parties of an efficient, co-ordinated, and economical Distribution System;
 - 3.1.2 the facilitation of effective competition in the generation and supply of electricity and (so far as is consistent with that) the promotion of such competition in the sale, distribution and purchase of electricity;
 - 3.1.3 the efficient discharge by each of the DNO Parties and IDNO Parties of the obligations imposed upon them by their Distribution Licences; and
 - 3.1.4 the promotion of efficiency in the implementation and administration of this Agreement and the arrangements under it; and
 - 3.1.5 compliance with the Regulation on Cross-Border Exchanges in Electricity and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.
- 3.2 The objectives of this Agreement in respect of the Charging Methodologies only (such objectives being the **Charging Objectives**) shall be:
 - 3.2.1 that compliance by each DNO Party with the Charging Methodologies facilitates the discharge by the DNO Party of the obligations imposed on it under the Act and by its Distribution Licence;
 - 3.2.2 that compliance by each DNO Party with the Charging Methodologies facilitates competition in the generation and supply of electricity and will not restrict, distort, or prevent competition in the transmission or distribution of electricity or in participation in the operation of an Interconnector (as defined in the Distribution Licences);
 - 3.2.3 that compliance by each DNO Party with the Charging Methodologies results in charges which, so far as is reasonably practicable after taking account of

implementation costs, reflect the costs incurred, or reasonably expected to be incurred, by the DNO Party in its Distribution Business; and

3.2.4 that, so far as is consistent with Clauses 3.2.1 to 3.2.3, the Charging Methodologies, so far as is reasonably practicable, properly take account of developments in each DNO Party's Distribution Business; and

3.2.5 that compliance by each DNO Party with the Charging Methodologies facilitates compliance with the Regulation on Cross-Border Exchanges in Electricity and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.

3.3 For the purposes of this Agreement, each of the Charging Methodologies achieves the Charging Objectives if it achieves them in the round, taking each Charging Objective with every other Charging Objective, and having due regard to any particular implications for the determination of the Use of System Charges or connection charges (as applicable) of the DNO Parties (or of any DNO Party) under any other Charging Methodology.

4. ACCESSION OF ADDITIONAL PARTIES

Eligibility for Admission

- 4.1 Any person who applies to be admitted as a Party (an **Applicant**) shall be entitled to be admitted as a Party, subject to and in accordance with the provisions of this Clause 4.
- 4.2 An Applicant may not be admitted as a Party if:
- 4.2.1 it is already a Party; or
 - 4.2.2 (in the case of all Applicants other than the OTSO Party or those applying to be a Gas Supplier Party) the Panel believes that the Applicant has no reasonable prospect of satisfying the relevant conditions precedent set out in Clause 16, in the six-month period following its application to be so admitted; or
 - 4.2.3 (in the case of only the OTSO Party or those applying to be DNO Parties or IDNO Parties) the Panel believes that the Applicant has no reasonable prospect of satisfying the relevant conditions precedent set out in Clause 37 in the six-month period following its application to be so admitted.

Accession Procedure

- 4.3 The Panel shall establish, in such format as it may prescribe, a form to be completed by Applicants (the **Application Form**) and shall publish a copy of the form on the Website together with a summary of the process set out in this Clause 4.
- 4.4 An Applicant shall submit a duly completed Application Form (and any other supporting documents required by that form) to the Panel.
- 4.5 As soon as reasonably practicable following receipt of an Application Form from an Applicant, the Panel shall:
- 4.5.1 notify the Applicant if it is ineligible to be admitted as a Party in accordance with Clause 4.2;

- 4.5.2 where the Applicant is not ineligible, check that the Application Form has been duly completed and that any supporting documentation requested has been provided, and notify the Applicant of any omissions;
 - 4.5.3 where there are no such omissions, notify each Party and the Authority of the Applicant's identity and of the information that will, on that Applicant's admission as a Party, become its Party Details; and
 - 4.5.4 prepare an Accession Agreement, in substantially the form set out in Schedule 9, for the Applicant and send it to the Applicant for execution.
- 4.6 Upon receipt by the Panel of an Accession Agreement, in substantially the form set out in Schedule 9, duly executed by an Applicant, DCUSA Ltd shall promptly:
- 4.6.1 execute and deliver a counterpart of such Accession Agreement on behalf of itself and all the Parties; and
 - 4.6.2 send such executed counterpart of the Accession Agreement to the Applicant, and the Panel shall give notice of that Applicant's accession (and the effective date of such accession) to the Applicant, to each other Party and to the Authority.
- 4.7 Subject to, and in accordance with, this Clause 4, each Party hereby irrevocably and unconditionally authorises DCUSA Ltd to execute and deliver, on behalf of such Party, any Accession Agreement, in substantially the form set out in Schedule 9, duly executed by an Applicant.
- 4.8 The accession of an Applicant to this Agreement shall be effective from the effective date set out in the relevant Accession Agreement.

Disputes as to Admission

- 4.9 Where:
- 4.9.1 the Panel determines that an Applicant is ineligible to be admitted as a Party in accordance with Clause 4.2;
 - 4.9.2 an Applicant believes that the content of the prescribed Application Form is not consistent with the DCUSA Objectives; or

4.9.3 an Applicant believes that there has been an unreasonable delay in obtaining a response to its application or that the process set out in this Clause 4 has not been followed,

the Applicant may refer the matter to the Authority for its determination, which shall be final and binding.

SECTION 1B – GOVERNANCE

5. FUNCTIONS AND CONSTITUTION OF THE PANEL

Establishment of the Panel

- 5.1 The Panel is hereby established. The Panel shall:
- 5.1.1 pursue the objectives, undertake the duties, and have the powers, set out in Clauses 5.2 to 5.4, and be composed in accordance with Clauses 5.5 to 5.9;
 - 5.1.2 comprise Panel Members elected in accordance with Clause 6, who shall have the duties and protections set out in Clause 6; and
 - 5.1.3 conduct its activities in accordance with the procedures set out in Clause 7.

Panel Objectives

- 5.2 In conducting its operations in accordance with this Agreement, the Panel shall act in a manner designed to achieve the following objectives (the **Panel Objectives**):
- 5.2.1 that this Agreement is given full and prompt effect in accordance with its terms and conditions;
 - 5.2.2 that this Agreement is given effect in such a manner as will facilitate achievement of the DCUSA Objectives;
 - 5.2.3 that this Agreement is given effect in a fair and economical manner; and
 - 5.2.4 that this Agreement is given effect without undue discrimination between the Parties or any classes of Party.

Duties

- 5.3 Without prejudice to any other duties or obligations imposed on it under this Agreement, the Panel shall, subject to and in accordance with the other provisions of this Agreement:
- 5.3.1 manage and co-ordinate any applications from Applicants to become a Party in accordance with Clause 4;
 - 5.3.2 manage and co-ordinate the process by which Panel Members are appointed, in accordance with Clause 6;
 - 5.3.3 develop budgets in accordance with Clause 8;
 - 5.3.4 manage and co-ordinate the modification process set out in Section 1C, and give effect to any modifications resulting from such process in accordance with Section 1C;
 - 5.3.5 manage the termination of a Party's accession to this Agreement in accordance with Clause 54;
 - 5.3.6 oversee and, where appropriate, approve the actions and decisions of DCUSA Ltd as contemplated by Schedule 10;
 - 5.3.7 periodically review this Agreement and operations under it, in order to evaluate whether this Agreement meets the DCUSA Objectives, and report to the Parties on the outcome of each such review;
 - 5.3.8 at the written request of the Authority, undertake a review in accordance with Clause 5.3.7 in respect of such parts of this Agreement as the Authority may specify;
 - 5.3.9 procure the creation, hosting and maintenance of the Website, which the Panel shall endeavour to ensure complies with the requirements of Schedule 14;
 - 5.3.10 make an accurate and up-to-date copy of this Agreement available on the Website in accordance with Schedule 14, and arrange (in return for a charge not exceeding the reasonable cost of so doing) for an accurate

and up-to-date copy of this Agreement to be supplied to any person requesting a copy of the same;

- 5.3.11 at the written request of the Authority, collect and provide to the Authority (or publish in such manner as the Authority may direct) such information regarding the operation of this Agreement as the Authority may reasonably request (and each Party shall provide to the Panel such information as the Panel reasonably requires in order to enable the Panel to comply with any such request of the Authority);
- 5.3.12 endeavour to establish joint working arrangements with other relevant industry committees and panels in order to facilitate robust interaction between this Agreement and the industry documents for which such industry committees and panels are responsible;
- 5.3.13 consider whether it is appropriate to obtain insurance in respect of the costs, charges, expenses, damages and other liabilities referred to in Clause 6.20, and, where it is appropriate to do so, obtain such insurance; and
- 5.3.14 develop and give effect to the Theft Risk Assessment Service Arrangements (and the Panel shall have the power to delegate any or all of such arrangements to one or more third parties).

Powers

- 5.4 Without prejudice to any other rights or powers granted to it under this Agreement, the Panel shall, subject to and in accordance with the other provisions of this Agreement, have the power to:
 - 5.4.1 appoint and remove the Secretariat;
 - 5.4.2 appoint and remove professional advisers;
 - 5.4.3 consider, approve and authorise the licensing, sub-licensing, or any other manner of dealing with Intellectual Property belonging to

DCUSA Ltd, for any use which does not hinder, delay or frustrate, in any way whatsoever, the DCUSA Objectives;

- 5.4.4 consider, approve and authorise the entering into by DCUSA Ltd of contracts under which DCUSA Ltd procures the performance by a third party of any activities which might otherwise be carried out by the Panel under this Agreement;
- 5.4.5 constitute Working Groups to which the Panel may delegate any of its duties and powers under this Agreement;
- 5.4.6 without prejudice to the generality of Clause 5.4.5 or the process for considering Change Proposals, and only where it sees fit, constitute Working Groups to consider and report on issues and problems relating to the operation of this Agreement that have been brought to its attention by one or more Parties; and
- 5.4.7 do anything necessary for, or reasonably incidental to, the discharge of its duties under this Agreement.

Panel Composition

- 5.5 The Panel shall comprise the following persons (each a **Panel Member**):
 - 5.5.1 two persons elected by the DNO Parties;
 - 5.5.2 one person elected by the IDNO/OTSO Parties;
 - 5.5.3 two persons elected by the Supplier Parties;
 - 5.5.4 one person elected by the DG Parties; and
 - 5.5.5 any additional person appointed by the Authority in accordance with Clause 5.8.
- 5.6 No one person can hold more than one office as a Panel Member.
- 5.7 The following persons shall be entitled to attend and speak (but not vote) at any meeting of the Panel:

- 5.7.1 one person appointed from time to time, by notice to the Panel Secretary, by the Authority;
- 5.7.2 one person appointed from time to time, by notice to the Panel Secretary, by the National Electricity Transmission System Operator;
- 5.7.3 one person appointed from time to time, by notice to the Panel Secretary, by the Consumer Body (Citizens Advice and Citizens Advice Scotland acting together to jointly appoint one person);
- 5.7.4 (at the invitation of the Panel from time to time) a representative of BSCCo;
- 5.7.5 (at the invitation of the Panel from time to time) a representative of MRASCo; and
- 5.7.6 (at the invitation of the Panel from time to time) a representative of SECCo.

Appointment of Additional Panel Member by the Authority

5.8 Where at any time:

- 5.8.1 no person is currently appointed as a Panel Member pursuant to this Clause 5.8; and
- 5.8.2 the Authority considers that there is a class or category of person having an interest in the distribution of electricity in Great Britain whose interests are not adequately represented in the composition of the Panel at that time, and whose interests would be better represented if a particular person were appointed as an additional Panel Member,

the Authority may (by notice to the Panel Secretary) appoint (subject to Clause 6.17) that particular person as a Panel Member. The Authority may, at any time thereafter by notice to the Panel Secretary, remove that person from the office of Panel Member.

Natural Persons

- 5.9 Each Panel Member, each Alternate, each person appointed in accordance with Clause 5.7 or 5.8, and each person serving on a Working Group from time to time must be an individual (and cannot be a body corporate, association or partnership).

6. PANEL MEMBERS

Election of Panel Members

- 6.1 The directors of DCUSA Ltd as at the date this Agreement becomes effective are hereby appointed as Panel Members with effect from that date. The Panel Members so appointed shall (without prejudice to their eligibility to stand for re-election) all retire (at which point their offices shall become vacant) on the first day of the second month commencing after this Agreement becomes effective (and references in this Clause to “1 December” shall, in relation to the first elections hereunder, be taken as references to such first day).
- 6.1A The Gas Supplier Parties will not be separately represented on the Panel. Accordingly, each reference in this Clause 6 to a ‘Party Category’ or the ‘Party Categories’ shall be reference to each Party Category or all Party Categories other than the Party Category representing the Gas Supplier Parties.
- 6.2 Subject to Clause 6.1, the Panel Members from time to time shall be elected in accordance with the following provisions:
- 6.2.1 no later than 40 Working Days (or 25 Working Days in the case of the first elections hereunder) before 1 December in each year, any individual shall be entitled, by notice in writing to the Panel Secretary specifying the Party Category in respect of which he wishes to stand and the company (if any) by which he is employed, to put himself forward for election as a Panel Member for that Party Category;
 - 6.2.2 the Panel Secretary shall ignore notices received from candidates who would, if elected, be obliged to resign in accordance with Clause 6.8.3;
 - 6.2.3 no later than 30 Working Days (or 20 Working Days in the case of the first elections hereunder) before 1 December in such year, the Panel Secretary shall notify each Party of the candidates who have put themselves forward for election as a Panel Member for each Party Category;

- 6.2.4 at the same time as it issues such notice, the Panel Secretary shall, in respect of those Party Categories (if any) for which the number of candidates exceeds the number of Panel Member offices attributable to that Party Category and currently vacant or due to become vacant on the following 1 December, invite the Groups comprising that Party Category to vote for their favoured candidate;
 - 6.2.5 each such Group shall be entitled to cast one vote, and shall cast such vote by means of a system established by the Panel which ensures that each Party Category casts only one vote and which complies with the same requirements as are set out in Clauses 12.4.5 and 12.4.6;
 - 6.2.6 each such Group shall be given 10 Working Days from the date of notification under Clause 6.2.3 to cast such vote; and
 - 6.2.7 as soon as reasonably practicable following the expiry of such 10 Working Days, the Panel Secretary shall notify the Parties of the result of such vote, listing, in respect of each Party Category, the candidate who received the most votes first, the candidate who received the second most votes second, and so on. In the event that two or more candidates in respect of a Party Category received the same number of votes, the Panel Secretary shall invite the Groups comprising that Party Category to vote, within such time period as the Panel Secretary may reasonably specify, for their preferred candidate from those tied candidates, the result of such vote determining the order in which those candidates should be listed.
- 6.3 The Panel Members elected in respect of each Party Category shall be as follows:
- 6.3.1 where the number of candidates who put themselves forward for election as a Panel Member for a Party Category is less than or equal to the number of Panel Member offices attributable to that Party Category and currently vacant or due to become vacant on the following 1 December, the candidate or candidates who put themselves forward

shall be deemed to have been elected as Panel Members for that Party Category; and

6.3.2 where the number of candidates who put themselves forward for election as a Panel Member for a Party Category is more than the number of Panel Member offices attributable to that Party Category and currently vacant or due to become vacant on the following 1 December, the candidates elected as Panel Members for that Party Category shall be those set out in the list referred to in Clause 6.2.7, starting with the candidate at the top of that list and ending at candidate n (where n is the relevant number of offices that are currently vacant or due to become vacant on the following 1 December).

6.4 Where the number of candidates who put themselves forward for election as a Panel Member for a Party Category is less than the number of Panel Member offices attributable to that Party Category and currently vacant or due to become vacant on the following 1 December, the Panel Secretary shall request that the Authority make up that number by selecting further Panel Members on behalf of that Party Category. Any such person as the Authority may direct shall be deemed to have been elected as a Panel Member for the relevant Party Category from the date of such direction.

Reserves

6.5 Where Clause 6.3.2 applies, the candidate (or, where the number of offices for the relevant Party Category that are currently vacant or due to become vacant on the following 1 December is greater than one, the number of candidates equal to that number of offices) set out in the list referred to in Clause 6.2.7 immediately below those elected as a Panel Member for that Party Category shall be elected as a Reserve for that Party Category. Clauses 6.7 and 6.8 (but not Clause 6.8.2) shall apply to Reserves as if the references therein to a “Panel Member” were references to a “Reserve”.

Term of Office and Removal from Office of Panel Members

- 6.6 Each person elected as a Panel Member shall be appointed as such with effect from the last to occur of the following:
- 6.6.1 the date on which he complies with the requirements of Clause 6.17;
 - 6.6.2 the date on which he is elected; and
 - 6.6.3 the date on which the position for which he was elected becomes vacant.
- 6.7 Each Panel Member (other than one appointed under Clause 5.8, 6.1 or 6.9) shall retire (at which point his office shall become vacant) on 1 December in the second year following his appointment, save that the following Panel Members shall retire on 1 December 2007:
- 6.7.1 the Panel Member elected by the DNO Parties with effect from 1 December 2006 who received the least votes of the two Panel Members so elected;
 - 6.7.2 the Panel Member elected by the Supplier Parties with effect from 1 December 2006 who received the least votes of the two Panel Members so elected; and
 - 6.7.3 the Panel Member elected by the IDNO Parties with effect from 1 December 2006.
- 6.8 A Panel Member shall immediately cease to be a Panel Member (and his office shall become vacant) if he:
- 6.8.1 resigns his office by notice in writing to the Panel Secretary;
 - 6.8.2 fails, in person or by his Alternate, to attend three consecutive meetings of the Panel that have been duly convened;
 - 6.8.3 ceases to be, or to be employed by, a person that is:
 - (A) a Party that forms part of the same Party Category as the Party Category in respect of which the Panel Member was elected;

- (B) not a Party but that has an Affiliate that is a Party that forms part of the same Party Category as the Party Category in respect of which the Panel Member was elected; or
 - (C) not a Party and that has no Affiliate that is a Party but provides consultancy services to, or represents the interests of, the same Party Category as the Party Category in respect of which the Panel Member was elected;
- 6.8.4 becomes bankrupt or makes any arrangement or composition with his creditors;
- 6.8.5 becomes prohibited by law from being a director of a company under the Companies Act 2006;
- 6.8.6 is convicted of an indictable offence;
- 6.8.7 is admitted to hospital in pursuance of an application under the Mental Health Act 1983 or the Mental Health (Care and Treatment) (Scotland) Act 2003, or an order is made by a court with competent jurisdiction in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person with respect to his property or affairs; or
- 6.8.8 dies.

Replacement of Panel Members

- 6.9 Where the office of a Panel Member (other than one appointed under Clause 5.8) becomes vacant for any reason other than his retirement in accordance with Clause 6.1, 6.7 or 6.10:
- 6.9.1 the Reserve:
- (A) elected at the same time as that Panel Member was elected (and if there is more than one such Reserve, the Reserve appearing highest in the list created under Clause 6.2.7); or

- (B) if there is no such Reserve, any other Reserve in respect of the Party Category relevant to that office,

shall be appointed to that office. The appointment shall be subject to Clause 6.17, but as if the reference to “his election” in the final line thereof were to “the date upon which the relevant office became vacant”; or

6.9.2 where there is no Reserve in respect of the relevant Party Category, the election process set out in Clauses 6.2 to 6.5 (inclusive) shall apply in respect of that office, save that the dates and timescales set out therein shall be as the Panel Secretary may reasonably direct.

6.10 A Panel Member appointed in accordance with Clause 6.9 shall retire (at which point his office shall become vacant) on the date that the person that Panel Member replaced would otherwise have retired in accordance with Clause 6.1 or 6.7.

Alternates

6.11 A Panel Member for a Party Category may, by notice in writing to the Panel Secretary, appoint a Reserve for that Party Category (or, if no such Reserve exists or is willing to act, any Reserve or any other Panel Member) as his alternate (an **Alternate**). Each such Alternate must, before his appointment can become valid, have complied with the provisions of Clause 6.17.1.

6.12 Where a Panel Member is not present at a Panel meeting, his Alternate shall be entitled to attend (and count, in his capacity as Alternate, towards the quorum at) that meeting and to exercise and discharge all the functions, powers and duties of his appointor at that meeting.

6.13 Each Panel Member may, by notice in writing to the Panel Secretary, remove or replace the person appointed from time to time by that Panel Member as his Alternate. An Alternate shall immediately cease to be an Alternate on the occurrence of any of the events set out in Clause 6.8 in respect of the Alternate.

- 6.14 Where an Alternate's appointor ceases to be a Panel Member for any reason other than in accordance with Clause 6.1, 6.7 or 6.10, the Alternate shall (subject to Clause 6.8 as applied under Clause 6.13) continue to exercise and discharge all the functions, powers and duties previously exercised and discharged by his appointor until a replacement Panel Member is appointed in accordance with Clause 6.9.
- 6.15 Unless the context otherwise requires, any reference in this Agreement to a Panel Member shall be construed as including a reference to that Panel Member's Alternate.

Duties of Panel Members

- 6.16 A person appointed as Panel Member, when acting in that capacity, shall:
- 6.16.1 act independently, not as a delegate, and without undue regard to the interests, of any Related Person;
 - 6.16.2 exercise reasonable skill and care to the standard reasonably expected of a director of a company under the Companies Act 2006; and
 - 6.16.3 act in a manner designed to facilitate the performance by the Panel of its duties under this Agreement.
- 6.17 A person shall not be appointed as a Panel Member unless he has first:
- 6.17.1 confirmed in writing to DCUSA Ltd (for the benefit of itself and each Party) that he agrees to act as a Panel Member in accordance with this Agreement and with particular regard to the requirements of Clause 6.16; and
 - 6.17.2 confirmed in writing to DCUSA Ltd (for the benefit of itself and each Party) that he agrees to accept appointment as a director of DCUSA Ltd and to act in such capacity in accordance with this Agreement,
- and his office shall be deemed to have become vacant if he does not do so within 20 Working Days of his election.

- 6.18 Each Panel Member shall, at the time of his appointment and upon any relevant change in circumstance, disclose, in writing to the Panel, the name of each Related Person who is a Party, or is otherwise likely to be affected by the operation of this Agreement and the matters to which it relates.
- 6.19 Where a Panel Member changes employer, the Panel Member shall, as soon as reasonably practicable after such change, notify the Panel Secretary of such change in writing. The Panel Secretary shall then notify the Parties of the change in question.

Protections for Panel Members and Others

- 6.20 Each Party shall, jointly and severally with each other Party, indemnify, and keep indemnified:

6.20.1 each Panel Member (whether as a Panel Member or as a director of DCUSA Ltd);

6.20.2 each Reserve (whether acting as an Alternate or otherwise);

6.20.3 the Panel Secretary (whether as Panel Secretary or as the company secretary of DCUSA Ltd);

6.20.4 each person who serves on a Working Group;

6.20.5 any employee of a Party, or of an Affiliate of a Party, who is seconded to (or otherwise providing services to) the Secretariat; and

6.20.6 each Party, or an Affiliate of a Party, as employer of any person referred to in Clauses 6.20.1 to 6.20.4 (inclusive),

from and against any and all costs (including legal costs), charges, expenses, damages or other liabilities properly incurred or suffered by that person or Party in relation to the exercise of the person's powers, duties or responsibilities under this Agreement, including where such powers duties or responsibilities are exercised negligently (and, for the avoidance of doubt, such indemnity shall extend to the persons who acted as directors of DCUSA Ltd in the period prior to the date on which this Agreement became effective).

- 6.21 The indemnity set out in Clause 6.20 shall not apply to any costs, charges, expenses, damages or other liabilities that are:
- 6.21.1 recovered in accordance with the procedures set out in Clause 8;
 - 6.21.2 in respect of any charge for the time of those persons referred to in Clause 6.20;
 - 6.21.3 recovered under any policy of insurance in favour of any or all of the persons and Parties referred to in Clause 6.20; or
 - 6.21.4 suffered or incurred or occasioned by the wilful default or bad faith of, or breach of contract by, the relevant person.
- 6.22 DCUSA Ltd shall hold the benefit of Clause 6.20 (subject to Clause 6.21) as trustee and agent for each person (other than a Party) referred to in Clause 6.20.

As between themselves, each of the Parties shall be liable, in respect of any amounts properly payable by any Party under Clause 6.20, in accordance with the same proportions as are used to calculate that Party's Cost Contribution under Clause 8 (calculated on the basis of Metering Point registrations in the month in which the cost, charge, expense, damage or other liability referred to in Clause 6.20 was incurred).

7. OPERATION OF THE PANEL

The Panel Chairman

- 7.1 The **Panel Chairman** shall be the Panel Member appointed as such, from time to time, by a simple majority of the Panel Members.
- 7.2 The Panel Chairman may at any time be removed from the office of Panel Chairman by a simple majority of the Panel Members or at the direction of the Authority. Where a Panel Member is removed from the office of Panel Chairman he may not be reappointed as such without the Authority's prior consent.
- 7.3 The Panel Chairman shall preside at every meeting of the Panel at which he is present. If the Panel Chairman is unable to be present at a meeting, he may nominate, by notice in writing to the Panel Secretary, another Panel Member (or his Alternate) to act as Panel Chairman for that meeting. If neither the Panel Chairman nor any person nominated by him in accordance with this Clause 7.3 is present at a Panel meeting, the Panel Members present may, by simple majority, appoint any one of their number to preside at that meeting.
- 7.4 The Panel Chairman shall be entitled to vote in his capacity as a Panel Member. The Panel Chairman shall in no circumstances be entitled to an extra or casting vote.

The Panel Secretary

- 7.5 The **Panel Secretary** shall be appointed, or removed from office, by the Panel. In no event shall the Panel Secretary be an employee of any Party or any of its Affiliates.
- 7.6 The Panel Secretary shall be entitled to attend and speak (but not to vote) at Panel meetings.
- 7.7 The Panel Secretary's duties shall be to facilitate the operations of the Panel and in particular to:
 - 7.7.1 attend to the requisition of meetings and serve the necessary notices;

- 7.7.2 maintain a register of names and addresses, from time to time, of the Panel Members, of any Alternate appointed by each Panel Member, and of the Reserves;
 - 7.7.3 keep minutes of all meetings; and
 - 7.7.4 circulate all relevant notices, papers and minutes.
- 7.8 The Panel shall be responsible for ensuring that the Panel Secretary undertakes these duties.

Meetings of the Panel

- 7.9 The Panel shall hold meetings at such times as it may decide but in any event shall meet at least once every three months. The venues for meetings shall be determined by the Panel Members.
- 7.10 No business shall be transacted at any meeting of the Panel unless a quorum is present at that meeting. The quorum for each Panel meeting shall be four Panel Members, at least one of whom must have been elected by the DNO Parties and at least one of whom must have been elected by the Supplier Parties.
- 7.11 The Panel may, subject to the other provisions of this Agreement, regulate the conduct of its meetings as it sees fit.
- 7.12 Any Panel Member may, by written notice to the Panel Secretary:
- 7.12.1 request the requisition of an additional Panel meeting. Any such notice given to the Panel Secretary must contain a list of matters to be included in the agenda for the meeting. Following receipt of such a notice, the Panel Secretary shall proceed to convene the meeting within five Working Days; and
 - 7.12.2 request the consideration of additional matters at a meeting for which notice has already been given. Provided such notice is given at least three Working Days before the date of the relevant meeting, the Panel Secretary shall amend the agenda for that meeting to include the additional matters.

- 7.13 Nothing shall prevent a meeting from being held by telephone or other technological means, so long as all the criteria regarding notice and minutes are met.

Notice of Meetings

- 7.14 All meetings of the Panel shall be convened by the Panel Secretary on at least five Working Days' notice (subject to any requirements, under Section 1C, for meetings to be held within a shorter period). Such notice (which may be given by e-mail) must be given to:

7.14.1 the Panel Members (and any appointed Alternates);

7.14.2 the appointed persons referred to in Clause 5.7;

7.14.3 (where the Panel has resolved to invite representatives of one or more of them) one or more (as applicable) of BSCCo, MRASCo and/or SECCo; and

7.14.4 the Parties.

- 7.15 The notice of each Panel meeting shall contain the time, date and venue of, and an agenda and any supporting papers for, the relevant meeting. The Panel Secretary shall circulate amendments to the agenda where necessary.

- 7.16 The accidental omission to give notice of a meeting to, or the non-receipt of notice of a Panel meeting by, a person entitled to receive notice shall not invalidate the proceedings of that meeting.

Representation and Voting

- 7.17 Each Panel Member shall be entitled to attend, and to speak and vote at, every meeting of the Panel.

- 7.18 Any Party shall be entitled to send a representative to attend a Panel meeting provided it gives the Panel Secretary two Working Days' notice in advance of such meeting. Such a representative shall be admitted as an observer, and shall (at the Panel Chairman's invitation) be entitled to speak (but in no

circumstances vote) at the meeting. The Panel Chairman may, at his sole discretion, exclude a representative of a Party from a meeting (or any part thereof) where matters being discussed are confidential.

- 7.19 All decisions of the Panel shall be by resolution. In order for a resolution of the Panel to be passed at a meeting, a simple majority of those Panel Members present at that meeting must vote in favour of that resolution.
- 7.20 A resolution in writing signed by or on behalf of all the Panel Members shall be as valid and effective as if it had been passed at a meeting of the Panel duly convened and held. Such a resolution may be signed in any number of counterparts.

Minutes of Panel Meetings

- 7.21 The Panel Secretary shall, as soon as practicable (and in any event within five Working Days) following each Panel meeting, circulate copies of the minutes of that meeting to each person who was entitled to receive a notice of that meeting.
- 7.22 If any Panel Member disagrees with any item of the minutes, he shall, within five Working Days of receipt of the minutes, notify the Panel Secretary of those items with which he disagrees, and the Panel Secretary shall incorporate those items upon which there is disagreement into the agenda for the next following meeting of the Panel, as the first item for resolution.
- 7.23 The Panel Secretary shall maintain a record of all resolutions voted on by the Panel, indicating how each Panel Member voted on each resolution, and shall make such record available on request to any Party.

Establishing Working Groups

- 7.24 The Panel may establish sub-committees (each a **Working Group**) for the purposes of doing, or assisting the Panel in doing, anything to be done by the Panel pursuant to this Agreement. The Panel may dissolve any Working Group it has previously established. In particular, the Panel may establish, dissolve and subsequently re-establish the DCUSA Standing Issues Group.

- 7.25 The Panel may delegate to each Working Group such of the Panel's duties, powers and functions under this Agreement as the Panel may specify.
- 7.26 Each Working Group shall be subject to such written terms of reference and such written procedures as the Panel may specify from time to time, save that the DCUSA Standing Issues Group shall be subject to the terms of reference and procedures given in Schedule 7. Subject to the applicable terms of reference and procedures, each Working Group shall otherwise conduct its business as it sees fit. No Working Group may further delegate any of its duties, powers and functions unless expressly authorised to do so by such terms of reference.
- 7.27 Each Working Group shall publish, on the Website, details of that Working Group's:
- 7.27.1 membership;
 - 7.27.2 terms of reference;
 - 7.27.3 timetable for business and meetings;
 - 7.27.4 minutes of meetings; and
 - 7.27.5 governance procedures.

Membership of Working Groups

- 7.28 Each Working Group shall be composed of such persons with experience and expertise suitable to the Working Group's remit, and who are willing to serve, as the Panel may direct. Each Working Group shall be chaired by such person (the **WG Chairman**) as the Panel may direct, or as (in the case of the DCUSA Standing Issues Group) is elected pursuant to Schedule 7.
- 7.29 Before establishing each Working Group, the Panel shall invite (by such means as it considers appropriate) applications from individuals who wish to serve on that Working Group.

- 7.30 Once a Working Group is established, the WG Chairman shall (unless the Panel otherwise directs) be entitled to admit such additional persons to serve on that Working Group as the WG Chairman considers appropriate. The Panel may, at its discretion, subsequently remove any such additional persons from service on that Working Group.
- 7.31 The Authority shall be entitled to send, to any Working Group meeting, a representative who shall be entitled to speak (but not to vote) at that meeting. Any Party shall be entitled to send a representative to attend and (at the WG Chairman's invitation) speak (but in no circumstances vote) at any Working Group meeting.

Duties of those Serving on Working Groups

- 7.32 Each Working Group shall act in a manner designed to achieve the Panel Objectives.
- 7.33 Those persons serving on a Working Group from time to time, when acting in that capacity, shall:
- 7.33.1 act independently, not as a delegate, and without undue regard to the interests, of any Related Person;
 - 7.33.2 exercise reasonable skill and care to the standard reasonably expected of a director of a company under the Companies Act 2006; and
 - 7.33.3 act in a manner designed to facilitate the performance by the Working Group of the duties delegated to it.
- 7.34 Unless the Panel otherwise directs, a person who is to serve on a Working Group shall not be appointed to that Working Group unless he has first confirmed in writing to DCUSA Ltd (for the benefit of itself and each Party) that he agrees to act in accordance with Clause 7.33.

Decisions of Working Groups

- 7.35 Resolutions of Working Groups shall not have binding effect unless the Panel has formally delegated the decision-making powers to the Working Group or has ratified the resolution in question.

Secretariat

- 7.36 The Panel may, from time to time, appoint and remove, or make arrangements for the appointment and removal of, any such person or persons (such person or persons to be known as the **Secretariat**) as the Panel requires to assist:

7.36.1 the Panel;

7.36.2 the Panel Secretary; and/or

7.36.3 any Working Group,

in the proper performance of its, his or their duties and responsibilities under this Agreement.

- 7.36A The Secretariat shall perform the role of code administrator in respect of this Agreement. Accordingly, the Secretariat shall (in addition to any other roles allocated to it under this Agreement):

7.36A.1 from time to time, together with other code administrators, publish, review and (where appropriate) report to the Panel and the Authority on any proposed amendments to the Code Administration Code of Practice;

7.36A.2 where the Authority approves any proposed amendments to the Code Administration Code of Practice, working together with other code administrators, amend the Code Administration Code of Practice in accordance with such approval;

7.36A.3 periodically review and report to the Panel on whether the provisions of this Agreement are consistent with the Code Administration Code of Practice (to the extent relevant);

7.36A.4 have regard to, and (to the extent relevant) act in a manner consistent

with, the principles contained in the Code Administration Code of Practice; and

7.36A.5 provide assistance (insofar as is reasonably practicable and on reasonable request) to Parties (including, in particular, Small Participants) and (to the extent relevant) consumer representatives that request the Secretariat's assistance in relation to this Agreement; such assistance to include assistance with:

- (A) drafting Change Proposals;
- (B) understanding the operation of this Agreement;
- (C) their involvement in, and representation during, the Change Proposal processes (including in respect of Panel or Working Group meetings); and
- (D) accessing information relating to Change Proposals.

7.37 The Panel shall be responsible for ensuring that the Secretariat undertakes any responsibilities and duties that are either assigned to it under Clause 7.36 or ascribed to it in this Agreement. In particular, the Panel shall ensure that the arrangements under which the Secretariat is appointed shall oblige the Secretariat to undertake such duties and responsibilities on the same applicable terms as are provided for under this Agreement.

7.38 Subject to Clause 7.37, any appointment by the Panel under Clause 7.36 shall be on such terms and conditions and in return for such remuneration as the Panel sees fit.

7.39 In no event shall the Secretariat be a Party, an Affiliate of a Party, an employee of a Party, or an employee of an Affiliate of a Party.

DCUSA Ltd

7.40 The provisions of Schedule 10 shall apply in respect of DCUSA Ltd.

7.41 The Panel is deemed to have approved all the acts of DCUSA Ltd undertaken before this Agreement became effective, and the Parties hereby confirm that such approval is properly given.

8. COSTS OF THE DCUSA

Recovery of Costs

8.1 The Panel shall be entitled to recover, in accordance with the procedures set out in this Clause 8, all the **reasonable costs** and expenses properly incurred by:

8.1.1 the Panel;

8.1.2 the Panel Secretary;

8.1.3 any Working Group;

8.1.4 the Secretariat; and

8.1.5 DCUSA Ltd,

in performing their respective duties, powers and functions under this Agreement (the Recoverable Costs), which may include their general administration costs and expenses, any costs and expenses they incur in holding, or travelling to, meetings, any costs and expenses of any professional advisers properly retained by them, and any tax payable by DCUSA Ltd. Recoverable Costs shall not include any payment to Panel Members, to directors of DCUSA Ltd or to those who serve on Working Groups in respect of their time.

Preparation of Draft Budgets

8.2 In respect of:

8.2.1 the Financial Year ending on 31 March 2007, the Panel shall, as soon as reasonably practicable following the date on which this Agreement becomes effective; and

- 8.2.2 each subsequent Financial Year, the Panel shall (not earlier than 60, nor later than 30, Working Days before the commencement of that Financial Year),

prepare, circulate to all the Parties, and invite comments on, a draft budget for that Financial Year (a Draft Budget).

- 8.3 Each Draft Budget shall be accompanied by a detailed work plan showing the activities and projects to which the relevant costs and expenses relate, and shall set out the Panel's good-faith estimate of the Recoverable Costs that it anticipates will either be:

- 8.3.1 incurred in the Financial Year to which the Draft Budget relates; or

- 8.3.2 committed to in the Financial Year to which the Draft Budget relates, even though the Recoverable Costs are not expected to be incurred until a subsequent Financial Year.

Approval of Budgets

- 8.4 The Draft Budget for the Financial Year ending on 31 March 2007 shall, on its preparation, automatically become the Approved Budget for that Financial Year. The Panel shall, nevertheless, consider any comments received from the Parties in the 20 Working Days following its circulation, and the Panel shall, where it considers it appropriate to do so, amend such Approved Budget in the light of those comments.

- 8.5 In respect of the Draft Budget for each subsequent Financial Year, the Panel shall:

- 8.5.1 arrange for publication on the Website of all of the comments received from the Parties regarding the Draft Budget and/or the accompanying work plan in the 20 Working Days following their circulation;

- 8.5.2 consider, and (where it considers it appropriate to do so) respond to, those comments;

- 8.5.3 to the extent that it considers it appropriate to do so, amend the Draft Budget and/or the accompanying work plan in the light of those comments; and
- 8.5.4 no less than 20 Working Days following such circulation, approve the Draft Budget (as so amended) as the **Approved Budget** for the relevant Financial Year.

Amendments to Budgets

- 8.6 The Approved Budget relating to each Financial Year may be amended by the Panel from time to time, provided that the Panel has first:
 - 8.6.1 circulated and invited comments on the proposed amendments in accordance with Clause 8.2 as if it were a Draft Budget; and
 - 8.6.2 published and considered any comments received on the proposed amendments within 20 Working Days of such circulation on the same basis as is referred to in Clause 8.5.

Payment of Costs Incurred

- 8.7 Where the Panel, the Panel Secretary, any Working Group, the Secretariat or DCUSA Ltd wishes to recover any cost or expense under this Clause 8, details of the cost or expense in question shall be submitted to the Panel (or a named person approved by the Panel) for approval. Such cost or expense shall only be approved to the extent that it falls within a category of Recoverable Cost provided for in an Approved Budget, and only if such cost or expense:
 - 8.7.1 will not (in aggregate with those costs and expenses previously approved for the Financial Year, and those likely to be approved for the remainder of the Financial Year) cause the total Approved Budget to be exceeded to a material extent; and
 - 8.7.3 is submitted in a timely manner (and in any event on or before the 20th Working Day following the end of the relevant Financial Year).

Once approved, details of the cost or expense shall be submitted to the Secretariat or DCUSA Ltd (as directed by the Panel or such named person) for payment.

- 8.8 Upon receipt of an invoice or other statement relating to costs or expenses that have been approved in accordance with Clause 8.7, the Secretariat or DCUSA Ltd (as applicable) shall pay the amount stated in such invoice or other statement (together with VAT thereon, if applicable) to the person named in such invoice or other statement.

Share of Costs

- 8.9 Subject to Clause 8.9A, the amount (a **Cost Contribution**) that each Party shall be obliged to bear as its share of the Recoverable Costs, in respect of each Quarter, shall:

8.9.1 in the case of each DG Party (in its capacity as such), the OTSO Party and each Gas Supplier Party (in its capacity as such), be zero; and

8.9.2 in the case of each other Party, be calculated as follows:

$$CC = 50\% \times \frac{N}{TN} \times RC$$

where:

CC is the relevant Party's Cost Contribution (other than that which is subject to Clause 8.9A) in respect of that Quarter;

N is, in respect of a DNO Party or an IDNO Party, the aggregate number of Metering Points which each such Party has on its MPAS Registration System; and, in respect of a Supplier Party, the aggregate number of Metering Points against which that Party is registered across all of the MPAS Registration Systems (based, in each case, on the average figure for the three months comprising that Quarter and provided under clause 27.6 of the MRA);

TN is, in respect of each Party and that Quarter, the aggregate number of Metering Points across all of the MPAS Registration Systems (based on the average aggregate figure for the three months comprising that Quarter and provided under clause 27.6 of the MRA); and

RC is the total amount of the Recoverable Costs (other than those which are subject to Clause 8.9A) incurred, or otherwise accounted for, in that Quarter.

8.9A In respect of the Recoverable Costs relating to the Theft Risk Assessment Service Arrangements (including their development), each Party's Cost Contribution (in respect of each Quarter) shall not be calculated in accordance with Clause 8.9 and shall instead:

8.9A.1 in the case of all Parties other than Supplier Parties (in their capacity as Parties other than Supplier Parties), be zero; and

8.9A.2 in the case of each Supplier Party (in its capacity as such), be calculated as follows:

$$SC = (N/TN) \times TRC$$

Where:

SC is the relevant Supplier Party's Cost Contribution in respect of that Quarter and the Recoverable Costs relating to the Theft Risk Assessment Service Arrangements;

N has the same meaning as in Clause 8.9;

TN has the same meaning as in Clause 8.9; and

TRC is the total amount of the Recoverable Costs relating to the Theft Risk Assessment Service Arrangements incurred, or otherwise accounted for, in that Quarter.

Recovery of Budgeted Costs

8.10 The Panel shall, in respect of each Party and as soon as reasonably practicable after the start of each Quarter:

8.10.1 calculate the Panel's best estimate (by reference to the Approved Budget) of that Party's Cost Contribution (together with VAT thereon, if applicable) in respect of that Quarter; and

8.10.2 arrange for an invoice or other statement, on such terms as the Panel may from time to time prescribe, for an amount equal to such estimate to be sent to that Party.

8.11 Each Party shall, on receipt of an invoice or other statement submitted under Clause 8.10, pay the amount requested of it in accordance with (and within the time period prescribed by) the terms referred to in Clause 8.10.

Annual Reconciliation of Costs

8.12 Within 40 Working Days following the end of each Financial Year, the Panel shall calculate each Party's actual Cost Contribution in respect of each Quarter of that Financial Year, and shall reconcile the actual amounts against the amounts paid (or payable) by that Party in accordance with Clause 8.11.

8.13 Where, in respect of a Financial Year and any Party, the aggregate amount paid in accordance with Clause 8.11:

8.13.1 is greater than the aggregate amount calculated in accordance with Clause 8.12, the Panel shall arrange for that Party to be reimbursed with the difference by means of either (at the Panel's discretion but so that each Party to be reimbursed in respect of a Financial Year is reimbursed by the same means):

(A) a cheque payment prior to the next invoice to be raised pursuant to Clause 8.10; or

(B) a credit against the next invoice to be raised pursuant to Clause 8.10; or

8.13.2 is less than the aggregate amount calculated in accordance with Clause 8.12, the Panel shall arrange for the difference to be added to the next invoice raised pursuant to Clause 8.10.

Interest

8.14 The Panel shall be entitled, without prejudice to any other right or remedy, to charge (and where charged, a Party shall pay) interest on any payment not duly made in accordance with Clause 8.11, calculated from day to day at a rate per annum equal to the Default Interest Rate from the day after the date on which payment was due up to and including the date of payment, together with an administration charge as notified by the Panel to the Parties from time to time.

Audit

8.15 The Panel shall arrange for the costs and expenses recovered under this Clause 8 to be audited by a firm of chartered accountants on an annual basis in order to verify that all such costs and expenses were Recoverable Costs provided for in an Approved Budget.

8.16 The Panel shall copy the auditor's report to all Parties within 15 Working Days of receipt.

SECTION 1C – CHANGE CONTROL

9. CHANGE CONTROL

- 9.1 The purpose of this Section 1C is to make provision for the terms and conditions of this Agreement to be varied.
- 9.2 No variation of this Agreement may be made or may have effect unless it is made in accordance with the provisions of this Section 1C.
- 9.3 For the purposes of this Section, all actual or potential provisions of this Agreement shall be deemed to have the status of either a Part 1 Matter or a Part 2 Matter.

Part 1 Matters

- 9.4 Any actual or potential provision of this Agreement shall be deemed to have the status of a **Part 1 Matter** to the extent that it satisfies one or more of the following criteria:
- 9.4.1 it is likely to have a significant impact on the interests of electricity consumers;
- 9.4.2 it is likely to have a significant impact on competition in one or more of:
- (A) the generation of electricity;
 - (B) the distribution of electricity;
 - (C) the supply of electricity; and
 - (D) any commercial activities connected with the generation, distribution or supply of electricity;
- 9.4.3 it is likely to discriminate in its effects between one Party (or class of Parties) and another Party (or class of Parties);
- 9.4.4 it is directly related to the safety or security of the Distribution Network; and

9.4.5 it concerns the governance or the change control arrangements applying to this Agreement; and

9.4.6 it has been raised by the Authority or a DNO/IDNO Party pursuant to Clause 10.2.5, and/or the Authority has made one or more directions in relation to it in accordance with Clause 11.9A.

Part 2 Matters

9.5 Any actual or potential provision of this Agreement which does not satisfy one or more of the criteria set out at Clause 9.4 shall be deemed to have the status of a **Part 2 Matter**.

Guidelines

9.6 The Panel shall produce such documents (if any) as it considers appropriate to provide guidance to the Parties in relation to the process set out in this Section 1C, and shall publish any such documents on the Website. Such documents shall be for guidance only and shall not affect the interpretation of this Agreement.

10. CHANGE PROPOSALS

10.1 Each variation of this Agreement must commence with a proposal made in accordance with the provisions of this Clause 10 (a **Change Proposal**).

Persons Entitled to Propose

10.2 A Change Proposal may be made by any of the following:

10.2.1 a Party;

10.2.2 the Consumer Body;

10.2.3 the National Electricity Transmission System Operator;

10.2.4 any person or body that may from time to time be designated in writing by the Authority for the purpose of this Clause 10.2 (which may include, in respect of a Charging Methodology, any person whose interests are materially affected by that Charging Methodology); and

10.2.5 the Authority or a DNO/IDNO Party acting at the direction of the Authority (in each case only in relation to amendments which the Authority reasonably considers are necessary to comply with or implement the Regulation on Cross-Border Exchanges in Electricity and/or any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators).

Form and Content of the Proposal

10.3 A Change Proposal must be submitted in writing by the person making the Proposal (the **Proposer**) to the Secretariat.

10.4 A Change Proposal must contain the following information:

10.4.1 the name of the Proposer;

- 10.4.2 the name and contact details of an employee or representative of the Proposer who will act as a principal point of contact in relation to the proposal;
 - 10.4.3 the date on which the proposal is submitted;
 - 10.4.4 a description in sufficient detail of the nature of the proposed variation to the Agreement and of its intended purpose and effect;
 - 10.4.5 a statement of the reasons why the Proposer believes that this Agreement would, if the proposed variation were made, better facilitate the achievement of the DCUSA Objectives than if that variation were not made;
 - 10.4.5A a statement of whether the Proposer believes that there would be a material impact on greenhouse gas emissions as a result of the proposed variation being made;
 - 10.4.6 a statement as to which parts of the Agreement the Proposer considers would require to be changed in order to give effect to the proposed variation or as a consequence of that variation;
 - 10.4.7 a statement of whether, in the opinion of the Proposer, the proposed variation relates to a Part 1 Matter or a Part 2 Matter;
 - 10.4.8 a statement of whether the Proposer considers, in the light of the criteria set out in Clause 10.7, that the Change Proposal should be treated as urgent and, if so, its reasons for so considering; and
 - 10.4.9 the date from which the Proposer recommends that the proposed variation should have effect; and
 - 10.4.10 in the case of variations proposed by DNO/IDNO Parties, confirmation as to whether it is raising the proposal in compliance with a direction of the Authority as envisaged by Clause 10.2.5.
- 10.5 The Panel may from time to time publish a standard form of Change Proposal to be used by a Proposer. Any such standard form must require the provision

by the Proposer of all of the information listed at Clause 10.4, but may also require it to provide such further information as the Panel may reasonably specify. The Panel shall ensure that the latest version of any standard form of Change Proposal is made available on the Website.

- 10.6 Where a standard form of Change Proposal has been published under Clause 10.5, a Proposer must submit its Change Proposal in accordance with that standard form.

Criteria for Urgent Change Proposals

- 10.7 A Change Proposal should be treated as urgent if it relates to a current or imminent issue that if not urgently addressed may cause:

10.7.1 significant adverse commercial impact upon the Parties (or a class of Party), electricity consumers and/or any other person;

10.7.2 significant adverse impact on the safety and security of the Distribution Network; or

10.7.3 one or more Parties to be in breach of the Relevant Instruments or other law.

Refusal by the Secretariat

- 10.8 The Secretariat may refuse to accept the submission of any Change Proposal that does not contain all of the information listed at Clause 10.4 or is not made in accordance with any standard form that has been published by the Panel.

- 10.9 Where the Secretariat refuses to accept the submission of a Change Proposal, it shall:

10.9.1 notify the Proposer of that refusal as soon as is reasonably practicable, specifying the reason for such refusal; and

10.9.2 notify the Panel of that refusal at the next Panel meeting.

- 10.10 Where the Panel is notified that the Secretariat has refused to accept the submission of a Change Proposal, it may decide to instruct the Secretariat to

accept the submission of that proposal, in which case the proposal shall be treated with effect from the time of the decision as if it had been referred to the Panel under Clause 10.11.

Initial Assessment

10.11 Except where the Secretariat refuses to accept the submission of a Change Proposal, it shall:

10.11.1 refer that proposal to the Panel;

10.11.2 (without altering the Change Proposal in any way and without undertaking any detailed evaluation of the Change Proposal) prepare an initial written assessment of the likely effect of the proposal for the assistance of the Panel; and

10.11.3 suggest a timetable to apply if the Panel chooses to place the proposal into the Assessment Process.

10.12 The Panel shall consider the Change Proposal and the accompanying documents referred to in Clause 10.11.2:

10.12.1 in respect of Change Proposals specified as urgent in accordance with Clause 10.4.8, within five Working Days of the proposal's submission;

10.12.2 in respect of all other Change Proposals, within 25 Working Days of the proposal's submission,

and, where necessary, the Panel Secretary shall convene a Panel meeting for such purpose. The Panel shall consider whether to accept or refuse the Change Proposal, and whether or not the Change Proposal should, in light of the criteria set out in Clause 10.7, properly be treated as urgent. Only Change Proposals that the Panel considers should be treated as urgent shall be treated as **Urgent Change Proposals**.

Refusal by the Panel

- 10.13 Subject to Clause 10.14A, the Panel may choose to refuse the referral of a Change Proposal by the Secretariat if that proposal has substantively the same effect as another Change Proposal which was submitted by a Proposer on an earlier date and:
- 10.13.1 which has been neither accepted nor rejected in accordance with the provisions of this Section 1C at the time of the Panel meeting; or
- 10.13.2 which was rejected in accordance with the provisions of this Section 1C on a date that falls within the period of two months that immediately precedes the date of the Panel meeting.
- 10.14 Subject to Clause 10.14A, the Panel may choose to refuse the referral of a Change Proposal by the Secretariat if in its opinion the content of the proposed variation of the Agreement is outside the scope of the Agreement as set out at Condition 22 (as supplemented by Condition 22A) of the Distribution Licences.
- 10.14A The Panel may not refuse a Change Proposal submitted pursuant to Clause 10.2.5.
- 10.15 Where the Panel refuses the referral of a Change Proposal, the Secretariat shall notify the Proposer of that refusal as soon as is reasonably practicable, and shall publish details of the Change Proposal in question and the Panel's reasons for such rejection on the Website.
- 10.16 Nothing in this Clause 10 shall prevent the Proposer of a Change Proposal that is refused by the Secretariat or by the Panel from submitting a subsequent Change Proposal in relation to the same subject matter, and any such subsequent proposal shall be treated for the purposes of this Clause 10 as a new Change Proposal.
- 10.17 Where a Change Proposal is referred to the Panel, and where the Panel has not refused to accept the referral of that proposal, the Panel shall ensure that the proposal is placed into the Assessment Process in accordance with Clause 11.

Referral to the Authority

- 10.18 If the Panel refuses to accept the referral of a Change Proposal pursuant to Clause 10.13 or 10.14, the Proposer may ask the Authority to direct the Panel to accept the referral of that proposal.
- 10.19 Such a request by a Proposer may only be made within 10 Working Days of the Proposer being notified by the Secretariat of the Panel's refusal to accept the referral of the Change Proposal.
- 10.20 Such a request by a Proposer must:
- 10.20.1 be made in writing;
 - 10.20.2 be accompanied by a copy of the Change Proposal;
 - 10.20.3 (in the case of a refusal under Clause 10.13) state the reasons why the Proposer believes that the Panel was wrong to conclude that the proposed variation has substantively the same effect as another proposal;
 - 10.20.4 (in the case of a refusal under Clause 10.14) state the reasons why the Proposer believes that the Panel was wrong to conclude that the content of the proposed variation was outside the scope of the Agreement; and
 - 10.20.5 be copied to the Panel and to the Secretariat.
- 10.21 If the Authority, within 10 Working Days of receiving a request by a Proposer (and after having consulted with any persons and had regard to any information that it thinks fit), directs the Panel to accept the referral of the Change Proposal, the Panel shall comply with that direction and ensure that the Change Proposal is placed into the Assessment Process in accordance with Clause 11.
- 10.22 In addition to the right of the Panel to refuse the referral of a Change Proposal under Clause 10.13 or 10.14, the Panel shall refuse the referral of a Change Proposal that it considers to fall within the scope of a Significant Code Review and that is submitted during the relevant Significant Code Review Phase, unless the Authority otherwise directs (including where the Authority

determines that the referral of the Change Proposal may be accepted, having taken into account (among other things) the urgency of the subject matter of the proposal).

10.23 Where a Change Proposal is submitted during a Significant Code Review Phase, the Panel shall:

10.23.1 unless the Authority gives notice otherwise, notify the Authority as soon as practicable of:

- (A) any representations received in relation to the relevance of the Significant Code Review to the proposal; and
- (B) the Panel's assessment of whether the proposal falls within the scope of the Significant Code Review and its reasons for that assessment; and

10.23.2 comply with any direction of the Authority stating that the Change Proposal should be treated as falling:

- (A) within the scope of the Significant Code Review, in which case the referral of the Change Proposal shall be rejected (or its progress suspended if its referral was previously accepted); or
- (B) outside the scope of the Significant Code Review, in which case the referral of the Change Proposal shall be accepted.

11. ASSESSMENT PROCESS

- 11.1 Where the Panel receives and accepts the referral of a Change Proposal in accordance with Clause 10, it shall ensure that the proposal is subjected to a process of assessment in accordance with this Clause 11 (the **Assessment Process**).

Notification of Parties

- 11.2 The Secretariat shall, as soon as is reasonably practicable after a Change Proposal is placed into the Assessment Process, send a copy both of that proposal and of its initial written assessment of the proposal to:
- 11.2.1 each Party;
 - 11.2.2 the Consumer Body;
 - 11.2.3 the National Electricity Transmission System Operator;
 - 11.2.4 any person or body which is designated in writing by the Authority for the purpose of Clause 10.2.4; and
 - 11.2.5 the Authority.

Determination of Procedure

- 11.3 At the Panel meeting at which the Panel receives and accepts the referral of a Change Proposal, it shall determine whether that proposal is to be subject to the Definition Procedure.
- 11.4 Where the Panel determines that a Change Proposal is to be subject to the Definition Procedure, that procedure shall first be completed before the proposal is submitted to the Secretariat for the purposes of the Report Phase.
- 11.5 In every other case, the proposal shall be submitted directly to the Secretariat for the purposes of the Report Phase.
- 11.6 The Panel shall not determine that a Change Proposal is to be subject to the Definition Procedure if in its opinion the proposal is:

11.6.1 insubstantial in nature, concerned solely with the technical legal drafting of this Agreement, or concerned solely with a variation to this Agreement that is obligatory under or by virtue of any legislation; and

11.6.2 unlikely to be the subject of significant controversy between the Parties.

11.7 The Panel shall otherwise, having regard in respect of a Change Proposal to:

11.7.1 the complexity, significance and urgency of that proposal; and

11.7.2 the degree of clarity as to the issues to which the proposal gives rise and the likely effects of the proposed variation of the Agreement,

consider whether in its opinion it would be appropriate for the proposal to be subject to the Definition Procedure and determine the matter accordingly.

Part 1/Part 2 Matters

11.8 At the same meeting at which the Panel determines whether a Change Proposal is to be subject to the Definition Procedure, it shall also determine whether in its opinion the proposal relates to a Part 1 Matter or a Part 2 Matter (taking into account the Proposer's opinion provided pursuant to Clause 10.4.7).

11.9 A Change Proposal shall be treated as relating to a Part 1 Matter or a Part 2 Matter in accordance with the determination of the Panel for all the purposes of this Section 1C, unless and until the Authority determines to the contrary under Clause 11.21 or Clause 13.22.

11.9A Where the Authority reasonably considers that the Change Proposal is necessary to comply with or implement the Regulation on Cross-Border Exchanges in Electricity and/or any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators, the Authority may by direction specify and/or amend:

11.9A.1 the timetable to apply to each stage of the Assessment Process for the Change Proposal; and/or

11.9A.2 the date from which the variation envisaged by the Change Proposal is to take effect.

Timetable

11.10 Unless a timetable has already been established by the Authority in accordance with Clause 11.9A, at the same meeting at which the Panel determines whether a Change Proposal is to be subject to the Definition Procedure, it shall also, having regard to the complexity, significance and urgency of that proposal, determine a timetable for the completion of each stage of the Assessment Process. For the avoidance of doubt, the Panel shall not make any determinations regarding the proposed implementation date at this stage.

11.11 The overall timetable originally established for an Assessment Process in accordance with Clause 11.10 may not exceed 60 Working Days. Where a Change Proposal is an Urgent Change Proposal, the Authority may, either on the application of a Party or of its own volition, direct that an alternative timetable applies in place of that set by the Panel.

11.12 Save in the case of a timetable established by the Authority in accordance with Clause 11.9A, the Panel may agree to vary the timetable at any subsequent meeting, having regard to any information about the complexity and significance of the Change Proposal that has been revealed by the Assessment Process prior to the date of that meeting. The overall timetable for an Assessment Process may, where the Panel so determines, be extended beyond the original limit of 60 Working Days by successive periods of up to 40 Working Days. The Authority may, either on the application of a Party or of its own volition, veto any such extension, in which case the timetable will remain as it was immediately before the extension in question.

11.13 The Panel, the Secretariat and any Working Group shall each:

11.13.1 in the case of a timetable determined in accordance with Clause 11.9A, complete the respective tasks assigned to them under the Assessment Process within that timetable; or

11.13.2 in the case of a timetable determined in accordance with Clauses 11.10 and 11.12 (inclusive), use their best endeavours to complete the respective tasks assigned to them under the Assessment Process within that timetable.

Definition Procedure

11.14 The Panel may establish, in respect of a Change Proposal, a Working Group for the purpose of undertaking the activities (the **Definition Procedure**) of:

11.14.1 consulting with the Parties, and (where appropriate) with any interested third parties, on the proposal, which third parties shall include, in respect of proposals to vary one or more of the Charging Methodologies, any person whose interests the Working Group identifies as being materially affected by a Charging Methodology (which consultation shall, where appropriate, be by way of consultation with bodies who represent the interests of such third parties);

11.14.2 considering and clarifying the likely effects of the proposed variation to the Agreement, and indicating which Party Categories it considers will be affected by the proposed variation;

11.14.3 evaluating, developing and refining the proposed variation to the Agreement (and, in undertaking such evaluation in respect of a Change Proposal to vary one or more of the Charging Methodologies (but not the CCCM), the Working Group shall have regard to the ability of the Authority to veto any Change Proposal that appears to the Authority to have as its purpose or effect the full or substantial substitution of one Charging Methodology for another);

11.14.4 evaluating the likely impact of the proposed date for implementation of the variation, and where it considers appropriate amending this date , subject to the following:

(A) an implementation date specified by the Authority in accordance with Clause 11.9A.2 may not be amended;

- (B) (subject to (A) above) the implementation date should be the date that enables the proposed variation to take effect as soon as practicable after the decision to implement has been reached, taking into account the complexity, importance and urgency of the variation; and,
- (C) in undertaking such evaluation in respect of a Change Proposal to vary one or more of the Charging Methodologies, the Working Group shall have regard to the obligations of DNO Parties under this Agreement, and under their Distribution Licences, regarding the frequency of changes to Use of System Charges, and regarding the notice to be given in advance of such changes

11.14.5 considering whether, if the proposed variation were made, the Agreement would better facilitate the achievement of the DCUSA Objectives than if that variation were not made: and

11.14.6 considering whether it is likely that there would be a material impact on greenhouse gas emissions as a result of the proposed variation being made, and (if so) assessing such impact (which assessment shall be conducted in accordance with any guidance on the treatment of carbon costs and evaluation of greenhouse gas emissions issued by the Authority from time to time).

11.15 A Working Group established for the purposes of the Definition Procedure shall comprise:

11.15.1 at least five individuals who each have relevant experience and expertise in relation to the subject matter of the Change Proposal and whose backgrounds are broadly representative of the persons likely to be affected by the proposed variation to the Agreement; and

11.15.2 where the Proposer nominates such a person, one person nominated by the Proposer.

- 11.16 The Secretariat shall be invited to, and shall attend, meetings of the Working Group for the purposes of providing support to the group and facilitating the fulfilment of its duties in the Report Phase.
- 11.17 A Working Group established for the purposes of the Definition Procedure shall:
- 11.17.1 publish on the Website, and bring to the Parties' attention, a final consultation draft of the Change Proposal, including in particular the text of the proposed variation, the proposed implementation date and the Party Categories that it considers will be affected by the variation;
 - 11.17.2 publish on the Website all consultation responses received and not marked as confidential; and
 - 11.17.3 in accordance with the applicable timetable (but not less than five Working Days, and not more than 20 Working Days, after publication of such consultation draft), prepare, having regard to any consultation responses received, instructions to the Secretariat on the content of the Change Report.
- 11.18 Where any person serving on the Working Group objects to any aspect of the final consultation draft referred to in Clause 11.17, that person may require the Working Group to include in the final consultation draft such alternative to any aspect of the final consultation draft as he may specify, so as to allow the Parties to comment on those alternatives.

Report Phase

- 11.19 The Secretariat shall, in respect of any Change Proposal submitted to it by the Panel, prepare a written report (the **Change Report**) on the proposal (the **Report Phase**). Where the Definition Procedure has been followed, the Secretariat shall prepare the Change Report in accordance with the instructions of the relevant Working Group.
- 11.20 The Change Report shall:

11.20.1 be addressed and delivered to the Panel;

11.20.2 specify which Party Categories should (in the opinion of the Secretariat or, where the proposal was subject to the Definition Procedure, the Working Group) be eligible to vote on the Change Proposal;

11.20.3 set out the proposed variation to the Agreement;

11.20.4 specify the likely effects of the proposed variation were they to be implemented;

11.20.5 state the proposed date for implementation;

11.20.5A in any case in which the proposal was not subject to the Definition Procedure prior to the Report Phase, include the Proposer's statements of: (A) the detailed reasons why the Proposer believes that this Agreement would, if the proposed variation was made, better facilitate the achievement of the DCUSA Objectives than if the variation was not made; and (B) whether the Proposer believes that there would be a material impact on greenhouse gas emissions as a result of the proposed variation being made; and

11.20.6 in any case in which the proposal was subject to the Definition Procedure prior to the Report Phase, provide a detailed summary of:

- (A) the views of the Working Group as to whether, if the proposed variation were made, the Agreement would better facilitate the achievement of the DCUSA Objectives than if that variation were not made;
- (B) any responses received to the consultation process conducted by the Working Group under the Definition Procedure and not marked as confidential, together with a statement of the location on the Website at which such responses can be found;
- (C) why the Working Group considers that the proposed variation better facilitates the achievement of the DCUSA Objectives than

any alternative variation put forward in accordance with Clause 11.18 or by a respondent to the consultation; and

- (D) whether the Working Group considers it is likely that there would be a material impact on greenhouse gas emissions as a result of the proposed variation (or any of the alternative variations referred to in Clause 11.20.6(C)) being made, and (if so) the Working Group's assessment of such impact (in accordance with any guidance on the treatment of carbon costs and evaluation of greenhouse gas emissions issued by the Authority from time to time).

11.21 At any time prior to the Change Report being approved for submission to the Voting Procedure in accordance with Clause 11.22, the Authority may decide, having regard to any determination made by the Panel under Clause 11.8, that in its opinion the Change Proposal relates to a Part 1 Matter or a Part 2 Matter, in which case:

11.21.1 the Authority shall inform the Panel and the Secretariat of its opinion;

11.21.2 the Secretariat shall ensure that a statement of the Authority's opinion is included in the Change Report;

11.21.3 the Authority's opinion shall prevail over any contrary determination of the Panel under Clause 11.8, and the proposal shall be treated as relating to a Part 1 Matter or a Part 2 Matter in accordance with that opinion for all the purposes of this Section 1C; and

11.21.4 the Authority's opinion shall be without prejudice to its right subsequently to make a determination contrary to that opinion under Clause 13.22, and any such determination, when made, shall prevail over any earlier opinion of the Authority.

11.22 Following receipt of a Change Report, the Panel shall either:

11.22.1 where the Panel considers that additional work or significant amendment of the Change Report is required, send it back to the

Working Group (or, where the Change Proposal was not subject to the Definition Procedure, form a new Working Group) to consider the Change Report; or

11.22.2as soon as reasonably practicable following receipt of the Change Report (but, unless otherwise exempted by the Authority, not earlier than 7 days after the Change Report was provided to the Authority), subject to Clause 11.24, ensure that the Change Proposal is submitted to the Voting Procedure in accordance with Clause 12.

11.23 The Panel may, prior to submitting a Change Report to the Voting Procedure, and having had regard to the consultation responses received, direct the Secretariat to amend the Change Report in one or more of the following ways:

11.23.1to alter the Party Categories who will be eligible to vote on the proposal;

11.23.2to alter the proposed date for the implementation of the proposal (provided that the Panel may not amend an implementation date specified by the Authority in accordance with Clause 11.9A.2);

11.23.3to add (in addition to the variation proposed) up to two of the alternative variations referred to in Clause 11.20.6(C); and

11.23.4to clarify or correct typographical errors in the Change Report or make other amendments which do not alter the substance of the Change Report,

but where one of the alternative variations referred to in Clause 11.20.6(C) is a variation that was submitted by the Proposer, the Panel must use its power under Clause 11.23.3 to direct the Secretariat to add that variation to the Change Report, whether or not it also directs that a second alternative variation shall be added.

11.24 Where the Change Report is amended in accordance with Clause 11.23.3, unless the Panel considers it necessary to modify the applicable Voting Procedure in some other manner, the Voting Procedure applying to such a

Change Report will be modified so that the Parties can vote either to reject all of the proposed variations or to accept one of the proposed variations and reject the others.

The Change Register

- 11.25 The Secretariat shall establish and maintain a register (the **Change Register**) for the purpose of assisting the Panel in the operation of the Assessment Process and ensuring that the Parties and any interested third parties may be informed as to the progress of Change Proposals.
- 11.26 The Change Register shall contain, in respect of each Change Proposal that is in the Assessment Process:
- 11.26.1 details of the proposal (including the name of the Proposer, the date of the proposal and a short summary of its intended purpose and effect);
 - 11.26.2 whether the proposal relates to a Part 1 Matter or a Part 2 Matter;
 - 11.26.3 whether the proposal is an Urgent Change Proposal;
 - 11.26.4 the timetable for the completion of each stage of the Assessment Process;
 - 11.26.5 the current level of progress of the proposal within the Assessment Process; and
 - 11.26.6 such other matters relating to the proposal as the Panel may from time to time direct the Secretariat to include in the Change Register.
- 11.27 The Secretariat shall ensure that the Change Register is updated at regular intervals so that the information it contains in relation to each Change Proposal that is in the Assessment Process is, so far as is reasonably practicable, accurate and up-to-date.
- 11.28 The Secretariat shall ensure that the Change Register is made available on the Website. The Secretariat shall send a copy of the Change Register to the Authority on the first Working Day of each month.

Withdrawal by Proposer

11.29 The Proposer may withdraw his support for a Change Proposal on notice to the Secretariat at any time; provided that, where the Proposer raised the Change Proposal pursuant to Clause 10.2.5, the Proposer may not withdraw such support unless it also provides evidence that the Authority has given its consent to such withdrawal.

11.30 As soon as is reasonably practicable after receiving any such notice, the Secretariat shall notify the Parties that the Proposer has withdrawn his support and shall update the Change Register accordingly.

11.31 Where, within 10 Working Days of the Secretariat sending notice under Clause 11.29, the Secretariat receives notice from a Party that it is prepared to support the Change Proposal, that Party shall:

11.31.1 become the Proposer for the Change Proposal (and the Secretariat shall amend the Change Register accordingly); and

11.31.2 where the original Proposer has already nominated a person to serve on the relevant Working Group in accordance with Clause 11.15.2, be entitled to nominate a person to serve on the Working Group in place of the person so nominated.

11.32 Unless the Secretariat receives a notice under Clause 11.31, a Change Proposal withdrawn in accordance with Clause 11.29 shall cease to be subject to the Assessment Process and any Working Group established in respect of it shall be dissolved.

12. VOTING

- 12.1 The purpose of this Clause 12 is to make provision for the Parties to vote as to whether any Change Proposal should be accepted or rejected (the **Voting Procedure**).
- 12.2 Each Change Proposal shall be put to a vote of the Parties in accordance with the Voting Procedure.

Groups – DNO Parties

- 12.3 The IDNO/OTSO Parties, the Supplier Parties, the DG Parties and the Gas Supplier Parties shall cast their votes on a corporate group basis, so that all of the Parties in each such Party Category that fall within a single Group shall collectively have only one vote. The DNO Parties shall cast their votes individually, so that each such Party has one vote. References in this Clause 12 and in Clause 13 to a “Group” shall, therefore, in the case of DNO Parties only, be taken as references to a “Party”.

The Voting Procedure

- 12.4 The Panel shall procure the design, establishment and maintenance of a system by which:
- 12.4.1 the Change Report on each Change Proposal is sent to all Parties, specifying the time period within which votes must be cast;
 - 12.4.2 each Group within each Party Category that is eligible to vote may cast one (and not more than one) vote on each of the questions comprising each vote (whether to accept or reject the proposed variation and whether to accept or reject the proposed implementation date);
 - 12.4.3 each Group that votes is given the opportunity (but is not obliged) to comment on the reasons for its vote;
 - 12.4.4 the vote of each Group is cast by means of a standard form;

12.4.5 the vote of each Group is cast in such a way as to permit its authentication as the valid and properly authorised vote of that Group;

12.4.6 the vote of each Group may be transmitted in such a manner as (so far as is reasonably practicable) ensures that it is secure and will not be interfered with; and

12.4.7 the votes of all of the Groups are received and collated for the purposes of Clause 13.

12.5 The Panel shall ensure that all Parties are informed of the means by which they may have access to and use the system established under Clause 12.4 for the purposes of the Voting Procedure, and of any changes made to that system from time to time which are likely to affect the way in which it may be accessed and used.

The Vote

12.6 In respect of each Change Proposal and the Change Report relating to that proposal, the Groups within the Party Categories specified in that Change Report as eligible to vote shall be entitled to cast a vote to accept or to reject either or both of:

12.6.1 the proposed variation set out in that proposal; and

12.6.2 the proposed implementation date set out in that proposal,

by means of the system established under Clause 12.4.

12.7 Each Group which casts a vote on whether to accept or reject the proposed variation in respect of a Change Proposal shall:

12.7.1 vote on the basis of its judgment, made by it in good faith, as to whether or not, if the proposed variation were made, this Agreement would better facilitate the achievement of the DCUSA Objectives than if that variation were not made; and

12.7.2 where it wishes to do so, provide a statement in accordance with the system established under Clause 12.4 of the reasons, by reference to the DCUSA Objectives, for its vote.

Weighted Votes

12.8 The vote of each Group shall be allocated a weighting expressed as a percentage of the votes of all of the Groups within the same Party Category who voted (the **Weighted Vote**), which weighting shall be calculated in accordance with the provisions of Clauses 12.9 to 12.16.

12.9 In the case of:

12.9.1 the Party Category comprising the IDNO/OTSO Parties;

12.9.2 the Party Category comprising the Gas Supplier Parties; or

12.9.3 any other Party Category where five or fewer Groups in that Party Category cast their vote,

each Group in the Party Category shall have an equal Weighted Vote, calculated by dividing 100% by the number of Groups within that Party Category who cast their vote.

12.10 Except where Clause 12.9 applies, the Weighted Vote of each Group shall be calculated as follows:

$$WV = V + SVA$$

where:

WV is the Weighted Vote;

V is an initial allocation of a weighting to the vote of that Group (the Basic Vote), calculated in accordance with Clause 12.11; and

SVA is an adjustment factor (expressed as a percentage), designed to re-allocate between the Parties in a Party Category the Basic Vote of any Party in

that category that is greater than 20% (the Surplus Vote Adjustment), and calculated in accordance with Clause 12.13.

Basic Vote

12.11 For the purposes of Clause 12.10, the Basic Vote (V) shall be calculated as follows:

$$V = \frac{N}{TN} \times 100\%$$

where:

N is (subject to Clause 12.12):

in respect of a Group comprised of DNO Parties, the aggregate number of Metering Points which each such DNO Party has on its MPAS Registration System;

in respect of a Group comprised of Supplier Parties, the aggregate number of Metering Points against which those Suppliers are registered across all of the MPAS Registration Systems; and

in respect of a Group comprised of DG Parties, the sum of the Maximum Export Capacities of all of the Entry Points relating to Metering Systems for which those DG Parties are Registered; and

TN is, in respect of any Group, the sum of the values of N for all the Groups within the same Party Category as that Group which cast a vote.

12.12 In undertaking the calculations provided for in Clause 12.11, the Secretariat shall rely upon:

12.12.1 in the case of Clauses 12.11(a) and (b) the information regarding registrations last provided under clause 27.6 of the MRA and made available to the Secretariat prior to the vote in question; and

12.12.2 in the case of Clause 12.11(c), the Party Details as set out in Schedule 11 on the date of the vote in question.

Surplus Vote Adjustment

12.13 For the purposes of Clause 12.10, the Surplus Vote Adjustment (**SVA**) shall:

12.13.1 in respect of a Party Category within which the Basic Vote of any Group is greater than 20%:

- (A) for that Group, have a negative value equal to the sum by which its Basic Vote is greater than 20% (the Surplus Vote); and
- (B) for each other Group within the same Party Category who casts a vote, be calculated in accordance with Clause 12.14; and

12.13.2 in respect of each Group in any other Party Category, have the value of zero.

12.14 In respect of each Group to which Clause 12.13.1(B) refers, the Surplus Vote Adjustment (**SVA**) shall have a positive value calculated as follows:

$$SVA = SV \times \frac{N}{XN}$$

where:

SV is the sum of the values of the Surplus Votes of any Groups in the same Party Category as that Group;

N has the same meaning for that Group as it does in Clause 12.11; and

XN is the sum of the values of N for all the Groups in the same Party Category as that Party which cast a vote, excepting those with a Surplus Vote.

Further Adjustment

12.15 Where, on applying the formula at Clause 12.14 in respect of any Group, the Weighted Vote of that Group is greater than 20%:

12.15.1 the Weighted Vote of that Group shall be 20%;

12.15.2 the amount by which the Weighted Vote of that Group would otherwise have exceeded 20% shall be allocated between the other Groups within the same Party Category which cast a vote and which have Weighted Votes of less than 20%;

12.15.3 that amount shall be allocated between those other Groups on the same basis as a Surplus Vote allocated in accordance with Clause 12.14; and

12.15.4 the Weighted Votes of those other Groups shall be increased accordingly.

12.16 Where the effect of any adjustment in accordance with Clause 12.15 is to increase the Weighted Vote of any Group so that it is greater than 20%, a process of adjustment equivalent to that set out in Clause 12.15 shall be repeated until no Group's Weighted Vote is greater than 20%.

If no Group in a Party Category Votes

12.17 Where, in respect of a Change Proposal and a Party Category that is specified in the relevant Change Report as being eligible to vote, no Group in that Party Category casts a vote, such Party Category shall, for the purposes of Clause 13, be treated as if it were not eligible to vote.

13. THE CHANGE DECISION

- 13.1 The purpose of this Clause 13 is to determine whether or not a Change Proposal is to be accepted and the proposed variation to this Agreement made accordingly. The process shall be applied independently to the vote concerning the proposed variation and to the vote concerning the proposed implementation date, to determine in each case whether the proposal is accepted or rejected.
- 13.2 In the case of a Change Proposal that relates to a Part 1 Matter a vote by the Parties to accept or reject that proposal shall have the status of a recommendation to the Authority to determine that the proposal is to be accepted or rejected, and shall not by itself have the effect of an acceptance or rejection of the proposal.
- 13.3 In the case of a Change Proposal which relates to a Part 2 Matter, a vote which meets the criteria set out in this Clause 13 shall be effective to determine the acceptance or the rejection of the proposal.

Declaration by the Secretariat

- 13.4 The Secretariat shall be responsible, in respect of each Change Proposal, for:
- 13.4.1 monitoring the votes which are received and collated in accordance with Clause 12.4;
 - 13.4.2 calculating whether the votes, having regard to the Weighted Vote allocated to each Group, are sufficient to meet the thresholds set out in Clauses 13.5 and 13.6;
 - 13.4.3 having made those calculations, declaring whether:
 - (A) in the case of a Change Proposal that relates to a Part 1 Matter, the Parties are deemed to have recommended to the Authority that the proposal should be accepted or rejected; and
 - (B) in the case of a Change Proposal that relates to a Part 2 Matter, the proposal is accepted or rejected; and

13.4.4 publishing, on the Website, which Groups voted and how each such Group voted.

Part 1 Matters

13.5 Where a Change Proposal relates to a Part 1 Matter, the Parties shall:

13.5.1 be deemed to recommend to the Authority that the proposal should be accepted where, in respect of each Party Category that was eligible to vote, the sum of the Weighted Votes of the Groups in that Party Category which voted to accept the proposal is more than 50%; and

13.5.2 in all other cases, be deemed to recommend to the Authority that the proposal should be rejected.

Part 2 Matters

13.6 Where a Change Proposal relates to a Part 2 Matter, that proposal shall be accepted where, in respect of each Party Category that was eligible to vote:

13.6.1 the number of Groups in that Party Category which voted to accept the proposal is greater than 65% of the total number of Groups in that Party Category which voted; and

13.6.2 the sum of the Weighted Votes of those Groups in that Party Category which voted to accept the proposal is greater than 65%.

13.7 In all other cases a Change Proposal which relates to a Part 2 Matter shall be rejected. Notwithstanding such rejection, where:

13.7.1 the tests under Clauses 13.6.1 and 13.6.2 are satisfied in respect of all the Party Categories that were eligible to vote and that comprise 3 or more Groups; and

13.7.2 such rejection occurred only because either or both of the tests under Clauses 13.6.1 and 13.6.2 were not satisfied in respect of one or more Party Categories that comprise fewer than 3 Groups,

then, the Change Proposal shall be deemed to relate to a Part 1 Matter and the Parties shall be deemed to recommend to the Authority that the proposal should be rejected.

Notice by the Secretariat

13.8 The Secretariat shall, as soon as is reasonably practicable after making a declaration under Clause 13.4.3, give notice of that declaration to:

13.8.1 each Party;

13.8.2 the Consumer Body;

13.8.3 the National Electricity Transmission System Operator;

13.8.4 any person or body that is designated in writing by the Authority for the purpose of Clause 10.2.4; and

13.8.5 the Authority,

and shall ensure that the Change Register is updated so as to indicate the declaration made in relation to the Change Proposal.

The Change Decision – Part 1 Matters

13.9 Where the Authority receives notice from the Secretariat of a declaration made under Clause 13.4.3 in respect of a Change Proposal relating to a Part 1 Matter, the Authority shall determine whether that proposal shall be accepted or rejected having regard to:

13.9.1 its principal objective and statutory duties under sections 3A to 3D of the Act; and

13.9.2 whether in its opinion the proposed variation, if it were made, would better facilitate the achievement of the DCUSA Objectives than if that variation were not made.

13.10 In making a determination under Clause 13.9, the Authority:

13.10.1 may follow such procedure as it considers appropriate;

13.10.2 may have regard to such matters, and to any representations by such Parties, as it considers appropriate; and

13.10.3 shall in any event have regard to the recommendation made by the Parties by virtue of the Voting Procedure.

13.11 Where the Authority is to make a determination under Clause 13.9, the Secretariat shall provide the Authority with a copy of the relevant Change Report (with the notice referred to in Clause 13.8 attached) and shall, at the Authority's request, provide any other existing documents or information in respect of the Change Proposal in question.

13.11A Where the Authority determines that it cannot properly form an opinion on whether to accept or reject a Change Proposal, the Authority may direct the Panel to revise and resubmit the Change Report, in which case:

13.11A.1 the vote under Clause 12 in respect of such Change Proposal shall be null and void;

13.11A.2 the Panel shall give effect to any direction of the Authority as to how the Change Proposal should be treated, including where necessary sending the Change Proposal back to the relevant Working Group (or establishing a Working Group) to further consider the Change Proposal and any matters identified by the Authority in such direction;

13.11A.3 once the Panel is satisfied that the issues identified by the Authority have been addressed, the Panel shall resubmit the Change Proposal to the Voting Procedure.

13.12 Where the Authority, acting in accordance with Clauses 13.9 and 13.10, determines that a Change Proposal shall be accepted or rejected, it shall direct the DNO Parties and IDNO Parties accordingly and that proposal shall be so accepted or rejected for the purposes of this Clause 13.

13.13 Any direction as referred to in Clause 13.12 will be effectively given if communicated by the Authority to the Panel (which may be care of the Secretariat). Where any such direction or notification is, nevertheless, communicated to the DNO Parties and IDNO Parties, those Parties shall, as soon as practicable following receipt of such direction or notification, forward a copy to the Panel (care of the Secretariat).

13.14 The Secretariat shall, as soon as is reasonably practicable after the receipt, pursuant to Clause 13.13, by the Panel of a determination by the Authority, as referred to in Clause 13.12), notify the following persons whether the Change Proposal has been accepted or rejected:

13.14.1 each Party;

13.14.2 the Consumer Body;

13.14.3 the National Electricity Transmission System Operator; and

13.14.4 any person or body that is designated in writing by the Authority for the purpose of Clause 10.2.4,

and shall ensure that the Change Register is updated so as to indicate the determination made in relation to the Change Proposal.

13.15 Where any Change Proposal that relates to a Part 1 Matter is accepted by virtue of Clause 13.12, the Panel shall ensure that the proposal is subject to Implementation in accordance with Clause 14.

The Change Decision – Part 2 Matters

13.16 The Panel shall, in the case of any Change Proposal that relates to a Part 2 Matter and that is accepted in accordance with Clause 13.6, ensure that the proposal is subject to Implementation in accordance with Clause 14.

Appeal of Part 2 Decisions

13.17 Any of the following persons who are aggrieved by the acceptance or rejection of a Change Proposal by virtue of Clause 13.6 or Clause 13.7 may appeal such acceptance or rejection to the Authority. Those persons are:

13.17.1a Party;

13.17.2the Consumer Body;

13.17.3the National Electricity Transmission System Operator; and

13.17.4any person or body that is designated in writing by the Authority for the purposes of Clause 10.2.4.

13.18 Such appeal may only be made within 10 Working Days after the Secretariat notifies the aggrieved Party of the acceptance or rejection of the proposal in accordance with Clause 13.8. Such appeal must:

13.18.1be made in writing;

13.18.2state why the Party believes (having regard to the criteria set out in Clause 13.20) that the acceptance or rejection of the Change Proposal by virtue of Clause 13.6 or 13.7 should be quashed; and

13.18.3be copied to the Secretariat and to the Panel.

13.19 Where an appeal is validly made in accordance with Clauses 13.17 and 13.18, and such appeal is in respect of an accepted Change Proposal, then such acceptance shall be suspended pending the Authority's decision pursuant to Clause 13.20 and (if applicable) Clause 13.21.

13.20 If the Authority, following receipt of valid appeal under Clause 13.17 (and after having consulted with any persons and had regard to any information that it thinks fit), determines that:

13.20.1the person making the appeal is likely to be unfairly prejudiced by the acceptance or rejection of the Change Proposal; or

13.20.2 where the Change Proposal was accepted, such acceptance may not better facilitate the achievement of at least one of the DCUSA Objectives than if it was rejected; or

13.20.3 where the Change Proposal was rejected, acceptance of the Change Proposal may have better facilitated the achievement of at least one of the DCUSA Objectives,

and that the appeal is not brought for reasons that are trivial or vexatious, and nor does the appeal have no reasonable prospect of success, then Clause 13.21 shall apply. Where the Authority determines that the requirements of this Clause 13.20 are not met, then any suspension of an accepted Change Proposal pursuant to Clause 13.19 shall cease, and Clause 14 shall apply.

13.21 Where this Clause 13.21 applies in respect of a Change Proposal in accordance with Clause 13.20 (but not otherwise), then:

13.21.1 the Panel shall give effect to any interim direction of the Authority pending the decision of the Authority for the purposes of Clause 13.21.2, which interim direction may include a direction to implement the Change Proposal pending such decision of the Authority; and

13.21.2 the Authority may (having regard to the matters at Clauses 13.9 and 13.10 as if the Change Proposal related to a Part 1 Matter) determine that:

- (A) the appeal is dismissed, in which case the acceptance or rejection of the Change Proposal in accordance with Clause 13.6 or 13.7 shall stand (and any suspension of an accepted Change Proposal pursuant to Clause 13.19 shall cease); or
- (B) the appeal is successful, in which case the Authority may determine that:
 - (i) the acceptance under Clause 13.6 shall be quashed (and the Change Proposal deemed rejected) or the rejection

under Clause 13.7 shall be quashed (and the Change Proposal deemed accepted); or

- (B) the Change Proposal shall be sent back to the Panel for reconsideration, and once the Panel is satisfied that the issues identified by the Authority have been addressed, the Panel shall resubmit the Change Proposal to the Voting Procedure.

13.22 Where the Authority's decision for the purposes of Clause 13.21.2(B)(i) quashes the acceptance or rejection of a Change Proposal under Clause 13.6 or 13.7, then the Change Proposal shall be treated as if it related to a Part 1 Matter. Accordingly, the vote shall be reassessed in accordance with Clause 13.5 to determine the Parties recommendation to the Authority, and the decision for the purposes of Clause 13.21.2(B)(i) shall be treated as a direction under Clause 13.12.

14. IMPLEMENTATION

- 14.1 The purpose of this Clause 14 is to provide that, where a Change Proposal has been accepted in accordance with Clause 13, the Panel shall make arrangements by which this Agreement will be varied in accordance with the variation so accepted (**Implementation**).

Implementation Date

- 14.2 Where, in respect of any Change Proposal, the proposed variation to this Agreement is accepted in accordance with Clause 13 but the proposed implementation date is rejected:
- 14.2.1 the Change Proposal will be re-submitted to the Assessment Process and Voting Procedure but so that only the newly proposed implementation date (and not the proposed variation to the Agreement) is assessed and voted upon; and
 - 14.2.2 the provisions of this Clause 14 shall not apply to the Change Proposal until the proposed implementation date is also accepted in accordance with Clause 13.
- 14.3 Where, in respect of any Change Proposal, the proposed variation to this Agreement is rejected in accordance with Clause 13 but the proposed implementation date is accepted, the Change Proposal as a whole shall be deemed to have been rejected in accordance with Clause 13.

Implementation

- 14.4 The Panel shall, at the next Panel meeting after a Change Proposal has been accepted:
- 14.4.1 determine what actions are required in order to ensure that the accepted variation may be made by the accepted implementation date; and
 - 14.4.2 set a timetable for the completion of each of those actions which is required to ensure that the accepted variation may be made by the accepted implementation date.

- 14.5 It shall be the duty of the Panel to ensure that actions which are required to secure that an accepted variation may be made by the accepted implementation date are taken so as to secure that the variation is made by that date.
- 14.6 It shall be the duty of each Party to co-operate with the Panel to the extent required to ensure that such variation may be made by such date.

Subsequent Amendment to Implementation Date

- 14.7 Where, having regard to representations received from the Secretariat or from any Party, the Panel considers that it is not reasonably practicable to vary this Agreement by the relevant implementation date:
- 14.7.1 the Panel may request the Authority to direct that a new later implementation date be substituted for the first such date; and
- 14.7.2 where the Authority makes such a direction following a request by the Panel, the implementation date directed by the Authority shall have effect in substitution for the first such date, and the duties of the Panel and of each Party under this Clause 14 shall be defined by relation to that later date.
- 14.8 Where, having received representations from any Party as to the appropriateness of the relevant implementation date, the Authority (having first consulted with the Panel) considers that the implementation date should be amended so as to be either a later or an earlier date:
- 14.8.1 the Authority may direct that a new implementation date be substituted for the first such date; and
- 14.8.2 where the Authority makes such a direction following representations from any Party, the implementation date directed by the Authority shall have effect in substitution for the first such date, and the duties of the Panel and of each Party under this Clause 14 shall be defined by relation to the date so directed.

14.9 Without prejudice to Clause 14.8, where the Authority reasonably considers that the Change Proposal is necessary to comply with or implement the Regulation on Cross-Border Exchanges in Electricity and/or any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators, then:

- (a) the Authority may direct that a new implementation date be substituted for the first such date; and
- (b) where the Authority makes such a direction, the implementation date directed by the Authority shall have effect in substitution for the first such date, and the duties of the Panel and of each Party under this Clause 14 shall be defined by relation to the date so directed.

SECTION 2 COMMERCIAL ARRANGEMENTS

SECTION 2A – DISTRIBUTOR TO SUPPLIER/GENERATOR RELATIONSHIPS

SCOPE OF SECTION 2A

This Section 2A and the Schedules referred to in it set out the terms and conditions under which a DNO Party or an IDNO Party shall provide Use of Distribution System to a Supplier Party or a DG Party.

15. INTERPRETATION OF SECTION 2A

Party Obligations

- 15.1 In this Section 2A, in the Schedules when applied pursuant to this Section 2A, and in the terms defined in Clause 1 when used in this Section 2A or those Schedules, a reference to a **Company** is a reference to each Party that is either a DNO Party or an IDNO Party separately and individually and, where an obligation is imposed on, or a right granted to, a Company, that obligation is imposed on, and that right is granted to, each such Party separately and independently.
- 15.2 In this Section 2A, in the Schedules when applied pursuant to this Section 2A, and in the terms defined in Clause 1 when used in this Section 2A or those Schedules, a reference to a **User** is:
- 15.2.1 a reference to each Party that is either, or both of, a Supplier Party or a DG Party separately and individually and, where an obligation is imposed on, or a right is granted to, a User, that obligation is imposed on, and that right is granted to, each such Party separately and independently; and
- 15.2.2 when made in relation to a Company and any period of time, a reference to each User (separately, individually and to the relevant extent) who is (or was), during that period, Registered in respect of a Metering Point or Metering System relating to an Entry Point or an Exit Point on that Company's Distribution System (provided that, in the case of Clauses 15, 16, 17 and 24, it shall include those Users who are taking steps to be so Registered, and that, in the case of Clauses 15, 24, 34 and 35, it shall include those Users who were once so Registered).
- 15.3 This Section 2A, and the Schedules when applied pursuant to it, shall:
- 15.3.1 only create rights and obligations between DNO/IDNO Parties (on the one hand) and Supplier Parties/DG Parties (on the other), and shall not

create rights or obligations between DNO/IDNO Parties and other DNO/IDNO Parties or between Supplier/DG Parties and other Supplier/DG Parties;

15.3.2 not apply to the OTSO Party;

15.3.3 only create obligations between a Company and a User to the extent that, and in relation to those periods for which, that User is (or was) or is seeking to be Registered in respect of a Metering Point or Metering System relating to an Entry Point or an Exit Point on that Company's Distribution System; and

15.3.4 not impose any obligations between a Company and a User in relation to periods for which that User is (or was) not, and is not seeking to be, Registered in respect of any Metering Points or Metering Systems relating to Entry Points or Exit Points on that Company's Distribution System.

References in Relation to Companies and Users

15.4 In this Section 2A, in the Schedules when applied pursuant to this Section 2A, and in the terms defined in Clause 1 when used in this Section 2A or those Schedules, references to:

15.4.1 a Metering Point or Metering System are, when made in relation to a User and any period of time, references to a Metering Point or Metering System Registered to that User during that period;

15.4.2 an Entry Point or Exit Point are, when made in relation to a Company, references to an Entry Point or Exit Point on that Company's Distribution System;

15.4.3 an Entry Point or Exit Point are, when made in relation to a User and any period of time, references to an Entry Point or Exit Point relating to a Metering Point or Metering System Registered to that User during that period;

15.4.4 a Connectee, Connected Installation, Connection Agreement, Contract, Metering Point, Metering System or Charge are, when made in relation to a Company, references to a Connectee, Connected Installation, Connection Agreement, Contract, Metering Point, Metering System or Charge relating to an Entry Point or Exit Point on such Company's Distribution System; and

15.4.5 a Connectee, Connected Installation, Connection Agreement, Contract or Charge are, when made in relation to a User and any period of time, references to a Connectee, Connected Installation, Connection Agreement, Contract or Charge relating to an Entry Point or Exit Point relating to a Metering Point or Metering System Registered to that User during that period.

Use of the Same Market Domain I.D.

15.5 Where, in relation to any period of time, more than one User is using the same Market Domain I.D. and where it is not reasonably practicable for a Company to identify which of those Users is Registered in respect of a particular Metering Point or Metering System, the Users shall be deemed, as against that Company, to be jointly and severally liable in respect of that Metering Point or Metering System.

Additional Interpretation

15.6 In this Section 2A, in the Schedules when applied pursuant to this Section 2A, and in the terms defined in Clause 1 when used in this Section 2A or those Schedules, any reference to a "charging period" is, subject to any contrary indication, a reference to the period specified in the Relevant Charging Statement (or, if no period is specified therein, a calendar month).

Distribution Code, Distribution Licence and Distribution Business

15.7 In this Section 2A, in the Schedules when applied pursuant to this Section 2A, and in the terms defined in Clause 1 when used in this Section 2A or those Schedules, any reference to "Distribution Code", "Distribution Licence" and

“Distribution Business” are references to the Company’s Distribution Code, the Company’s Distribution Licence and the Company’s Distribution Business.

16. CONDITIONS PRECEDENT

16.1 The rights and obligations of each Company as against each User (and of each User as against each Company) under Clauses 18 to 25 (inclusive) and 29 to 33 (inclusive) are conditional upon each of the following conditions precedent being fulfilled:

16.1.1 where the User has not previously been Registered in respect of any Metering System or Metering Point relating to an Entry Point or an Exit Point on the Company's Distribution System, that the User has notified the Company that the User intends to become so Registered and that the User and the Company have exchanged such contact, invoicing and other similar information as the other reasonably requests;

16.1.2 where the User is a Supplier Party, that the User holds a Supply Licence;

16.1.3 where the User is a DG Party, that the User holds a Generation Licence or is exempt from the requirement to hold such a licence pursuant to Section 5 of the Act;

16.1.4 that the Company holds a Distribution Licence;

16.1.5 that both the User and the Company are party to the Connection and Use of System Code and any necessary supplemental agreement pursuant to it;

16.1.6 that both the User and the Company are party to the Balancing and Settlement Code;

16.1.7 where the User is a Supplier Party, that the Master Registration Agreement and the Data Transfer Service Agreement are in full force and effect between the User and the Company, and that such agreements are unconditional save for any conditions that this Agreement becomes unconditional; and

16.1.8 that both the User and the Company are (if required to be by their licence under the Act) party to the Smart Energy Code.

16.2 If the conditions precedent set out in Clause 16.1.2 to 16.1.7 (inclusive) are not fulfilled as between a Company and a User at the date this Agreement becomes effective between those Parties, that Company and that User shall each take all appropriate steps within its power to procure the fulfilment of those conditions relating to it which have not already been fulfilled.

16.3 Once each of the conditions precedent in Clause 16.1 has been fulfilled as between a Company and a User, the Company and the User shall each take all appropriate steps within its power to keep such conditions precedent relating to it fulfilled.

17. **CONTRACTS**

Appointment as Agent

- 17.1 The Company hereby appoints the User as the Company's agent for the purpose of procuring agreements with Customers and Generators on the terms set out at Schedule 2B (the **National Terms of Connection**) in accordance with this Clause 17, and the User agrees to act in that capacity.
- 17.2 In respect of the Customers of a Relevant Exempt Supplier, the User is authorised to, and shall, appoint the Relevant Exempt Supplier as the sub-agent of the User for the purpose of procuring agreements on the National Terms of Connection in accordance with this Clause 17, and shall procure that the Relevant Exempt Supplier agrees to and does act in that capacity.

Obligation to Include Wording in Contracts

- 17.3 The User shall ensure that, on each occasion on which it, or any Relevant Exempt Supplier, enters into a Contract (whether written, oral, or deemed), the wording set out in Schedule 2A is included within that Contract. The User shall ensure that such wording is presented in such a way as to create an effective contract (insofar as one can be created by presentation alone) between the Company and the relevant Customer or Generator on the terms and conditions of the National Terms of Connection.
- 17.4 The User shall, on request, provide the Company with accurate and complete copies of the User's then current standard form of Contract.

Nature of Agency

- 17.5 The Company does not give authority to the agent or sub-agent to:
- 17.5.1 vary any of the wording included in a Contract in accordance with this Clause 17;
- 17.5.2 sue or be sued on the wording set out in Schedule 2A or on the National Terms of Connection;

- 17.5.3 make any profit out of the agency or sub-agency;
 - 17.5.4 receive any payment in respect of its duties as agent or sub-agent; or
 - 17.5.5 enter into any transactions involving the transfer of money.
- 17.6 The agency in respect of any single Contract ends when that Contract becomes effective.
- 17.7 The User shall not in its capacity as agent (and shall procure that any agent or sub-agent of the User shall not in that capacity):
- 17.7.1 pledge the credit of the Company in any way;
 - 17.7.2 make or give any representation or warranty in relation to the Company unless the representation or warranty itself has been expressly approved in writing by the Company; or
 - 17.7.3 agree or purport to agree to any obligations on the Company other than as set out in Schedule 2A.
- 17.8 The User shall indemnify the Company against all actions, proceedings, costs, demands, claims, expenses, liability, loss or damage arising from, or incurred by the Company as a consequence of, the User (or any Relevant Exempt Supplier) failing to comply with this Clause 17.
- 17.9 Where the User or any other Relevant Exempt Supplier does not, on the Company's reasonable request, in the context of an actual or threatened dispute, difference or disagreement with the relevant Customer or Generator, provide sufficient evidence to establish in any particular case that the User complied with Clause 17.3, then the User shall indemnify the Company as if the User had failed to comply with Clause 17.3 in that case. Where such evidence is released to the Company, they shall be subject to the Company's obligations of confidentiality under Clause 34.

Non-standard Connection Terms

17.10 Where the User, or any Relevant Exempt Supplier, has procured an agreement on behalf of the Company in accordance with this Clause 17 and the Company intends to negotiate non-standard connection terms to apply in addition to or in substitution for the terms of such agreement, the Company shall notify the User of any of those non-standard terms which affect the Use of System Charges payable in respect of the Customer or Generator in question. The Company shall use reasonable endeavours to notify the User, by a method agreed between the Company and the User, of such non-standard terms within 10 Working Days after the later of their being entered into and any conditions therein being satisfied. Such notification shall specify, as a minimum, the relevant Metering Point(s) or Metering System(s), the relevant Maximum Import Capacity and / or Maximum Export Capacity and the effective date for such non-standard terms.

Transition

- 17.11 In Clause 17.12, **Old Terms of Connection** means provisions that have the same or a similar effect to the National Terms of Connection and which the User was obliged to include in Contracts in accordance with any use of distribution system agreement existing between the User and the Company immediately before this Agreement became effective.
- 17.12 During the period of three months following the date upon which this Agreement became effective, the User shall be entitled to comply with its obligations under Clause 17.3 by ensuring that, on each occasion on which the User or any Relevant Exempt Supplier enters into a Contract (whether written, oral, or deemed), the Old Terms of Connection are presented within the Contract.
- 17.13 The User is hereby appointed by the Company as the Company's agent (and in that capacity has power to appoint any Relevant Exempt Supplier as its sub-agent) for the purpose (subject to Clauses 17.5 to 17.9) of procuring agreements in accordance with Clause 17.12. On the expiry of the period referred to in Clause 17.12, the User's appointment under this Clause 17.13 shall cease.

18. USE OF SYSTEM

Provision of Use of System

18.1 Subject to the other provisions of this Agreement, the Company shall convey electricity through its Distribution System, for the User, to each Exit Point and from each Entry Point relating to a Metering Point or Metering System Registered to that User, subject to (in respect of each such Entry Point and Exit Point):

18.1.1 any arrangements made between the respective Connectee and the Company and the requirements (if any) of the respective Connectee agreed between such Connectee and the Company;

18.1.2 the Maximum Import Capacity (if any) or the Maximum Export Capacity (if any); and

18.1.3 such variations (if any) as may be permitted by the Regulations.

Prior Requirements: General

18.2 The obligation of the Company to convey electricity to a particular Exit Point or from a particular Entry Point pursuant to Clause 18.1 is, in each case, subject to:

18.2.1 there being a Connection Agreement in full force and effect relating to the connection of the relevant Connected Installation (whether such Connection Agreement was entered into in accordance with Clause 17 or otherwise);

18.2.2 the Company receiving confirmation that a Qualified Meter Operator Agent, Qualified Data Collector and Qualified Data Aggregator have been appointed in relation to that Exit Point or Entry Point (except that no Meter Operator Agent is required to be appointed in relation to an Unmetered Supply);

18.2.3 subject to Clause 29.10, the Company receiving confirmation that metering equipment has been installed in accordance with Clause 29;

- 18.2.4 where applicable, the Company receiving confirmation that the User has given notice of that Exit Point or Entry Point (as the case may be) to the National Electricity Transmission System Operator pursuant to the Connection and Use of System Code and the Grid Code (where appropriate); and
- 18.2.5 the Company not being entitled under Schedule 6 of the Act to De-energise an Exit Point or Entry Point.

Prior Requirements: Exit Points

- 18.3 In addition to the conditions set out in Clause 18.2, the obligation of the Company to convey electricity to an Exit Point is also subject to:
 - 18.3.1 the User being validly Registered in respect of each Metering Point or Metering System relating to that Exit Point;
 - 18.3.2 the User being authorised by its Supply Licence to supply electricity to each of the premises to be supplied with electricity through such Exit Point (or, where the Exit Point relates to a User Installation that comprises a generating station, the User being authorised by its Generation Licence to generate electricity at that generating station);
 - 18.3.3 where the User intends to provide any Unmetered Supply to a Customer, there being in full force and effect, in relation to that Exit Point, an Unmetered Supplies Certificate and an Unmetered Demand Connection Agreement;
 - 18.3.4 where the User intends to provide an Unmetered Supply to a Customer which is to be submitted to Settlement on the basis of half-hourly data generated by an Equivalent Meter, a Qualified Meter Administrator having been and remaining appointed by the User in relation to that Exit Point; and
 - 18.3.5 the User being party to an agreement with the Company or a third party for provision of the services of meter asset provision in relation to that Exit Point. In the event that the User is not a party to such an

agreement, the Company shall be entitled to provide such services, and to pass on to and recover from the User the costs of so doing (as Transactional Charges in accordance with Clause 22).

18.3A Where the Company provides the User with meter asset provision services pursuant to Clause 18.3.5 (and subject to any contrary agreement between the Company and the User to the contrary), the Company hereby authorises the User to permit third parties to work on and otherwise interfere with such meters provided that such persons do so in accordance with the requirements of this Agreement in respect of such work and other interference and provided that the User shall be liable to the Company for the acts or omissions of such persons as if they were the User's own.

Prior Requirements: Entry Points

18.4 In addition to the conditions set out in Clause 18.2, the obligation of the Company to convey electricity from an Entry Point is also subject to:

18.4.1 the User being validly Registered in respect of each Metering Point or Metering System relating to that Entry Point; and

18.4.2 where the Entry Point is also an Exit Point, the User or another user being validly Registered for the supply of electricity at such Entry Point.

19. CHARGES

Charges

- 19.1 The User shall pay to the Company in respect of services provided under this Agreement (and under the agreements referred to in Clause 19.2) the charges set out in the Relevant Charging Statement (save where the Company is the Payor, in which case the Company shall pay such charges to the User). The Company may vary such charges at any time by giving the requisite period of written notice to the User (where the requisite period of notice is the period specified in the Company's Relevant Charging Statement or, where no such period is specified, 40 days). Notwithstanding that the Company may vary such charges at any time the Company shall use reasonable endeavours to: (1) vary such charges no more than two times per year: and (2) vary such charges with effect from 1st April or 1st October. Such charges and any variations are and will be calculated in accordance with the provisions of the Relevant Charging Statement.
- 19.2 The charges referred to in Clause 19.1 (the **Charges**) shall be:
- 19.2.1 the charges contained or referred to in the Company's Relevant Charging Statement for the time being in force pursuant to Condition 14 of its Distribution Licence (**Use of System Charges**), which Use of System Charges may either be stated in the Relevant Charging Statement as:
- (A) a positive value, in which case they shall be payable by the User to the Company; or
 - (B) a negative value, in which case they shall be payable by the Company to the User;
- 19.2.2 the charges for (i) the provision of MPAS, (ii) (where applicable) the provision of Legacy Meter Asset Provision and of Data Services, and (iii) (where applicable) the provision of last resort supply payments (all

pursuant to the Company's obligations under, respectively, Condition 18, Condition 36, and Condition 38 of its Distribution Licence);

19.2.3 (to the extent not captured within Clause 19.2.1) the charges for certain services ancillary to those for which Use of System Charges are levied and which are provided by the Company to the User pursuant to any of:

(A) the BSC and the CUSC; or

(B) the Master Registration Agreement; and

19.2.4 the charges for any other services provided by the Company to the User pursuant to:

(A) a provision of this Section 2A; or

(B) any other agreement between the Company and the User for the provision of such services which provides for payment pursuant to this Agreement.

Adjustment of Charges

19.3 On any occasion upon which the Charges payable by or to the User under Clause 19.1 have not been calculated strictly in accordance with the provisions of the Relevant Charging Statement, an appropriate adjustment shall be made by the Company and submitted to the User.

19.4 Where an adjustment in accordance with Clause 19.3:

19.4.1 discloses an overcharge, the Payee shall repay to the Payor the amount by which the Payor has been overcharged together with interest thereon from the due date of the invoice containing the overcharge until the date of repayment; or

19.4.2 discloses an undercharge, the Payor shall pay to the Payee the amount by which the Payor has been undercharged together with interest thereon from the due date of the invoice which should have included the amount of the undercharge until the date of payment,

and (in either case) such interest shall accrue from day to day at the base lending rate during such period of Barclays Bank plc, compounded annually. Where the User disputes the adjustment, the User and the Company shall attempt to resolve the dispute in good faith. Where the dispute remains unresolved after 20 Working Days, either of them may refer the dispute to arbitration in accordance with Clause 58 and the User or the Company (as applicable) shall pay the amount payable or repayable (if any) as so determined.

Invoicing of Charges

19.5 The Company shall invoice Use of System Charges (but excluding any Transactional Charges) payable by or to the User by reference to Settlement Class using aggregated data obtained from the Supercustomer DUoS Report, except in relation to Metering Points or Metering Systems where:

19.5.1 the electricity imported via an Exit Point or exported via an Entry Point is measured by Half-Hourly Metering Equipment (as defined in the Balancing and Settlement Code) or by an Equivalent Meter for the purposes of Settlement; and/or

19.5.2 the Use of System Charge is not comprised solely of one or more standing charges and/or one or more Unit Rates; and/or

19.5.3 the Use of System Charge is specified in the Relevant Charging Statement as not being billed by Settlement Class; and/or

19.5.4 Use of System Charges are to be determined as a result of an Extra-Settlement Determination.

19.6 All charges payable by or to the User pursuant to this Clause 19 and Clauses 20, 21 or 22:

19.6.1 are exclusive of Value Added Tax and the Company shall include with such Charges (and the Payor shall, subject to a valid invoice having been issued, pay) Value Added Tax (if any) at the rate applicable thereto from time to time, and any such Value Added Tax shall be

payable at the same time and in the same manner as the amounts to which it relates;

19.6.2 shall be without prejudice to any claims or rights which the Payor may have against the Payee and except as expressly permitted by Clause 19.6.3 or Schedule 4 shall be made without any set-off or deduction in respect of any claims or disputes or otherwise; and

19.6.3 shall, only where the Company submits on the same day one or more accounts for which the User is Payor and one or more accounts for which the User is Payee, be set-off against one another so that the User or the Company (as applicable) shall make a payment of the net value of those accounts.

19.7 The Company may calculate the Use of System Charges by reference to electricity discovered or reasonably and properly assessed to have been exported onto, or imported from, the Distribution System at an Entry Point or Exit Point relating to a Metering Point or a Metering System for which the User is Registered but not recorded at the time of such export or import (for whatever reason) by the metering equipment installed pursuant to Clause 29.1. At any time when the Company calculates the Use of System Charges under this Clause 19.7, it shall explain to the User the calculation of those charges and the basis of that calculation.

Revision of Charges

19.8 Without prejudice to Clause 19.1, where the Company is intending to revise any of its Use of System Charges, it shall serve a copy of any notice it sends to the Authority pursuant to paragraph 20 of Condition 14 of its Distribution Licence on the User as soon as is reasonably practicable after such notice is sent to the Authority.

Other Matters

19.9 Notwithstanding Clause 15.3, the Company may charge the User Use of System Charges calculated by reference to electricity assessed to have been

supplied to a Customer while a customer of the User during a period in which the User was supplying electricity to that Customer in accordance with a last resort supply direction issued by the Authority in accordance with Condition 8 of the User's Supply Licence from the time that the direction takes effect. This right subsists from the date on which the last resort supply direction takes effect, and continues regardless of whether the Metering Point applying to the Customer is registered to the User in accordance with the Master Registration Agreement, until such time as the relevant Metering Point is registered to another supplier in accordance with the terms of the Master Registration Agreement.

- 19.10 For the avoidance of doubt, nothing in this Clause 19 precludes the Company and the User, at the request of either of them, from negotiating Use of System Charges arising from or pursuant to an Extra-Settlement Determination.
- 19.11 Where any dispute arises under Clause 19.10, either of the Company or the User shall be entitled to refer the matter to the Authority as if it were a dispute falling within Condition 7 of the Company's Distribution Licence.

20. **BILLING AND PAYMENT BY SETTLEMENT CLASS**

20.1 This Clause 20 applies in respect of those Charges to be levied by reference to Settlement Class in accordance with Clause 19.5.

Initial Account

20.2 Following its receipt of each Supercustomer DUoS Report in accordance with the timetable for Settlement after each Settlement Run relating to each Settlement Day, the Company shall deliver Daily Statements to the User as soon as is reasonably practicable.

20.3 The Company shall submit to the User as soon as is reasonably practicable after the end of each charging period an account or accounts (the **Initial Account**) specifying the Use of System Charges payable by or to the User in respect of each Initial Settlement Run in respect of which a Daily Statement has been produced and which has not previously been included in an Initial Account. Such Initial Accounts shall be based on the Daily Statements provided pursuant to Clause 20.2.

Reconciliation Account

20.4 Where a subsequent Daily Statement for any Settlement Day indicates that, as a result of a subsequent Reconciliation Run or Post-Final Settlement Run, the Use of System Charges in respect of that Settlement Day are different from those included in an Initial Account, the Company shall calculate such difference and the interest thereon and shall submit an account (the **Reconciliation Account**) in respect of such difference to the User as soon as is reasonably practicable after the end of each charging period. Such interest shall be calculated in accordance with the provisions of Schedule 3.

20.5 Within 14 days of the date of an Initial Account or Reconciliation Account submitted in accordance with Clause 20.3 or 20.4, the Payor shall (subject to Clause 19.6) pay to the Payee all sums due in respect of such Initial Account or Reconciliation Account in pounds sterling by electronic transfer of funds to such bank account (located in the United Kingdom) as is specified in the Initial

Account or Reconciliation Account (or, where the Company is the Payor, such bank account as is notified to the Company by the User from time to time), quoting the Initial Account or Reconciliation Account number against which payment is made and/or such other details as the Payee may reasonably require.

Disputes

- 20.6 Where any sum included in an Initial Account or Reconciliation Account submitted in accordance with Clause 20.3 or 20.4 is disputed by the User, the provisions of Schedule 4 shall apply.

21. SITE-SPECIFIC BILLING AND PAYMENT

21.1 This Clause 21 applies in respect of those Charges that relate to Metering Points or Metering Systems that fall within Clauses 19.5.1 to 19.5.3 (inclusive).

Submission of Account

21.2 As soon as is reasonably practicable after the end of each charging period, the Company shall submit to the User an account specifying the Use of System Charges payable by or to the User for the whole or any part of that charging period. Such account shall be based on:

21.2.1 data from metering equipment or any Equivalent Meter provided by the User in accordance with Clause 29.3 (which data shall not be rounded by the Company in any way); or, where actual data are not available, estimated data prepared in accordance with methods of estimation established under the Balancing and Settlement Code by the relevant Data Collector; and

21.2.2 other data as specified in the Relevant Charging Statement and/or the relevant Connection Agreement,

provided that the Company may use estimated data prepared by the Company where the User fails to provide the data under Clause 21.2.1 and 21.2.2, and, where an account is based on estimated data, the account shall be subject to any adjustment which may be necessary following the receipt of actual data from the User.

21.2A The Company shall use reasonable endeavours to ensure that the accounts created pursuant to this Clause 21 are submitted to the User at no greater frequency than:

- (a) once in the first 7 days of any calendar month; and
- (b) once in the second 7 days of any calendar month.

21.2B Where the Company submits, and the User agrees to receive, accounts by sending an electronic invoice it shall use an electronic invoice for all of that User's accounts (including revised accounts and credit-notes). For the avoidance of doubt, where this Clause 21.2B applies, Clause 59.4 shall apply to the sending of accounts during any period in which the Date Transfer Network is unavailable.

21.2C Where an adjustment is required to any account for whatever reason (including where replacement data is received from the User), the Company shall issue a credit-note in respect of the original account and shall raise a new account for the new value.

Obligation to Pay

21.3 Within 14 days of the date of an account submitted in accordance with this Clause 21, the Payor shall (subject to Clause 19.6) pay to the Payee all sums due in respect of such account by electronic transfer of cleared funds to such bank account (located in the United Kingdom) as is specified in the account (or, where the Company is the Payor, such bank account as is notified to the Company by the User from time to time), quoting the account number against which payment is made and/or such other details as the Payee may reasonably require.

Disputes

21.4 Where any sum included in an account submitted in accordance with this Clause 21 is disputed by the User, the provisions of Schedule 4 shall apply.

21.5 Not Used

21.6 For the purposes of this Clause 21, the following terms shall have the following meanings:

“electronic invoice” means an account providing the data items set out in data flow D2021 (as amended from time to time) sent using the Data Transfer Network.

22. TRANSACTIONAL CHARGES

22.1 This Clause 22 applies in respect of those Charges:

22.1.1 to be calculated by reference to the number or frequency of specific transactions, except where the billing and payment arrangements are otherwise provided for under the Master Registration Agreement, the BSC, or the CUSC; or

22.1.2 referred to in Clauses 18.3.5 and 32.1,

(such Charges being **Transactional Charges**).

Submission of Account

22.2 Within 30 days after the end of each calendar month, the Company shall submit to the User an account specifying:

22.2.1 the payment due from the User in respect of services performed during that month for which Transactional Charges are payable, and

22.2.2 any Value Added Tax payable thereon.

Obligation to Pay

22.3 Within 30 days of the date of an account submitted in accordance with Clause 22.2, the User shall pay to the Company all sums due in respect of such account in pounds sterling by electronic transfer of cleared funds to such bank account (located in the United Kingdom) as is specified in the statement, quoting the invoice number against which payment is made.

Disputes

22.4 Where any sum included in an account submitted in accordance with Clause 22.2 is disputed by the User, the provisions of Schedule 4 shall apply.

23. PAYMENT DEFAULT

- 23.1 Subject to Clause 20.6, Clause 21.4 and Clause 22.4, failure by the Payor to pay any sum due as cleared funds by the due date for payment in accordance with Clause 20.5, Clause 21.3, or Clause 22.3 shall be a **Payment Default**.
- 23.2 Where the Payor so defaults, the Payee shall send a notice (a **Late Payment Notice**) to the Payor:
- 23.2.1 setting out the amount owed by the Payor to the Payee, and identifying the specific account to which the Payment Default relates;
 - 23.2.2 stating to whom payment should be made;
 - 23.2.3 specifying the method of payment; and
 - 23.2.4 where the Payee intends to exercise its rights under Clause 23.3 and/or Clause 23.4, advising the Payor of such intention.

Interest

- 23.3 The Payee shall be entitled, without prejudice to any other right or remedy, to receive interest on any payment not duly made pursuant to the terms of Clause 20.5, Clause 21.3, or Clause 22.3 calculated from day to day at a rate per annum equal to the Default Interest Rate from the day after the date on which payment was due up to and including the date of payment, together with any reasonable administration charge notified by the Payee to the Payor from time to time.

Material Breach

- 23.4 Failure by the User to remedy a Payment Default within four Working Days of receipt of a Late Payment Notice from the Company shall be a material breach of this Agreement by the User for the purposes of Clause 54.1.1, and the Company shall be entitled to take actions to suspend registration services in accordance with the provisions of the Master Registration Agreement. Where the Company takes such action, it shall send a copy of any notice that it is

required to issue pursuant to those provisions to the User and the Panel (care of the Secretariat).

24. SECURITY COVER

- 24.1 The User shall provide Cover to the Company in accordance with the provisions of Schedule 1.

25. ENERGISATION, DE-ENERGISATION AND RE-ENERGISATION

Requirements for Those Undertaking Works

25.1 Energisation Works, De-energisation Works and Re-energisation Works carried out by or on behalf of the User pursuant to this Clause 25 shall be carried out by a person who is either engaged by the Company to carry out such work or who:

25.1.1 is an Approved Contractor, in accordance with the procedure set out in Schedule 5;

25.1.2 is a Competent Person to whom a Permission has been issued, in accordance with the procedure set out in Schedule 5, to carry out the particular activities comprising the Energisation Works, De-energisation Works or Re-energisation Works; and

25.1.3 acts in accordance with the requirements set out in Schedule 5.

Works Undertaken by the Company

25.2 Where:

25.2.1 neither the User nor any of its contractors is an Approved Contractor;
or

25.2.2 no employee of the User or any of its contractors (if Approved Contractors) holds a Permission; or

25.2.3 the User does not have the rights of access required to undertake such Energisation Works, De-energisation Works or Re-energisation Works;
or

25.2.4 the parties so agree,

the Company shall, to the extent that it may lawfully do so, at the request of the User, when the User is entitled to have carried out Energisation Works, De-energisation Works and Re-energisation Works, carry out such works at the cost of the User within a reasonable time or, in circumstances of urgency, as soon as is reasonably

practicable. The Company shall on request by the User inform the User of its reasonable requirements for the details by reference to which Metering Points or Metering Systems to be Energised, De-energised or Re-energised are to be identified.

Good Industry Practice

25.3 The Company and the User shall both act in accordance with Good Industry Practice when carrying out, or procuring the carrying out of, any Energisation Works, De-energisation Works or Re-energisation Works.

Works Undertaken by the User

25.4 If circumstances exist which entitle the User or any Relevant Exempt Supplier to Energise, De-energise or Re-energise Metering Point(s) or Metering System(s) pursuant to the Contract or the Act, then, subject to Clause 25.13, the User may Energise, De-energise or Re-energise such Metering Points or Metering Systems provided that the User acts (where applicable and to the extent relevant) in accordance with Condition 27 of its Supply Licence.

25.5 If the User resolves to Energise or Re-energise a Metering Point or Metering System pursuant to Clause 25.4:

25.5.1 the User shall decide on the extent and nature of the Energisation Works or Re-energisation Works and the User shall undertake such Energisation Works or Re-energisation Works at its own cost; and

25.5.2 when such Energisation Works or Re-energisation Works are complete the User shall, in accordance with the Master Registration Agreement or the BSC (as applicable), instruct the MPAS Provider to register the relevant Metering Point as Energised (but only, in the case of an Unmetered Supply, if the Energisation Works or Re-energisation Works have allowed the flow of electricity through the relevant Exit Point).

25.6 If the User resolves to De-energise a Metering Point or a Metering System pursuant to Clause 25.4:

- 25.6.1 the User shall decide on the extent and nature of the De-energisation Works and the User shall undertake such De-energisation Works at its own cost;
- 25.6.2 (in respect of Metering Points) when such De-energisation Works are complete, the User shall, in accordance with the Master Registration Agreement, instruct the MPAS Provider to register the relevant Metering Point as De-energised (but only, in the case of an Unmetered Supply, if the De-energisation Works have prevented the flow of electricity through the relevant Exit Point); and
- 25.6.3 (in respect of Metering Systems) when such De-energisation Works are complete, the User shall, in accordance with the BSC, instruct the CDCA to register the relevant Metering System as De-energised.

Duty to Indemnify

- 25.7 Where the Company carries out Works on behalf of the User pursuant to Clause 25.2:
 - 25.7.1 the Company shall indemnify the User against all actions, proceedings, costs, demands, claims, expenses, liability, loss or damage arising from, or incurred by the User as a consequence of, physical damage to the property of the User, its officers, employees or agents, and in respect of the liability of the User to any other person for loss in respect of physical damage to the property of any person, in each case as a consequence of acting contrary to an accurate and appropriate instruction to De-energise a Metering Point or Metering System;
 - 25.7.2 the User shall indemnify the Company against all actions, proceedings, costs, demands, claims, expenses, liability, loss or damage arising from, or incurred by the Company as a consequence of, physical damage to the property of the Company, its officers, employees or agents, and in respect of the liability of the Company to any other person for loss in respect of physical damage to the property of any person, in each case as a consequence of acting in reliance on any

instructions given by the User to the Company which are materially inaccurate or misleading; and

- 25.7.3 where the User requests the Company to Energise, De-energise or Re-energise a single point of connection that is both an Exit Point and an Entry Point, the User shall also indemnify the Company against all actions, proceedings, costs, demands, claims, expenses, liability, loss or damage made against or incurred or suffered by the Company and resulting directly from such Works howsoever arising (including, where the User is Registered in respect of the Exit Point, any claim by the user Registered in respect of the Entry Point, and vice versa) except insofar as such actions, proceedings, costs, demands, claims, expenses, liability, loss or damage arise from the negligent act or omission or default of the Company, its officers, employees or agents (but, for the avoidance of doubt, in complying with any such request the Company shall not be obliged to consider whether the point of connection is both an Exit Point and an Entry Point or whether different users may be Registered in respect thereof).

Company's Right to De-energise

- 25.8 The Company may, on giving the User two Working Days' prior written notice, De-energise any Metering Point or Metering System if:

- 25.8.1 the Company is entitled to do so pursuant to the Connection Agreement relating to such Metering Point or Metering System; or
- 25.8.2 any of the conditions set out in Clause 18.2 and 18.3 in relation to an Exit Point (or, in the case of an Unmetered Supply, any one or more of the relevant Exit Points) or in Clause 18.2 and Clause 18.4 in relation to an Entry Point cease to be fulfilled (or, in the case of Clause 18.2.2, remain unfulfilled 10 Working Days after the service of notice by the Company requiring the User to remedy the situation).

- 25.9 Notwithstanding the provisions of Clause 25.8, the Company may, at any time with no prior notice to the User, De-energise any Metering Point or Metering System if:
- 25.9.1 the Company is instructed, pursuant to the terms of the Connection and Use of System Code or the Balancing and Settlement Code to do so;
 - 25.9.2 the Company reasonably considers it necessary to do so for safety or system security reasons;
 - 25.9.3 the Company reasonably considers it necessary to do so to avoid interference with the regularity or efficiency of its Distribution System;
 - 25.9.4 an accident or emergency occurs or threatens to occur which requires the Company to do so to avoid the risk of personal injury to any person or physical damage to the property of the Company, its officers, employees or agents, or the property of any other person;
 - 25.9.5 it is entitled to do so under Schedule 8;
 - 25.9.6 the rights of the User are suspended in accordance with Clause 54.2;
 - 25.9.7 subject to the terms of a replacement agreement, this Agreement is terminated, or the User ceases to be a Party in accordance with the provisions of Clause 54.
- 25.10 In any of the circumstances set out in Clause 25.9, the Company shall inform the User as soon as is reasonably practicable, and in any event by the end of the next Working Day when MPAS is available, of the fact that the Metering Point or Metering System has been De-energised.
- 25.11 If the Company resolves to De-energise a Metering Point or Metering System pursuant to Clause 25.8 or 25.9:
- 25.11.1 the Company shall decide on the extent and nature of the De-energisation Works required to De-energise the relevant Metering Point or Metering System;

25.11.2 the Company shall Re-energise the Metering Point as soon as is reasonably practicable after the circumstance giving rise to such De-energisation has ended; and

25.11.3 except where the Company resolves to De-energise a Metering Point or Metering System pursuant to Clause 25.8.1, 25.9.1, 25.9.2, 25.9.3, 25.9.4 or 25.9.6, the Company shall undertake both the De-energisation Works and the subsequent Re-energisation Works at the cost of the User, and the User shall pay to the Company the relevant Transactional Charges associated with both the De-energisation Works and the subsequent Re-energisation Works.

25.12 If the Company De-energises a Metering Point or Metering System pursuant to Clause 25.8 or 25.9 and such Metering Point remains De-energised for a period of three Working Days:

25.12.1 the Company shall forthwith instruct the User to send a Registration Notice to the MPAS Provider or to the CDCA (as applicable) instructing it to register the relevant Metering Point or Metering System as De-energised (but only, in the case of an Unmetered Supply, if the De-energisation Works have stopped the flow of electricity through the relevant Exit Point); and

25.12.2 within two Working Days of receiving an instruction from the Company pursuant to Clause 25.12.1, the User shall send such a Registration Notice to the MPAS Provider or to the CDCA (as applicable) and notify the relevant Meter Operator Agent.

25.13 If the Company Re-energises a Metering Point or a Metering System pursuant to Clause 25.11:

25.13.1 if an instruction has been given by the Company under Clause 25.12.1, the Company shall forthwith instruct the User to send a Registration Notice to the MPAS Provider or to the CDCA (as applicable) instructing it to register the relevant Metering Point or Metering System as Energised (but only, in the case of an Unmetered Supply, if

the Re-energisation Works have allowed the flow of electricity through the relevant Exit Point); and

25.13.2 within two Working Days of receiving an instruction from the Company pursuant to Clause 25.13.1, the User shall send such a Registration Notice to the MPAS Provider or to the CDCA (as applicable).

25.14 The User shall not be entitled to Re-energise a Metering Point or Metering System which has previously been De-energised by the Company on its own behalf (for the avoidance of doubt, not acting on the instructions or at the request of the User) or on behalf of the Company. For the avoidance of doubt, the User shall be entitled to Re-energise a Metering Point or Metering System which has previously been De-energised by or on behalf of another supplier.

Disconnection Procedure

25.15 If there is no reasonably foreseeable future use for a Metering Point or a Metering System, the User shall be entitled to send to the Company a Disconnection Notice. In respect of any Disconnection Notice sent to the Company pursuant to this Clause 25.15, the User shall:

25.15.1 warrant that to the best of its knowledge and belief, having exercised Good Industry Practice, the Metering Point or Metering System has been De-energised and that there is no reasonably foreseeable future use for the Metering Point or Metering System, giving details of any De-energisation Works which it has undertaken and providing an explanation for why there is no reasonably foreseeable future use for the Metering Point or Metering System; and

25.15.2 indemnify the Company against all costs, demands, claims, expenses, liability, loss, or damage which the Company incurs in consequence of acting in reliance on the warranty given in Clause 25.15.1 which proves to be in any way inaccurate or misleading.

- 25.16 If a third party contacts the Company to request directly or indirectly that the Company undertakes Works in relation to a Metering Point or Metering System because there is no reasonably foreseeable future use for that Metering Point or Metering System and the Company is satisfied that the third party is entitled to make such request, then the Company shall contact the relevant User and request it to submit a Disconnection Notice. Upon receiving such a request, the User shall send the Company the requested Disconnection Notice unless in the User's reasonable opinion there is a reasonably foreseeable future use for the Metering Point or Metering System.
- 25.17 If, in any case, in the reasonable opinion of the Company there is a reasonably foreseeable future use for the Metering Point or Metering System, then the Company shall not be obliged to comply with a Disconnection Notice received under Clause 25.15 or 25.16 and where the Company decides not to comply it shall provide the User with the reasons for its decision.
- 25.18 If the Company is of the reasonable opinion that there is no reasonably foreseeable future use for a Metering Point or Metering System then the Company shall contact the relevant User and request it to submit a Disconnection Notice. Upon receiving such a request, the User shall send the Company the requested Disconnection Notice unless in the User's reasonable opinion there is a reasonably foreseeable future use for the Metering Point or Metering System.
- 25.19 For the avoidance of doubt, the warranty and indemnity contained in Clause 25.15 shall not apply to any Disconnection Notice requested by the Company pursuant to Clause 25.16 or 25.18.
- 25.19A The Company and the User acknowledge that Condition 12.9A of the Distribution Licence prohibits the Company from Disconnecting a Green Deal Premises, unless certain circumstances set out in that Condition apply. Before complying with a Disconnection Notice in respect of a particular Metering Point, the Company shall check whether that Metering Point is identified in MPAS as relating to a Green Deal Premises. If the Metering Point is identified in MPAS as relating to a Green Deal Premises, then the Company shall not be

obliged to comply with the Disconnection Notice (and where the Company decides not to comply it shall provide the User with the reason for its decision). The Company may nevertheless Disconnect a Metering Point identified in MPAS as relating to a Green Deal Premises where the Company is of the reasonable opinion that it is entitled to do so in accordance with Condition 12.9A of the Distribution Licence.

25.19B The User shall indemnify the Company against all costs, demands, claims, expenses, liability, loss, or damage which the Company incurs in consequence of acting in reliance on whether or not a Metering Point is identified in MPAS as relating to a Green Deal Premises, including where:

25.19B.1 The Company Disconnects a Metering Point relating to a Green Deal Premises that was not identified as such in MPAS; or

25.19B.2 The Company refuses to Disconnect a Metering Point that does not relate to a Green Deal Premises because that Metering Point was incorrectly identified in MPAS as relating to a Green Deal Premises.

25.19C The Company shall indemnify the User and each Green Deal Provider against all costs, demands, claims, expenses, liability, loss, or damage which the User or relevant Green Deal Provider(s) incur or incurs (as applicable) in consequence of the Company Disconnecting a Green Deal Premises in breach of Condition 12.9A of the Distribution Licence where the Metering Point relating to that premises was correctly identified in MPAS as relating to a Green Deal Premises. Such indemnity will not apply where the Company Disconnected the Green Deal Premises in response to a Disconnection Notice initiated by the User under Clause 25.15, but will (for the avoidance of doubt) apply in the case of Disconnection Notices given pursuant to Clause 25.16 or 25.18.

25.20 Subject to Clauses 25.17 and 25.19A, the Company shall carry out the Disconnection of the Metering Point or Metering System in accordance with the Disconnection Notice, and shall:

25.20.1in respect of a Metering Point, send a Deregistration Notice to the MPAS Provider instructing it to De-register the Metering Point; or

25.20.2in respect of a Metering System, provide a disconnection certificate to the User,

(in each case) in accordance with the BSC.

Other Matters

25.21 If a Metering Point or Metering System has been De-energised by or on behalf of a previous user and the Company receives a request from the User to Re-energise such Metering Point or Metering System:

25.21.1the Company shall Re-energise the Metering Point or Metering System as soon as is reasonably practicable and notify the User of when it expects to carry out the Re-Energisation Works;

25.21.2the Company shall carry out all necessary Re-energisation Works at its own cost and shall then reclaim such costs from the previous user; and

25.21.3the Company shall notify the User as soon as the Re-energisation Works are complete and the User shall, within two Working Days of receiving such notification, send a Registration Notice to the MPAS Provider or the CDCA (as applicable) instructing it to register the relevant Metering Point or Metering System as Energised.

25.22 The Company shall notify Connectees of and carry out System Outages in accordance with its statutory rights and obligations and Good Industry Practice.

26. COMPLIANCE WITH THE DISTRIBUTION CODE

- 26.1 The Company and the User each undertake to comply with the Company's Distribution Code.
- 26.2 In the event of any conflict between this Section 2A and the Distribution Code, the Distribution Code shall prevail.

27. METER OPERATION CODE OF PRACTICE AGREEMENT

- 27.1 The User shall procure that the Meter Operator Agent appointed for each Metering Point supplied by the User shall be party to the Meter Operation Code of Practice Agreement, and shall comply with the Meter Operation Code of Practice Agreement in relation to that Metering Point.
- 27.2 The Company shall be party to, and shall comply with, the Meter Operation Code of Practice Agreement.

28. COMPLIANCE WITH RADIO TELESWITCH AGREEMENT

- 28.1 Where the Company is a party to the Radio Teleswitch Agreement, the User shall become a party to the Radio Teleswitch Agreement prior to commencing to supply electricity to a Metering Point which is connected to a radio teleswitch (as such term is defined in the Radio Teleswitch Agreement).
- 28.2 In the event of any conflict between this Section 2A and the Radio Teleswitch Agreement, this Section 2A shall prevail.

29. METERING EQUIPMENT AND METERING DATA

Provision of Metering Equipment

29.1 Subject to Clause 29.10, the User shall (at its own cost) install and maintain, or procure the installation and maintenance of, metering equipment at (or as close as is reasonably practicable to) each Exit Point and Entry Point relating to Metering Systems or Metering Points for which the User is Registered. The User shall ensure that such metering equipment shall:

29.1.1 be capable of providing the relevant metering data required by the Company for the calculation of Use of System Charges;

29.1.2 comply with the requirements detailed in the Relevant Charging Statement;

29.1.3 comply with the requirements specified in the BSC; and

29.1.4 comply with Schedule 7 of the Act.

29.2 The User shall procure that metering equipment installed and maintained pursuant to Clause 29.1 shall be capable of operating within the accuracy limits specified in Schedule 6.

Provision of Metering Data

29.3 The User shall provide to the Company, or shall procure the provision to the Company of (without charge) such Metering Data relating to Metering Points and/or Metering Systems as the Company may reasonably require for:

29.3.1 the calculation of Use of System Charges; and

29.3.2 the operation, design and planning of its Distribution System.

29.4 For the purposes of Clause 29.3, the Company and the User acknowledge that it shall be reasonable for the Company to require any Metering Data which the User (or its BSC Party Agent) is obliged to provide to the Company and/or the relevant MPAS Provider in accordance with the provisions of, and in the form specified by, the MRA and/or the BSC.

- 29.5 The User shall provide (or procure provision of) the Metering Data that it is required to provide (or procure the provision of) pursuant to Clause 29.3 in accordance with the timescales specified in the relevant provisions of the MRA and/or the BSC (or, where none are specified, in accordance with the timescales specified in the Relevant Charging Statement).

Rights of Inspection

- 29.6 The Company shall be entitled to inspect, test and if necessary require the User to correct any metering equipment installed and maintained pursuant to Clause 29.1. The User shall use its reasonable endeavours, including the inclusion of appropriate terms in its Supply Contract and Power Purchase Contract, to procure that the employees, agents, sub-contractors and invitees of the Company shall at all reasonable times have safe and unobstructed access to such metering equipment. Where the Company exercises its right under this Clause 29.6, the provisions set out in Part 2 of Schedule 6 shall apply.

Operational Metering Equipment

- 29.7 The Company shall be entitled to install Operational Metering Equipment at or as close as reasonably practicable to any Exit Point or Entry Point in addition to any metering equipment installed and maintained pursuant to Clause 29.1 to collect data for the operation, design and planning of its Distribution System, but if it exercises this right it shall make no additional charge to the User in respect of such Operational Metering Equipment and shall not (except in the case of the failure of metering equipment installed and maintained pursuant to Clause 29.1) use data from the Operational Metering Equipment for the calculation of Use of System Charges. The Operational Metering Equipment need not be certified under paragraph 5 of Schedule 7 of the Act.
- 29.8 Where the Company installs Operational Metering Equipment in accordance with Clause 29.7:
- 29.8.1 the User shall (and shall procure that any Relevant Exempt Supplier shall) ensure that the employees, agents and invitees of the User (or Relevant Exempt Supplier) will not interfere with such equipment or

the immediate connections to such equipment without the prior written consent of the Company, except to the extent that emergency action has to be taken to protect the health and safety of persons or to prevent serious damage to property proximate to the Operational Metering Equipment; and

29.8.2 the User shall (and shall procure that any Relevant Exempt Supplier shall) use its reasonable endeavours, including the inclusion of appropriate terms in its Supply Contract and Power Purchase Contract, to procure that the employees, agents, sub-contractors and invitees of the Company shall at all reasonable times have safe and unobstructed access to the Operational Metering Equipment. The Company agrees to procure that any individuals to whom access is given pursuant to this Clause 29.8.2 shall comply with all reasonable directions given by the User or the relevant Connectee and its appropriately authorised employees and agents as to general safety and site security arrangements.

Unmetered Supply

29.9 In relation to each Metering Point receiving an Unmetered Supply, the User and the Company shall comply (and the User shall procure that its BSC Agents comply) with the Unmetered Supplies Procedure (and, in particular, with those provisions requiring the exchange of information).

29.10 The provisions of Clauses 29.1, 29.2, and 29.6 shall not apply in relation to an Unmetered Supply which the User is permitted to supply under this Section 2A. When at any time the User ceases to be permitted to supply electricity on the basis that the supply of electricity is an Unmetered Supply, the User shall immediately become bound by all the provisions of this Clause 29 (other than those relating only to an Unmetered Supply).

Use of Metering Data

29.11 The User hereby agrees that the Company may aggregate and manipulate the Metering Data provided by the User to the Company under Clauses 29.3 and

29.4, and may share that data with any DNO Party or IDNO Party to whom the Company owes obligations under Section 2B for the purpose of matters provided for or envisaged by Section 2B (including the calculation of any charges payable by the Company under Section 2B).

30. PROVISION OF INFORMATION

New Contracts

30.1 The User shall:

30.1.1 in the case of Metering Points, except for the renewal of an existing Contract entered into after 31 August 1998, as soon as is reasonably practicable following, either:

- (A) where a Notice of Objection (as defined in the Master Registration Agreement) is not received in relation to the User's application to become Registered in respect of that Metering Point, the expiry of the Objection Raising Period (as defined in the Master Registration Agreement); or
- (B) where a Notice of Objection is received in relation to the User's application for Registration, the withdrawal of that Notice of Objection; or

30.1.2 in the case of Metering Systems, except for the renewal of an existing Contract entered into after 31 August 1998, as soon as is reasonably practicable following the Registration Effective From Date (as defined in the Balancing and Settlement Code, BSCP20) in respect of that Metering System,

(in each case) provide the information set out in Clause 30.2 to the Company in respect of the relevant Exit Point or Entry Point.

30.2 The information referred to in Clause 30.1 is:

30.2.1 the relevant Supply Number core data (as defined in the Master Registration Agreement) or (as applicable) the relevant Metering System Identifier (as referred to in the Balancing and Settlement Code, BSCP20);

30.2.2 the relevant Connectee's name;

30.2.3 the Metering Point or Metering System address;

30.2.4 in respect of an Exit Point, the Customer's Maximum Import Capacity if:

- (A) the Customer is not a Domestic Customer (as defined in the Supply Licences);
- (B) the Customer has a maximum power requirement of not less than 20 kVA; and
- (C) the Customer is a new owner or occupier of the site; and

30.2.5 in respect of an Entry Point, the Maximum Export Capacity.

30.3 Where the provisions of Clause 30.1.1 or 30.1.2 are satisfied, the User shall use reasonable endeavours to provide the following information to the Company in respect of the relevant Exit Point or Entry Point:

30.3.1 the contact name for the Connectee if different from the Connectee's name; and

30.3.2 the Connectee's postal address if different from the Metering Point or Metering System address.

30.4 The User shall use reasonable endeavours to notify the Company of any changes to the details set out in Clause 30.2 and Clause 30.3 as soon as reasonably practicable following that change by reference to the Supply Number or Metering System Identifier (as applicable).

Dangerous Incidents

30.5 Where the User or its agent or any Relevant Exempt Supplier receives a report or enquiry from any person about any matter or incident that does or is likely to:

30.5.1 cause danger or require urgent attention in relation to the supply or distribution of electricity in the Company's Distribution Services Area through the Distribution System; or

30.5.2 affect the maintenance of the security, availability and quality of service of the Distribution System,

the User shall notify the Company of such report or enquiry in a prompt and appropriate manner having regard to the nature of the incident to which the report relates. The User shall notify the Company by telephone or post using the telephone number and postal address identified in the Company's Security and Safety of Supplies Statement or such other telephone number as may from time to time be notified in writing by the Company. Where the User does not hold a Supply Licence (or to the extent the User does not discharge its obligation under Condition 20 of its Supply Licence) the User shall notify the Company of reports received from Connectees in accordance with this Clause 30.5.

Advance Notice of Interruptions

30.6 Where the User holds a Supply Licence and a Connectee is a Customer, the User shall, with the consent of the relevant Customer, provide the Company with details of any Customer who may be expected (by virtue of being of pensionable age or disabled or chronically sick) to require advance notice of interruptions to the supply of electricity and his requirement within three Working Days of receiving such details and requirements pursuant to the User's obligations under Condition 26 of its Supply Licence.

30.7 The User shall, with the consent of any Customer who has agreed a password with the User or any Relevant Exempt Supplier for access to the Customer's premises, provide the Company with appropriate details concerning that Customer and his password within two Working Days of notification of such password by the Customer.

30.8 The User shall use reasonable endeavours to ensure that all the facts, information and other details provided pursuant to Clause 30.6 and 30.7 remain true, accurate and complete in all respects.

Damage or Interference

- 30.9 Where the User holds a Supply Licence, the User shall (and shall ensure that its contractors and agents shall) in a prompt and appropriate manner having regard to the nature of the incident, inform the Company where the User has (or in the case of the User's contractors and agents, such contractors and agents have) reason to believe:
- 30.9.1 that there has been damage to the Electrical Plant or Electric Lines owned by the Company; or
- 30.9.2 that there has been interference with any metering equipment at an Entry Point or an Exit Point on the Company's Distribution System that has prevented such metering equipment from correctly registering the quantity of electricity supplied,
- unless the User believes that the damage or interference was caused by the Company.
- 30.10 Where the User has reason to believe that any damage or interference reported by it (or by its contractors or agents) under Clause 30.9, or any incident reported to the User by the Company in accordance with paragraph 2 of Condition 27 of the Distribution Licence, has been caused by a criminal act it shall provide the Company with such information as is reasonably required for investigating the incident and resolving any safety concerns arising out of it.
- 30.11 Where the User holds a Supply Licence, the User shall inform the Company of the User's policy in relation to how incidents of the type described in Clauses 30.9 and 30.10 will be remedied, which may include:
- 30.11.1 the substitution of alternative meters;
- 30.11.2 the provision of prepayment meters; or
- 30.11.3 De-energisation Works.
- 30.12 Where the Company undertakes any remedial work in relation to a matter that:
- 30.12.1 has been reported to it by the User in accordance with Clause 30.9;

30.12.2 has been reported to the User in the manner referred to in Clause 30.10,

30.12.3 the Company shall inform the User, in a prompt and appropriate manner, of the remedial work undertaken.

Incident Management

30.13 Subject to Clauses 30.15 and 30.16, where the Company becomes aware of a single incident affecting Electric Lines with a nominal voltage of more than 1,000 volts that interrupts the supply of electricity to more than 5,000 Customers connected to the Company's Distribution System, the Company shall use reasonable endeavours to notify the User (within a reasonable period of time after the occurrence of the incident) by email of the following information:

30.13.1 the approximate number of such Customers whose supply has been interrupted as a result of such incident;

30.13.2 the postcodes or areas affected by such incident;

30.13.3 the nature of such incident if known; and

30.13.4 the time by which it is anticipated that the supply of electricity interrupted by such incident will be restored.

30.14 Subject to Clause 30.16, where the Company has notified the User of an incident pursuant to Clause 30.13, the Company shall use reasonable endeavours to notify the User by email (within a reasonable period of time after the supply of electricity interrupted by such incident has been restored) that such supply has been restored.

30.15 The Company shall not be obliged to comply with Clause 30.14 where the gravity of the incident, either alone or in combination with other incidents affecting the Company's Distribution System, makes it impractical for the Company to do so. Where this Clause 30.15 applies, the Company shall (subject to Clause 30.16) use reasonable endeavours to notify the User (within

a reasonable period of time after the occurrence of such incident or incidents)
by email of:

30.15.1 the fact that such incident or incidents have occurred; and

30.15.2 the location of such incident or incidents,

and the Company shall use reasonable endeavours to notify the User by email (within a reasonable period of time after the supply of electricity interrupted by such incident or incidents has been restored) that such supply has been restored.

30.16 The Company shall only be obliged to comply with Clauses 30.13, 30.14 and 30.15 where the User is a Supplier Party, and where the User has provided the Company with an email address for the purpose of receiving notifications pursuant to Clauses 30.13, 30.14 and 30.15. The Company may either include the information required by Clause 30.13, 30.14 or 30.15 within the email sent pursuant to those Clauses, or at a website address set out in the email.

30.17 Where the User is a Supplier Party, and where the User communicates with its Customers in relation to any of the incidents notified by the Company to the User pursuant to Clause 30.13 or 30.15, the User shall inform those Customers that they should contact the Company regarding the incident.

31. DEMAND CONTROL

- 31.1 In respect of Metering Points for which the User is Registered that relate to Exit Points on the Company's Distribution System, the Company and the User each undertake to comply with Schedule 8.

32. REVENUE PROTECTION

- 32.1 The Company shall comply with the obligations of the ‘Distributor’ (and of the ‘Distributor’s’ Revenue Protection Agent) set out in the Revenue Protection Code of Practice (or procure that another person undertakes such obligations on the Company’s behalf).
- 32.2 The User (where it is a Supplier Party) shall comply with the obligations of the ‘Supplier’ (and of the ‘Supplier’s’ Revenue Protection Agent) set out in the Revenue Protection Code of Practice (or procure that another person undertakes such obligations on the User’s behalf).
- 32.3 Where the Company provides a Revenue Protection Service to the User under this Agreement, it shall do so in accordance with the obligations of the ‘Supplier’ under the Revenue Protection Code of Practice. Charges for the services so provided shall be calculated in accordance with those specified as applicable to such services in the Relevant Charging Statement and shall be paid for as Transactional Charges in accordance with Clause 22.
- 32.4 The Revenue Protection Code of Practice establishes a minimum standard. Nothing in this Clause 32 shall prevent a Party providing or procuring a Revenue Protection Service that goes beyond the obligations set out in the Revenue Protection Code of Practice.

33. GUARANTEED PERFORMANCE STANDARDS

Compensation

- 33.1 To the extent that, due to an act or omission on the part of the Company, compensation would be payable by the User pursuant to the ESPR to a Customer, the Company shall make an equivalent compensation payment to the User for the benefit of the Customer in accordance with the provisions of this Clause 33.
- 33.2 Where electricity flows from the Company's Distribution System into the Distribution System of another DNO Party or IDNO Party and, due to an act or omission on the part of the Company, compensation would be payable by the User pursuant to the ESPR to a Customer connected to that other Party's Distribution System, the Company undertakes either to make an equivalent compensation payment directly to the User for the benefit of the Customer, or to arrange for that other Party to make such payment. The Company's liability under this Clause 33.2 shall be subject to such apportionment of responsibilities as is agreed between the Company and that other Party pursuant to Section 2B.
- 33.3 To the extent that, due to circumstances other than those described in Clause 33.1 or 33.2, compensation pursuant to the ESPR would be payable to the Customer by the Company, the Company shall not be liable to make any payment to the User for the benefit of the Customer.

Terms and Procedures of ESPR

- 33.4 In the circumstances described in Clause 33.1 or 33.2, the Company will comply with the terms and procedures of the ESPR provided that:
- 33.4.1 the User shall be deemed to be a "person having apparent authority to represent the Customer" for the purposes of ESPR regulation 3(4)(d) if the Customer independently contacts the User in relation to a matter which forms the basis of the Customer's claim under the ESPR; and

- 33.4.2 where the ESPR require the Company to “pay to the customer the Prescribed Sum”, the Company shall pay the User the Prescribed Sum for the benefit of the Customer and the User shall pass the payment on to the Customer as soon as is reasonably practicable.
- 33.5 If the Customer contacts the User in relation to a matter which might form the basis of a claim under the ESPR, the User shall diligently record the details of the Customer’s complaint and shall not agree or imply that the Customer’s complaint is valid unless the matter is one which would be governed by Clause 33.3. If the matter is one which in the User’s reasonable opinion will be governed by Clause 33.1 or 33.2, the User shall pass on the details of the Customer’s complaint to the Company as soon as is reasonably practicable together with details of the Customer’s name and address. In such circumstances, the Prescribed Period will relate to the time at which the Customer or the User on behalf of the Customer contacts the Company, and the time at which the Customer contacts the User will not be relevant to the calculation of the Prescribed Period.
- 33.6 If the Customer contacts the Company in relation to a matter which might form the basis of a claim under the ESPR, the Company shall diligently record the details of the Customer’s complaint and shall not agree or imply that the Customer’s complaint is valid unless the matter is one which would be governed by Clause 33.1 or 33.2. If the matter is one which in the Company’s reasonable opinion will be governed by Clause 33.3, the Company shall tell the Customer to contact the User direct. In such circumstances, the Prescribed Period will relate to the time at which the Customer contacts the User and the time at which the Customer contacts the Company will not be relevant to the calculation of the Prescribed Period.
- 33.7 When the User has received a payment from the Company pursuant to Clause 33.4.2, the User shall pass such payment to the Customer as soon as reasonably practicable and if, due to the User’s delay, an additional payment becomes due pursuant to ESPR regulation 21(5), then this additional payment shall be the liability of the User.

Other Matters

- 33.8 Neither the Company nor the User shall lead a Customer to believe that he has a valid claim for a guaranteed standard payment by reason of the action or default of the other. Where, however, a Customer does have a valid claim, a breach of the provisions of this Clause 33.8 shall not excuse the Party against whom the claim lies from making the relevant payment.
- 33.9 In the event of a dispute between the Company and the User as to which of them is liable to pay compensation pursuant to Clause 33.1 or 33.3, in the first instance the Company shall make the compensation payment for the benefit of the Customer and then the dispute shall be referred to the Authority and shall be deemed to be a dispute which may be referred to the Authority by either the Company or the User in accordance with Section 39B of the Act and ESPR regulation 20, and the provisions as to practice and procedure contained in ESPR schedule 2 shall be deemed to apply to any such dispute.
- 33.10 The Company shall from time to time provide the User with a report on its performance against the ESPR on the standards of performance.

34. **CONFIDENTIALITY RESTRICTIONS ON THE COMPANY**

Confidential Information

34.1 In this Clause 34, **Confidential Information** means any information which the Company or any Affiliate or Related Undertaking of the Company:

34.1.1 receives from the User under this Agreement; or

34.1.2 holds in respect of a Connectee and is information which it has acquired in its capacity as the operator of the Distribution Business; or

34.1.3 receives from any Connectee, which, if received from the User, would fall within Clause 34.1.1; or

34.1.4 receives from the User in error, but which would usually be considered to be confidential,

and the provisions of this Clause 34 shall apply to such Confidential Information, save where the User notifies or otherwise gives prior written agreement to the Company that such Confidential Information need not be treated as confidential.

Restrictions on Use and Disclosure

34.2 Where the Company or any Affiliate or Related Undertaking of the Company receives or acquires Confidential Information, the Company shall (and shall procure that such Affiliate or Related Undertaking shall):

34.2.1 not use the Confidential Information for any purpose other than as required or expressly permitted under this Agreement or any other agreement entered into between the Company and the User for the provision of services by the Distribution Business of the Company;

34.2.2 without prejudice to Clause 34.2.1, not use the Confidential Information in a manner which may obtain for the Company or any Affiliate or Related Undertaking of the Company (as the case may be) any commercial advantage in the operation of a Supply Business

except, in relation to information falling within Clause 34.1.2, where the Company supplied electricity to the relevant Connectee at the time the information was acquired by the Company;

34.2.3 not authorise access to nor disclose any Confidential Information other than:

- (A) to such of the employees of the Company or any Affiliate or Related Undertaking of the Company as require to be informed thereof for the effective performance of the Company's obligations under this Section 2A or any other agreement entered into between the Company and the User for the provision of services by the Distribution Business of the Company or for the effective operation of the Distribution Business;
- (B) to such agents, consultants, professional or other advisors, and contractors as require to be informed thereof or to provide advice which is in connection with the operation of the Distribution Business;
- (C) to the Authority;
- (D) information which the Company or any Affiliate or Related Undertaking of the Company (as the case may be) is required or permitted to make disclosure of:
 - (i) in compliance with the duties of the Company or any Affiliate or Related Undertaking of the Company (as the case may be) under the Act or any other requirement of a Competent Authority;
 - (ii) in compliance with the provisions of any Relevant Instruments;
 - (iii) in compliance with any other requirement of law;
 - (iv) in response to a requirement of any Stock Exchange or the Panel on Takeovers and Mergers or any other regulatory authority (whether or not similar to those bodies); or

- (v) pursuant to the arbitration rules of the Electricity Arbitration Association or pursuant to any judicial or other arbitral process or tribunal of competent jurisdiction;
- (E) in the case of information falling within Clause 34.1.2, to the person who supplied electricity to the relevant Customer or purchased electricity from the relevant Generator at the time at which such information was acquired by the Company; or
- (F) for the purposes of providing to a Connectee (or, with the Connectee's permission, its contractor or agent) details of the Use of System Charges (and/or the related tariffs, estimated charges or elements from which the charges are constructed) which are or may be applicable to that Connectee's Metering Points and/or Metering Systems; and

34.2.4 take all reasonable steps to ensure that any such person as is referred to in sub-clauses 34.2.3(A), (B) and (E) to whom the Company or any Affiliate or Related Undertaking of the Company (as the case may be) discloses Confidential Information does not use that Confidential Information for any purpose other than that for which it was provided and does not disclose that Confidential Information otherwise than in accordance with the provisions of this Clause 34.

Other Matters

34.3 The Company warrants that it has effected, and undertakes that it will during the term of this Agreement effect and maintain, all such registrations as it is required to effect and maintain under the Data Protection Act to enable it lawfully to perform the obligations imposed on it by this Agreement. The Company undertakes to comply with the Data Protection Act in the performance of this Agreement.

34.4 The User agrees that where the Company uses or discloses Confidential Information in accordance with this Clause 34, such Confidential Information need not be treated as confidential for the purposes of Condition 42 of the Distribution Licence to the extent of such use or disclosure.

34.5 The Company undertakes that, in any case where information to be disclosed by it under this Agreement may lawfully be disclosed only with the prior consent of the person to whom the information relates, it will use its reasonable endeavours to obtain such prior consent so as to enable it, or the User as the case may be, promptly to perform its obligations under this Section 2A, provided that where the consent of the Connectee is required to be obtained for the purposes of this Section 2A, the User (and not the Company) shall have the obligation to obtain such consent under Clause 35.6.

35. CONFIDENTIALITY RESTRICTIONS ON THE USER

Confidential Information

35.1 In this Clause 35, **Confidential Information** means:

35.1.1 any information (whether in writing, in disc or electronic form, or otherwise) which has been properly disclosed by the Company under this Agreement but which would usually be considered to be confidential (but shall not include any information relating to a Connectee which has been collected by the Company and disclosed to the User pursuant to this Section 2A); and

35.1.2 any information which is marked as confidential or which is provided together with a covering letter or fax indicating its confidential nature,

and, to the extent that any Affiliate or Related Undertaking of the User is in possession of Confidential Information, the User shall procure that such Affiliate or Related Undertaking observes the restrictions in Clauses 35.2 to 35.4 (inclusive) as if in each such Clause there was substituted for the User the name of the Affiliate or Related Undertaking.

Restrictions on Use and Disclosure

35.2 The User hereby undertakes to the Company that it will preserve the confidentiality of, and not directly or indirectly reveal, report, publish, disclose or transfer or use for its own purposes, Confidential Information except:

35.2.1 in the circumstances set out in Clause 35.3;

35.2.2 to the extent otherwise required or expressly permitted by this Agreement or any other agreement entered into between the Company and the User for the provision of services by the Distribution Business of the Company; or

35.2.3 with the prior consent in writing of the Company.

35.3 The circumstances set out in this Clause 35.3 are:

35.3.1 where the Confidential Information, before it is furnished to the User, is in the public domain;

35.3.2 where the Confidential Information:

- (A) is acquired by the User in circumstances in which this Clause 35 does not apply;
- (B) is acquired by the User in circumstances in which this Clause 35 does apply and thereafter ceases to be subject to the restrictions imposed by this Clause 35; or
- (C) (after it is furnished to the User) enters the public domain,

otherwise (in any such case) than as a result of (i) a breach by the User of its obligations in this Clause 35; or (ii) a breach by the person who disclosed that Confidential Information of that person's confidentiality obligation, and the User is aware of such breach;

35.3.3 if the User is required or permitted to make disclosure of the Confidential Information to any person:

- (A) in compliance with the duties of the User under the Act or any other requirement of a Competent Authority;
- (B) in compliance with the provisions of any Relevant Instrument;
- (C) in compliance with any other law or regulation;
- (D) in response to a requirement of any Stock Exchange or the Panel on Takeovers and Mergers or any other regulatory authority (whether or not similar to those bodies); or
- (E) pursuant to the rules of the Electricity Arbitration Association or pursuant to any judicial or arbitral process or tribunal of competent jurisdiction;

35.3.4 the disclosure of Confidential Information to any Affiliate or Related Undertaking of the User, to the employees, directors, agents,

consultants and professional advisers of the User or any Affiliate or Related Undertaking of the User, and to any Relevant Exempt Supplier, in each case on the basis set out in Clause 35.4; or

35.3.5 the disclosure of Confidential Information to the extent that the Confidential Information is required to be disclosed by the User for the purposes of providing billing information to Connectees.

35.4 The User shall take all reasonable steps to ensure that any such person as is referred to in Clause 35.3.4 to whom the User discloses confidential information does not use that confidential information for any purpose other than that for which it is provided and does not disclose that confidential information otherwise than in accordance with this Clause 35.

Other Matters

35.5 The User warrants that it has effected, and undertakes that it will during the term of this Agreement effect and maintain, all such registrations as it is required to effect and maintain under the Data Protection Act to enable it lawfully to perform the obligations imposed on it by this Agreement. The User undertakes to comply with the Data Protection Act in the performance of this Agreement.

35.6 The User undertakes that, in any case where information to be disclosed under this Agreement may lawfully be disclosed only with the prior consent of the person to whom the information relates, it will use its reasonable endeavours to obtain (where appropriate, through its Supply Contracts and Power Purchase Contracts) such prior consent so as to enable it or (as the case may be) the Company promptly to perform its obligations under this Section 2A.

35A. PROVISION OF COST INFORMATION

- 35A.1 This Clause 35A shall only apply where the Company is a DNO Party.
- 35A.2 By the fifth Working Day of May, August, November and February in each year, the Company shall complete a copy of table 1 in Schedule 15 and send the completed table to the Secretariat.
- 35A.3 By the fifth Working Day of May, August, November and February in each year, the Company shall complete a copy of table 2 in Schedule 15 and send the completed table to the Secretariat.
- 35A.4 By the fifth Working Day of May, August, November and February in each year, the Company shall complete a copy of table 3 in Schedule 15 and send the completed table to the Secretariat.
- 35A.5 On each occasion that the Company sends a completed table to the Secretariat pursuant to Clause 35A.2, the Company shall also send an accompanying written commentary to assist in the understanding of the data presented within the table (including an explanation of the reasons behind any changes made to estimates since the last such table was prepared).
- 35A.6 The Secretariat shall, within three Working Days of receiving each table and commentary provided pursuant to this Clause 35A, publish such table and commentary on the Website.
- 35A.7 The Company shall ensure that, within 20 Working Days of sending a table 2 to the Secretariat in accordance with Clause 35A.3, a meeting is convened (which may be held by telephone conference) to which all Supplier Parties and IDNO Parties are invited. At such meeting, the Company shall provide an oral commentary to assist those attending to understand the data presented within the most recently submitted tables 1, 2 and 3 (including an explanation of the reasons behind any changes made to estimates since the last such tables were prepared). The Company shall ensure that the Supplier Parties and the IDNO Parties attending the meeting are given the opportunity to ask questions regarding the tables, and the Company shall use reasonable endeavours to provide a response to those questions.

35B. PRODUCTION OF THE ANNUAL REVIEW PACK

- 35B.1 This Clause 35B shall only apply where the Company is a DNO Party.
- 35B.2 The Annual Review Pack (or ARP) is to be published on behalf of each DNO Party, and refreshed where necessary, in accordance with this Clause 35B.
- 35B.3 By 31 December of each year, the Company shall complete the ARP and send the completed ARP to the Secretariat.
- 35B.4 By the third Working Day of January in each year, the Secretariat shall publish on the Website the completed ARP most recently received from each DNO Party.
- 35B.5 Where the Use of System Charges to be charged by the Company from April in any year differ from the indicative charges set out in the Company's ARP published pursuant to Clause 35B.4 in January of that year, then the Company shall (at least 40 days prior to the date from which such charges are to have effect) resubmit an updated ARP to the Secretariat.
- 35B.6 The Secretariat shall, within 5 days of receiving any updated ARP pursuant to Clause 35B.5, publish the updated ARP on the Website.

SECTION 2B – DISTRIBUTOR TO DISTRIBUTOR/OTSO RELATIONSHIPS

SCOPE OF SECTION 2B

This Section 2B and the Schedules referred to in it, together with the relevant Bilateral Connection Agreement, set out the terms and conditions pursuant to which a DNO/IDNO Party shall allow the System of a DNO/IDNO/OTSO Party to Connect to the DNO/IDNO Party's Distribution System, and pursuant to which the DNO/IDNO Party shall provide Use of Distribution System to the DNO/IDNO/OTSO Party.

36. INTERPRETATION OF SECTION 2B

Party Obligations

- 36.1 In this Section 2B, in the Schedules when applied pursuant to this Section 2B, and in the terms defined in Clause 1 when used in this Section 2B or those Schedules, a reference to a Company is a reference to each Party, separately and individually, that is a DNO/IDNO Party acting in the capacity of a Party who provides Connection and Use of Distribution System to a DNO/IDNO/OTSO Party and, where an obligation is imposed on, or a right granted to, a Company, that obligation is imposed on, and that right is granted to, each such DNO/IDNO Party separately and independently.
- 36.2 In this Section 2B, in the Schedules when applied pursuant to this Section 2B, and in the terms defined in Clause 1 when used in this Section 2B or those Schedules, a reference to a User is:
- 36.2.1 a reference to each DNO/IDNO/OTSO Party, separately and individually, acting in the capacity of a Party who receives Connection and Use of Distribution System from a DNO/IDNO Party, and where an obligation is imposed on, or a right granted to, a User, that obligation is imposed on, and that right is granted to, each such DNO/IDNO/OTSO Party separately and independently; and
- 36.2.2 when made in relation to a Company and any period of time, a reference to each User (separately, individually and to the relevant extent) who is (or was), during that period, Connected to that Company's Distribution System (provided that, in the case of Clauses 36, 37, 38, 39 and 47, it shall include those Users who are taking steps to be so Connected, and that, in the case of Clauses 36, 38, 47, 50 and 51, it shall include those Users who were once so Connected).
- 36.3 This Section 2B, and the Schedules when applied pursuant to it, shall, together with the relevant Bilateral Connection Agreement:

- 36.3.1 only create rights and obligations between DNO Parties/IDNO Parties and other DNO Parties/IDNO Parties, and shall not apply to Supplier/DG parties;
- 36.3.2 only create obligations between a Company and a User to the extent that, and in relation to those periods for which, the User is (or was) or is seeking to be Connected via a Connection Point to the Company's Distribution System; and
- 36.3.3 not impose any obligations between a Company and a User in relation to periods for which that User is (or was) not, and is not seeking to be, Connected via a Connection Point to the Company's Distribution System.

References in Relation to Companies and Users

- 36.4 In this Section 2B, in the Schedules when applied pursuant to this Section 2B, and in the relevant Bilateral Connection Agreement, references to:
 - 36.4.1 a Connection Point are references to a Connection Point between the Company's Distribution System and the User's System;
 - 36.4.2 a Connectee are, when made in relation to the Company or the Company's Distribution System, references to a Connectee to the Company's Distribution System, and, when made in relation to the User or the User's System, references to a Connectee to the User's System; and
 - 36.4.3 Charges are references to the Charges payable by the User to the Company in relation to Connection Points on the Company's Distribution System.

Additional Interpretation

- 36.5 In this Section 2B, in the Schedules when applied pursuant to it, and in the relevant Bilateral Connection Agreement, any reference to a "charging period" is, subject to any contrary indication, a reference to the period specified in the

Relevant Charging Statement (or, if no period is specified therein, a calendar month).

Disputes

36.6 Notwithstanding Clause 58, any dispute between the Company and the User arising under, out of, or in connection with this Section 2B or a relevant Bilateral Connection Agreement will not be referred to arbitration unless:

36.6.1 the relevant provision of this Section 2B expressly provides for arbitration; or

36.6.2 the Company and the User agree to refer the dispute to arbitration.

37. CONDITIONS PRECEDENT

- 37.1 The rights and obligations of each Company as against each User (and of each User as against each Company) under the remaining Clauses of this Section 2B (save for Clauses 50 and 51) are conditional upon each of the following conditions precedent being fulfilled:
- 37.1.1 that the User holds a Distribution Licence or is the OTSO Party;
- 37.1.2 that the Company holds a Distribution Licence;
- 37.1.3 that both the User and the Company are party to the Connection and Use of System Code and any necessary supplemental agreement pursuant to it;
- 37.1.4 that both the User (unless it is the OTSO Party) and the Company are party to the Master Registration Agreement and the Data Transfer Service Agreement;
- 37.1.5 that both the User and the Company are party to the BSC; and
- 37.1.6 that both the User and the Company are party to the Smart Energy Code.
- 37.2 If the conditions precedent set out in Clause 37.1.1 to 37.1.5 (inclusive) are not fulfilled in respect of a Company or a User at the date this Agreement becomes effective in respect of that Party, that Party shall take all appropriate steps within its power to procure the fulfilment of those conditions relating to it which have not already been fulfilled.
- 37.3 Once each of the conditions precedent in Clause 37.1 has been fulfilled in respect of a Company or a User, that Party shall take all appropriate steps within its power to keep such conditions precedent relating to it fulfilled.

38. BILATERAL CONNECTION AGREEMENTS

New Bilateral Connection Agreements

38.1 Where requested by the User or its agent, the Company shall offer to enter into a Bilateral Connection Agreement with the User in respect of each relevant Connection Point or group of Connection Points. Such offer shall be made as soon as is practicable and within any period required by the Company's Distribution Licence or the Act.

38.2 Where either the Company or the User disputes the terms of the Bilateral Connection Agreement either of them shall be entitled to refer the dispute to the Authority in accordance with the provisions of Condition 7 of the Company's Distribution Licence.

38.3 In the event that:

38.3.1 the System of one DNO/IDNO/OTSO Party is connected to the Distribution System of a DNO/IDNO Party (so that, subject to energisation, electricity may flow between the two); but

38.3.2 there is no written agreement between them regarding such connection, either of them may, on notice to the other, require such other to (as applicable) enter into, or offer to enter into, a Bilateral Connection Agreement in respect of the point of such connection. Where no such Bilateral Connection Agreement can be agreed within a reasonable period of time, either of them may (save where pending determination of a dispute referred to the Authority in respect of such point of connection) de-energise or disconnect such point of connection.

Deemed Bilateral Connection Agreements

38.4 In the event that:

38.4.1 the System of one DNO/IDNO/OTSO Party is connected to the Distribution System of a DNO/IDNO Party (so that, subject to energisation, electricity may flow between the two); but

38.4.2 there is no written agreement between them regarding such connection, those two Parties agree that the limitations on liability set out in Clause 53 shall apply in relation to such connection.

38.5 Where a party to a Bilateral Connection Agreement (a “**disposing party**”) disposes of the Distribution System (or relevant part thereof) relating to one or more of the Connection Points that are subject to that Bilateral Connection Agreement, the disposing party shall notify the other party to that Bilateral Connection Agreement (the “**continuing party**”).

38.6 Where the person (the “**acquiring party**”) who acquires such Distribution System (or part thereof) is a Party to this Agreement:

38.6.1 it shall notify the continuing party of such acquisition; and

38.6.2 it is agreed that (subject to any contrary agreement between the continuing party and the acquiring party) the continuing party and the acquiring party shall (with effect from the time of acquisition) have the benefit of, and be subject to, a Bilateral Connection Agreement on identical terms to that referred to in Clause 38.5 (insofar as applicable to the Connection Points referred to in Clause 38.5).

Breach of Bilateral Connection Agreements

38.7 Without prejudice to Clauses 39.1.1 and 40.1.2, a breach of a Bilateral Connection Agreement is not, of itself, a breach of this Agreement.

39. THE USER'S RIGHT TO BE CONNECTED AND ENERGISED

- 39.1 The obligation of the Company to Connect the relevant Connection Point or Connection Points to its Distribution System, and to Energise the relevant Connection Point or Connection Points, is subject to:
- 39.1.1 the User entering into a Bilateral Connection Agreement with the Company in respect of such Connection Points and such agreement being in full force and effect (and any conditions precedent therein being satisfied);
 - 39.1.2 the User and the Company having exchanged such contact, invoicing and other similar information as the other reasonably requests and agreeing arrangements for the provision of Use of Distribution System information to the Company; and
 - 39.1.3 where the Connection Point is a Systems Connection Point, such Connection Point being registered in accordance with the provisions of the BSC.
- 39.2 Subject to the provisions of this Section 2B and the relevant Bilateral Connection Agreement, the Company shall Connect the User's System at each of the relevant Connection Points, and Energise each such Connection Point.
- 39.3 Subject to the provisions of this Section 2B and the relevant Bilateral Connection Agreement, the Company shall use its reasonable endeavours to:
- 39.3.1 ensure the Maximum Import Capacity and the Maximum Export Capacity is available to the User at all times; and
 - 39.3.2 maintain the connection characteristics at the Connection Point in accordance with the provisions of the relevant Bilateral Connection Agreement.

Land Rights

- 39.4 In respect of each Connection Point, where either the Company has Connection Assets installed on property under the control of the User, or the

User has Connection Equipment installed on the property of the Company then the Company and the User shall agree appropriate arrangements in respect of the rights to place such Connection Equipment or Connection Assets on the property of the other and to operate such Connection Assets or Connection Equipment. Such agreement will be part of the relevant Bilateral Connection Agreement or in an agreement pursuant to the relevant Bilateral Connection Agreement.

Access Rights

- 39.5 In respect of each Connection Point and subject to the other provisions of this Section 2B and the relevant Bilateral Connection Agreement, where the Company has Connection Assets installed on property under the control of the User, the User shall provide the Company, its invitees and any relevant employee, agent or contractor acting on behalf of the Company, with safe and unobstructed access at all times to such Connection Assets together with such facilities as the Company may reasonably request and the User may reasonably be expected to provide. The Company shall procure that any individuals to whom access is given pursuant to this Clause 39.5 shall comply with all reasonable directions given by the User as to general safety and site security arrangements.
- 39.6 In respect of each Connection Point and subject to the other provisions of this Section 2B and the relevant Bilateral Connection Agreement where the User has Connection Equipment installed on property under the control of the Company, the Company shall provide the User, its invitees and any relevant employee, agent or contractor acting on behalf of the User, with safe and unobstructed access at all times to such Connection Equipment together with such facilities as the User may reasonably request and the Company may reasonably be expected to provide. The User shall procure that any individuals to whom access is given pursuant to this Clause 39.6 shall comply with all reasonable directions given by the Company as to general safety and site security arrangements.

Maintenance of Assets

- 39.7 Subject to the terms of this Agreement and the relevant Bilateral Connection Agreement (and without prejudice to Company's rights to make Modifications) the Company and the User shall use all reasonable endeavours to maintain their respective Connection Equipment relating to the Connection Point in the condition necessary to render the Connection Point fit for the purpose of conveying electricity in accordance with this Agreement and the relevant Bilateral Connection Agreement.
- 39.8 Subject to the relevant Bilateral Connection Agreement, the Company and the User each acknowledges that the other may use, in relation to its System, whatever equipment of whatever nature it considers appropriate, provided the same complies with all Relevant Instruments, legislative requirements and Directives.

Maximum Import Capacity and Maximum Export Capacity

- 39.9 The Maximum Import Capacity and Maximum Export Capacity shall be specified in the relevant Bilateral Connection Agreement and the User shall use its reasonable endeavours to ensure that the electricity imported and exported does not exceed the Maximum Import Capacity and the Maximum Export Capacity (respectively).
- 39.10 The Company shall only be obliged to export or import electricity up to the Maximum Import Capacity and Maximum Export Capacity as specified in the relevant Bilateral Connection Agreement. Where the User exceeds the Maximum Import Capacity or the Maximum Export Capacity, it shall be a breach of the relevant Bilateral Connection Agreement, but not of this Agreement.
- 39.11 Where the User's import of electricity exceeds the Maximum Import Capacity or the User's export of electricity exceeds the Maximum Export Capacity (each an "**Event**"), the User shall:
- 39.11.1 upon being notified by the Company, take reasonable actions to reduce the import or export of electricity to within the limits specified in the relevant Bilateral Connection Agreement; and

39.11.2 if appropriate propose a variation to the relevant Bilateral Connection Agreement; and/or

39.11.3 if appropriate, submit a Modification Application to the Company in accordance with the provisions of Clause 52.

39.12 Following the occurrence of an Event (as defined in Clause 39.11), the Company shall be entitled to:

39.12.1 charge the User any additional Use of System Charges for Use of Distribution System that is in excess of the Maximum Import Capacity or Maximum Export Capacity in accordance with the Company's Relevant Charging Statement;

39.12.2 exercise any rights it may have under Clause 41; and/or

39.12.3 exercise any rights it may have under the relevant Bilateral Connection Agreement.

Phase Balance

39.13 The User shall ensure, as far as is reasonably practicable, that the flow of electricity at each Connection Point is balanced between the phases.

Power Factor

39.14 The User shall at all times and at its own expense take reasonable steps to maintain the power factor of any supply of electricity through each Connection Point is between unity and 0.95 lagging unless otherwise agreed with the Company in the relevant Bilateral Connection Agreement. Any capacitors or other devices provided by the User for power factor improvement purposes shall be controlled so as to ensure that (unless otherwise agreed between the Company and the User) the total capacitance connected to the User's System at any time is not greater than that required to produce a power factor of unity at that time.

39.15 Nothing in Clause 39.14 shall require the User to treat any Customer taking a supply of electricity from its System less favourably than equivalent

Customers taking supplies of electricity from the Company's Distribution System are treated by the Company in equivalent circumstances.

Interference

39.16 Unless otherwise agreed, the Company and the User shall each ensure that it and its respective employees, contractors, agents and invitees do not alter or interfere in any way with the Connection Equipment of the other.

40. USE OF DISTRIBUTION SYSTEM

Provision of Use of Distribution System

- 40.1 Subject to the other provisions of this Agreement, the Company shall convey electricity through its Distribution System, for the User, to and from each Connection Point subject to:
- 40.1.1 the Company and the User being party to this Agreement and it being in full force and effect;
 - 40.1.2 there being a Bilateral Connection Agreement in full force and effect between the Company and the User in respect of such Connection Point (and any conditions precedent therein being and remaining satisfied);
 - 40.1.3 the Maximum Import Capacity (if any) or the Maximum Export Capacity (if any) set out in the relevant Bilateral Connection Agreement;
 - 40.1.4 where the Connection Point is a Systems Connection Point, a Meter Operator Agent being (and remaining) appointed; and
 - 40.1.5 such variations (if any) as may be permitted by the Regulations or as otherwise agreed in the relevant Bilateral Connection Agreement.

Provision of Loss Adjustment Factors

- 40.2 The Company shall provide loss adjustment factors to the User:
- 40.2.1 in respect of each Connection Point to the Company's Distribution System that is not a Systems Connection Point, 20 Working Days before the User has to provide loss adjustment factors to the BSCCo in accordance with provisions of the BSC; and
 - 40.2.2 in respect of each Connection Point to the Company's Distribution System that is a Systems Connection Point and where the User is the party responsible under the BSC for submitting the loss adjustment factors to BSCCo, 20 Working Days before the User has to provide

loss adjustment factors to the BSCCo in accordance with provisions of the BSC.

41. ENERGISATION, DE-ENERGISATION AND RE-ENERGISATION

Company's Right to De-energise

41.1 The Company may De-energise a Connection Point:

- 41.1.1 if the Company is required to do so in an emergency and in accordance with Clause 41.4;
- 41.1.2 if the User is in material breach of the Bilateral Connection Agreement relating to such Connection Point and such breach results, or is likely to result, in the Company being in breach of the Regulations, the Company's Distribution Code, or any other relevant statutory requirement;
- 41.1.3 if the User is in breach of the Regulations, or is likely to be in material breach of the Regulations, or is likely to compromise the security of the Company's Distribution System or of any Distribution System or Offshore Transmission System connected to the Company's Distribution System or of the supply of electricity to any Connectee of the Company's;
- 41.1.4 if the Company is required to do so to comply with its obligations under the Company's Distribution Code or any Relevant Instruments;
- 41.1.5 subject to the terms of a replacement agreement, if this Agreement or the relevant Bilateral Connection Agreement is terminated, or the User ceases to be a Party in accordance with the provisions of Clause 54;
- 41.1.6 if the rights of the User are suspended in accordance with Clause 54.2;
- 41.1.7 if requested to do so by the User; or
- 41.1.8 if the Company is required to do so as part of a System Outage on its Distribution System carried out in accordance with its statutory rights and obligations and Good Industry Practice.

Notice Periods for De-energisation

41.2 Prior to De-energising a Connection Point pursuant to Clauses 41.1.2 to 41.1.4, the Company shall first give the User notice in writing, specifying:

41.2.1 the nature of the circumstances that have given rise to the right to De-energise;

41.2.2 the remedial works required to be carried out (as the Company reasonably determines) by the User or by the Company to remedy such circumstance; and

41.2.3 (where the User is to carry out such works) such reasonable period within which the User must carry out such works,

and the Company may only De-energise the Connection Point where the User fails to carry out the remedial works specified in such notice within the period specified in such notice.

41.3 In the case of Clause 41.1.2, the remedial works referred to in Clause 41.2.2 shall be undertaken at the cost of the User (who shall reimburse the Company where such works are undertaken by the Company). In the case of Clauses 41.1.3 and 41.1.4 and where the circumstance giving rise to the right to De-energise was caused by an act or omission of the User (or its employees, contractors or agents), the remedial works referred to in Clause 41.2.2 shall be undertaken at the cost of the User (who shall reimburse the Company where such works are undertaken by the Company). In the case of Clauses 41.1.3 and 41.1.4 and where the circumstance giving rise to the right to De-energise was caused otherwise than by an act or omission of the User (or its employees, contractors or agents), the remedial works referred to in Clause 41.2.2 shall be undertaken at the cost of the Company (who shall reimburse the User where such works are undertaken by the User).

Emergency De-energisation

41.4 If, in the reasonable opinion of the Company, the condition or manner of operation of the Company's Distribution System or of the User's System poses an immediate threat of injury to any person or material damage to the

Company's Distribution System or to the User's System, the Company shall have the right to:

- 41.4.1 without prior notice, De-energise the relevant Connection Point by undertaking De-Energisation Works on the Company's Distribution System; or
 - 41.4.2 request the User to immediately De-energise the Connection Point, or that part of the User's System connected to the Connection Point that has given rise to the Company's request under Clause 41.4 (in which case the User shall promptly comply with such request); or
 - 41.4.3 where the Company has the appropriate authorisations from the User in writing or under the relevant Bilateral Connection Agreement, without prior notice, De-energise that part of the User's System.
- 41.5 De-energisation Works undertaken under Clause 41.4 shall be undertaken in accordance with the relevant provisions of the Regulations.
- 41.6 Where the Company undertakes De-energisation Works pursuant to Clause 41.4.1 or 41.4.3, the Company shall give notice to the User, as soon as is reasonably practicable, of the fact that the Connection Point has been De-energised.
- 41.7 Where the User undertakes De-energisation Works pursuant to Clause 41.4.2, the User shall give notice to the Company, as soon as is reasonably practicable, of the fact that the Connection Point has been De-energised.

Post Emergency Re-energisation

- 41.8 Where a Connection Point has been De-energised pursuant to Clause 41.4:
- 41.8.1 in the case where the Company has De-energised the Connection Point by undertaking De-energisation Works on its Distribution System, the Company shall Re-energise the Connection Point as soon as is reasonably practicable after the circumstances leading to any De-energisation of the Connection Point under Clause 41.4 have ceased to

exist and give notice to the User that such Re-energisation Works have been completed;

41.8.2 in the case where the User has De-energised the Connection Point by undertaking De-energisation Works on its System, the Company shall advise the User as soon as is reasonably practicable after the circumstances leading to any De-energisation of the Connection Point under Clause 41.4 have ceased to exist and the User shall then be entitled to undertake Re-energisation Works on its System to Re-energise the Connection Point and shall, where applicable, give notice, as soon as reasonably practicable, to the Company that such Re-energisation Works have been completed; or

41.8.3 in the case where the Company has De-energised the Connection Point by undertaking De-energisation Works on the User's System, the Company shall, as soon as is reasonably practicable after the circumstances leading to any De-energisation of the Connection Point under Clause 41.4 have ceased to exist:

- (A) advise the User; and
- (B) with the consent of the User, undertake Re-energisation Works on the User's System to Re-energise such Connection Point and advise the User when such Re-energisation Works have been completed; or
- (C) authorise the User to undertake such Re-energisation Works (in which case the User shall, as soon as reasonably practicable, notify the Company once such Re-Energisation Works have been completed).

Disputes on remedial works

41.9 Where the User disputes the nature of the remedial works specified, or the period for undertaking such remedial works specified, in any notice issued by the Company pursuant to Clause 41.2, then the Company and the User shall

negotiate in good faith to resolve such dispute. If such dispute remains unresolved after 20 Working Days either the Company or the User shall be entitled to refer such dispute for arbitration in accordance with the provisions of Clause 58.

- 41.10 Where the Company requires remedial works to be undertaken prior to determination of the dispute, the User shall undertake any specified remedial works in accordance with the notice issued pursuant to Clause 41.2. Where arbitration determines that remedial works were not required, or that a lower cost remedial solution would have remedied the circumstance giving rise to the right to De-Energise, the Company shall reimburse the User for those costs that are in excess of the determined solution (together with any applicable VAT).

De-energisation and Re-energisation Works

- 41.11 If the Company resolves to De-energise a Connection Point pursuant to Clause 41.1:

41.11.1 the Company shall decide on the extent and nature of the De-energisation Works reasonably required to De-energise the relevant Connection Point;

41.11.2 the Company shall Re-energise the Connection Point as soon as is reasonably practicable after the circumstance giving rise to such De-energisation has ended; and

41.11.3 except where the Company resolves to De-energise a Connection Point pursuant to:

- (A) Clause 41.1.1 (where the emergency is caused by one or more of (i) the Company, (ii) the Company's Connectees, and (iii) persons other than the User acting in relation to the Company's Distribution System);
- (B) Clause 41.1.4; or

(C) Clause 41.1.8,

the Company shall be entitled to undertake both the De-energisation Works and the subsequent Re-energisation Works at the cost of the User, and where required, the User shall pay to the Company the relevant Transactional Charges associated with both the De-energisation Works and the subsequent Re-energisation Works.

41.12 Subject to Clauses 41.8.3(c) and 41.13.2, the User shall not be entitled to Re-energise a Connection Point which has previously been De-energised by the Company.

User's Right to Energise, De-energise or Re-energise a Connection Point

41.13 The User may Energise, De-energise or Re-energise a Connection Point by undertaking Energisation Works, De-energisation Works or Re-energisation Works:

41.13.1 (subject to Clause 41.12) on the User's System at the Connection Point; or

41.13.2 on the Company's Distribution System at the Connection Point where the User has agreed with the Company that the User may do so in that specific instance.

41.14 Subject to Clause 41.13, where the User undertakes Energisation Works, De-energisation Works or Re-energisation Works and such works involve works on the Company's Connection Equipment the User shall undertake such works in accordance with the provisions of this Agreement and the relevant Bilateral Connection Agreement.

Works Undertaken by the User

41.15 Energisation Works, De-energisation Works and Re-energisation Works on the Company's Connection Equipment carried out by or on behalf of the User pursuant to this Clause 41 shall be carried out at the User's cost by a suitably

competent person who is either engaged by the User and authorised in writing to carry out such work or who:

41.15.1 is an Approved Contractor, in accordance with the procedure set out in Schedule 5;

41.15.2 is a Competent Person to whom a Permission has been issued, in accordance with the procedure set out in Schedule 5, to carry out the particular activities comprising the Energisation Works, De-energisation Works or Re-energisation Works in question; and

41.15.3 acts in accordance with the requirements set out in Schedule 5.

Works Undertaken by the Company

41.16 Where:

41.16.1 neither the User nor any of its contractors is an Approved Contractor;
or

41.16.2 no employee of the User or any of its contractors (if Approved Contractors) holds a Permission; or

41.16.3 the User does not have the rights of access required to undertake such Energisation Works, De-energisation Works or Re-energisation Works;
or,

41.16.4 where the Company and the User so agree,

the Company shall, subject to the provisions of this Agreement and the relevant Bilateral Connection Agreement, to the extent that it may lawfully do so, carry out Energisation Works, De-energisation Works and Re-energisation Works at the relevant Connection Point on behalf of the User. Such works will be at the cost of the User and carried out within a reasonable time or, in circumstances of urgency, as soon as is reasonably practicable. The Company shall on request by the User inform the User of its reasonable requirements for the details by reference to which Connection Points to be Energised, De-energised or Re-energised are to be identified.

Good Industry Practice

41.17 The Company and the User shall both act in accordance with Good Industry Practice when carrying out, or procuring the carrying out of, any Energisation Works, De-energisation Works or Re-energisation Works.

Duty to Indemnify

41.18 Where the Company carries out works on behalf of the User pursuant to Clause 41.16:

41.18.1 the Company shall indemnify the User against all actions, proceedings, costs, demands, claims, expenses, liability, loss or damage arising from, or incurred by the User as a consequence of, physical damage to the property of the User, its officers, employees or agents, and in respect of the liability of the User to any other person for loss in respect of physical damage to the property of any person, in each case as a consequence of the Company (or its employees, contractors or agents) acting contrary to an accurate and appropriate instruction to Energise, De-energise or Re-energise a Connection Point; and

41.18.2 the User shall indemnify the Company against all actions, proceedings, costs, demands, claims, expenses, liability, loss or damage arising from, or incurred by the Company as a consequence of, physical damage to the property of the Company, its officers, employees or agents, and in respect of the liability of the Company to any other person for loss in respect of physical damage to the property of any person, in each case as a consequence of the Company (or its employees, contractors or agents) acting in reliance on any instructions given by the User to the Company which are materially inaccurate or misleading,

provided that (notwithstanding that an indemnity is given) neither the Company's nor the User's liability, pursuant to this Clause 41.18 and in respect of a particular incident or series of related incidents, shall exceed the figure referred to in Clause 53.1.

41.19 Where the User carries out works on the Company's Distribution System pursuant to Clause 41.13 or Clause 41.15:

41.19.1 the User shall indemnify the Company against all actions, proceedings, costs, demands, claims, expenses, liability, loss or damage arising from, or incurred by the Company as a consequence of, physical damage to the property of the Company, its officers, employees or agents, and in respect of the liability of the Company to any other person for loss in respect of physical damage to the property of any person, in each case as a consequence of the User (or its employees, contractors or agents) acting contrary to an accurate and appropriate instruction to Energise, De-energise or Re-energise a Connection Point; and

41.19.2 the Company shall indemnify the User against all actions, proceedings, costs, demands, claims, expenses, liability, loss or damage arising from, or incurred by the User as a consequence of, physical damage to the property of the User, its officers, employees or agents, and in respect of the liability of the User to any other person for loss in respect of physical damage to the property of any person, in each case as a consequence of the User (or its employees, contractors or agents) acting in reliance on any instructions given by the Company to the User which are materially inaccurate or misleading,

provided that (notwithstanding that an indemnity is given) neither the User's nor the Company's liability, pursuant to this Clause 41.19 and in respect of a particular incident or series of related incidents, shall exceed the figure referred to in Clause 53.1.

Disconnection Procedure

41.20 In respect of a Connection Point, the User shall be entitled to send to the Company a notice requesting the Company to Disconnect a Connection Point. In respect of any notice sent to the Company pursuant to this Clause 41.20, the User shall specify the Connection Point, the location of the Connection Point and the date on which the Disconnection is required.

41.21 Unless agreed otherwise and in respect of the relevant Connection Point, following the receipt of a notice under Clause 41.20 the User shall remove its Connection Equipment from the Company's premises and the Company shall remove its Connection Equipment from the User's premises (in each case at the User's cost).

42. METERING EQUIPMENT AND DATA

- 42.1 The Company shall be entitled to obtain such data (from the metering equipment installed in accordance with this Clause 42, as the Company may reasonably require for:
- 42.1.1 (in the case of Systems Connections Points, and Connection Points connected at voltages for which the relevant Charging Methodology specifies that portfolio tariffs should not be used) the calculation of Use of System Charges;
 - 42.1.2 the operation, design and planning of its Distribution System; and
 - 42.1.3 validation that the electricity that is imported or exported across a Connection Point is no greater than the Maximum Import Capacity or the Maximum Export Capacity described in the relevant Bilateral Connection Agreement.
- 42.2 Where the Connection Point is a Systems Connection Point, the User shall (at its own cost) procure that:
- 42.2.1 metering equipment is installed, operated and maintained;
 - 42.2.2 meter technical details are registered; and
 - 42.2.3 meter aggregation rules are registered,
- in each case in accordance with the provisions of the BSC.
- 42.3 Where the Connection Point is a Systems Connection Point, the User shall (at its own cost) procure that such data (from the metering equipment installed in accordance with Clause 42.2) as the Company may reasonably require pursuant to Clause 42.1 is provided in accordance with the timescale specified in the Company's Relevant Charging Statement or, where no timescale is specified, as soon as reasonably practical after the charging period.
- 42.4 Where metering equipment is required in accordance with Clause 42.2, the Company shall not be obliged to convey electricity across its Distribution

System to or from the relevant Connection Point unless the necessary metering equipment is installed.

- 42.5 The Company shall (at its own cost) be entitled to install metering equipment in order to obtain data pursuant to Clause 42.1 whether or not the User has installed metering equipment.
- 42.6 Any metering equipment installed at the Connection Point pursuant to Clause 42.5, shall be installed, operated and maintained with an accuracy equivalent or better than that specified in Schedule 6.

Interconnection

- 42.7 Without prejudice to Clause 52, the User shall (unless expressly agreed in the relevant Bilateral Connection Agreement) use all reasonable endeavours to ensure that no Interconnection occurs. The User shall immediately notify the Company where it becomes aware of any Interconnection not expressly provided for in the relevant Bilateral Connection Agreement.

Nested Networks

- 42.8 The User shall immediately notify the Company where it becomes aware that the User's System (or any Electric Lines connected thereto) has been connected to:
- 42.8.1 a Distribution System of any person other than the Company; or
- 42.8.2 an Offshore Transmission System,
- so that (subject to energisation) electricity may flow to or from the User's System.

Generation

- 42.9 The User shall (to the extent the User is aware of the same):
- 42.9.1 notify the Company of any changes in the number of Small Scale Generators connected in parallel with the User's System, such

notification to be made within 20 Working Days of the User becoming aware of such change; and

42.9.2 in respect of generation to be connected in parallel with the User's System that does not fall under the definition of a Small Scale Generator:

- (A) notify the Company of such generation prior to connection of that generation (providing such information as the Company may reasonably request in order to allow compliance with a Relevant Instrument);
- (B) obtain the Company's consent to connection of that generation (such consent not to be unreasonably withheld); and
- (C) notify the Company if any such generation ceases to be so connected or if its generation characteristics change.

Rights of Access

42.10 The Company shall be entitled to collect data from, inspect, test and (if necessary) correct any metering equipment installed and maintained pursuant to Clause 42.5 (or, where the Connection Point is a Systems Connection Point, require the User to do so). The User shall use its reasonable endeavours to procure that the employees, agents, sub-contractors and invitees of the Company shall at all reasonable times have safe and unobstructed access to such metering equipment (whether installed under Clause 42.2 or 42.5). The Company shall procure that any individuals to whom access is given pursuant to this Clause 42.10 shall comply with all reasonable directions given by the User as to general safety and site security arrangements. Where either Party disputes the accuracy of the metering equipment referred to in this Clause 42, the provisions of Schedule 6 shall apply.

42.11 Where the Company installs metering equipment in accordance with Clause 42.5, the User shall: ensure that the employees, agents and invitees of the User will not interfere with such equipment or the immediate connections to such

equipment without the prior written consent of the Company, except to the extent that emergency action has to be taken to protect the health and safety of persons or to prevent serious damage to property proximate to the metering equipment.

Data for Calculating Use of System Charges

42.12 The User shall (if it is an IDNO Party) provide to the Nominated Calculation Agent such data concerning each of the User's Systems as may reasonably be requested in order that the Nominated Calculation Agent can calculate the "HV split" (as defined in Schedule 16). The User shall provide such data during October each year, and shall provide such data in such reasonable format as the Nominated Calculation Agent may request.

42.13 The Company shall (if it is a DNO Party):

42.13.1 procure that the Nominated Calculation Agent is appointed on terms that require the Nominated Calculation Agent to keep the information disclosed to it pursuant to Clause 42.13 and this Clause 42.14 confidential, and to not use such information for any purpose other than calculation of the "HV split"; and

42.13.2 provide to the Nominated Calculation Agent such data concerning each of the Company's Systems as may reasonably be requested in order that the Nominated Calculation Agent can calculate the "HV split" (as defined in Schedule 16). The Company shall provide such data during October each year, and shall provide such data in such reasonable format as the Nominated Calculation Agent may request.

43. CHARGES

Charges

43.1 The User shall pay to the Company in respect of services provided under this Agreement (and under the agreements referred to in Clause 43.2) the charges set out in the Company's Relevant Charging Statement and, where appropriate, the provisions of the relevant Bilateral Connection Agreement. The Company may vary such charges at any time by giving the requisite period of written notice to the User, where the requisite period of notice is:

43.1.1 the period specified in the Company's Relevant Charging Statement ;

43.1.2 where no such period is specified, 40 days; or

43.1.3 whether or not any such period is specified, the period agreed between the Company and the User.

Notwithstanding that the Company may vary such charges at any time, the Company shall use reasonable endeavours to: (1) vary such charges no more than two times per year; and (2) vary such charges with effect from 1st April or 1st October. Such charges and any variations are and will be calculated in accordance with the provisions of the Relevant Charging Statement.

43.2 The charges referred to in Clause 43.1 (the **Charges**) shall be:

43.2.1 the charges contained or referred to in the Company's Relevant Charging Statement for the time being in force pursuant to Condition 14 of its Distribution Licence (**Use of System Charges**); and

43.2.2 the charges for any other services provided by the Company to the User pursuant to:

(A) a provision of this Section 2B; or

(B) any other agreement between the Company and the User for the provision of such services which provides for payment pursuant to this Agreement.

Adjustment of Charges

- 43.3 On any occasion upon which the Charges payable by the User under Clause 43.1 have not been calculated strictly in accordance with the provisions of the Relevant Charging Statement, an appropriate adjustment shall be made by the Company and submitted to the User.
- 43.4 Where an adjustment in accordance with Clause 43.3:
- 43.4.1 discloses an overcharge, the Company shall repay to the User the amount by which the User has been overcharged together with interest thereon from the due date of the invoice containing the overcharge until the date of repayment. Such interest shall accrue from day to day at the base lending rate during such period of Barclays Bank plc, compounded annually; or
- 43.4.2 discloses an undercharge, the User shall pay to the Company the amount by which the User has been undercharged together with interest thereon from the due date of the invoice which should have included the amount of the undercharge until the date of payment. Such interest shall accrue from day to day at the base lending rate during such period of Barclays Bank plc, compounded annually.
- 43.5 Where the User disputes the adjustment, the User and the Company shall attempt to resolve the dispute in good faith. Where the dispute remains unresolved after 20 Working Days, either the Company or the User may refer the dispute to arbitration in accordance with Clause 58 and the User or the Company (as applicable) shall pay the amount payable or repayable (if any) as so determined.

Invoicing of Charges

- 43.6 The Company shall invoice Use of System Charges (but excluding any Transactional Charges):
- 43.6.1 in respect of the period up to and including 31 March 2010, to the User by reference to:

- (A) data provided from metering equipment where it is fitted by the User in respect of a Connection Point pursuant to Clause 42 (as such Clause existed at that date);
- (B) where the Company and the User agree in respect of that period that metering equipment was not required to record Use of Distribution System at the Connection Point, data provided in accordance with the provisions of the agreement regarding the alternative basis of charging; or
- (C) data obtained from Operational Metering Equipment fitted by the Company in the circumstances provided by Clause 42.11 (as such Clause existed at that date); or

43.6.2 in respect of the period after 31 March 2010:

- (A) (in the case of Systems Connection Points) to the User by reference to data provided from the metering equipment fitted pursuant to Clause 42.2 (or, where the User has failed to fit such metering equipment or provide such data or where such metering equipment has failed, data obtained from metering equipment fitted pursuant to Clause 42.5);
- (B) (in the case of Connection Points connected at voltages for which the relevant Charging Methodology specifies that portfolio tariffs should not be used) to the User by reference to data obtained from the metering equipment fitted pursuant to Clause 42.5; or
- (C) (save in the case of Systems Connection Points and Connection Points connected at voltages for which the relevant Charging Methodology specifies that portfolio tariffs should not be used) to the EDNO (as defined in Schedule 19 Portfolio Billing)), by reference to the portfolio billing process set out in Schedule 19.

43.7 All charges payable by the User pursuant to this Clause 43, Clause 44 and Clause 45:

43.7.1 are exclusive of Value Added Tax and the Company may add to such amounts (and the User shall pay) Value Added Tax (if any) at the rate applicable thereto from time to time and Value Added Tax shall be payable at the same time and in the same manner as the amounts to which it relates; and

43.7.2 shall be without prejudice to any claims or rights which the User may have against the Company and except as expressly permitted by Schedule 4 shall be made without any set-off or deduction in respect of any claims or disputes or otherwise.

43.8 The Company may charge the User Use of System Charges calculated by reference to electricity discovered or reasonably and properly assessed to have been exported to, or imported from, the Company's Distribution System at a Connection Point but not recorded at the time of such export or import (for whatever reason). At any time when the Company charges the User Use of System Charges under this Clause 43.8, it shall explain to the User the calculation of those charges and the basis of that calculation.

Revision of Charges

43.9 Without prejudice to Clause 43.1, where the Company is intending to revise any of its Use of System Charges, it shall serve a copy of any notice it sends to the Authority pursuant to paragraph 20 of Condition 14 of its Distribution Licence on the User as soon as is reasonably practicable after such notice is sent to the Authority.

44. BILLING AND PAYMENT

44.1 This Clause 44 applies in respect of Use of System Charges that are not Transactional Charges.

Submission of Account

44.2 As soon as is reasonably practicable after the end of each charging period, the Company shall submit to the User an account specifying the Use of System Charges payable for the whole or any part of that charging period. Such account shall be based on data provided in accordance with Clause 43.6.

44.3 Where the data referred to in Clause 43.6 is not available, the Company may use estimated data prepared by the Company to determine an account. Where an account is based on estimated data, the account shall be subject to any adjustment which may be necessary following receipt of actual data.

Obligation to Pay

44.4 Within 14 days of the date of an account submitted in accordance with Clause 44.2 or Clause 44.3, the User shall pay to the Company all sums due in respect of such account in pounds sterling by electronic transfer of cleared funds to such bank account (located in the United Kingdom) as is specified in the account, quoting the account number against which payment is made and/or such other details as the Company may reasonably require.

Disputes

44.5 Where any sum included in an account submitted in accordance with Clause 44.2 or Clause 44.3 is disputed by the User, the provisions of Schedule 4 shall apply.

45. TRANSACTIONAL CHARGES

45.1 This Clause 45 applies in respect of those services falling within the scope of Clause 43.1 for which the charges to be levied are not billed in accordance with Clause 44 and, instead, are calculated by reference to the number or frequency of specific transactions (Transactional Charges).

Submission of Account

45.2 Within 30 days after the end of each calendar month, the Company shall submit to the User an account specifying:

45.2.1 the payment due from the User in respect of services performed during that month for which Transactional Charges are payable, and

45.2.2 any Value Added Tax payable thereon.

Obligation to Pay

45.3 Within 30 days of the date of an account submitted in accordance with Clause 45.2, the User shall pay to the Company all sums due in respect of such account in pounds sterling by electronic transfer of cleared funds to such bank account (located in the United Kingdom) as is specified in the account, quoting the account number against which payment is made, or by other methods as the Company and the User may agree.

Disputes

45.4 Where any sum included in an account submitted in accordance with Clause 45.2 is disputed by the User, the provisions of Schedule 4 shall apply.

46. PAYMENT DEFAULT

- 46.1 Subject to Clause 44.5 and Clause 45.4, failure by the User to pay any sum due as cleared funds by the due date for payment in accordance with Clause 44.4, or Clause 45.3 shall be a **Payment Default**.
- 46.2 Where the User so defaults, the Company shall send a notice (a **Late Payment Notice**) to the User:
- 46.2.1 setting out the amount owed by the User to the Company, and identifying the specific account to which the Payment Default relates;
 - 46.2.2 stating to whom payment should be made;
 - 46.2.3 specifying the method of payment; and
 - 46.2.4 where the Company intends to exercise its rights under Clause 46.3 and/or Clause 46.4, advising the User of its intention.

Interest

- 46.3 The Company shall be entitled, without prejudice to any other right or remedy, to receive interest on any payment not duly made pursuant to the terms of Clause 44.4, or Clause 45.3 calculated from day to day at a rate per annum equal to the Default Interest Rate from the day after the date on which payment was due up to and including the date of payment, together with an administration charge as notified by the Company to the User from time to time.

Material Breach

- 46.4 Failure to remedy a Payment Default within four Working Days of receipt of a Late Payment Notice shall be a material breach of this Agreement for the purposes of Clause 54.1.1 and the Company shall be entitled to suspend the right to make any further Connections to the Company's Distribution System. Where the Company takes such action it shall send a notice to the User.

47. SECURITY COVER

- 47.1 The User shall provide Cover to the Company in accordance with the provisions of Schedule 1.

48. COMPLIANCE WITH CODES

General Compliance with Codes

- 48.1 The Company and the User each undertake to comply with the Company's Distribution Code, the User's Distribution Code, the CUSC, the Grid Code and the Electricity Supply Emergency Code (in each case) as appropriate and as applicable to them in respect of each Connection Point. Where the User is the OTSO Party, the User undertakes to comply with the STC as applicable to it in respect of each Connection Point.
- 48.2 Each of the Company and the User shall cooperate with the other to facilitate compliance by them both with their obligations under Clause 48.1.

CUSC and Grid Code

- 48.3 Each of the Company and the User ("**Operator A**") undertakes not to do anything (or allow anything to occur) in relation to its System that causes, or is likely to cause, the other ("**Operator B**") to breach the CUSC or the Grid Code.
- 48.4 Where Operator B could not, in compliance with the Grid Code and the CUSC, do something (or allow something to occur) in relation to its System if its System was a Distribution System directly connected to the National Electricity Transmission System at the Connection Point (rather than to Operator A's System) without undertaking an Action or obtaining a NETSO Action, then Operator B shall not do that thing (or allow that thing to occur) without undertaking or obtaining the Equivalent Action.

Conflict

- 48.5 In the event of any conflict between this Section 2B or the relevant Bilateral Connection Agreement (on the one hand) and a code specified in Clause 48.1 (on the other), then the provisions of the relevant code shall prevail.

Definitions

48.6 In this Clause:

Action	means any request, submission, notification or other action by (or to be procured by) a person other than the National Electricity Transmission System Operator under or pursuant to the CUSC or the Grid Code.
Electricity Supply Emergency Code	means the code of that name designated as such by the Secretary of State from time to time.
Equivalent Action	means: (a) in respect of an Action, the equivalent request, submission, notification or other action by (or to be procured by) Operator B; and (b) in respect of a NETSO Action, the equivalent confirmation, consent, approval or other action of Operator A (or a confirmation by Operator A that the National Electricity Transmission System Operator has undertaken that NETSO Action).
National Electricity Transmission System	has the meaning given to that expression in the CUSC.
NETSO Action	means any confirmation, consent, approval or other action of the National Electricity Transmission System Operator (including entry by the National Electricity Transmission System Operator into a contract).

Operator A has the meaning given to that expression in Clause 48.3.

Operator B has the meaning given to that expression in Clause 48.3.

49. GUARANTEED PERFORMANCE STANDARDS

- 49.1 Where the Company or the User (the “**Proximate Operator**”) is liable to make a payment, pursuant to any provision of regulation 5, 6, 7, 8, 9, 11 or 14 of the ESPR, to a Customer, and that liability arises wholly or partly from a failure, act or omission on the part of the other of them (the “**Remote Operator**”), the Remote Operator shall make (as appropriate) all or part of an equivalent compensation payment directly to the Proximate Operator for the benefit of the Customer.
- 49.2 For the purpose of this Clause “**equivalent compensation payment**” means:
- 49.2.1 the prescribed sum (as such term is defined in the ESPR); plus
 - 49.2.2 the Proximate Operator’s reasonable costs incurred in facilitating such payment.
- 49.3 Where the Proximate Operator is of the opinion that the Remote Operator is liable for making an equivalent compensation payment to the Proximate Operator under Clause 49.1, the Proximate Operator shall prepare a report specifying the equivalent compensation payments required and submit such report to the Remote Operator. Such report shall be of sufficient detail to enable the Remote Operator to reasonably validate such claim for the equivalent compensation payment.
- 49.4 On receipt of a report provided by the Proximate Operator under Clause 49.3, the Remote Operator shall advise the Proximate Operator whether the Remote Operator considers itself wholly or partly liable for the failure. The Proximate Operator and the Remote Operator shall endeavour to agree the extent of responsibility of each part (where relevant) in relation to the failure to meet the prescribed level of performance pursuant to the ESPR, and the proportion of compensation payable by the Remote Operator in each case.
- 49.5 For the purpose of this Clause 49 an act or omission by the Remote Operator shall include, but shall not be restricted to:

- 49.5.1 such act or omission by the Remote Operator in respect of its System that compromises the ability of the Proximate Operator to meet performance standards defined in the ESPR in respect of Customers connected to the Proximate Operator's System; or
- 49.5.2 failure of the Remote Operator to provide timely information to the Proximate Operator in respect of the operation of the Remote Operator's System to enable the Proximate Operator to prevent failure of the standards prescribed in the ESPR.
- 49.6 If a Customer connected to the Proximate Operator's System contacts the Remote Operator in relation to a matter which might form the basis of a claim under the ESPR, then the Remote Operator shall diligently record the details of the Customer's complaint and shall pass on the details of the Customer's complaint to the Proximate Operator as soon as reasonably practicable together with details of the Customer's name and address. If any compensation payment becomes payable by the Proximate Operator as a consequence of the Remote Operator's failure to pass on details of the Customer's complaint, the Remote Operator shall be liable to the Proximate Operator for such payment.
- 49.7 When the Proximate Operator has received a payment from the Remote Operator pursuant to Clause 49.1, then the Proximate Operator shall pass such payment to the Customer or to the Customer's supplier for the benefit of the Customer as soon as reasonably practicable and if, due to the Proximate Operator's delay, an additional payment becomes due pursuant to ESPR regulation 21 then this additional payment shall be the liability of the Proximate Operator.
- 49.8 Neither the Remote Operator nor the Proximate Operator shall lead a Customer to believe that he has a valid claim for a guaranteed standard payment by reason of the action or default of the other. Where, however, a Customer does have a valid claim, a breach of the provisions of this Clause 49.8 shall not excuse the person against whom the claim lies from making the relevant payment.

- 49.9 In the event of a dispute between the Remote Operator and the Proximate Operator as to which of them is liable to pay compensation, or as to the extent of responsibility in relation to any failure to meet a prescribed level of performance pursuant to any provision of the ESPR, in each case in respect of a Customer connected to the Proximate Operator's System, then in the first instance the Proximate Operator shall make the compensation payment for the benefit of the Customer and then the dispute shall be deemed to be a dispute which may be referred to the Authority by either the Company or the User in accordance with Section 39B of the Act and ESPR regulation 20 and the provisions as to practice and procedure contained in ESPR schedule 2 shall be deemed to apply to any such dispute. If the Authority determines that the Remote Operator is liable to pay the Proximate Operator the compensation payments (or a proportion of the compensation payments) then the Remote Operator shall pay to the Proximate Operator the equivalent compensation payments as soon as is reasonably practicable.
- 49.10 If a Customer connected to the Proximate Operator's System refers to the Authority, under Section 39B of the Act, a dispute between the Customer and the Remote Operator as to whether the Customer is entitled to compensation under the ESPR (rather than as to which of the Proximate Operator and the Remote Operator is liable, which shall be subject to Clause 49.9), the Proximate Operator shall (unless otherwise agreed with the Remote Operator) have conduct and management of such dispute (in which case, provided the Proximate Operator agrees to reimburse the Remote Operator's costs, the Remote Operator shall use its best endeavours to comply with the Proximate Operator's directions in relation to such dispute).
- 49.11 The Company and the User shall each cooperate with the other, and exchange information with the other, regarding System Outages on its System that may give rise to claims under this Clause 49.

50. CONFIDENTIALITY RESTRICTIONS ON THE COMPANY

Confidential Information

50.1 In this Clause 50, **Confidential Information** means any information which the Company or any Affiliate or Related Undertaking of the Company:

50.1.1 receives from the User under this Agreement; or

50.1.2 holds in respect of a Connectee and is information which it has acquired in its capacity as the operator of the Distribution Business of the Company; or

50.1.3 receives from any Connectee, which, if received from the User, would fall within Clause 50.1.1; or

50.1.4 receives from the User in error, but which would usually be considered to be confidential,

and the provisions of this Clause 50 shall apply to such Confidential Information, save where the User notifies or otherwise gives prior written agreement to the Company that such Confidential Information need not be treated as confidential.

Restrictions on Use and Disclosure

50.2 Where the Company or any Affiliate or Related Undertaking of the Company receives or acquires Confidential Information, the Company shall (and shall procure that such Affiliate or Related Undertaking shall):

50.2.1 not use the Confidential Information for any purpose other than as required or expressly permitted under this Agreement, the relevant Bilateral Connection Agreement or any other agreement entered into between the Company and the User for the provision of services by the Distribution Business of the Company;

50.2.2 without prejudice to Clause 50.2.1, not use the Confidential Information in a manner which may obtain for the Company or any

Affiliate or Related Undertaking of the Company (as the case may be) any commercial advantage in the operation of an Affiliate;

50.2.3 not authorise access to nor disclose any Confidential Information other than:

- (A) to such of the employees of the Company or any Affiliate or Related Undertaking of the Company as require to be informed thereof for the effective performance of the Company's obligations under this Section 2B, the relevant Bilateral Connection Agreement and any other agreement entered into between the Company and the User for the provision of services by the Distribution Business of the Company or for the effective operation of such Distribution Business;
- (B) to such agents, consultants, professional or other advisors, and contractors as require to be informed thereof or to provide advice which is in connection with the operation of the Distribution Business of the Company;
- (C) to the Authority;
- (D) information which the Company or any Affiliate or Related Undertaking of the Company (as the case may be) is required or permitted to make disclosure of:
 - (i) in compliance with the duties of the Company or any Affiliate or Related Undertaking of the Company (as the case may be) under the Act or any other requirement of a Competent Authority;
 - (ii) in compliance with the provisions of any Relevant Instruments;

- (iii) in compliance with any other requirement of law;
 - (iv) in response to a requirement of any Stock Exchange or the Panel on Takeovers and Mergers or any other regulatory authority (whether or not similar to those bodies); or
 - (v) pursuant to the arbitration rules of the Electricity Arbitration Association or pursuant to any judicial or other arbitral process or tribunal of competent jurisdiction; and
- 50.2.4 take all reasonable steps to ensure that any such person as is referred to in sub-clauses 50.2.3(A) and (B) to whom the Company or any Affiliate or Related Undertaking of the Company (as the case may be) discloses Confidential Information does not use that Confidential Information for any purpose other than that for which it was provided and does not disclose that Confidential Information otherwise than in accordance with the provisions of this Clause 50.

Other Matters

- 50.3 The Company warrants that it has effected, and undertakes that it will during the term of this Agreement effect and maintain, all such registrations as it is required to effect and maintain under the Data Protection Act to enable it lawfully to perform the obligations imposed on it by this Agreement. The Company undertakes to comply with the Data Protection Act in the performance of this Agreement.
- 50.4 The User agrees that where the Company uses or discloses Confidential Information in accordance with this Clause 50, such Confidential Information need not be treated as confidential for the purposes of Condition 42 of the Company's Distribution Licence to the extent of such use or disclosure.
- 50.5 The Company undertakes that, in any case where information to be disclosed by it under this Agreement may lawfully be disclosed only with the prior consent of the person to whom the information relates, it will use its reasonable endeavours to obtain such prior consent so as to enable it, or the User as the case may be, promptly to perform its obligations under this Section 2B and the relevant Bilateral Connection Agreement, provided that where the consent of the User's Connectee is required to be obtained for the purposes of

this Section 2B and the relevant Bilateral Connection Agreement, the User (and not the Company) shall have the obligation to obtain such consent under Clause 51.6.

51. CONFIDENTIALITY RESTRICTIONS ON THE USER

Confidential Information

51.1 In this Clause 51, **Confidential Information** means:

51.1.1 any information (whether in writing, in disc or electronic form, or otherwise) which has been properly disclosed by the Company under this Agreement but which would usually be considered to be confidential; and

51.1.2 any information which is marked as confidential or which is provided together with a covering letter or fax indicating its confidential nature,

and, to the extent that any Affiliate or Related Undertaking of the User is in possession of Confidential Information, the User shall procure that such Affiliate or Related Undertaking observes the restrictions in Clauses 51.2 to 51.4 (inclusive) as if in each such Clause there was substituted for the User the name of the Affiliate or Related Undertaking.

Restrictions on Use and Disclosure

51.2 The User hereby undertakes to the Company that it will preserve the confidentiality of, and not directly or indirectly reveal, report, publish, disclose or transfer or use for its own purposes, Confidential Information except:

51.2.1 in the circumstances set out in Clause 51.3;

51.2.2 to the extent otherwise required or expressly permitted by this Agreement, the relevant Bilateral Connection Agreement, or any other agreement entered into between the Company and the User for the provision of services by the Distribution Business of the Company; or

51.2.3 with the prior consent in writing of the Company.

51.3 The circumstances set out in this Clause 51.3 are:

51.3.1 where the Confidential Information, before it is furnished to the User, is in the public domain;

51.3.2 where the Confidential Information:

- (A) is acquired by the User in circumstances in which this Clause 51 does not apply;
- (B) is acquired by the User in circumstances in which this Clause 51 does apply and thereafter ceases to be subject to the restrictions imposed by this Clause 51; or

(C) (after it is furnished to the User) enters the public domain,

otherwise (in any such case) than as a result of (i) a breach by the User of its obligations in this Clause 51; or (ii) a breach by the person who disclosed that Confidential Information of that person's confidentiality obligation, and the User is aware of such breach;

51.3.3 if the User is required or permitted to make disclosure of the Confidential Information to any person:

- (A) in compliance with the duties of the User under the Act or any other requirement of a Competent Authority;
- (B) in compliance with the provisions of any Relevant Instrument;
- (C) in compliance with any other law or regulation;
- (D) in response to a requirement of any Stock Exchange or the Panel on Takeovers and Mergers or any other regulatory authority (whether or not similar to those bodies); or
- (E) pursuant to the rules of the Electricity Arbitration Association or pursuant to any judicial or arbitral process or tribunal of competent jurisdiction;

51.3.4 the disclosure of Confidential Information to any Affiliate or Related Undertaking of the User, to the employees, directors, agents, consultants and professional advisers of the User or any Affiliate or

Related Undertaking of the User, in each case on the basis set out in Clause 51.4; or

51.3.5 the disclosure of Confidential Information to the extent that the Confidential Information is required to be disclosed by the User for the purposes of providing billing information to suppliers and Connectees.

51.4 The User shall take all reasonable steps to ensure that any such person as is referred to in Clause 51.3.4 to whom the User discloses confidential information does not use that confidential information for any purpose other than that for which it is provided and does not disclose that confidential information otherwise than in accordance with this Clause 51.

Other Matters

51.5 The User warrants that it has effected, and undertakes that it will during the term of this Agreement effect and maintain, all such registrations as it is required to effect and maintain under the Data Protection Act to enable it lawfully to perform the obligations imposed on it by this Agreement. The User undertakes to comply with the Data Protection Act in the performance of this Agreement.

51.6 The User undertakes that, in any case where information to be disclosed under this Agreement may lawfully be disclosed only with the prior consent of the person to whom the information relates, it will use its reasonable endeavours to obtain such prior consent so as to enable it or (as the case may be) the Company promptly to perform its obligations under this Section 2B.

52. MODIFICATIONS

52.1 Unless agreed otherwise by the Company and the User in the relevant Bilateral Connection Agreement, no Modification may be made by or on behalf of the Company or the User otherwise than in accordance with the provisions of this Clause 52.

Modifications Proposed by Users

52.2 If the User wishes to make a Modification it shall complete and submit to the Company in advance of the Modification a Modification Application in the form shown in the relevant Bilateral Connection Agreement and comply with the terms thereof.

52.3 As soon as reasonably practicable (but not later than the date required by the Company's Distribution Licence) after receipt by the Company of the Modification Application, (save where the Authority consents to a longer period) the Company shall make a Modification Offer to the User. The Modification Offer shall include the form of any variations the Company requires to the relevant Bilateral Connection Agreement and its schedules. During such period the Company and the User shall discuss in good faith the implications of the proposed Modification(s).

52.4 The Modification Offer will be open for acceptance in accordance with its terms for up to 3 calendar months from the date upon which the Modification Offer is sent to the User (unless either the Company or the User makes an application to the Authority under Condition 7 of the Company's Distribution Licence, in which case the Modification Offer shall remain open for acceptance until the date 14 days after any determination by the Authority pursuant to such application). If the Modification Offer is accepted by the User, the Modification shall proceed according to the terms of this Agreement, and the relevant Bilateral Connection Agreement shall be varied to reflect the terms of the Modification.

Modifications proposed by the Company

- 52.5 If the Company wishes to make a Modification to the Company's Distribution System, whether at or remote from the Connection Point, the Company shall complete and submit to the User a notification of the Modification and shall advise the User of any works which the Company reasonably believes that the User may have to carry out as a result.
- 52.6 The User may, as soon as practicable after any notice by the Company under Clause 52.5, consult with it over the proposed Modification. The User may, (save where the Authority consents to a longer period) within the period stated therein (which shall be sufficient to enable the User reasonably to assess the implications of the proposed Modification), make an application to the Authority under Condition 7 of the Company's Distribution Licence.
- 52.7 As soon as practicable after the receipt of notification of the Modification pursuant to Clause 52.5 or, if an application to the Authority has been made by the User, the determination by the Authority, and in any event within 2 calendar months thereof, the User shall submit to the Company a Modification Application and shall comply with the terms thereof.
- 52.8 Subject to the payment of its reasonable charges, if any, as provided in this Clause 52.8 the Company will provide advice and assistance reasonably requested by the User to enable the User to assess the implications, including the feasibility, of making a Modification to the User's System. If the Modification under consideration by the User is or may be required as a result of a Modification required by the Company, then the Company shall provide such reasonable advice and assistance free of charge. If the proposed Modification is or may be proposed by the User, the Company may charge the User such amount as is reasonable in all the circumstances for such advice and assistance. The provision of such advice and assistance shall be subject to the terms of the relevant Bilateral Connection Agreement.
- 52.9 Where a Modification by the Company alters the technical characteristics of the Connection Point (as set out in the relevant Bilateral Connection Agreement), but not otherwise, the Company shall compensate the User for the reasonable cost and expense of any modification required to be made by the

User as a result of such Modification; provided that the Company shall not be obliged to compensate the User where such Modification is required as a consequence of any Relevant Instrument, legislative requirement or Directive. Any dispute as to whether the Company is obliged to compensate the User or as to the amount of any such compensation may be referred to arbitration in accordance with the provisions of Clause 58.

SECTION 2C – DISTRIBUTOR TO GAS SUPPLIER RELATIONSHIPS

SCOPE OF SECTION 2C

This Section 2C and the Schedules referred to in it set out the terms and conditions pursuant to which a DNO/IDNO Party shall allow a Gas Supplier Party to install and thereafter maintain Smart Metering Comms Hub Devices.

52A. INTERPRETATION OF SECTION 2C

Party Obligations

52A.1 In this Section 2C, in the Schedules when applied pursuant to this Section 2C, and in the terms defined in Clause 1 when used in this Section 2C or those Schedules, a reference to a Company is a reference to each Party that is either a DNO Party or an IDNO Party separately and individually and, where an obligation is imposed on, or a right is granted to, a **Company**, that obligation is imposed on, and that right is granted to, each such Party separately and independently.

52A.2 In this Section 2C, in the Schedules when applied pursuant to this Section 2C, and in the terms defined in Clause 1 when used in this Section 2C or those Schedules, a reference to a **Gas Supplier** is:

52A.2.1 a reference to each Party that is a Gas Supplier Party separately and individually and, where an obligation is imposed on, or a right is granted to, a Gas Supplier, that obligation is imposed on, and that right is granted to, each such Party separately and independently; and

52A.2.2 when made in relation to a Company and any period of time, a reference to each Gas Supplier Party (separately, individually and to the relevant extent) who is (or was), during that period, the Responsible Gas Supplier for a Premises connected to that Company's Distribution System.

52A.3 This Section 2C, and the Schedules when applied pursuant to it, shall:

52A.3.1 only create rights and obligations between DNO/IDNO Parties (on the one hand) and Gas Supplier Parties (on the other), and shall not create rights or obligations between DNO/IDNO Parties and other DNO/IDNO Parties or between Gas Supplier Parties and other Gas Supplier Parties;

52A.3.2 not apply to the OTSO Party or to Supplier/DG Parties;

52A.3.3 only create obligations between a Company and a Gas Supplier to the extent that, and in relation to those periods for which, that Gas Supplier is (or was) a Responsible Gas Supplier for a Premises connected to that Company's Distribution System; and

52A.3.4 not impose any obligations between a Company and a Gas Supplier in relation to periods for which that Gas Supplier is (or was) not a Responsible Gas Supplier for a Premises connected to that Company's Distribution System.

References in Relation to Companies and Gas Suppliers

52A.4 In this Section 2C, in the Schedules when applied pursuant to this Section 2C, and in the terms defined in Clause 1 when used in this Section 2C or those Schedules, references to:

52A.4.1 an Exit Point are, when made in relation to a Company, references to an Exit Point on that Company's Distribution System;

52A.4.2a Premises are, when made in relation to a Gas Supplier and any period of time, references to a Premises for which the Gas Supplier is (or was) the Responsible Gas Supplier during that period of time;

52A.4.3a Connectee, Connected Installation, Connection Agreement, Metering Point, Premises or Smart Metering Comms Hub Device, are (when made in relation to a Company) references to a Connectee, Connected Installation, Connection Agreement, Metering Point, Premises or Smart Metering Comms Hub Device relating to an Exit Point on such Company's Distribution System; or

52A.4.4a Connectee, Connected Installation, Connection Agreement, Exit Point, Metering Point or Smart Metering Comms Hub Device, are (when made in relation to a Gas Supplier and any period of time) references to a Connectee, Connected Installation, Connection Agreement, Exit Point, Metering Point or Smart Metering Comms Hub Device relating to a Premises for which the Gas Supplier was the Responsible Gas Supplier during that period of time.

52B. DE-ENERGISATION AND RE-ENERGISATION WORKS

Requirements for those undertaking Works

52B.1 De-energisation Works and Re-energisation Works carried out by or on behalf of the Gas Supplier pursuant to this Clause 52B shall only be carried out by a person working on behalf of a Gas Meter Asset Manager engaged by the Gas Supplier.

Good Industry Practice

52B.2 The Company and the Gas Supplier shall each act in accordance with Good Industry Practice when carrying out, or procuring the carrying out of, any De-energisation Works or Re-energisation Works.

Works Undertaken by the Gas Supplier

52B.3 If, in respect of an Exit Point for which the supply of electricity is metered directly by putting the full electrical current through the meter (known as ‘whole current metering’), the Gas Supplier wishes at any time to:

52B.3.1 install a Smart Metering Comms Hub Device at a Premises where there is not, at that time, already a Smart Metering Comms Hub Device that can communicate with both the Gas Supplier (or its appointed data communications company) and the gas metering equipment at the Premises; or

52B.3.2 operate, inspect, maintain, repair, renew, reposition, replace and/or remove a Smart Metering Comms Hub Device that was installed at the Premises prior to that time (whether or not on behalf of the Gas Supplier),

then the Gas Supplier may (to the extent reasonably required in order to do so, and with no prior notice to the Company) De-energise the Exit Point at that Premises in order to do so; provided that the Gas Supplier Re-energises that Exit Point as soon as reasonably practicable thereafter.

52B.4 If the Gas Supplier resolves to De-energise and/or Re-energise an Exit Point pursuant to Clause 52B.3, then the Gas Supplier shall:

52B.4.1(subject to Clauses 52B.2 and 52C) decide on the extent and nature of the De-energisation Works and Re-energisation Works, and shall undertake such De-energisation Works and Re-energisation Works at its own cost; and

52B.4.2comply with the Relevant Instruments and the Distribution Code in relation to the De-energisation Works and Re-energisation Works.

Company's Right to De-energise

52B.5 The Company may, at any time with no prior notice to the Gas Supplier, De-energise any Exit Point if:

52B.5.1the Company is entitled to do so pursuant to the Connection Agreement relating to such Exit Point; or

52B.5.2the Company is entitled to do so pursuant to the Relevant Instruments or Section 2A;

52B.5.3the Company is instructed, pursuant to the terms of the Connection and Use of System Code or the Balancing and Settlement Code, to do so;

52B.5.4the Company reasonably considers it necessary to do so for safety or system security reasons;

52B.5.5the Company reasonably considers it necessary to do so to avoid interference with the regularity or efficiency of its Distribution System (including where the Smart Metering Comms Hub Device is interfering with the Company's Distribution System);

52B.5.6an accident or emergency occurs or threatens to occur which requires the Company to do so to avoid the risk of personal injury to any person or physical damage to the property of the Company, its officers, employees or agents, or the property of any other person;

52B.5.7the rights of the Gas Supplier are suspended in accordance with Clause 54.2; or

52B.5.8subject to the terms of a replacement agreement, this Agreement is terminated, or the Gas Supplier ceases to be a Party in accordance with the provisions of Clause 54.

52B.6 If the Company resolves to De-energise an Exit Point pursuant to Clause 52B.5, then:

52B.6.1(subject to Clauses 52B.2 and 52C) the Company shall decide on the extent and nature of the De-energisation Works required to De-energise the Exit Point;

52B.6.2the Company shall Re-energise the Exit Point as soon as is reasonably practicable after the circumstance giving rise to such De-energisation has ended (and shall determine the extent and nature of the Re-energisation Works required to Re-energise the Exit Point); and

52B.6.3there shall be no charge to the Gas Supplier in respect of such De-energisation Works and/or Re-energisation Works, except where the Company resolves to De-energise an Exit Point because of the Smart Metering Comms Hub Device or a breach by the Gas Supplier of this Agreement (in which case the Gas Supplier shall pay the Company's reasonable costs incurred in relation to the De-energisation Works and the subsequent Re-energisation Works).

Other Matters

52B.7 For the avoidance of doubt, the Gas Supplier shall only be entitled to Re-energise an Exit Point that has been De-energised by (or on behalf of) the Gas Supplier pursuant to this Agreement.

52B.8 In undertaking De-energisation Works and Re-energisation Works pursuant to this Clause 52B, the Company may reposition the Smart Metering Comms Hub Device (or any part of it) on the meter board (but may not otherwise alter the position of the Smart Metering Comms Hub Device).

52B.9 Subject to any contrary agreement between the Gas Supplier and the Electricity Supplier, where the Gas Supplier has no further need for the Smart Metering Comms Hub Device (and there is no reasonable prospect of the Gas Supplier, or any future Gas Supplier, needing to use that Smart Metering Comms Hub Device in the future),

then the Gas Supplier shall remove that Smart Metering Comms Hub Device (or, to the extent consistent with Good Industry Practice, render it inoperable in accordance with Good Industry Practice). Where a Smart Metering Comms Hub Device has been rendered inoperable pursuant to this Clause 52B.9, then the Company shall at any time thereafter be entitled to remove and dispose of that Smart Metering Comms Hub Device.

Non-Interference

52B.10 The Company shall ensure that the Gas Supplier (and its Gas Meter Asset Manager when acting in its capacity as such) is entitled to interfere with the Distribution System to the extent it is necessary to do so in exercising the Gas Supplier's rights or complying with its obligations under this Clause 52B or Clause 52C. The Gas Supplier shall not (and shall ensure that its Gas Meter Asset Manager when acting in its capacity as such shall not) otherwise interfere with the Distribution System (subject to any contrary agreement between the Gas Supplier and the Company).

52B.11 The Gas Supplier shall ensure that the Company is entitled to interfere with the Smart Metering Comms Hub to the extent it is necessary to do so in exercising the Company's rights or complying with its obligations under this Clause 52B or Clause 52C. The Company shall not otherwise interfere with the Smart Metering Comms Hub (subject to any contrary agreement between the Gas Supplier and the Company).

52B.12 The Gas Supplier shall indemnify the Company against all actions, proceedings, costs, demands, claims, expenses, liability, loss or damage arising directly from physical damage to the property of any person caused by the Gas Supplier's Gas Meter Asset Manager in exercising the Gas Supplier's rights under this Clause 52B (but excluding liability for any loss of profit, loss of revenue, loss of use, loss of contract or loss of goodwill, and subject to a cap of £1 million per incident or series of related incidents).

52B.13 For the purposes of Clause 53.4, the Company and the Gas Supplier agree that matters relating to Smart Metering Comms Hub Devices that are not the subject of express rights and obligations under this Section 2C (including the standard to which such devices are to be maintained) are outside of the subject matter of this Agreement (and neither the Company nor the Gas Supplier waive their rights or remedies under Clause 53.4 in respect of the same).

52C. METER OPERATION CODE OF PRACTICE AGREEMENT

- 52C.1 The Gas Supplier shall procure that the Gas Meter Asset Manager which carries out De-energisation Works and/or Re-energisation Works in respect of an Exit Point shall be party to the Meter Operation Code of Practice Agreement, and shall comply with the Meter Operation Code of Practice Agreement in relation to those works.
- 52C.2 The Company shall be party to, and shall comply with, the Meter Operation Code of Practice Agreement.

52D. PROVISION OF INFORMATION

Dangerous Incidents

52D.1 Where the Gas Supplier (or any of its contractors or agents) receives a report or enquiry from any person about any matter or incident that does or is likely to:

52D.1.1 cause danger or require urgent attention in relation to the supply or distribution of electricity in the Company's Distribution Services Area through the Distribution System; or

52D.1.2 affect the maintenance of the security, availability and quality of service of the Distribution System,

the Gas Supplier shall notify the Company of such report or enquiry in a prompt and appropriate manner having regard to the nature of the incident to which the report relates. The Gas Supplier shall notify the Company by telephone or post using the telephone number and postal address identified in the Company's Security and Safety of Supplies Statement or such other telephone number as may from time to time be notified in writing by the Company.

Damage or Interference

52D.2 The Gas Supplier shall (and shall ensure that its contractors and agents shall) in a prompt and appropriate manner having regard to the nature of the incident, inform the Company where the Gas Supplier has (or in the case of the Gas Supplier's contractors and agents, such contractors and agents have) reason to believe:

52D.2.1 that there has been damage to the Electrical Plant or Electric Lines owned by the Company; or

52D.2.2 that there has been interference with any electricity metering equipment at an Entry Point or an Exit Point on the Company's Distribution System that has prevented such metering equipment from correctly registering the quantity of electricity supplied,

unless the Gas Supplier believes that the damage or interference was caused by the Company.

52D.3 Where the Gas Supplier has reason to believe that any damage or interference reported by it (or by its contractors or agents) under Clause 52D.2 has been caused by a criminal act, it shall provide the Company with such information as is reasonably required for investigating the incident and resolving any safety concerns arising out of it.

52E. CONFIDENTIALITY RESTRICTIONS ON THE COMPANY

Confidential Information

52E.1 In this Clause 52E, Confidential Information means any information which the Company or any Affiliate or Related Undertaking of the Company:

52E.1.1 receives from the Gas Supplier under this Agreement; or

52E.1.2 receives from any Connectee, which, if received from the Gas Supplier, would fall within Clause 52E.1.1; or

52E.1.3 receives from the Gas Supplier in error, but which would usually be considered to be confidential,

and the provisions of this Clause 52E shall apply to such Confidential Information, save where the Gas Supplier notifies or otherwise gives prior written agreement to the Company that such Confidential Information need not be treated as confidential.

Restrictions on Use and Disclosure

52E.2 Where the Company or any Affiliate or Related Undertaking of the Company receives or acquires Confidential Information, the Company shall (and shall procure that such Affiliate or Related Undertaking shall):

52E.2.1 not use the Confidential Information for any purpose other than as required or expressly permitted under this Agreement or any other agreement entered into between the Company and the Gas Supplier for the provision of services by the Distribution Business of the Company;

52E.2.2 without prejudice to Clause 52E.2.1, not use the Confidential Information in a manner which may obtain for the Company or any Affiliate or Related Undertaking of the Company (as the case may be) any commercial advantage in the operation of a Supply Business;

52E.2.3 not authorise access to nor disclose any Confidential Information other than:

- (A) to such of the employees of the Company or any Affiliate or Related Undertaking of the Company as require to be informed thereof for the effective performance of the Company's obligations under this Section 2C or any other agreement entered into between the Company and the Gas Supplier for the provision of services by the Distribution Business of the Company or for the effective operation of the Distribution Business;
- (B) to such agents, consultants, professional or other advisors, and contractors as require to be informed thereof or to provide advice which is in connection with the operation of the Company's Distribution Business;
- (C) to the Authority;
- (D) information which the Company or any Affiliate or Related Undertaking of the Company (as the case may be) is required or permitted to make disclosure of:
 - (i) in compliance with the duties of the Company or any Affiliate or Related Undertaking of the Company (as the case may be) under the Act or any other requirement of a Competent Authority;
 - (ii) in compliance with the provisions of any Relevant Instruments;
 - (iii) in compliance with any other requirement of law;
 - (iv) in response to a requirement of any Stock Exchange or the Panel on Takeovers and Mergers or any other regulatory authority (whether or not similar to those bodies); or
 - (v) pursuant to the arbitration rules of the Electricity Arbitration Association or pursuant to any judicial or other arbitral process or tribunal of competent jurisdiction; or
- (E) for the purposes levying charges (where applicable); and

52E.2.4 take all reasonable steps to ensure that any such person as is referred to in sub-clauses 52E.2.3(A) and (B) to whom the Company or any Affiliate or Related Undertaking of the Company (as the case may be) discloses Confidential Information does not use

that Confidential Information for any purpose other than that for which it was provided and does not disclose that Confidential Information otherwise than in accordance with the provisions of this Clause 52E.

Other Matters

- 52E.3 The Company warrants that it has effected, and undertakes that it will during the term of this Agreement effect and maintain, all such registrations as it is required to effect and maintain under the Data Protection Act to enable it lawfully to perform the obligations imposed on it by this Agreement. The Company undertakes to comply with the Data Protection Act in the performance of this Agreement.
- 52E.4 The Gas Supplier agrees that where the Company uses or discloses Confidential Information in accordance with this Clause 52E, such Confidential Information need not be treated as confidential for the purposes of Condition 42 of the Distribution Licence to the extent of such use or disclosure.
- 52E.5 The Company undertakes that, in any case where information to be disclosed by it under this Agreement may lawfully be disclosed only with the prior consent of the person to whom the information relates, it will use its reasonable endeavours to obtain such prior consent so as to enable it, or the Gas Supplier as the case may be, promptly to perform its obligations under this Section 2C, provided that where the consent of the Connectee is required to be obtained for the purposes of this Section 2C, the Gas Supplier (and not the Company) shall have the obligation to obtain such consent under Clause 52F.

52F. CONFIDENTIALITY RESTRICTIONS ON THE GAS SUPPLIER

Confidential Information

52F.1 In this Clause 52F, Confidential Information means:

52F.1.1 any information (whether in writing, in disc or electronic form, or otherwise) which has been properly disclosed by the Company under this Agreement but which would usually be considered to be confidential; and

52F.1.2 any information which is marked as confidential or which is provided together with a covering letter or fax indicating its confidential nature,

and, to the extent that any Affiliate or Related Undertaking of the Gas Supplier is in possession of Confidential Information, the Gas Supplier shall procure that such Affiliate or Related Undertaking observes the restrictions in Clauses 52F.2 to 52F.4 (inclusive) as if in each such Clause there was substituted for the Gas Supplier the name of the Affiliate or Related Undertaking.

Restrictions on Use and Disclosure

52F.2 The Gas Supplier hereby undertakes to the Company that it will preserve the confidentiality of, and not directly or indirectly reveal, report, publish, disclose or transfer or use for its own purposes, Confidential Information except:

52F.2.1 in the circumstances set out in Clause 52F.3;

52F.2.2 to the extent otherwise required or expressly permitted by this Agreement or any other agreement entered into between the Company and the Gas Supplier for the provision of services by the Distribution Business of the Company; or

52F.2.3 with the prior consent in writing of the Company.

52F.3 The circumstances set out in this Clause 52F.3 are:

52F.3.1 where the Confidential Information, before it is furnished to the Gas Supplier, is in the public domain;

52F.3.2 where the Confidential Information:

- (A) is acquired by the Gas Supplier in circumstances in which this Clause 52F does not apply;
- (B) is acquired by the Gas Supplier in circumstances in which this Clause 52F does apply and thereafter ceases to be subject to the restrictions imposed by this Clause 52F; or
- (C) (after it is furnished to the Gas Supplier) enters the public domain,

otherwise (in any such case) than as a result of (i) a breach by the Gas Supplier of its obligations in this Clause 52F; or (ii) a breach by the person who disclosed that Confidential Information of that person's confidentiality obligation, and the Gas Supplier is aware of such breach;

52F.3.3 if the Gas Supplier is required or permitted to make disclosure of the Confidential Information to any person:

- (A) in compliance with any requirement of a Competent Authority;
- (B) in compliance with the provisions of any Relevant Instrument;
- (C) in compliance with any other law or regulation;
- (D) in response to a requirement of any Stock Exchange or the Panel on Takeovers and Mergers or any other regulatory authority (whether or not similar to those bodies); or
- (E) pursuant to the rules of the Electricity Arbitration Association or pursuant to any judicial or arbitral process or tribunal of competent jurisdiction; or

52F.3.4 the disclosure of Confidential Information to any Affiliate or Related Undertaking of the Gas Supplier, to the employees, directors, agents,

consultants and professional advisers of the Gas Supplier or any Affiliate or Related Undertaking of the Gas Supplier, in each case on the basis set out in Clause 52F.4.

52F.4 The Gas Supplier shall take all reasonable steps to ensure that any such person as is referred to in Clause 52F.3.4 to whom the Gas Supplier discloses Confidential Information does not use that Confidential Information for any purpose other than that for which it is provided and does not disclose that Confidential Information otherwise than in accordance with this Clause 52F.

Other Matters

52F.5 The Gas Supplier warrants that it has effected, and undertakes that it will during the term of this Agreement effect and maintain, all such registrations as it is required to effect and maintain under the Data Protection Act to enable it lawfully to perform the obligations imposed on it by this Agreement. The Gas Supplier undertakes to comply with the Data Protection Act in the performance of this Agreement.

52F.6 The Gas Supplier undertakes that, in any case where information to be disclosed under this Agreement may lawfully be disclosed only with the prior consent of the person to whom the information relates, it will use its reasonable endeavours to obtain such prior consent so as to enable it or (as the case may be) the Company promptly to perform its obligations under this Section 2C.

SECTION 2D – ELECTRICITY SUPPLIER TO GAS SUPPLIER RELATIONSHIPS

SCOPE OF SECTION 2D

This Section 2D and the Schedules referred to in it set out the terms and conditions pursuant to which a Supplier Party shall allow a Gas Supplier Party to install and thereafter maintain Smart Metering Comms Hub Devices.

52G. INTERPRETATION OF SECTION 2D

Party Obligations

52G.1 In this Section 2D, in the Schedules when applied pursuant to this Section 2D, and in the terms defined in Clause 1 when used in this Section 2D or those Schedules, a reference to an **Electricity Supplier** is:

52G.1.1a reference to each Party that is a Supplier Party separately and individually and, where an obligation is imposed on, or a right granted to, an Electricity Supplier, that obligation is imposed on, and that right is granted to, each such Party separately and independently; and

52G.1.2when made in relation to a Gas Supplier and any period of time, a reference to the Supplier Party who is (or was), during that period, Registered in respect of the Metering Point associated with the Exit Point at a Premises for which the Gas Supplier is (or was) the Responsible Gas Supplier during that period.

52G.2 In this Section 2D, in the Schedules when applied pursuant to this Section 2D, and in the terms defined in Clause 1 when used in this Section 2D or those Schedules, a reference to a **Gas Supplier** is:

52G.2.1a reference to each Party that is a Gas Supplier Party separately and individually and, where an obligation is imposed on, or a right is granted to, a Gas Supplier, that obligation is imposed on, and that right is granted to, each such Party separately and independently; and

52G.2.2when made in relation to an Electricity Supplier and any period of time, a reference to the Gas Supplier Party who is (or was), during that period, the Responsible Gas Supplier for a Premises in respect of which the Electricity Supplier is (or was) Registered during that period.

52G.3 This Section 2D, and the Schedules when applied pursuant to it, shall:

52G.3.1only create rights and obligations between Supplier Parties (on the one hand) and Gas Supplier Parties (on the other), and shall not create rights or

obligations between Supplier Parties and other Supplier Parties or between Gas Supplier Parties and other Gas Supplier Parties;

52G.3.2 not apply to the OTSO Party or to DNO/IDNO Parties; and

52G.3.3 only create obligations between an Electricity Supplier and a Gas Supplier to the extent that, and in relation to those periods for which, that Electricity Supplier is (or was) Registered in respect of the Metering Point associated with the Exit Point at a Premises for which the Gas Supplier is (or was) the Responsible Gas Supplier (and not otherwise).

References in Relation to Electricity Suppliers and Gas Suppliers

52G.4 In this Section 2D, in the Schedules when applied pursuant to this Section 2D, and in the terms defined in Clause 1 when used in this Section 2D or those Schedules, references to:

52G.4.1 an Exit Point are, when made in relation to an Electricity Supplier and any period of time, references to an Exit Point relating to a Metering Point for which that Electricity Supplier is (or was) Registered during that period;

52G.4.2a Premises are, when made in relation to a Gas Supplier and any period of time, references to a Premises for which the Gas Supplier is (or was) the Responsible Gas Supplier during that period of time;

52G.4.3a Connectee, Connected Installation, Contract, Exit Point, Premises or Smart Metering Comms Hub Device, are (when made in relation to an Electricity Supplier and any period of time) references to a Connectee, Connected Installation, Contract, Exit Point, Premises or Smart Metering Comms Hub Device relating to a Metering Point for which that Electricity Supplier is (or was) Registered during that period;

52G.4.4a Connectee, Connected Installation, Contract, Exit Point, Metering Point or Smart Metering Comms Hub Device, are (when made in relation to a Gas Supplier and any period of time) references to a Connectee, Connected Installation, Contract, Exit Point, Metering Point or Smart Metering Comms

Hub Device relating to a Premises for which the Gas Supplier was the Responsible Gas Supplier during that period of time; or

52G.4.5a Distribution System or Company, are respectively (when made in relation to an Exit Point) references to the Distribution System associated with that Exit Point or to the DNO/IDNO Party that operates that Distribution System.

52H. DE-ENERGISATION AND RE-ENERGISATION WORKS

Requirements for those undertaking Works

52H.1 De-energisation Works and Re-energisation Works carried out by or on behalf of the Gas Supplier pursuant to this Clause 52H shall only be carried out by a person working on behalf of a Gas Meter Asset Manager engaged by the Gas Supplier.

Good Industry Practice

52H.2 The Electricity Supplier and the Gas Supplier shall each act in accordance with Good Industry Practice when carrying out, or procuring the carrying out of, any De-energisation Works or Re-energisation Works.

Works Undertaken by the Gas Supplier

52H.3 If, in respect of an Exit Point for which the supply of electricity is metered directly by putting the full electrical current through the meter (known as ‘whole current metering’), the Gas Supplier wishes at any time to:

52H.3.1 install a Smart Metering Comms Hub Device at a Premises at which there is not, at that time, already a Smart Metering Comms Hub Device that can communicate with both the Gas Supplier (or its appointed data communications company) and the gas metering equipment at the Premises; or

52H.3.2 operate, inspect, maintain, repair, renew, reposition, replace and/or remove a Smart Metering Comms Hub Device that was installed at the Premises prior to that time (whether or not on behalf of the Gas Supplier),

then the Gas Supplier may (to the extent reasonably required in order to do so, and with no prior notice to the Electricity Supplier) De-energise the Exit Point at that Premises in order to do so; provided that the Gas Supplier Re-energises that Exit Point as soon as reasonably practicable thereafter.

52H.4 If the Gas Supplier resolves to De-energise and/or Re-energise an Exit Point pursuant to Clause 52H.3, then the Gas Supplier shall:

52H.4.1(subject to Clauses 52H.2 and 52I) decide on the extent and nature of the De-energisation Works and Re-energisation Works, and shall undertake such De-energisation Works and Re-energisation Works at its own cost; and

52H.4.2comply with the Relevant Instruments and the Distribution Code in relation to the De-energisation Works and Re-energisation Works.

Electricity Supplier's Right to De-energise

52H.5 The Electricity Supplier may, at any time with no prior notice to the Gas Supplier, De-energise any Exit Point if:

52H.5.1the Electricity Supplier is entitled to do so pursuant to the Contract relating to such Exit Point; or

52H.5.2the Electricity Supplier is entitled to do so pursuant to the Relevant Instruments or Section 2A.

52H.6 If the Electricity Supplier resolves to De-energise an Exit Point pursuant to Clause 52H.5, then:

52H.6.1(subject to Clauses 52H.2 and 52I) the Electricity Supplier shall decide on the extent and nature of the De-energisation Works required to De-energise the Exit Point;

52H.6.2the Electricity Supplier shall Re-energise the Exit Point as soon as is reasonably practicable after the circumstance giving rise to such De-energisation has ended (and shall determine the extent and nature of the Re-energisation Works required to Re-energise the Exit Point); and

52H.6.3there shall be no charge to the Gas Supplier in respect of such De-energisation Works and/or Re-energisation Works.

Other Matters

52H.7 For the avoidance of doubt, the Gas Supplier shall only be entitled to Re-energise an Exit Point that has been De-energised by (or on behalf of) the Gas Supplier pursuant to this Agreement.

- 52H.8 In undertaking De-energisation Works and Re-energisation Works pursuant to this Clause 52H, the Electricity Supplier may reposition the Smart Metering Comms Hub Device (or any part of it) on the meter board (but may not otherwise alter the position of the Smart Metering Comms Hub Device).
- 52H.9 In undertaking De-energisation Works and Re-energisation Works pursuant to this Clause 52H, the Gas Supplier may reposition the electricity metering equipment (or any part of it) on the meter board (but may not otherwise alter the position of the electricity metering equipment).
- 52H.10 Subject to any other agreement between the Gas Supplier and the Electricity Supplier, where the Gas Supplier has no further need for the Smart Metering Comms Hub Device (and there is no reasonable prospect of the Gas Supplier, or any future Gas Supplier, needing to use that Smart Metering Comms Hub Device in the future), then the Gas Supplier shall remove that Smart Metering Comms Hub Device (or, to the extent consistent with Good Industry Practice, render it inoperable in accordance with Good Industry Practice). Where a Smart Metering Comms Hub Device has been rendered inoperable pursuant to this Clause 52H.10, then the Electricity Supplier shall at any time thereafter be entitled to remove and dispose of that Smart Metering Comms Hub Device.

Non-Interference

- 52H.11 The Electricity Supplier consents to the Gas Supplier (and its Gas Meter Asset Manager when acting in its capacity as such) interfering with the electricity metering equipment at the Premises to the extent it is necessary to do so in exercising the Gas Supplier's rights or complying with its obligations under this Clause 52H or Clause 52I. The Gas Supplier shall not (and shall ensure that its Gas Meter Asset Manager when acting in its capacity as such shall not) otherwise interfere with the electricity metering equipment at the Premises (subject to any contrary agreement between the Gas Supplier and the Electricity Supplier).
- 52H.12 Notwithstanding the consent given by the Electricity Supplier under Clause 52H.11, the Gas Supplier shall indemnify the Electricity Supplier against all actions, proceedings, costs, demands, claims, expenses, liability, loss or damage arising:

52H.12.1 directly from physical damage to the property of any person caused by the Gas Supplier's Gas Meter Asset Manager in exercising the Gas Supplier's rights under this Clause 52H (but excluding liability for any loss of profit, loss of revenue, loss of use, loss of contract or loss of goodwill, and subject to a cap of £1 million per incident or series of related incidents); and/or

52H.12.2 directly or indirectly from any claim by the owner of the electricity metering equipment at the Premises or by the Electricity Supplier's Meter Operator Agent that the Electricity Supplier is in breach of its contracts with such persons in providing consent under Clause 52H.11 (but only to the extent such contracts were entered into prior to 1 October 2013, and subject to a cap of £1 million per contract).

52H.13 The Gas Supplier shall ensure that the Electricity Supplier is entitled to interfere with the Smart Metering Comms Hub to the extent it is necessary to do so in exercising the Electricity Supplier's rights or complying with its obligations under this Clause 52H or Clause 52I. The Electricity Supplier shall not otherwise interfere with the Smart Metering Comms Hub (subject to any contrary agreement between the Gas Supplier and the Electricity Supplier).

52H.14 For the purposes of Clause 53.4, the Electricity Supplier and the Gas Supplier agree that matters relating to Smart Metering Comms Hub Devices that are not the subject of express rights and obligations under this Section 2D (including the standard to which such devices are to be maintained) are outside of the subject matter of this Agreement (and neither the Electricity Supplier nor the Gas Supplier waive their rights or remedies under Clause 53.4 in respect of the same).

52I. METER OPERATION CODE OF PRACTICE AGREEMENT

- 52I.1 The Gas Supplier shall procure that the Gas Meter Asset Manager which carries out De-energisation Works and/or Re-energisation Works in respect of an Exit Point shall be party to the Meter Operation Code of Practice Agreement, and shall comply with the Meter Operation Code of Practice Agreement in relation to those works.
- 52I.2 The Electricity Supplier shall procure that the Meter Operator Agent appointed for each Metering Point supplied by the User shall be party to the Meter Operation Code of Practice Agreement, and shall comply with the Meter Operation Code of Practice Agreement in relation to that Metering Point.

52J. PROVISION OF INFORMATION

Danger, Damage or Interference

- 52J.1 The Gas Supplier shall (and shall ensure that its contractors and agents shall) in a prompt and appropriate manner having regard to the nature of the incident, inform the Electricity Supplier where the Gas Supplier has (or in the case of the Gas Supplier's contractors and agents, such contractors and agents have) reason to believe that:
- 52J.1.1 the flow of electricity through the Exit Point has been interrupted (and remains interrupted);
- 52J.1.2 there has been interference with any electricity metering equipment at a Premises that has prevented such metering equipment from correctly registering the quantity of electricity supplied; and/or
- 52J.1.3 the electricity metering equipment at the Premises otherwise presents a danger,
- unless the Gas Supplier believes that the Electricity Supplier has caused such circumstance to arise.
- 52J.2 The Electricity Supplier shall (and shall ensure that its contractors and agents shall) in a prompt and appropriate manner having regard to the nature of the incident, inform the Gas Supplier where the Electricity Supplier has (or in the case of the Electricity Supplier's contractors and agents, such contractors and agents have) reason to believe

that there has been damage to or interference with the Smart Metering Comms Hub Device (unless the Electricity Supplier believes that the damage or interference was caused by the Gas Supplier), or that the Smart Metering Comms Hub Device otherwise presents a danger.

- 52J.3 For the purposes of giving notice under Clause 52J.1 or 52J.2, the Gas Supplier or the Electricity Supplier (as applicable) shall use its reasonable endeavours to establish the identity of the Electricity Supplier or Gas Supplier (as applicable) to whom notice should be given. Where the Gas Supplier or the Electricity Supplier (as applicable) is unable to establish the identity of the person to whom notice should be given, it shall give such notice to the United Kingdom Revenue Protection Association.

52K. CONFIDENTIALITY RESTRICTIONS ON THE GAS SUPPLIER

Confidential Information

52K.1 In this Clause 52K, Confidential Information means:

52K.1.1 any information (whether in writing, in disc or electronic form, or otherwise) which has been properly disclosed by the Electricity Supplier under this Agreement but which would usually be considered to be confidential; and

52K.1.2 any information which is marked as confidential or which is provided together with a covering letter or fax indicating its confidential nature,

and, to the extent that any Affiliate or Related Undertaking of the Gas Supplier is in possession of Confidential Information, the Gas Supplier shall procure that such Affiliate or Related Undertaking observes the restrictions in Clauses 52K.2 to 52K.4 (inclusive) as if in each such Clause there was substituted for the Gas Supplier the name of the Affiliate or Related Undertaking.

Restrictions on Use and Disclosure

52K.2 The Gas Supplier hereby undertakes to the Electricity Supplier that it will preserve the confidentiality of, and not directly or indirectly reveal, report, publish, disclose or transfer or use for its own purposes, Confidential Information except:

52K.2.1 in the circumstances set out in Clause 52K.3;

52K.2.2 to the extent otherwise required or expressly permitted by this Agreement or any other agreement entered into between the Electricity Supplier and the Gas Supplier; or

52K.2.3 with the prior consent in writing of the Electricity Supplier.

52K.3 The circumstances set out in this Clause 52K.3 are:

52K.3.1 where the Confidential Information, before it is furnished to the Gas Supplier, is in the public domain;

52K.3.2 where the Confidential Information:

- (A) is acquired by the Gas Supplier in circumstances in which this Clause 52K does not apply;
- (B) is acquired by the Gas Supplier in circumstances in which this Clause 52K does apply and thereafter ceases to be subject to the restrictions imposed by this Clause 52K; or
- (C) (after it is furnished to the Gas Supplier) enters the public domain,

otherwise (in any such case) than as a result of (i) a breach by the Gas Supplier of its obligations in this Clause 52K; or (ii) a breach by the person who disclosed that Confidential Information of that person's confidentiality obligation, and the Gas Supplier is aware of such breach;

52K.3.3if the Gas Supplier is required or permitted to make disclosure of the Confidential Information to any person:

- (A) in compliance with any requirement of a Competent Authority;
- (B) in compliance with the provisions of any Relevant Instrument;
- (C) in compliance with any other law or regulation;
- (D) in response to a requirement of any Stock Exchange or the Panel on Takeovers and Mergers or any other regulatory authority (whether or not similar to those bodies); or
- (E) pursuant to the rules of the Electricity Arbitration Association or pursuant to any judicial or arbitral process or tribunal of competent jurisdiction; or

52K.3.4the disclosure of Confidential Information to any Affiliate or Related Undertaking of the Gas Supplier, to the employees, directors, agents, consultants and professional advisers of the Gas Supplier or any Affiliate or Related Undertaking of the Gas Supplier, in each case on the basis set out in Clause 52K.4.

52K.4 The Gas Supplier shall take all reasonable steps to ensure that any such person as is referred to in Clause 52K.3.4 to whom the Gas Supplier discloses Confidential Information does not use that Confidential Information for any purpose other than that for which it is provided and does not disclose that Confidential Information otherwise than in accordance with this Clause 52K.

Other Matters

52K.5 The Gas Supplier warrants that it has effected, and undertakes that it will during the term of this Agreement effect and maintain, all such registrations as it is required to effect and maintain under the Data Protection Act to enable it lawfully to perform the obligations imposed on it by this Agreement. The Gas Supplier undertakes to comply with the Data Protection Act in the performance of this Agreement.

52L. CONFIDENTIALITY RESTRICTIONS ON THE ELECTRICITY SUPPLIER

Confidential Information

52L.1 In this Clause 52L, Confidential Information means:

52L.1.1 any information (whether in writing, in disc or electronic form, or otherwise) which has been properly disclosed by the Gas Supplier under this Agreement but which would usually be considered to be confidential; and

52L.1.2 any information which is marked as confidential or which is provided together with a covering letter or fax indicating its confidential nature,

and, to the extent that any Affiliate or Related Undertaking of the Electricity Supplier is in possession of Confidential Information, the Electricity Supplier shall procure that such Affiliate or Related Undertaking observes the restrictions in Clauses 52L.2 to 52L.4 (inclusive) as if in each such Clause there was substituted for the Electricity Supplier the name of the Affiliate or Related Undertaking.

Restrictions on Use and Disclosure

52L.2 The Electricity Supplier hereby undertakes to the Gas Supplier that it will preserve the confidentiality of, and not directly or indirectly reveal, report, publish, disclose or transfer or use for its own purposes, Confidential Information except:

52L.2.1 in the circumstances set out in Clause 52L.3;

52L.2.2 to the extent otherwise required or expressly permitted by this Agreement or any other agreement entered into between the Electricity Supplier and the Gas Supplier; or

52L.2.3 with the prior consent in writing of the Gas Supplier.

52L.3 The circumstances set out in this Clause 52L.3 are:

52K.3.1 where the Confidential Information, before it is furnished to the Electricity Supplier, is in the public domain;

52L.3.2 where the Confidential Information:

- (A) is acquired by the Electricity Supplier in circumstances in which this Clause 52L does not apply;
- (B) is acquired by the Electricity Supplier in circumstances in which this Clause 52L does apply and thereafter ceases to be subject to the restrictions imposed by this Clause 52L; or
- (C) (after it is furnished to the Electricity Supplier) enters the public domain,

otherwise (in any such case) than as a result of (i) a breach by the Electricity Supplier of its obligations in this Clause 52L; or (ii) a breach by the person who disclosed that Confidential Information of that person's confidentiality obligation, and the Electricity Supplier is aware of such breach;

52L.3.3 if the Electricity Supplier is required or permitted to make disclosure of the Confidential Information to any person:

- (A) in compliance with any requirement of a Competent Authority;
- (B) in compliance with the provisions of any Relevant Instrument;
- (C) in compliance with any other law or regulation;
- (D) in response to a requirement of any Stock Exchange or the Panel on Takeovers and Mergers or any other regulatory authority (whether or not similar to those bodies); or
- (E) pursuant to the rules of the Electricity Arbitration Association or pursuant to any judicial or arbitral process or tribunal of competent jurisdiction; or

52L.3.4 the disclosure of Confidential Information to any Affiliate or Related Undertaking of the Electricity Supplier, to the employees, directors, agents, consultants and professional advisers of the Electricity Supplier

or any Affiliate or Related Undertaking of the Electricity Supplier, in each case on the basis set out in Clause 52L.4.

52L.4 The Electricity Supplier shall take all reasonable steps to ensure that any such person as is referred to in Clause 52L.3.4 to whom the Electricity Supplier discloses Confidential Information does not use that Confidential Information for any purpose other than that for which it is provided and does not disclose that Confidential Information otherwise than in accordance with this Clause 52L.

Other Matters

52L.5 The Electricity Supplier warrants that it has effected, and undertakes that it will during the term of this Agreement effect and maintain, all such registrations as it is required to effect and maintain under the Data Protection Act to enable it lawfully to perform the obligations imposed on it by this Agreement. The Electricity Supplier undertakes to comply with the Data Protection Act in the performance of this Agreement.

SECTION 3

GENERAL LEGAL PROVISIONS

53. LIMITATION OF LIABILITY

Physical Damage

53.1 Subject to Clause 53.5 and save as provided in this Clause 53.1 and Clause 53.2, and save where any provision of this Agreement provides for an indemnity, no Party (the **Party Liable**) nor any of its officers, employees or agents shall be liable to any other Party for loss arising from any breach of this Agreement other than for loss directly resulting from such breach and which at the date hereof was reasonably foreseeable as not unlikely to occur in the ordinary course of events from such breach in respect of:

53.1.1 physical damage to the property of that other Party, its officers, employees or agents; and/or

53.1.2 the liability of that other Party to any other person for loss in respect of physical damage to the property of any person,

provided that the liability of the Party Liable in respect of all claims for such loss shall in no circumstances exceed £1 million (or, in relation to Bilateral Connection Agreements under Section 2B, such higher figure as the two Parties thereto may agree in such Bilateral Connection Agreement) per incident or series of related incidents, and provided further that the Party Liable shall be entitled:

53.1.3 to deduct from any sums payable to another Party in respect of the Party Liable's liability for loss or damage in respect of any event under this Agreement any sums which it is liable to pay to a person who has a connection to the Party Liable's System or any other person (whether or not a Party) in respect of the same loss or damage in respect of the same event; and

53.1.4 where it has already made payment in respect of its liability for loss or damage in respect of an event under this Agreement, at the time at which it becomes liable to pay any other person (whether or not a Party) in respect of the loss or damage in respect of the same event, to

reclaim from the Party to whom it made a payment under this Agreement the amount of its liability to that other person but not exceeding the amount already paid to that Party in respect of loss or damage in respect of the same event,

provided that where any Party Liable becomes aware of any claim, difference, dispute or proceedings (actual or threatened) which it reasonably expects may lead to a liability to a person other than another Party in respect of an event which may also give rise to a liability to another Party under this Agreement, then the Party Liable shall consult with the other Party as to the conduct of that claim, difference, or dispute or those proceedings (actual or threatened).

Death or Personal Injury

53.2 Nothing in this Agreement shall exclude or limit the liability of any 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 Parties and their officers, employees and agents, from and against all such liability and any loss or liability which such other Parties 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.

Economic and Consequential Loss

53.3 Subject to Clause 53.5, and save where any provision of this Agreement provides for an indemnity, neither the Party Liable, nor any of its officers, employees or agents, shall in any circumstances whatsoever be liable, under or in relation to this Agreement, to another Party for:

53.3.1 any loss of profit, loss of revenue, loss of use, loss of contract or loss of goodwill; or

53.3.2 any indirect or consequential loss; or

53.3.3 loss resulting from the liability of such other Party to any other person howsoever and whenever arising save as provided in Clauses 53.1 and 53.2.

Exclusive Remedies

53.4 The rights and remedies provided by this Agreement to the Parties are exclusive and not cumulative and exclude and are in place of all substantive (but not procedural) rights or remedies express or implied and provided by common law or statute in respect of the subject matter of this Agreement, including any rights any Party may possess in tort (or delict) which shall include actions brought in negligence and/or nuisance. Accordingly, each of the Parties hereby waives to the fullest extent possible all such rights and remedies provided by common law or statute, and releases the Party Liable, 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 Agreement and undertakes not to enforce any of the same except as expressly provided herein.

Overriding Nature of this Clause

53.5 Save as otherwise expressly provided in this Agreement, this Clause 53 insofar as it excludes or limits liability shall override any other provision in this Agreement, provided that nothing in this Clause 53 shall exclude or restrict or otherwise prejudice or affect any of:

53.5.1 the rights, powers, duties and obligations of any Party which are conferred or created by the Act, any licence granted pursuant to the Act, or any subordinate legislation made under the Act; or

53.5.2 the rights, powers, duties and obligations of the Authority or the Secretary of State under the Act, any such licence or otherwise howsoever.

Other Matters

53.6 Each of the sub-clauses of this Clause 53:

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

53.6.2 shall survive the termination or expiry of this Agreement.

53.7 Each Party hereby acknowledges and agrees that each other Party holds the benefit of Clauses 53.1, 53.2 and 53.3 for itself and as trustee and agent for its officers, employees and agents.

53.8 Each Party hereby acknowledges and agrees that the provisions of this Clause 53 have been the subject of discussion and negotiation and are fair and reasonable having regard to the circumstances as at the date hereof.

53.9 Nothing in this Clause 53 shall prevent or restrict any Party from enforcing any payment obligation (including suing for a debt) owed to it under or pursuant to this Agreement, or prevent DCUSA Ltd from enforcing any payment obligation (including suing for debts owed under Clause 8) owed to the Panel.

Offshore Transmission Systems

53.10 The following provisions apply only in relation to arrangements pursuant to Section 2B and between the OTSO Party and a DNO/IDNO Party in respect of an Offshore Transmission System owned by an Offshore Transmission Owner:

53.10.1 in consideration of the rights conferred upon the DNO/IDNO Party under this Agreement, the right of the DNO/IDNO Party to claim in negligence, other tort, or otherwise howsoever against the Offshore Transmission Owner in respect of any act or omission of the Offshore Transmission Owner in relation to the subject matter of the STC is hereby excluded and the DNO/IDNO Party agrees not to pursue any such claim; save that nothing in this Clause 53.10 shall restrict the ability of the DNO/IDNO Party to claim in respect of:

- (A) any contract to which the DNO/IDNO Party and the Offshore Transmission Owner are (from time to time) party;

- (B) fraudulent misrepresentation; or
- (C) death or personal injury resulting from the negligence of the Offshore Transmission Owner; and

53.10.2 the OTSO Party shall ensure that the STC contains a waiver from the Offshore Transmission Owner in favour of (and enforceable by) the DNO/IDNO Party in respect of any claim the Offshore Transmission Owner may have in negligence, other tort, or otherwise howsoever against the DNO/IDNO Party in respect of any act or omission of the DNO/IDNO Party in relation to the subject matter of Section 2B, and the OTSO Party shall ensure that such waiver includes an agreement on the part of the Offshore Transmission Owner not to pursue such a claim: save that the waiver need not apply to claims in respect of:

- (A) any contract to which the DNO/IDNO Party and the Offshore Transmission Owner are (from time to time) party;
- (B) fraudulent misrepresentation; or
- (C) death or personal injury resulting from the negligence of the DNO/IDNO Party.

54. TERMINATION

Events of Default

54.1 It shall be an **Event of Default** in respect of a Party (the **Breaching Party**) if:

- 54.1.1 the Breaching Party is in material breach of any of its material obligations under this Agreement and, if the breach is or was capable of remedy, the Breaching Party has failed to remedy the breach within 20 Working Days of receipt of a notice from any Party to whom that obligation was owed giving full details of the breach, requiring the Breaching Party to remedy the breach, and stating that a failure to remedy the breach may give rise to the consequences set out in this Clause 54;
- 54.1.2 the Breaching Party passes a resolution for its own winding-up, dissolution, administration or reorganisation (except for the purposes of a solvent reconstruction or reorganisation approved by the Panel), or a court of competent jurisdiction makes an order for the winding-up or dissolution of the Breaching Party;
- 54.1.3 the Breaching Party has an administrator appointed in respect of it, or an administration order is made in relation to it, or a receiver, administrative receiver, trustee, liquidator, compulsory manager or other similar officer is appointed in respect of the Breaching Party or the whole or a substantial part of its assets, or an encumbrancer takes possession of or sells the whole or a substantial part of the Breaching Party's assets, rights, or revenues;
- 54.1.4 the Breaching Party makes an arrangement, compromise, composition, assignment or assignation with its creditors generally or makes an application to a court for protection from its creditors generally;
- 54.1.5 the Breaching Party is unable to pay its debts within the meaning of Section 123 of the Insolvency Act 1986, but as if in that section the sum of £10,000 was substituted for the sum of £750;

- 54.1.6 without prejudice to Clause 55, a circumstance of Force Majeure that affects the performance by the Breaching Party of substantially all of its obligations under this Agreement continues for more than 180 days and any Party to whom any such obligation was owed serves a notice on the Breaching Party referring to this Clause 54; or
- 54.1.7 any of the conditions precedent relating to the Breaching Party set out in Clauses 16.1.2 to 16.1.7 (inclusive) or in Clauses 37.1.1 to 37.1.5 (inclusive) cease to be satisfied in respect of the Breaching Party.

Suspension of Rights

- 54.2 For so long as an Event of Default is continuing, where a Supplier/DG Party is a User under Section 2A, or where a DNO/IDNO/OTSO Party is a User under Section 2B, and, in either case, that Party is a Breaching Party pursuant to:

54.2.1 Clause 54.1.1 or 54.1.6, any Party to whom the obligations in question were owed shall be entitled to suspend its performance of the services described in Section 2 to the Breaching Party by notice in writing to the Breaching Party; and

54.2.2 any other provision of Clause 54.1, any Party shall be entitled to suspend its performance of the services described in Section 2 to the Breaching Party by notice in writing to the Breaching Party,

and the Breaching Party shall pay to the suspending Party an amount equal to any reasonable costs incurred by such Party as a result of such suspension.

Any party serving a notice under this Clause 54.2 shall send a copy of the notice to the Panel.

- 54.3 Where an Event of Default is continuing, the Panel may resolve that the Breaching Party in question shall not, for such period as the Panel may specify, be entitled to exercise its election and voting rights under Section 1, in which case the provisions of Clause 6 and Section 1C shall operate (during that period) as if that Party were not a Party. The Panel shall notify the Authority and all the Parties of any such resolution.

- 54.4 Any Party whose rights are restricted in accordance with Clause 54.3 may apply to the Panel to have those restrictions removed. The Panel shall consider such application and may levy a fee on the relevant Party for doing so. Where the Panel considers that no Event of Default is continuing in respect of the applicant, it shall notify the Parties and the Authority accordingly, and the restrictions imposed under Clause 54.3 shall cease to apply.

Ceasing to be a Party

- 54.5 Subject to Clause 54.6:

54.5.1 where a Party applies to the Panel to be removed as a Party; or

54.5.2 where an Event of Default occurs in respect of a Party, and is continuing, and has been continuing for at least six months,

the Panel may resolve to terminate that Party's accession to this Agreement.

On written notice by the Panel of such resolution to the Parties and the Authority, the Party in question shall cease to be a Party.

- 54.6 A Party's accession to this Agreement may not be terminated:

54.6.1 in the case of a DNO Party or an IDNO Party, where that Party holds a Distribution Licence which requires it to be a party to this Agreement;

54.6.2 in the case of a Supplier Party, where that Party holds a Supply Licence which requires it to be a party to this Agreement.

Panel Member Conflict

- 54.7 A Panel Member shall be disqualified from acting, and shall not act in his capacity as a Panel Member, in relation to a resolution pursuant to this Clause 54 and a Breaching Party where his employer is that Breaching Party or an Affiliate of that Breaching Party. Any Alternate of such Panel Member shall act in that Panel Member's place (unless that Alternate is also employed by that Breaching Party or an Affiliate of that Breaching Party).

Consequences of Termination

- 54.8 Except where expressly stated to the contrary, the rights and obligations of a Party under this Agreement shall cease immediately upon that Party's accession to this Agreement being terminated and it ceasing to be a Party. However, such termination shall not affect any rights and obligations which have accrued on or before the date of such termination.
- 54.9 Clauses 1, 8 (only in respect of those Financial Years, and parts thereof, during which it was a Party), 15, 19 to 25 (inclusive), 32, 34, 35, 36, 41, 43 to 47 (inclusive), 50, 51, 53, 54.8 and 54.9 shall survive the termination of such accession and continue to apply to a Party after it ceases to be a Party.

55. FORCE MAJEURE

55.1 If any Party (the **Affected Party**) is unable to carry out any of its obligations under this Agreement due to any circumstance of Force Majeure, this Agreement shall (subject to Clause 54.1.6) remain in effect but:

55.1.1 the Affected Party's obligations;

55.1.2 the obligations any other Party owes to the Affected Party under this Agreement; and

55.1.3 any obligations such other Parties owe between themselves under this Agreement which the relevant Party is unable to carry out directly as a result of the suspension of the Affected Party's obligations in accordance with this Clause 55,

shall be suspended without liability for the period during which the circumstance of Force Majeure prevails provided that:

55.1.4 the Affected Party gives the other Parties prompt notice describing the circumstance of Force Majeure including the nature of the occurrence and its expected duration and, where reasonably practicable, continues to furnish regular reports with respect thereto during the period of Force Majeure; and

55.1.5 the suspension of performance is of no greater scope and of no longer duration than is required by the circumstance of Force Majeure; and

55.1.6 no obligations of any Party that arose before the circumstance of Force Majeure causing the suspension of performance are excused as a result of the Force Majeure; and

55.1.7 the Affected Party uses all reasonable efforts to mitigate the impact of the circumstance of Force Majeure and to remedy its inability to perform as quickly as possible; and

55.1.8 immediately after the end of the circumstance of Force Majeure, the Affected Party notifies the other Parties in writing that the

circumstance of Force Majeure has ended and resumes performance of its obligations under this Agreement.

56. DEROGATIONS

Panel's Ability to Grant Derogations

- 56.1 The Panel may (subject to Clause 56.3) resolve, on the application of any Party, to grant a derogation to any Party or Parties in relation to any obligation or obligations contained in this Agreement. In resolving to grant such derogation, the Panel may impose such conditions as it sees fit, and shall specify the term, scope and application of such derogation. Derogations will normally only be granted in respect of newly introduced or amended obligations (or obligations due to be implemented in the future).
- 56.2 The Panel may, from time to time and as it sees fit (subject to Clause 56.3), resolve to retract any derogation, or to amend or add to the conditions applicable to any derogation.
- 56.3 A derogation granted to any Party by the Panel, or any retraction, amendment or addition under Clause 56.2, shall, in each case, only be effective if made in conformity with any representations received from the Authority in accordance with Clause 56.5.3, or as otherwise approved by the Authority.

Application for Derogation

- 56.4 A Party may, at any time, apply to the Panel for a derogation under this Clause 56 by notice in writing to the Panel Secretary.
- 56.5 Where the Panel Secretary receives such an application, it shall ensure that the matter is added to the agenda for the next Panel meeting occurring more than 10 Working Days after receipt of such application, and shall give notice to all the Parties and to the Authority, at least 10 Working Days before the Panel meeting in question:
- 56.5.1 setting out the identity of the Party by whom the application has been made and the terms of the derogation sought;
 - 56.5.2 specifying the date on which the Panel is due to consider the matter;
 - and

56.5.3 inviting representations or objections with respect to the derogation before that time.

56.6 Where representations or objections are made in accordance with Clause 56.5.3, the Panel Secretary shall, as soon as reasonably practicable after receipt thereof and unless such representations or objections have been marked as confidential, publish those representations or objections on the Website.

Derogations from Charging Methodologies

56.7 Without prejudice to Clause 56.1, where the Authority grants a derogation to a DNO Party under its Distribution Licence relieving that DNO Party of certain of its licence obligations in respect of one or more of the Charging Methodologies (or any element of them), that derogation shall also be effective for the purposes of this Agreement in the same terms. In order for any such derogation to be effective for the purposes of this Agreement, a copy of it must be sent to the Panel.

Derogation from Performance

56.8 For so long as a Party has the benefit of a derogation in accordance with Clause 56.1 or 56.7, that Party shall be excused from complying with the obligations specified in the terms of that derogation, and shall be deemed not to be in breach of this Agreement for failing to comply with the relevant obligations for the term of the derogation, but shall be required to comply with any modified obligations which are specified as a condition of the derogation.

56.9 A Party may, immediately by notice in writing to the Panel at any time, reject any derogation then applying to it, in which case the derogation shall cease to apply for the purposes of this Agreement and the Party shall become subject to the obligations under this Agreement set out in the derogation in question.

57. FURTHER INFORMATION PROVISIONS

Confidentiality and the Panel

- 57.1 The Parties acknowledge that, in order for the Panel (and its Working Groups) to properly carry out its duties under this Agreement, the Panel may decide, or be obliged, to keep confidential to it (and may instruct its Working Groups to keep confidential) matters, minutes, reports, consultation responses, data and other information produced by or for, or made available to, the Panel, the Secretariat, the Panel Secretary or any Working Group. In such cases, the Panel, the Panel Members, the Secretariat, the Panel Secretary and any Working Group and its members shall not disclose such matters, minutes, reports, consultation responses, data and other information. The Panel shall use reasonable endeavours to keep such cases to a minimum.
- 57.2 Each Party agrees, subject to any relevant confidentiality provision binding on it, to provide the Panel, the Panel Secretary and the Secretariat with all data and other information reasonably requested by the Panel and necessary for the Panel, the Panel Secretary and/or the Secretariat properly to carry out their duties and responsibilities under this Agreement.
- 57.3 The following provisions apply in relation to information provided by a Party (under or in relation to this Agreement) to one or more of the Panel, DCUSA Ltd, any Working Group, the Panel Secretary and/or the Secretariat (including any information that a Party provides under Clause 57.2):
- 57.3.1 where the Party wishes such information to remain confidential, it shall clearly mark such information as such. The Panel, its Working Groups and the Secretariat shall ensure that all information so marked is kept secret and confidential, provided that such information shall still be made available to the Authority on the understanding that the Authority shall keep such information confidential: or
- 57.3.2 where the Party does not mark any such information as confidential, the Panel, its Working Groups and the Secretariat need not treat such information as secret or confidential, and the Party hereby consents to

the publication of such information on the Website (provided the requirements of Schedule 14 are observed). The Party providing such information shall indemnify DCUSA Ltd in respect of any claim relating to the publication of such information on the Website in accordance with Schedule 14 (whether under the Data Protection Act, section 105 of the Utilities Act or otherwise).

Intellectual Property in Change Proposals

57.4 In respect of each Change Proposal that a Proposer may make, the Proposer hereby:

57.4.1 assigns fully, irrevocably and unconditionally any and all present and future Intellectual Property Rights that it may have in such Change Proposal to DCUSA Ltd; and

57.4.2 confirms that, to the best of its knowledge and belief, no other person has any Intellectual Property Rights in such Change Proposal.

Party Details

57.5 On each Party's accession to this Agreement, the Secretariat shall add that Party's Party Details to Schedule 11.

57.6 Each Party shall ensure that the Secretariat is notified of any changes from time to time in that Party's Party Details, so as to ensure that the same can be kept up-to-date from time to time.

57.7 The Secretariat shall, on receipt of any notification under Clause 57.6, promptly:

57.7.1 amend Schedule 11 to reflect the relevant changes in the relevant Party's Party Details; and

57.7.2 circulate a copy of the amended Schedule 11 to all the Parties.

57.8 Notwithstanding Clauses 9.2 and 10.1, any changes to Schedule 11 in accordance with Clause 57.5 or 57.7 shall not constitute a change to which Section 1 C applies.

58. DISPUTES

Arbitration

58.1 Save where expressly stated in this Agreement to the contrary, and subject to:

58.1.1 any contrary provisions of the Act, of any licence issued pursuant to the Act, or of the Regulations (or any other regulations made under Section 29 of the Act); and

58.1.2 the rights, powers, duties and obligations of the Authority or the Secretary of State under the Act, or under any such licence, or otherwise howsoever,

any dispute or difference of whatever nature howsoever arising under, out of, or in connection with this Agreement between two or more Parties shall be and is hereby referred to arbitration between such Parties, pursuant to the arbitration rules of the Electricity Arbitration Association from time to time in force.

58.2 Whatever the nationality, residence, or domicile of the Parties in question and wherever the dispute or difference or any part thereof arose, the law of England 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 seat of any such arbitration shall be Great Britain and the provisions of the Arbitration Act 1996 shall apply to any such arbitration wherever the same or any part of it shall be conducted.

Third Party Claims

58.3 Subject always to Clause 58.5, if any consumer of electricity (the **consumer**) brings any legal proceedings in any court against any Party (the **defendant party**) and the defendant party wishes to make a third party claim (as defined in Clause 58.4) against another Party which would but for this Clause 58.3 have been a dispute or difference referred to arbitration by virtue of Clause 58.1, then, notwithstanding the provisions of Clause 58.1 (which shall not apply) and in lieu of arbitration, the court in which the legal proceedings have

been commenced shall hear and completely determine and adjudicate upon the legal proceedings and the third party claim not only between the consumer and the defendant party but also between either or both of them and the other such Party, whether by way of third party proceedings or otherwise as may be ordered by the court.

58.4 For the purposes of this Clause 58, **third party claim** shall mean:

58.4.1 any claim by a defendant party against another Party (whether or not already a party to the legal proceedings) for any contribution or indemnity; or

58.4.2 any claim by a defendant party against another Party for any relief or remedy relating to or connected with the subject matter of the legal proceedings and substantially the same as some relief or remedy claimed by the consumer; or

58.4.3 any requirement by a defendant party that any question or issue relating to or connected with the subject matter of the legal proceedings should be determined not only as between the consumer and the defendant party but also as between either or both of them and another Party (whether or not already a party to the legal proceedings).

58.5 Clause 58.3 shall apply only if, at the time at which the legal proceedings are commenced, no arbitration has been commenced between the defendant party and the other Party in question that raises or involves the same or substantially the same issues as would be raised by or involved in the third party claim. The tribunal in any arbitration which has been commenced prior to the commencement of legal proceedings shall determine the question, in the event of dispute, whether the issues raised or involved are the same or substantially the same.

59. DATA TRANSFER AND NOTICES

Data Transfer

59.1 Unless otherwise agreed between the sender and the recipient, any notice, request or other communication under Section 2 shall be sent in accordance with Good Industry Practice, and Good Industry Practice will include sending it by the means (if any), and, with the content (if any), required pursuant to:

59.1.1 the Balancing and Settlement Code;

59.1.2 the Master Registration Agreement; and/or

59.1.3 the Data Transfer Catalogue.

59.2 Where this Agreement requires any notice, request or other communication to be sent via the Data Transfer Network, the relevant message shall be addressed to the Market Domain I.D. specified for such purpose in that Party's Party Details.

Data Transfer Responsibility

59.3 Where this Agreement requires any notice, request or other communication to be sent via the Data Transfer Network, the Party sending the relevant message shall be responsible for ensuring that it reaches the relevant Gateway within any time period laid down in this Agreement for the provision of such notice, request or communication (and any such message shall be deemed to be received by the recipient at the point in time at which it is delivered to such Gateway); provided that the Party sending a message shall have no obligation to ensure receipt where the intended recipient has failed, contrary to the Data Transfer Service Agreement, to remove or process all messages delivered to its Gateway and to ensure that such messages are made available to its internal systems as expeditiously as possible so that the Gateway is able to continue to process incoming and outgoing messages effectively.

Unavailability of DTN

59.4 If the Data Transfer Network or any relevant part of such network is at any time for any reason unavailable for the sending of messages between the Parties, then during the period of unavailability:

59.4.1 the Parties shall use any means reasonable in the circumstances to send any notice, request or other communication that this Agreement would otherwise require to be sent via the Data Transfer Network;

59.4.2 where other means are used in accordance with Clause 59.4.1, the Parties shall be relieved from any service levels set out in this Agreement relating to any affected notice, request or other communication (except to the extent that this Agreement expressly provides for alternative service levels in such circumstances) but shall use their reasonable endeavours to send such notice, request or other communication as soon as is reasonably practicable; and

59.4.3 to the extent that no such other means are practicable given the nature of the communication and the surrounding circumstances, such unavailability of the Data Transfer Network shall be deemed (to the extent not caused by a breach by either party of the Data Transfer Service Agreement) to constitute a circumstance of Force Majeure for the purposes of this Agreement.

59.5 Where any Party, in breach of its obligations under Clause 59.3, fails to deliver any notice, request or other communication to the recipient's Gateway and such failure occurs for reasons outside that Party's direct control, the breaching Party shall have no liability to the other under this Agreement and the relevant Parties shall rely instead upon the provisions of the Data Transfer Service Agreement.

Notices

59.6 Save as provided in Clause 30.5, Clause 59.1 and Schedule 8, any notice, request or other communication to be made by one Party to another Party under or in connection with this Agreement shall be in writing and shall be delivered personally or sent by first class post, courier, fax or email to that

other Party at the address specified for such purpose in that Party's Party Details.

59.7 Unless otherwise stated in this Agreement, a notice, request or other communication sent in accordance with Clauses 30.5, 59.6 or paragraph 11.1 of Schedule 8 shall be deemed to be received:

59.7.1 if delivered personally, when left at the address set out for such purpose in the relevant Party's Party Details;

59.7.2 if sent by post, three Working Days after the date of posting;

59.7.3 if sent by fax, upon production by the sender's equipment of a transmission report indicating that the fax was sent to the fax number of the recipient in full without error; and

59.7.4 if sent by email, one hour after being sent, unless an error message is received by the sender in respect of that email before that hour has elapsed.

59.8 Notices to or from DCUSA Ltd shall also be subject to the provisions of Clause 59.7, and notices to DCUSA Ltd shall be sent to the address given, from time to time, on the Website (or, in the absence of any such address, to its registered office).

59.9 Notices to the Panel shall also be subject to the provisions of Clause 59.7, and notices to the Panel shall be sent care of the Secretariat to the address given, from time to time, on the Website (or, in the absence of any such address, to the registered office of DCUSA Ltd).

60. MISCELLANEOUS

Entire Agreement

- 60.1 This Agreement and any document referred to therein represents the entire understanding, and constitutes the whole agreement, in relation to its subject matter; and supersedes any previous agreement whether written, oral, or deemed between any of the Parties with respect thereto and, without prejudice to the generality of the foregoing, excludes any warranty, condition or other undertaking implied at law or by custom.
- 60.2 Each Party confirms that, except as provided in this Agreement and without prejudice to any liability for fraudulent misrepresentation, it has not relied on any representation, warranty or undertaking which is not contained in this Agreement or any document referred to therein.

Severability

- 60.3 If any provision of this Agreement shall be held to be invalid or unenforceable by a judgement or decision of any court of competent jurisdiction or any Competent Authority whose decisions are binding on the Parties, that provision shall be deemed severable and the remainder of this Agreement shall remain valid and enforceable to the fullest extent permitted by law. In any such case, the Parties will negotiate in good faith with a view to agreeing one or more provisions which may be substituted for such invalid or unenforceable provision in order to give effect, so far as practicable, to the spirit of this Agreement.

Waivers

- 60.4 The failure by any Party to exercise, or the delay by any Party in exercising, any right, power, privilege or remedy provided under this Agreement or a Distribution Code or by law shall not constitute a waiver thereof nor of any other right, power, privilege or remedy. No single or partial exercise of any such right, power, privilege or remedy shall preclude any future exercise thereof or the exercise of any other right, power, privilege or remedy.

Contract Management

- 60.5 Each Party (other than DCUSA Ltd) shall appoint an appropriate person (each a **Contract Manager** and together the **Contract Managers**) to manage all matters arising under or in connection with this Agreement and to monitor the general operation of this Agreement.
- 60.6 The Contract Manager relating to each Party from time to time shall be the person referred to in that Party's Party Details.
- 60.7 The Contract Manager of each Party shall meet with the Contract Manager of each other Party (collectively or individually) at such venues and at such intervals as may be agreed between the Parties from time to time.

Third Party Rights

- 60.8 Except for the benefit:
- 60.8.1 that DCUSA Ltd holds under Clause 6.22;
 - 60.8.2 that each Party holds under Clause 53.8;
 - 60.8.3 bestowed on Offshore Transmission Owners by Clause 53.10 (which shall be enforceable by Offshore Transmission Owners); and
 - 60.8.4 that Green Deal Providers hold under Clause 25.19C,
- the Parties do not intend that any of the Agreement's terms will be enforceable by a third party (whether by virtue of the Contracts (Rights of Third Parties) Act 1999 or otherwise).
- 60.9 Notwithstanding that a person who is not a Party may have a right to enforce particular Clauses under the Contracts (Rights of Third Parties) Act 1999 in accordance with Clause 60.8, the Parties may vary or terminate this Agreement in accordance with its terms without requiring the consent of any such person.

Assignment and Sub-contracting

60.10 No Party may assign any of its rights under this Agreement without the prior written consent of the other Parties, such consent not to be unreasonably withheld.

60.11 Any Party may sub-contract or delegate the performance of all or any of its obligations under this Agreement (including activities envisaged by a Distribution Code) to any appropriately qualified and experienced third party, but shall at all times remain liable to the other Parties in relation to all sub-contracted or delegated obligations.

Law and Jurisdiction

60.12 Each Party agrees that, in performing its obligations pursuant to this Agreement, it shall be required to comply with relevant statutes, statutory instruments and the general law and shall not be liable for any failure to perform its obligations in accordance with this Agreement where to do so would put it in breach of any such statute, statutory instrument or general provision of law.

60.13 Each Party agrees that, without preventing any other mode of service, any document in an action (including any writ of summons or other originating process or any third or other party notice) may be served on any Party by being delivered to or left for that Party at its address for service of notices referred to in Clause 59.

60.14 This Agreement shall be governed by and construed in accordance with the laws of England and Wales. Subject to Clause 58, the Parties hereby submit to the exclusive jurisdiction of the courts of England and Wales and of Scotland.

SCHEDULES

SCHEDULE 1 – COVER

1. PROVISION OF COVER

Forms of Collateral

1.1 The User shall deliver to the Company one or more of the following forms of Collateral such that the aggregate value of such Collateral is equal to or greater than the sum notified to the User by the Company as the User's Value at Risk to the extent that it exceeds the User's Credit Allowance:

- (a) a Letter of Credit or equivalent bank guarantee (available for an initial period of not less than six months);
- (b) an Escrow Account Deposit;
- (c) a Cash Deposit; or
- (d) any other form of Collateral as agreed between the Company and the User from time to time, including but not limited to performance bonds, bilateral insurance, and independent security. The Company may rate the effectiveness of such Collateral as being between 0% and 100%. Where the effectiveness of such Collateral is rated as less than 100%, its contribution to the aggregate level of Cover provided shall be reduced accordingly.

1.2 Any dispute raised by the User or the Company on the form of Collateral provided under Paragraph 1.1(d) or on the rating of any such Collateral shall be dealt with under Paragraph 8. Any requirement for payment to be made under such Collateral shall be dealt with in accordance with Paragraph 4.

Maintenance of Cover

1.3 The User may increase the value of Collateral provided or provide additional forms of Collateral at any time during the term of this Agreement.

1.4 Where:

- (a) there is any reduction in the amount of Collateral provided by the User as Cover; or
- (b) the Company makes a demand against such Collateral following a Payment Default by the User,

the User shall provide additional Collateral to ensure that the Indebtedness Ratio is equal to or lower than the Indebtedness Ratio Limit according to the provisions of this Schedule.

2. CALCULATION OF COVER

2.1 For the duration of this Schedule's application, the Company shall calculate and maintain a record of each of the following values with respect to the User, that is to say:

- (a) the User's Value at Risk;
- (b) the User's Credit Allowance; and
- (c) the User's Indebtedness Ratio,

in such manner as will enable the Company, upon request by the User, to provide a written and up-to-date statement of such values without delay.

The User's Value at Risk

2.2 At any time, the User's Value at Risk shall be the aggregate of:

- (a) billed but unpaid Charges which are not currently subject to a Designated Dispute (as defined in Schedule 4) and which have been billed to the User according to an established billing cycle operated by the Company pursuant to this Agreement;

plus
- (b) the Fifteen Days' Value, which shall be the estimated value of the Charges that would be incurred by the User for a further 15 days from

that time, based on the average daily Charges billed to the User (whether under this Agreement or any use of system agreement applying between the User and the Company immediately before this Agreement became effective) during the previous month according to the established billing cycle operated by the Company;

less

- (c) any credit notes and any amounts paid to the Company by the User in the form of a Prepayment or an Advance Payment.

The User's Credit Allowance

2.3 The User's Credit Allowance (CA here below) shall be calculated according to the following formula:

$$CA = RAV \times 2\% \times CAF$$

where:

- RAV is the closing balance for the Regulatory Asset Value as published in the Company's latest price control review information (or, where no Regulatory Asset Value is published, shall be a value to be determined by the Authority as a suitable replacement following consultation with the Company); and
- CAF is the Credit Allowance Factor (which is to be expressed as a percentage determined pursuant to Paragraph 2.4 or 2.5).

2.4 Where the User has a Credit Rating from an Approved Credit Referencing Agency that is Ba3/BB– or above, CAF shall be determined according to the following table. For the purposes of this Schedule, and subject to evidence to the contrary, all IDNO Parties shall be deemed to have a rating of Baa3 / BBB-

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Credit Rating	CAF (%)

Moody's	Standard and Poor's	
Aaa to Aa2	AAA to AA	100
Aa3 to A3	AA– to A–	40
Baa1	BBB+	20
Baa2	BBB	19
Baa3	BBB–	18
Ba1	BB+	17
Ba2	BB	16
Ba3	BB–	15

2.5 Where the User does not have a Credit Rating from an Approved Credit Referencing Agency that is Ba3 / BB– or above, CAF shall be determined as follows:

- (a) where there is, at the time of such determination, an Independent Credit Assessment that was carried out within the preceding 12 months and the User has not requested that the Company use the User's Payment Record Factor, CAF shall be determined by reference to the Independent Credit Assessment procured pursuant to Paragraph 2.7 and in accordance with the table set out at Paragraph 2.10; or
- (b) where the User has requested that the Company use the User's Payment Record Factor or there is not, at the time of such determination, an Independent Credit Assessment that was carried out within the preceding 12 months, CAF shall equal the Payment Record Factor (which shall be determined in accordance with the provisions of Paragraphs 2.12 to 2.14).

Credit Assessment Score

- 2.6 For the purposes of determining CAF pursuant to Paragraph 2.5(a), the User may, once a year, request that the Company obtain an Independent Credit Assessment from a Recognised Credit Assessment Agency chosen by the User.
- 2.7 As soon as reasonably practicable following such request (or within such other period as the Company and the User may agree), the Company shall procure from that Recognised Credit Assessment Agency (and shall provide to the User) a credit assessment of the User. Where a Recognised Credit Assessment Agency offers more than one credit assessment product, the Company shall procure an assessment on the basis of the product that the Company and the User agree (each acting reasonably) provides the most appropriate assessment of the creditworthiness of the User when all factors are taken into consideration.
- 2.8 Where the Recognised Credit Assessment Agency that is used is listed in the table below, and it undertakes an assessment on the basis of one of its credit assessment products listed below, the results of such assessment will give rise to the corresponding Credit Assessment Score set out below:

<u>Equivalence of the Credit Assessment Score to credit scores provided by Recognised Credit Assessment Agencies in their Independent Credit Assessments.</u>					
<u>Credit Assessment Score</u>	<u>Check It (ICC)</u>	<u>Dunn & Bradstreet / N2 Check</u>	<u>Equifax</u>	<u>Experian</u>	<u>Graydons</u>
	<u>Credit Score Report</u>	<u>Comprehensive Report</u>		<u>Bronze, Silver or Gold Report</u>	<u>Level 1, Level 2, or Level 3 Report</u>
<u>10</u>	<u>95-100</u>	<u>5A1/</u>	<u>A+</u>	<u>95-100</u>	<u>1A</u>
<u>9</u>	<u>90-94</u>	<u>5A2/4A1</u>	<u>A /A-</u>	<u>90-94</u>	<u>1B/2A</u>
<u>8</u>	<u>80-89</u>	<u>5A3/4A2/3A1</u>	<u>B+</u>	<u>80-89</u>	<u>1C/2B/3A</u>

<u>7</u>	<u>70-79</u>	<u>4A3/3A2/2A1</u>	<u>B/B-</u>	<u>70-79</u>	<u>2C/3B/4A</u>
<u>6</u>	<u>60-69</u>	<u>3A3/2A2/1A1</u>	<u>C+</u>	<u>60-69</u>	<u>3C/4B/5A</u>
<u>5</u>	<u>50-59</u>	<u>2A3/1A2/A1</u>	<u>C/C-</u>	<u>50-59</u>	<u>4C/5B/6A</u>
<u>4</u>	<u>40-49</u>	<u>1A3/A2/B1</u>	<u>D+</u>	<u>40-49</u>	<u>5C/6B/7A</u>
<u>3</u>	<u>30-39</u>	<u>A3/B2/C1</u>	<u>D/D-</u>	<u>30-39</u>	<u>6C/7B/8A</u>
<u>2</u>	<u>20-29</u>	<u>B3/C2/D1</u>	<u>E+</u>	<u>20-29</u>	<u>8B</u>
<u>1</u>	<u>10-19</u>	<u>C3/D2/E1</u>	<u>E/E-</u>	<u>10-19</u>	<u>8C</u>
<u>0</u>	<u>Below 10</u>	<u>Below E1</u>	<u>Below E-</u>	<u>Below 10</u>	<u>Below 8C</u>

2.9 Where the Recognised Credit Assessment Agency that is used is not listed in Paragraph 2.8 (or where the credit assessment product is not listed in Paragraph 2.8), the Company shall (acting reasonably) determine the applicable Credit Assessment Score on an equivalent basis to that set out in Paragraph 2.8.

2.10 Where the value of CAF is to be determined in accordance with Paragraph 2.5(a), the value of CAF shall be that which corresponds in the following table to the Credit Assessment Score set out below.

Credit Assessment Score	CAF (%)
10	20
9	19
8	18
7	17
6	16.66
5	15
4	13.33

3	10
2	7
1	3.33
0	0

Additional Credit Assessment

2.11 During the 12-month period following completion of an annual Independent Credit Assessment pursuant to Paragraph 2.6, the User may request that the Company procure further Independent Credit Assessments for the purpose of requiring the Company to recalculate the User's Credit Allowance. Where the User so requests, Paragraphs 2.7 to 2.10 shall apply (provided that, where the Company so requests, the User shall pay the Company's reasonable costs in procuring such Independent Credit Assessments).

Payment Record Factor

2.12 Where the User's Payment Record Factor is to be used to determine the Credit Allowance Factor in accordance with Paragraph 2.5(b), the Credit Allowance Factor shall equal the value of the Payment Record Factor determined in accordance with Paragraphs 2.13 to 2.15.

2.13 The Payment Record Factor shall equal the number of months since the Good Payment Performance Start Date (as specified in Paragraph 2.14) multiplied by 0.033% (that is to say, by 0.4% per annum) up to a maximum value of 2% after five years of good payment history. The Company shall give the User notice of any adverse change in the calculation of the Payment Record Factor pursuant to Paragraph 2.14.

2.14 The Good Payment Performance Start Date shall:

- (a) for Users under Section 2A, initially, be the date of the earliest of the first Initial Account, the first Reconciliation Account, the first account issued pursuant to Clause 21, or the first account comparable to the foregoing issued under the use of system agreement applying between the User and the Company immediately before this Agreement became effective (the **relevant account**);
- (b) for Users under Section 2B, initially, be the date of the earliest of the first account issued pursuant to Clause 44 or 45, or the first account comparable to the foregoing issued under any connection and use of system agreement applying between the User and the Company immediately before this Agreement became effective (the **relevant account**); and
- (c) for all Users, where the User fails, or has failed, on any occasion to pay any relevant account relating to undisputed Charges in full on the applicable payment date, be the date on which a relevant account is submitted in a month subsequent to the month in which such payment failure is remedied (unless, having regard to all the circumstances, including in particular the value, duration, and frequency of failure, the Company reasonably determines an earlier date).

2.15 Where any unpaid disputed invoice is found to have been disputed without merit, a failure to have paid the relevant account in accordance with the terms of this Agreement shall be treated as a failed payment and the provisions of Paragraph 2.14 shall apply accordingly.

The User's Indebtedness Ratio

2.16 The Credit Limit for the User shall equal the Credit Allowance plus the aggregate value of the Collateral provided on any day.

2.17 The Indebtedness Ratio for the User shall equal the Value at Risk as a percentage of the Credit Limit.

- 2.18 If, on any day, the User's Indebtedness Ratio equals or is greater than 85% of the User's Indebtedness Ratio Limit, the Company shall give notice of this to the User.

Credit Allowance Where Credit Support is Provided by a Third Party

- 2.19 Where credit support is provided for the User through a Qualifying Guarantee by a third party (the **Credit Support Provider**), the maximum Credit Allowance assigned to the User shall be calculated in accordance with Paragraph 2.3, but substituting the Credit Support Provider for the User in all such calculations. Where the value of the Qualifying Guarantee is lower than the Credit Allowance calculated pursuant to Paragraph 2.3, the User's actual Credit Allowance shall be the maximum value of the Qualifying Guarantee.
- 2.20 Where a Credit Support Provider provides a Qualifying Guarantee for the User and for other users of the Company's Distribution System, the aggregate of all Qualifying Guarantees so offered shall not exceed the maximum Credit Allowance that could be determined for that Credit Support Provider pursuant to Paragraph 2.3.
- 2.21 Where the User disputes the Company's calculation of Value at Risk or the Credit Allowance, the provisions of Paragraph 8 of this Schedule shall apply.

3. INCREASE OR DECREASE OF COVER REQUIREMENT

- 3.1 The following provisions have effect in relation to cover requirements pursuant to the circumstances specified under the relevant headings in this Paragraph 3.

Increase in Cover Requirements Pursuant to a Change in the Value at Risk or Increase in the Indebtedness Ratio

- 3.2 If, on any Working Day, the User's Indebtedness Ratio equals or is greater than its Indebtedness Ratio Limit because of either (a) an increase in the User's Value at Risk; or (b) a decrease in the Credit Allowance Factor, then (in either) the Company shall give notice of this to the User on the following Working

Day and the User shall take all appropriate action to ensure that its Indebtedness Ratio is equal to or below 80% within two Working Days of its receipt of such notice.

- 3.3 It shall be a Cover Default if the User fails to remedy a default under Paragraph 3.2 within the prescribed timescale.
- 3.4 Following a Cover Default under Paragraph 3.3, the User's Indebtedness Ratio Limit shall be decreased to 80% for one year following rectification of the default, after which time it shall be increased back to 100%.

Actions in Relation to Cover Default

- 3.5 In addition to any other remedies available to it, the Company shall be entitled to take the following actions following a Cover Default (provided that, where the provision of MPAS to the User or the right to make future Connections (as applicable) has been suspended at any time after Day 0 + 5, the Company must, as soon as the Cover Default has been remedied, take such steps as are within its power to initiate the restoration of MPAS to the User or the right to make future Connections (as applicable)):

Working Days After Cover Default	Action Within the Company's Rights Under this Schedule
Day 0	Date of default
Day 0 + 1	Interest and administration fee start to apply.
Day 0 + 1	Issue notice of default to Contract Manager containing a statement of the Indebtedness Ratio and send a copy of such notice to the Authority.
Day 0 + 3	Formal User response required.
Section 2A	
Day 0 + 5	Initiate action to suspend provision of MPAS to User in accordance with the provisions of the Master

	Registration Agreement, and notify the Authority.
Section 2B	
Day 0 + 5	Initiate action to suspend the right to make any further Connections to the Company's Distribution System, and notify both the User and the Authority.

Increase or Decrease in Cover Requirements Pursuant to a Change in the RAV

- 3.6 The Company shall give the User one month's written notice of its intention to use a new value of RAV to calculate the Credit Allowance according to Paragraph 2.3. Such notice shall state the new value of RAV and the date on which the Company will begin to use that value in such calculation.

Decrease in Cover Requirements

- 3.7 The User may by notice to the Company decrease the amount of Collateral at any time provided that such decrease would not cause the Indebtedness Ratio to exceed the Indebtedness Ratio Limit.
- 3.8 The Company shall, within two Working Days of its receipt of a notice from the User pursuant to Paragraph 3.7, undertake actions to facilitate the reduction, or the return to the User, of such Collateral.

Increase in Cover Requirements Because of the Expiry of a Letter of Credit

- 3.9 Not later than 10 Working Days before any outstanding Letter of Credit is due to expire, the User shall either procure to the satisfaction of the Company that it (or a suitable replacement Letter of Credit which meets the Company's reasonable requirements) will be available for a further period of not less than six months, or provide an alternative form of Collateral as set out in Paragraph 1.1.

Release from Cover Obligations

- 3.10 Upon the User ceasing to be a Party to this Agreement, and once all the amounts owed by the User in respect of Charges and any other amount owed

by the User to the Company under this Agreement have been duly and finally paid, including interest, the User shall be released from the obligation to maintain Cover in respect of the Company and the Company shall consent to the revocation of any outstanding Qualifying Guarantee or Letter of Credit, and the User shall be entitled to withdraw the balance (if any) (including interest credited thereto) outstanding to the credit of the User in the Escrow Account at the relevant date and to request the return or termination of any other form of Collateral provided.

4. USE OF COVER FOLLOWING PAYMENT DEFAULT

- 4.1 This Paragraph applies if, after 17:30 hours on any Payment Date, the Company has been notified by the User or otherwise has reason to believe that the User has not remitted to it by close of banking business on the Payment Date all or any part (the **amount in default**) of any amount which has been notified by the Company to the User as being payable by the User by way of the Charges on the relevant Payment Date, or any other amounts owing under this Agreement except for the disputed amount of a Designated Dispute (as defined in Schedule 4).
- 4.2 Where Paragraph 4.1 applies, a Payment Default exists and the Company shall (in addition to any other remedies available to it) be entitled to act in accordance with the following provisions (or whichever of them may apply) in the order in which they appear below until the Company is satisfied that the User has discharged its obligations in respect of Charges or such other amounts under this Agreement which are payable in respect of the relevant account:
- (a) the Company, to the extent that the User is entitled to receive payment from the Company pursuant to this Agreement (unless it reasonably believes that such set-off would be unlawful), shall be entitled to set off the amount of such entitlement against the amount in default;
 - (b) the amount of funds then standing to the credit of the Escrow Account or the amount of any Cash Deposit (excluding any interest accrued

thereon to the benefit of the User) shall be released to the Company and set off against the amounts unpaid by the User, and for that purpose the Company shall be entitled to place such funds in any account of the Company at its sole discretion and shall notify the User accordingly;

- (c) the Company may demand payment under any Letter of Credit for a sum not exceeding the amount of the Cover;
- (d) the Company may demand payment under any outstanding Qualifying Guarantee provided for the benefit of the User pursuant to Paragraph 2.19; or
- (e) the Company may demand payment under any other form of Collateral provided under Paragraph 1.1(d) in the manner which the Company and the User have previously agreed as appropriate in relation to that particular form of Collateral or, in the absence of such agreement, in a manner which the Company (acting reasonably) considers appropriate in relation thereto.

5. UTILISATION OF FUNDS

5.1 In addition to the provisions of Paragraph 4, if an Event of Default occurs in respect of the User in accordance with Clause 54, the Company shall be entitled:

- (a) to demand payment of any of the Charges and any other amounts owed by the User under this Agreement which are outstanding, whether or not the Payment Date in respect of them has passed; and
- (b) to make demand under any outstanding Qualifying Guarantee or a call under any outstanding Letter of Credit supplied by the User,

and the funds in the Escrow Account to the extent that they represent Cover provided by the User shall be released to the Company and set off against the Charges and any other amount owed by the User under this Agreement that is unpaid by the User, and for that purpose the Company shall be entitled to place

any such amount released to it from the Escrow Account to any account of the Company as in its sole discretion it thinks fit.

6. USER'S RIGHT TO WITHDRAW FUNDS

- 6.1 If the User is not in default in respect of any amount owed to the Company in respect of the Charges or any other amount owed by the User under this Agreement, the Company shall permit the release to the User, within two Working Days of receiving the User's written request for it, of any amount of cash provided by the User by way of Cover which exceeds the amount which the User is required to provide in accordance with this Schedule.
- 6.2 Interest on the amount deposited in an Escrow Account (at a rate to be agreed by the User with the bank at which such account is held) or on the amount of a Cash Deposit (at a rate to be agreed between the Company and the User) shall accrue for the benefit of the User.

7. NO SECURITY

- 7.1 Nothing in this Schedule shall be effective to create a charge on or any other form of security interest in any asset comprising part of the User's business.

8. DISPUTES

- 8.1 The Company and the User shall attempt to resolve in good faith any dispute that may arise under or in relation to the provisions of this Schedule.
- 8.2 Where any such dispute remains unresolved after 10 Working Days, either of the Company or the User may refer the matter to the Authority for determination as if it were a dispute falling within Condition 7 of the Company's Distribution Licence.
- 8.3 A determination by the Authority under this Paragraph 8 shall be final and binding.

9. NOTICES

- 9.1 Contact details for notices issued under this Schedule, and the form of such notices and the manner of their service, shall be as agreed between the Company and the User. Where no such agreement exists, the provisions of Clause 59 shall apply.

10. DEFINITIONS

- 10.1 In this Schedule, and without prejudice to the provisions of Paragraph 10.2, the following words or expressions shall have the meanings set opposite them:

Advance Payment	means a deposit of funds by or on behalf of the User as early payment relating to any invoice issued but not yet due into a bank account specified by the Company, in the name of the Company.
Approved Credit Referencing Agency	means Moody's Investors Service or Standard and Poor's Ratings Group or such replacement agency as may be notified by the Authority from time to time for the purposes of this Schedule.
Cash Deposit	means a deposit of funds by or on behalf of the User into a bank account in the name of the Company.
Collateral	means the implements (excluding parent company guarantees) through which the User can provide Cover, as set out in Paragraph 1.1 and as may be amended or added to from time to time by the Company with the Authority's approval.

Cover	means the aggregate amount of Collateral which the User is required to provide and maintain in accordance with the provisions of this Schedule.
Cover Default	has the meaning given to that term in Paragraph 3.3.
Credit Allowance (CA)	has the meaning given to that term in Paragraph 2.3.
Credit Allowance Factor (CAF)	has the meaning given to that term in Paragraph 2.3.
Credit Assessment Score	means a Credit Assessment Score as determined pursuant to Paragraph 2.8 or 2.9.
Credit Limit	has the meaning given to that term in Paragraph 2.16.
Credit Rating	means a long-term debt rating from an Approved Credit Referencing Agency.
Credit Support Provider	has the meaning given in Paragraph 2.19.
Escrow Account	means a separately designated bank account in the name of the User at such branch of any bank in the United Kingdom as the Company shall specify (the Bank) (on terms to be approved by the Company and which provide, amongst other things, that the funds held in the Escrow Account may be released by the Bank to the Company in the circumstances envisaged in Paragraphs 3 and 4 with the right to direct payments from the Escrow Account in favour only of the Company until the events specified in Paragraph 3.10 have occurred) to which all deposits required to be made by the User

pursuant to this Schedule shall be placed, provided that such proceeds are not to be withdrawn by the User save in accordance with the provisions of this Schedule.

Escrow Account Deposit	means a deposit of funds by or on behalf of the User into an Escrow Account.
Fifteen Days' Value	has the meaning given to that term in Paragraph 2.2(b).
Good Payment	has the meaning given to that term in Paragraph 2.14.
Performance Start Date	2.14.
Indebtedness Ratio	has the meaning given to that term in Paragraph 2.17.
Indebtedness Ratio Limit	shall be 100% unless otherwise notified by the Company under the provisions of this Agreement.
Independent Credit Assessment	means a credit assessment of the User procured by the Company at the User's request in accordance with Paragraph 2.7 from a Recognised Credit Assessment Agency chosen by the User.
Letter of Credit	means an unconditional irrevocable standby letter of credit in such form as the Company may reasonably approve issued for the account of the User in sterling in favour of the Company, allowing for partial drawings and providing for the payment to the Company forthwith on demand by any United Kingdom clearing bank or any other bank which in each case has a long-term debt rating of not less than single A by

	Standard and Poor's Ratings Group or by Moody's Investors Service, or such other bank as the Company may approve and which shall be available for payment at a branch of the issuing bank.
Payment Date	means the due date for payment of any Initial Account, Reconciliation Account, or other account submitted to the User pursuant to this Agreement.
Payment Default	has the meaning given to that term in Paragraph 4.2.
Payment Record Factor	has the meaning given to that term in Paragraph 2.13.
Prepayment	means a deposit of funds by or on behalf of the User as early payment relating to future invoices not yet issued into a bank account specified by the Company, in the name of the Company.
Qualifying Guarantee	means a guarantee in favour of the Company which is legally enforceable in the United Kingdom and in such form as may be agreed between the Company and the User and which may specify a maximum value.
Recognised Credit Assessment Agency	means any of the credit assessment agencies listed at Paragraph 2.8, or any other credit assessment agency reasonably believed by the Company and the User to be fit for the purpose of providing credit assessments pursuant to this Schedule, taking account of all the circumstances applicable to the User.

Regulatory Asset Value (RAV) has the meaning given to that term in the Authority's decision document published on 7 December 2009 under reference number 144/09.

Value at Risk has the meaning given to that term in Paragraph 2.2.

- 10.2 Any other words or expressions used in this Schedule (excluding headings or any parts thereof) which bear initial capital letters and are defined elsewhere in this Agreement shall have the same respective meanings as are given to them elsewhere in this Agreement.

SCHEDULE 2A – MANDATORY TERMS FOR CONTRACTS

The following wording is to be included in Contracts in accordance with Clause 17:

National Terms of Connection

Your supplier is acting on behalf of your network operator to make an agreement with you. The agreement is that you and your network operator both accept the National Terms of Connection (NTC) and agree to keep to its conditions. This will happen from the time that you enter into this contract and it affects your legal rights. The NTC is a legal agreement. It sets out rights and duties in relation to the connection at which your network operator delivers electricity to, or accepts electricity from, your home or business. If you want a copy of the NTC or have any questions about it, please write to: Energy Networks Association, 6th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF: phone 0207 706 5137, or see the website at www.connectionterms.co.uk.

SCHEDULE 2B – NATIONAL TERMS OF CONNECTION

Version 6.0 effective from 07 November 2013

SECTION 1

(A) Introduction: The electricity that is supplied to, or exported from, the premises is conveyed using the network of the network operator. In order that electricity can be supplied to, or exported from, the premises, there must be both:

- a connection agreement with the network operator to maintain the connection to its network; and
- arrangements for the supply, or export, of electricity (usually with an electricity supplier).

The National Terms of Connection set out the terms and conditions that the network operator requires you to accept in return for maintaining the connection of the premises to its network.

(B) ***Application to you and the premises:*** These terms may apply to you in one of two ways:

- If you have entered into a contract with your electricity supplier for the supply of electricity to, or the export of electricity from, a particular premises, you will also have agreed with the network operator to accept these terms in respect of those premises. This is because your electricity supplier has been appointed as the agent of the network operator to make such an agreement.
- If you have not entered into any contract with your network operator in respect of a particular premise, but you are either the owner or occupier (or both the owner and occupier) of those premises, you are required to accept these terms pursuant to section 21 of the Electricity Act 1989 (and you will be taken to have accepted these terms unless and until your premises are permanently disconnected from the network or you agree different terms with your network operator).

(C) **Application to other premises:** If the National Terms of Connection apply to you and a particular premises in accordance with the first bullet point of paragraph B above, you also agree that the National Terms of Connection apply to any other connection of any other premises of which you are the owner or the occupier (or both the owner and the occupier).

(D) **Application of sections 2, 3 & 4:** The National Terms of Connection contain 4 sections. This section 1 will always apply to you and the premises. In addition, one of section 2, 3 or 4 will also apply to you and the premises, depending on the physical nature of the connection at the premises:

- if the connection is metered directly by putting the full electrical current through the meter (known as ‘whole current metering’), section 2 will apply (this is usually the case with domestic properties and small industrial and commercial properties);
- if the connection is metered indirectly by using current transformers to induce a reference current which is then put through the meter (known as ‘C/T metering’), section 3 will apply (this is usually the case with large industrial and commercial properties); or
- if the network operator has agreed that the connection need not be metered (known as ‘unmetered supply’), section 4 will apply (this is usually the case with street lighting).

If you are not sure which of sections 2, 3, or 4 applies to the premises, or have any other questions about the National Terms of Connection, you should contact the network operator. Contact details are available from the Energy Networks Association (telephone 0207 706 5137) or at www.connectionterms.co.uk.

(E) **Duration and replacement terms:** If the National Terms of Connection take effect under the first bullet point of paragraph B above, they will apply in respect of the premises from the time that the contract with your electricity supplier takes effect, and will continue (even if that contract ends) until either:

- another connection agreement takes effect in respect of the premises pursuant to another contract with an electricity supplier for the supply of electricity to, or the export of electricity from, the premises (as applicable); or

- the application of the National Terms of Connection is terminated, or otherwise ends, in accordance with section 2, 3 or 4 (as applicable), including where you agree a replacement agreement with the network operator.
- (F) Existing connection terms: Any existing terms and conditions applying to you and the connection of the premises to the network (except for standard terms which have effect by virtue of statute or pursuant to a contract with an electricity supplier, or which an electricity supplier procured your acceptance of) will apply instead of the National Terms of Connection to the extent that the two are inconsistent.
- (G) Interpretation: In this section, the term “premises” includes any land, building, structure or electrical installation, and is a reference to the premises to which these terms apply; the term “network” means, for each connection at the premises, the licensed electricity distribution network through which electricity is conveyed to, and from, that connection; and the term “network operator” means the licensed electricity distributor for the network.

SECTION 2

This section 2 only applies to connections with ‘whole current metering’ - see paragraph D of section 1.

1. *Interpretation.* In this section 2, the term “this agreement” is a reference to the terms and conditions of sections 1 and 2 of the National Terms of Connection, which you have agreed to accept in respect of the premises (and there will be a separate agreement in respect of each premises). In addition, the terms “we”, “us” and “our” are references to the network operator, and the other terms used in this section 2 shall have the same meaning as is given to them in section 1.

2. *Connection to our network.* The premises will remain connected to our network in accordance with the provisions of the Electricity Act 1989, any other legal requirements that apply from time to time, and the terms of this agreement.

3. *Network constraints.* Our obligations under this agreement are subject to the maximum capacity and any other design feature of the connection. You must contact us in advance if you propose to make any significant change to the connection or to the electric lines or electrical equipment at the premises, or if you propose to do anything else that could affect our network or if you require alterations to the connection.

4. *Generating equipment.* If you install, or arrange for the installation of, small-scale generating equipment at the premises – which means one or more sources of electrical energy that have an aggregate rating of no greater than 16 amps per phase connected at low voltage – then you must inform us of your intention to use the source of energy in parallel with our network no later than 28 days after the equipment is commissioned. So long as you do this, you do not need our consent. However, if you intend to install or operate any other kind of generating equipment at the premises, you must contact us in advance and obtain our consent. You must ensure that any generating equipment at the premises complies with the applicable requirements of the distribution code that applies under our licence. Copies of the distribution code are available from the network operator on request.

5. *Providing information.* You must provide us with any information we request in relation to the nature, or use by you, of electrical equipment at the premises. We will only ask for information that we need in relation to this agreement or the distribution code that applies under our licence.
6. *Conveying electricity.* We do not guarantee that we will convey electricity through our network at all times, or that electricity delivered through our network will be free of brief variations in voltage or frequency.
7. *Cutting off the supply.* We may cut off the flow of electricity through the connection where we are entitled to do so under the general law. We may also cut off the flow of electricity where we are required to do so under a contract with an electricity supplier or because of the electricity industry arrangements under which we operate in accordance with our licence.
8. *Unauthorised use of our network.* This agreement entitles the premises to be connected to our network for the purpose of receiving electricity from, or exporting electricity to, our network. Any other use of our network, including the transmission of data or communications, is strictly prohibited unless with our prior written consent. Unless we have given such consent, any such use of our network by you, or relating to the connection, shall be a breach of this agreement, and you shall be liable for the losses we incur as a result, whether directly or indirectly.
9. *If something goes wrong.* If we fail to comply with any term of this agreement, or are negligent, you may be entitled under the general law to recover compensation from us for any loss you have suffered. However, we will not be required to compensate you for (and you should consider obtaining insurance against) loss caused by anything beyond our reasonable control, any indirect loss, or any direct or indirect economic or financial loss (including wasted expenses or any loss of revenue, profit, or interest, any loss of business, commercial, market, or economic opportunity, or any loss of contract or goodwill). This restriction does not apply where you are entitled to recover compensation for such loss under the general law in relation to death or personal injury resulting from negligence, or in relation to fraudulent misrepresentation.
10. *Business customers.* If the electricity supplied to the premises is used wholly or mainly for business purposes, our liability to you in relation to that premises, and your liability to us in relation to that premises, will (subject to the limitations in clause 9) be limited to a maximum of £100,000 per calendar year.

11. *Changing this connection agreement.* The terms of this agreement will be changed automatically to incorporate any changes which are approved by our regulator, the Gas and Electricity Markets Authority (GEMA). Notice of any change which is approved will be advertised in the national press, and the new terms will be published on the internet at www.connectionterms.co.uk.
12. *Agreeing other connection terms.* You and we may each, at any time, ask the other to enter into an alternative connection agreement in respect of the connection if you or we believe an alternative agreement is needed because of the nature of the connection.

13. *Ending this agreement.* This agreement will end when one of the following occurs:

- you and we agree a replacement agreement in respect of the connection;
- the flow of electricity through the connection is permanently stopped; or
- any circumstances arise which legally entitle us to cut-off the electricity flow through the connection and we write to you advising you that this agreement is ended.

The ending of this agreement for any reason will not affect any rights, remedies or obligations which may have come into being under this agreement prior to its ending, and clauses 9 and 10 will continue to apply.

14. *Transferring this connection agreement.* You are not entitled to transfer this agreement to another person without our consent.
15. *Contacting each other.* We will generally contact you at the premises. Our contact details are available from the Energy Networks Association (telephone 0207 706 5137) or at www.connectionterms.co.uk.
16. *Governing law.* If the premises is located in Scotland (except where the network operator is Northern Electric Distribution Limited (registered number 2906593) or Electricity North West Limited (registered number 2366949)), this agreement will be governed by, and interpreted in accordance with, Scots law, under the jurisdiction of the Scottish courts. In all other cases, this agreement will be governed by, and interpreted in accordance with, the laws of England and Wales, under the jurisdiction of the English and Welsh courts.

For information: supply characteristics

As required by law, the electricity delivered to the premises through our network will normally be at one of the voltages (and will have the technical characteristics) set out below:

- At 230 volts nominal alternating voltage: normally a single-phase supply, with a permitted range of voltage variation from plus 10% to minus 6%.
- At 400 volts nominal alternating voltage: normally a three-phase supply, with a permitted range of voltage variation from plus 10% to minus 6%.

At either of the above voltages: the supply frequency will be 50 hertz, with a permitted nominal variation of plus or minus 1%.

SECTION 3

This Section 3 only applies to connections with ‘C/T metering’ - see paragraph D of Section 1.

1. DEFINITIONS & INTERPRETATION

1.1 In this Section 3, except where the context otherwise requires, the following expressions shall have the meaning set out opposite them (and cognate expressions shall be construed accordingly):

“**Act**” means the Electricity Act 1989;

“**Affiliate**” means, in respect of a person, any company which is, from time to time, a subsidiary or holding company of that person or a subsidiary of any such holding company (and the terms “subsidiary” and “holding company” shall have the meanings given to them by section 1159 of the Companies Act 2006);

“**Agreement**” means the terms and conditions of Sections 1 and 3 of the National Terms of Connection, which the Customer has agreed with the Company to accept in respect of the Connection Points;

“**Application for a Modification**” means the Company’s standard form for applying for a Modification, which is available from the Company on request;

“**Apparatus**” means all equipment in which electrical conductors are used, supported or of which they may form part;

“**Authorised Persons**” means persons authorised by the Company to undertake certain work on the Connection Equipment, the Metering Equipment and/or the Monitoring Equipment;

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

“**Balancing and Settlement Code**” or “**BSC**” means the Balancing and Settlement Code maintained pursuant to the NETSO Licence (including any and all subsidiary documents and procedures made under it);

“Company” means the holder of the Electricity Distribution Licence which applies to the Distribution System through which electricity is conveyed to, and from, the Connection Point;

“Company’s Equipment” means the switchgear, metering or other equipment, lines or other parts of the Distribution System, and any other property or rights of the Company (including any Substation apparatus);

“Company’s Premises” means any land or buildings of the Company in which any of the Customer’s Installation is to be installed or is, from time to time, situated;

“Competent Authority” includes the Secretary of State, the Authority and any local or national agency, authority, court, department, inspectorate, minister, ministry, official or public or statutory person (whether autonomous or not) of (or of the government of) the United Kingdom or of the European Union, insofar (in each case) as it is acting within the limits of its proper authority;

“Connect” means the installation of the Connection Equipment in such a way that (subject to Energisation) the Customer may import electricity to, and/or export electricity from, the Customer’s Installation over the Distribution System at the Connection Point;

“Connection Equipment” means that part of the Company’s Equipment which has been provided and installed by the Company for the purposes of providing a connection at the Connection Point;

“Connection Point” means the point or points of connection at which electricity may (upon Energisation) flow between the Distribution System and the Customer’s Installation, and is (subject to Clause 2.4) a reference to the point or points of connection at the Premises to which this Agreement applies;

“Connection and Use of System Code” or **“CUSC”** means the Connection and Use of System Code maintained pursuant to the NETSO Licence (including the framework agreement by which it is made contractually binding, and any supplementary agreement made under it);

“Customer” means the person, other than the Company, to whom this Agreement applies;

“Customer’s Installation” means any structures, equipment, lines, appliances or devices (not being the Company’s Equipment) used, or to be used, at the Premises (whether or not owned or used by the Customer);

“De-energisation” means the deliberate movement of any switch or the removal of any fuse or the taking of any other step whereby no electrical current can flow between the Distribution System and the Customer’s Installation at the Connection Point (and “De-energise(d)” shall be construed accordingly);

“DGNU Payment” means the compensation mechanism (the Distributed Generation Network Unavailability Payment) created by the Authority to make compensation payments for network outages experienced by customers with distributed generation;

“Directive” includes any present or future directive, requirement, licence condition, instruction, direction or rule of any Competent Authority (but only, if not having the force of law, if compliance with the Directive is in accordance with the general practice of persons to whom the Directive is addressed) and includes any modification, extension or replacement thereof then in force;

“Disconnection” means the permanent electrical disconnection of all or any of the Connection Equipment (and “Disconnect” shall be construed accordingly);

“Disconnection Notice” means a notice sent by the Registrant or the Customer to the Company requesting that the Company Disconnect one or more of the Connection Points;

“Distribution Code” means the distribution code established pursuant to the Company’s Electricity Distribution Licence;

“Distribution Connection and Use of System Agreement” or “DCUSA” means the Distribution Connection and Use of System Agreement established pursuant to the Electricity Distribution Licences;

“Distribution System” has the meaning given to that expression in the Electricity Distribution Licences, and (unless the context otherwise requires) is a reference to the Company’s Distribution System (as defined in the Company’s Electricity Distribution Licence);

“Electricity Distribution Licence” means an electricity distribution licence granted pursuant to section 6 (1) (c) of the Act;

“Electricity Supplier” means a person who is the holder of a licence to supply electricity under section 6 of the Act, or who is exempted from the requirement to hold such a licence under section 5 of the Act;

“Energisation” means the movement of any switch or the insertion of any fuse or the taking of any other step so as to enable an electrical current to flow between the Distribution System and the Customer’s Installation at the Connection Point (and “Energise(d)” shall be construed accordingly);

“Force Majeure” means, in respect of a Party, any event or circumstance which is beyond the reasonable control of that Party and which results in or causes the failure of that Party to perform any of its obligations under this Agreement, which event or circumstance shall include: 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, infrequent transient voltage variations (whether substantial or otherwise), and fault or failure of Plant and Apparatus (to the extent that any such event or circumstance could not have been prevented by Good Industry Practice); and shall also include: governmental restraint, any Act of Parliament, other legislation, or Directive (not being any order, regulation or direction under section 33, 34 or 35 of the Act); and (in respect of the Company) shall include: the failure of any generator or the NETSO to provide the Company with electricity (or any deficiency in the electricity provided) to the extent that such failure or deficiency or the consequences thereof could not have been prevented by the exercise of Good Industry Practice by the Company. Provided that a Party’s lack of funds shall not be interpreted as a cause beyond that Party’s reasonable control;

“Generating Equipment” means any electricity generating unit;

“Good Industry Practice” means the exercise of that degree of skill, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced operator engaged in the same type of undertaking under the same or similar circumstances;

“**Grid Code**” means the code of that name established pursuant to the NETSO Licence;

“**kVA**” means kilovoltamperes;

“**kW**” means kilowatts;

“**Material Effect**” means, in respect of a Party, an effect causing that Party to effect any works or to alter the manner of operation of the Company’s Equipment or the Customer’s Installation (as the case may be), which in either case involves that Party in expenditure of more than £1,000;

“**Maximum Export Capacity**” means, in respect of a Connection Point (or the Connection Points collectively), the maximum amount of electricity (expressed in kW or kVA) which is permitted by the Company to flow into the Distribution System through the Connection Point (or the Connection Points collectively);

“**Maximum Import Capacity**” means, in respect of a Connection Point (or the Connection Points collectively), the maximum amount of electricity (expressed in kW or kVA) which is permitted by the Company to flow from the Distribution System through the Connection Point (or the Connection Points collectively);

“**Meter**” means a device that measures the electricity that flows through the Connection Point;

“**Meter Operator Agent**” has the meaning given to that expression in the BSC, and is (unless the context otherwise requires) a reference to the person appointed to that role in relation to the Metering System by the Registrant (or, where applicable, by the Customer);

“**Metering**” means any structures, equipment, lines, appliances or Meters including where necessary communication and/or control equipment (not being the Company’s Equipment) relating to the Connection Point and maintained (or to be maintained) by the appointed Meter Operator Agent;

“**Metering Equipment**” means the equipment belonging to the Company and associated with the Metering, including any related current transformer, voltage transformer, and Metering Potential Fuses;

“Metering Potential Fuses” means the fuses which control the voltage supply to the Metering;

“Metering System” has the meaning given to that expression in the BSC, and is a reference (unless the context otherwise requires) to the metering system or systems associated with the Connection Point;

“Modification” means, in respect of a Party, any actual or proposed replacement, renovation, modification, alteration or construction by or on behalf of that Party to either that Party’s Plant or Apparatus or the manner of its operation, which (in either case) has or will have a Material Effect on the other Party;

“Modification Notification” means the Company’s standard form of Modification notification from time to time applicable;

“Modification Offer” means an offer by the Company to the Customer made pursuant to Clause 14 of terms for connection in relation to any proposed Modification at or affecting one or more of the Connection Points, including any revision or extension of such offer;

“Monitoring Equipment” means any monitoring and metering equipment that may be used by the Company for the purposes of measuring or checking consumption otherwise than for settlement;

“National Electricity Transmission System” shall have the meaning given to that expression in the CUSC;

“National Terms of Connection” means these National Terms of Connection, of which this Section 3 forms part, as amended from time to time in accordance with Clause 22;

“NETSO” means the holder, from time to time, of the NETSO Licence (which is currently National Grid Electricity Transmission plc);

“NETSO Licence” means the electricity transmission licence granted, or treated as granted, pursuant to Section 6(1)(b) of the Act and in which section C of the standard transmission licence conditions applies;

“Party” means each of the Company and the Customer (and “Parties” shall be construed accordingly);

“**Plant**” means fixed and movable items used in the generation, supply and/or distribution of electricity (other than Apparatus);

“**Power Factor**” means the ratio of real power to apparent power;

“**Premises**” includes any land, building, or structure, and (unless the context requires otherwise) is a reference to the premises to which this Agreement applies;

“**Property**” means the Premises to which this Agreement applies, together with any other premises of the Customer in which the Company’s Equipment is installed from time to time (or to which the Company may require access for the purpose of accessing the Company’s Equipment);

“**Property Documents**” means any and all of the agreements that create (or otherwise concern) property interests and/or rights (including all leases, wayleaves, easements, and servitudes) in favour of the Company, to which the Customer is also party or which relate to the Connection Equipment;

“**Re-energisation**” means the movement of any switch or the installation of any fuse or the taking of any other step whereby electrical current can flow between the Distribution System and the Customer’s Installation at the Connection Point (and “Re-energise(d)” shall be construed accordingly);

“**Registrant**” means the person registered in accordance with the BSC as responsible for the Metering System (which may be the Customer, an Electricity Supplier, or any other party to the BSC);

“**Regulations**” means the Electricity Safety, Quality and Continuity Regulations 2002, and/or the Electricity at Work Regulations 1989;

“**Small-Scale Generating Equipment**” means one or more items of Generating Equipment that have an aggregate rating of no greater than 16 amps per phase connected at low voltage;

“**Substation**” means an electricity substation (as defined in Regulation 1(5) of the Electricity Safety, Quality and Continuity Regulations 2002) of the Company;

“System Outage” means the deliberate act by the Company, by whatever means it determines, to interrupt the flow of electrical current to a part or parts of its Distribution System, for the purposes of carrying on its activities; and

“Working Day” has the meaning given to that term in section 64 of the Act.

1.2 In this Agreement, unless the context otherwise requires:

- 1.2.1 a reference to a “person” includes a reference to an individual, a body corporate, an association or a partnership;
- 1.2.2 a reference to the singular includes the plural (and vice versa), and to a gender includes every gender;
- 1.2.3 a reference to a “Section” is a reference to a section of the National Terms of Connection, and to a “Clause” is to a clause of this Section 3;
- 1.2.4 the headings are for ease of reference only and shall not affect its interpretation;
- 1.2.5 the words “include”, “including” and “in particular” are to be construed without limitation to the generality of the preceding words;
- 1.2.6 a reference to any statute or statutory provision includes any subordinate legislation made under it, any provision which it has modified or re-enacted, and any provision which subsequently supersedes or re-enacts it (with or without modification);
- 1.2.7 a reference to any agreement, code, licence or other document is to such agreement, code, licence or other document as amended, supplemented, novated or replaced from time to time (and includes all subsidiary agreements entered into under it); and
- 1.2.8 the word “costs” shall include all overhead and financing charges, and a reasonable rate of return on the capital represented by such costs.

2. APPLICATION OF THIS AGREEMENT

- 2.1 The National Terms of Connection create separate legal agreements (each an Agreement) in respect of each Premises to which the National Terms of Connection apply.
- 2.2 Where, in respect of the Premises to which this Agreement applies, more than one legal entity falls within the definition of Customer, separate Agreements shall be created between the Company and each such Customer.
- 2.3 Where there is more than one Connection Point at the Premises to which this Agreement applies, and more than one Distribution System is used to convey electricity to, and from, the Connection Points, separate Agreements shall be created between the Customer and the Electricity Distribution Licence holder for each such Distribution System (each such Electricity Distribution Licence holder being the Company for the purposes of each such Agreement).
- 2.4 Where there is more than one point of connection at which electricity may (upon Energisation) flow between the Distribution System and the Customer's Installation, but one or more of those points of connection would ordinarily be subject to Section 2 (rather than this Section 3), this Agreement (and this Section 3) shall apply to all of those points of connection (which shall all be Connection Points).

3. THE CUSTOMER'S RIGHT TO BE (AND REMAIN) CONNECTED

- 3.1 This Agreement shall govern the terms upon which the Customer's Installation shall be entitled to be (and remain) Connected to the Distribution System.
- 3.2 The Customer's Installation will be, and remain, Connected to the Company's Distribution System in accordance with the provisions of the Act, any other legal requirements that apply from time to time, and the terms of this Agreement.
- 3.3 The right to be (and remain) Connected does not include the right to be (and remain) Energised.

4. THE CUSTOMER'S RIGHT TO BE (AND REMAIN) ENERGISED

- 4.1 The Customer's right to be (and remain) Energised is subject to the Company's right to De-energise the Connection Point in accordance with Clause 5, and is conditional upon:
- 4.1.1 the Customer having the ability to perform and comply with all of its obligations under this Agreement;
 - 4.1.2 the Customer or an Electricity Supplier being registered, in accordance with the BSC, as responsible for the Metering System;
 - 4.1.3 Metering being installed, and a Meter Operator Agent being appointed, in accordance with the requirements of the BSC;
 - 4.1.4 where there is any Generating Equipment at the Premises, the Customer (or, if the Customer is not the owner or operator of the Generating Equipment, the owner or operator of the Generating Equipment):
 - (A) not being within any category of person that is required in accordance with the provisions of the CUSC to be a party to the CUSC (or to be a party to any supplementary agreement under the CUSC); or
 - (B) (to the extent that it is within any such category) being a party to the CUSC (and/or to the relevant supplementary agreement under the CUSC); and
 - 4.1.5 where there is any Generating Equipment at the Premises, the Customer (or, if the Customer is not the owner or operator of the Generating Equipment, the owner or operator of the Generating Equipment) holding a licence to generate electricity under section 6 of the Act, or being exempted from the requirement to hold such a licence under section 5 of the Act.
- 4.2 The Customer represents and undertakes to the Company that, at the date this Agreement comes into effect and for so long as it remains in effect, all of the conditions set out in Clause 4.1 are (and will remain) satisfied. The Customer shall notify the Company as soon as reasonably practicable if any of the conditions in

Clause 4.1 cease to be satisfied. The Customer shall indemnify the Company against all actions, proceedings, claims or demands brought or threatened against the Company as a result of any of the conditions set out in Clause 4.1 not being (or ceasing to be) satisfied.

4.3 This Agreement shall not give the Customer any right to:

4.3.1 receive a supply of electricity to the Premises;

4.3.2 sell electricity exported from the Premises; and/or

4.3.3 use the Distribution System for the purposes of providing a supply of electricity (or to otherwise have electricity transported through the Distribution System),

and the Company therefore makes no warranty to the Customer in relation thereto. Where the Customer is not the Registrant, the Customer must contract with the Registrant for the matters outlined in Clauses 4.3.1 and 4.3.2, and the Registrant will contract with the Company for the matters outlined in Clause 4.3.3. Where the Customer is the Registrant, it must contract for the matters outlined in Clauses 4.3.1 and 4.3.2 pursuant to the BSC, and must contract separately with the Company for the matters outlined in Clause 4.3.3.

4.4 When the Connection Point is Energised in accordance with this Agreement, the characteristics of any supply of electricity delivered shall be subject to such variations as may be permitted by the Regulations. The Company does not guarantee that the supply of electricity will be free from transient variations in voltage and frequency or voltage pulses or harmonic frequencies, and the Customer must take its own protective measures if it requires a higher standard of supply.

5. DE-ENERGISATION

Emergency De-energisation

5.1 If, in the reasonable opinion of:

5.1.1 the Company, the condition or manner of operation of the Customer's Installation or other equipment, and/or the condition or manner of operation of

the Distribution System, poses an immediate threat of injury or material damage to any person or property (including the Customer's Installation, the Distribution System, the National Electricity Transmission System, and the electrical systems and installations connected (directly or indirectly) to the Distribution System and/or the National Electricity Transmission System), then the Company shall have the right to immediately De-energise the Connection Point if it is necessary or expedient to do so to avoid the occurrence of such injury or damage; or

- 5.1.2 the Customer, the condition or manner of operation of the Distribution System or the Connection Equipment poses an immediate threat of injury or material damage to any person or property (including the Customer's Installation), then the Customer shall have the right with the prior agreement of the Company to De-energise the Customer's Installation if it is necessary or expedient to do so to avoid the occurrence of such injury or damage.

De-energisation on Request

- 5.2 The Company shall De-energise the Connection Point within a reasonable time (or, in circumstances of urgency, as soon as is reasonably practicable) after being instructed to do so by either the Customer or the Registrant. Where the instruction has been given by the Registrant, the Company need not give the Customer notice of the intention to De-energise.

De-energisation Generally

- 5.3 Where the circumstances referred to in Clause 5.1.1 exist but with the proviso that the threat is not immediate, the Company may nevertheless De-energise the Connection Point, in which case the Company shall give the Customer as much advance notice of the De-energisation as is reasonably practicable in the circumstances.
- 5.4 The Company may De-energise the Connection Point pursuant to the Regulations, in which case the De-energisation shall be undertaken in accordance with any applicable requirements under the Regulations.
- 5.5 The Company may De-energise the Connection Point:

5.5.1 if it is necessary or reasonable for the Company to do so as part of a System Outage carried out in accordance with its statutory rights and obligations and Good Industry Practice; and

5.5.2 in order to permit other persons to connect to the Distribution System,

in which case, the Company shall give the Customer such notice of the De-Energisation as is required by law (and shall use its reasonable endeavours to provide as long a notice as is practicable).

5.6 The Company may, at any time without the need to give prior notice to the Customer, De-energise the Connection Point if:

5.6.1 the Company is instructed or required to do so pursuant to the Act, its Electricity Distribution Licence, any Directive, the CUSC, the BSC, the DCUSA and/or the Electricity Supply Emergency Code (being the code of that name designated by the Secretary of State);

5.6.2 the Company reasonably considers it necessary to do so for safety reasons or for the security of the Distribution System or any other electrical system (including in order to avoid interference with the regularity or efficiency of the Distribution System);

5.6.3 the Company reasonably believes that the Customer has made unauthorised use of electricity or committed theft of electricity;

5.6.4 if any of the conditions in Clause 4.1 cease to be satisfied, or the Customer breaches any of the provisions of this Agreement (including Clauses 10, 12.3, 13 and 16);

5.6.5 the Customer's acts, omissions and/or continued Connection cause the Company to breach this Agreement or any law or Directive;

5.6.6 the Company is entitled to De-energise the Connection Point in accordance with any other connection agreement relating to that Connection Point (provided the Company acts reasonably in exercising such right); and/or

5.6.7 the Company is otherwise permitted to do so under the provisions of this Agreement (including under Clause 7.5).

Miscellaneous

- 5.7 If the Company De-energises the Connection Point at the request of the Customer, or as a result of the acts, omissions or breaches of the Customer, then the Customer shall pay to the Company on demand any costs incurred by the Company as a result of such De-energisation and any subsequent Re-energisation.
- 5.8 If the Company De-energises the Connection Point at the request of the Customer, the Company shall Re-energise the Connection Point as soon as reasonably practicable after being instructed to do so by the Customer or the Registrant. If the Company De-energises the Connection Point at the request of the Registrant, the Company shall Re-energise the Connection Point as soon as reasonably practicable after being instructed to do so by the Registrant.
- 5.9 Where the Connection Point is De-energised otherwise than pursuant to Clause 5.2, the Company shall Re-energise the Connection Point as quickly as reasonably practicable after the circumstances leading to the De-energisation have ceased to exist.
- 5.10 In undertaking work relating to Energisation, De-energisation and any subsequent Re-energisation, the Company shall act in accordance with Good Industry Practice (and, subject thereto, shall decide on the extent and nature of the work required).
- 5.11 If at any time when the Customer does not have a right for a Connection Point to be (and remain) Energised but nevertheless imports electricity from, or exports electricity to, the Distribution System through that Connection Point, then the Customer shall (to the extent the Company is unable to recover the relevant amounts from the Registrant) pay to the Company forthwith upon demand such sum as the Company may require for such import or export calculated in accordance with the Company's then current charges, together with such other reasonable and proper costs, losses and expenses as the Company may incur as a result thereof.

6. DISCONNECTION

- 6.1 The Customer (or the Registrant on behalf of the Customer) shall be entitled to send to the Company a Disconnection Notice providing an explanation for why there is no reasonably foreseeable future use for the Connection Point, and specifying the date on which the Disconnection is required.
- 6.2 Unless the Company reasonably considers that it is not permitted to Disconnect the Connection point in accordance with the Act or the Electricity Distribution Licence, and unless agreed otherwise following the receipt of a Disconnection Notice in accordance with Clause 6.1, the Company shall (on, or as soon as reasonably practicable after, the date specified in the Disconnection Notice) remove the Connection Equipment from the Property. The Customer acknowledges that it may not be practicable to remove the equipment on the date specified, or for some time thereafter. The Customer shall pay to the Company forthwith upon demand an amount equal to the reasonable costs and expenses incurred by the Company in removing the Connection Equipment.
- 6.3 The Company shall be entitled to Disconnect the Connection Point where it is permitted to do so in accordance with the Act or the Electricity Distribution Licence (including if the Company reasonably considers it necessary to do so for safety reasons). Where such safety reasons were the result of the Customer's acts or omissions, the Customer shall pay to the Company forthwith upon demand an amount equal to the reasonable costs and expenses incurred by the Company in undertaking the Disconnection.

7. THE CUSTOMER'S INSTALLATION AND EQUIPMENT

Equipment Generally

- 7.1 The Customer shall ensure compliance at all times with the Regulations and any laws or Directives in respect of the Customer's Installation which are binding on the Customer.
- 7.2 Save where express written representations are made by the Company, neither by inspection (if any) or non-rejection (nor in any other way) does the Company give any

warranty (express or implied) as to the adequacy, safety, or other characteristics of the Customer's Installation, and the Company shall not be responsible therefor.

- 7.3 The Customer hereby acknowledges that the Company may use switchgear with auto-reclosing facilities, that the Customer's Installation should be designed and built so as not to suffer damage through the operation of such facilities and that the Company accepts no liability for such damage (subject to Clause 15.3) to the extent (if any) such damage is attributable to the Customer's failure to so design and build the Customer's Installation.
- 7.4 The Customer shall maintain the Customer's Installation so that it is reasonably fit for the purpose for which it is used, and so that neither it nor its operation or use shall be liable to cause damage to, or interference with, the Distribution System or the National Electricity Transmission System (or their operation or use or the flow of electricity through them).
- 7.5 If the Customer imports electricity from, and/or exports electricity to, the Distribution System in a manner which adversely affects or impairs voltage regulation or impairs the flow of electricity through the Distribution System (or in the reasonable opinion of the Company is likely to do so), then the Customer shall at its own expense remedy the condition in a manner deemed adequate in the reasonable opinion of the Company (and, if the condition is not remedied within a reasonable time of the Company giving notice to the Customer of such condition, the Company may forthwith De-energise the Connection Point until such condition has been so remedied), and pay to the Company on demand the full amounts of all costs, losses and expenses caused to the Company thereby.
- 7.6 Where there is more than one Connection Point, the Customer shall (at its own expense) ensure that there does not exist within the Customer's Installation the facility to parallel across more than one Connection Point, unless expressly agreed in writing by the Company.

Generating Equipment

- 7.7 If the Customer installs, or arranges for the installation of, Small-Scale Generating Equipment at the Premises, then the Customer must inform the Company of any

intention to use the generating equipment in parallel with the Distribution System no later than 20 Working Days after the equipment is commissioned. Provided the Customer so informs the Company, the Customer does not need the Company's consent to install and/or operate Small-Scale Generating Equipment at the Premises.

- 7.8 Subject to Clause 7.7, the Customer shall notify the Company of any Generating Equipment at the Premises, and shall obtain the Company's prior written consent to the installation and/or operation of any Generating Equipment at the Premises capable of being operated in parallel with the Distribution System.
- 7.9 Where there is Generating Equipment at the Premises that is used as an emergency back-up source of electricity, it may be utilised provided that it is first isolated from the Distribution System.

8. THE COMPANY'S INSTALLATION AND EQUIPMENT

- 8.1 Only Authorised Persons will be allowed to operate the Company's Equipment, the Metering Equipment and/or the Monitoring Equipment (including for the purposes of connecting any Metering to the Metering Equipment), and shall only do so in accordance with Good Industry Practice.
- 8.2 The Customer shall allow the Company (at the Company's expense) to install Monitoring Equipment at the Connection Point if the Company considers it necessary to do so. Any such Monitoring Equipment will be independent of (and additional to) the Metering, and shall remain the Company's property.
- 8.3 This Agreement entitles the Customer's Installation to be Connected for the purpose of receiving electricity from, or exporting electricity to, the Distribution System. Any other use of the Distribution System, including the transmission of data or communications, is strictly prohibited without the prior written consent of the Company. Unless the Company has given such consent, any such use of the Distribution System by the Customer, or relating to the Connection Point, shall be a breach of this Agreement, and the Customer shall pay to the Company on demand the full amount of all costs, losses and expenses caused to the Company as a result of such use.

9. **PLANT AND APPARATUS**

Prohibition on Interference

- 9.1 Each Party shall ensure that its agents, employees and invitees do not interfere in any way with any of the Plant or Apparatus of the other Party without the consent of such other Party, except where emergency action has to be taken to protect the health and safety of persons or to prevent material damage to property. Neither Party shall knowingly do (or omit to do) anything which would cause the other Party to breach the Regulations.
- 9.2 Subject to Clause 15.2, if either Party breaches Clause 9.1 and as a result any equipment is lost or damaged, the Party in breach shall pay the other Party the amount of any loss, damage and expenses the other Party suffers as a result, unless such loss or damage was caused by fair wear and tear or Force Majeure.

Damage

- 9.3 The Customer shall at all times take reasonable precautions required to protect the Company's Equipment from damage, and for that purpose shall comply with any reasonable requirements made by the Company from time to time.
- 9.4 Each Party shall as soon as it becomes aware of the same notify the other Party in writing of any damage to any part of such other Party's equipment (being the Customer's Installation or the Company's Equipment) and shall provide in writing to such other Party (as soon as reasonably possible after the other Party has requested the same) such information relating to the incident giving rise to such damage as the first Party has in its possession, under its control or can obtain on exercising reasonable efforts.
- 9.5 Where the Company's Equipment is contained within, or adjacent to and directly associated with, the Customer's Installation, the Customer shall be liable for the replacement of any Company's Equipment which has been damaged and which arises from damage to the Customer's Installation; provided that the Customer's liability in respect of the Company's Equipment pursuant to this Clause 9.5 shall not exceed £1,000,000 per incident or series of related incidents.

10. PROPERTY RIGHTS & ACCOMODATION

- 10.1 The Customer shall ensure that the Company is at all times entitled (without cost to it) to:
- 10.1.1 occupy the Property for the purpose of Connecting the Premises (or for the purpose of Connecting the Premises and providing a connection to any other premises);
 - 10.1.2 exercise its rights created by (or under) the Property Documents; and
 - 10.1.3 upon the expiry or termination of such rights and for so long thereafter as the Premises requires a Connection (whether before or after the termination of this Agreement), exercise such rights upon the same terms as were contained in the Property Documents.
- 10.2 The Customer shall provide or procure the provision of (at its own expense) such building or other suitable accommodation or facilities as the Company may reasonably require for any of the Company's Equipment, the Metering Equipment and/or the Monitoring Equipment situated at the Property, and the Customer shall (at its own expense) ensure that such accommodation or facilities are kept in good and safe repair and condition (including that they are water tight).
- 10.3 Where applicable the Customer shall grant free of charge (or procure the grant free of charge by the freehold or leasehold owner as the case may be of the Property) to the Company a lease relating to the accommodation referred to in Clause 10.2, and the Customer shall obtain (or procure the obtaining of) all consents (including any mortgagees, landlords or statutory consents) of any kind necessary to enable such a lease to be validly granted.
- 10.4 If the lease referred to in Clause 10.3 is not granted, or is terminated forfeited or surrendered (other than by replacement by a substitute lease), then the Company may terminate this Agreement by notice in writing to this effect to the Customer.
- 10.5 The Company shall not be liable for any breach of this Agreement arising as a result of, or caused by, any breach of the lease referred to in Clause 10.3 by the landlord to

it, or any failure by the Customer to comply with its obligation at Clause 10.2 to keep the accommodation in good repair and water tight condition.

11. RIGHTS OF ACCESS

- 11.1 The Customer shall procure that the Company (and its employees, agents, sub-contractors and/or invitees) shall at all times be given safe and unobstructed access to enter the Property at convenient times (except in the case of emergency, in which case access is permitted at any time) and upon reasonable notice (except in the case of emergency or the reading of Monitoring Equipment, in which case no such notice need be given) for the purpose of exercising the Company's rights, or enforcing the Company's obligations, under this Agreement (and, in particular, for the purposes of: carrying out Connection, Modification, Energisation, De-energisation, and Re-energisation works; installing, inspecting, testing, repairing, renewing, maintaining, isolating, protecting or removing the Company's Equipment, the Metering Equipment and/or the Monitoring Equipment (or any part thereof); and/or otherwise operating the Distribution System). The provisions as to rights of access specified in paragraphs 7 to 10 of Schedule 6 to the Act shall apply to this Agreement. The Company shall ensure that any individuals to whom access is given pursuant to this Clause 11.1 shall comply with all reasonable directions given by the Customer (and its appropriately authorised representatives) as to general safety and site security requirements.
- 11.2 The Company shall procure that the Customer (and its employees, agents, sub-contractors and/or invitees) shall at all times (subject to suitable supervision by representatives of the Company) be given safe and unobstructed access to enter the Company's Premises at convenient times and upon reasonable notice for the purpose of exercising the Customer's rights, or enforcing the Customer's obligations, under this Agreement (and, in particular, for the purposes of: inspecting, testing, repairing, renewing, maintaining, isolating, protecting or removing the Customer's Installation and/or the Metering (or any part thereof)). The Customer shall ensure that any individuals to whom access is given pursuant to this Clause 11.2 shall comply with all reasonable directions given by the Company (and its appropriately authorised representatives) as to general safety and site security requirements.

12. LIMITATION OF CAPACITY

- 12.1 The Company shall only be obliged to allow the import of electricity from, and/or the export of electricity to, the Distribution System through the Connection Point at levels equal to or below the Maximum Import Capacity and/or the Maximum Export Capacity (respectively).
- 12.2 Subject to the other provisions of this Agreement, the Company shall use reasonable endeavours to:
- 12.2.1 ensure that the Maximum Import Capacity and the Maximum Export Capacity is available at the Connection Point at all times during the period of this Agreement; and
- 12.2.2 maintain the connection characteristics at the Connection Point.
- 12.3 The Customer shall ensure that the import of electricity from, and/or the export of electricity to, the Distribution System through the Connection Point does not exceed the Maximum Import Capacity and/or the Maximum Export Capacity (respectively). Where the Customer is unsure of the Maximum Import Capacity and/or the Maximum Export Capacity, it shall contact the Company (and the Company will inform the Customer of the applicable capacities).
- 12.4 On each occasion that the Customer breaches Clause 12.3 (and without prejudice to the Company's other rights and remedies, including under Clause 5), the Customer shall:
- 12.4.1 upon written notice from the Company, take the necessary actions to reduce the import and/or export of electricity to within the Maximum Import Capacity and/or the Maximum Export Capacity within the period of time specified in the notice; and
- 12.4.2 where it wishes to do so, propose a variation to the Maximum Import Capacity and/or the Maximum Export Capacity in accordance with Clause 12.6; or
- 12.4.3 where it wishes to do so, submit a Modification Application to the Company in accordance with Clause 14.

- 12.5 Following the occurrence of a breach of Clause 12.3 (and without prejudice to the Company's other rights and remedies, including under Clause 5), the Company shall (to the extent it is unable to recover the relevant amounts from the Registrant) be entitled to charge the Customer (in which case the Customer shall pay forthwith upon demand) such sum as the Company may require for such import or export calculated in accordance with the Company's then current charges.
- 12.6 Except where a variation requires a Modification, either party may propose a variation to the Maximum Import Capacity and/or Maximum Export Capacity by notice in writing to the other Party. The Company and the Customer shall negotiate in good faith such a variation, but where it is not agreed section 23 of the Act may entitle the Customer to refer the matter to the Authority.
- 12.7 Any reduction in the Maximum Import Capacity or the Maximum Export Capacity pursuant to Clause 12.6 shall, where the Parties have within the preceding 12 months agreed the Maximum Import Capacity or the Maximum Export Capacity (as applicable), only take effect following the expiry of 12 months from the date of such previous agreement (unless the Company expressly agrees otherwise).

13. POWER FACTOR AND PHASE BALANCE

- 13.1 Unless otherwise agreed, the Customer shall at all times ensure that the Power Factor of any import of electricity from, or export of electricity to, the Distribution System through the Connection Point is maintained:
- 13.1.1 (unless otherwise required by the Company for operational reasons) so that there is never a leading Power Factor; and
- 13.1.2 (subject to Clause 13.1.1) at or as near to unity as practicable, but in any case no less than 0.95 lagging.
- 13.2 The Customer shall not allow the Power Factor at the Connection Point to vary such as to cause damage or disturbance to the Distribution System.

- 13.3 Where connection at the Connection Point is provided through two or more phases, the Customer shall ensure (insofar as is reasonably practicable) that the flow of electricity through the Connection Point is at all times balanced between the phases.
- 13.4 If the Customer fails to comply with Clause 13.1, 13.2 or 13.3 the Company may in its reasonable discretion and having given such notice as it considers reasonable in the circumstances De-energise the Connection Point until the causes of the failure are remedied. If the Customer is unable to remedy the situation within a reasonable time, the Company may require a Modification to be made to the Company's Equipment and/or the Customer's Installation.

14. MODIFICATIONS

- 14.1 No Modification may be made by or on behalf of either Party otherwise than in accordance with the provisions of this Clause 14.
- 14.2 Where the Customer wishes to make a Modification it shall complete and submit to the Company an Application for a Modification.
- 14.3 The Company shall make a Modification Offer to the Customer as soon as reasonably practicable and in accordance with the requirements of its Electricity Distribution Licence. The Parties shall discuss in good faith the implications of the proposed Modification(s).
- 14.4 The Modification Offer made by the Company in response to the application will be open for acceptance in accordance with its terms, unless either the Company or the Customer makes an application for determination to the Authority under the Company's Electricity Distribution Licence in which event the Modification Offer shall remain open for acceptance until the date 10 Working Days after the determination by the Authority pursuant to such application. If the Modification Offer is accepted by the Customer, this Agreement shall be varied to reflect the terms of the Modification Offer and the Modification shall proceed according to the terms of this Agreement as varied.
- 14.5 Where the Company wishes to make a Modification to the Distribution System the Company shall complete and submit to the Customer a Modification Notification and

shall advise the Customer of any works which the Company reasonably believes the Customer may have to carry out as a result.

- 14.6 The Customer may as soon as practicable after receipt of the Modification Notification and (save where the Authority consents to a longer period) within the period stated therein (which shall be sufficient to enable the Customer to assess the implications of the proposed Modification) make an application to the Authority under the Company's Electricity Distribution Licence.
- 14.7 As soon as practicable after the receipt of the Modification Notification or, if an application to the Authority has been made, the determination by the Authority, and in any event within 2 months thereof, the Customer shall submit an Application for a Modification to the Company.
- 14.8 Once an Application for a Modification has been made by the Customer pursuant to Clause 14.7 the provisions of Clauses 14.3 and 14.4 shall thereafter apply.
- 14.9 Subject to the payment of its reasonable charges (if any) as referred to in this Clause 14.9, the Company undertakes to the Customer to provide all advice and assistance reasonably requested by the Customer to enable the Customer adequately to assess the implications including the feasibility of making a Modification to the Customer's Installation (whether such Modification is to be made at the request of the Company or of the Customer). The charges referred to in this Clause 14.9 are:
 - 14.9.1 if the proposed Modification by the Customer is or may be required as a result of a Modification proposed by the Company, then the Company shall provide such advice and assistance free of charge; or
 - 14.9.2 if the proposed Modification is or may be proposed by the Customer, the Company may charge the Customer such amount as is reasonable in all the circumstances for such advice and assistance.
- 14.10 The provisions of such advice and assistance shall be subject to any confidentiality obligations binding on the Parties.
- 14.11 The Company shall have no obligation to compensate the Customer for the cost and expenses incurred by the Customer as a result of any Modification by the Company.

15. LIMITATION OF LIABILITY

- 15.1 Neither Party shall be liable for any breach of this Agreement directly or indirectly caused by Force Majeure.
- 15.2 Subject to Clause 15.3 and save where any provisions of this Agreement provide for an indemnity, neither Party (the “Party Liable”) nor any of its officers, employees or agents shall be liable to the other Party for any loss arising under or in relation to this Agreement (whether for breach of this Agreement, in tort or otherwise) other than for loss directly resulting from a breach of this Agreement and which at the date hereof was reasonably foreseeable as not unlikely to occur in the ordinary course of events from such breach in respect of:
- 15.2.1 physical damage to the property of the other Party, its officers, employees or agents; and/or
- 15.2.2 the liability of such other Party to any other person for loss in respect of physical damage to the property of any person,
- provided that:
- 15.2.3 the liability of either Party in respect of claims for such loss shall in no circumstance exceed one million pounds (£1,000,000) per incident or series of related incidents;
- 15.2.4 where such incident or series of related incidents entitles the Customer to claim compensation from the Company under this Agreement and any other agreement (including any other connection agreement), the Company’s aggregate liability under this Agreement and all such other agreements in respect of that incident or series of related incidents shall not exceed one million pounds (£1,000,000), irrespective of whether the Customer has claimed under this Agreement and/or any such other agreement; and
- 15.2.5 where such incident or series of related incidents entitles any person other than the Customer to claim compensation from the Company under a connection agreement relating to the Premises, the Company’s aggregate liability under this Agreement and all such other connection agreements in respect of that

incident or series of related incidents shall not exceed one million pounds (£1,000,000), and the Company's liability under this Agreement will be pro-rated accordingly.

15.3 Nothing in this Agreement 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.

15.4 Subject to Clause 15.3, neither Party, nor any of its officers, employees or agents shall in any circumstances whatsoever be liable to the other Party for any:

15.4.1 loss of profit, loss of revenue, loss of use, loss of contract or loss of goodwill;

15.4.2 indirect or consequential loss; or

15.4.3 loss resulting from the liability of such other Party to any other person however and whenever arising except under Clause 15.2.2,

and, for the avoidance of doubt, the Company shall have no liability to the Customer to pay to any person the DGNU Payment unless by prior agreement in writing.

15.5 The rights and remedies provided by this Agreement to the Parties are exclusive and not cumulative and exclude and are in place of all substantive (but not procedural) rights or remedies express or implied and provided by common law or statute in respect of the subject matter of this Agreement, including without limitation any rights either Party may possess in tort which shall include without limitation actions brought in negligence and/or nuisance. Accordingly, each Party hereby waives to the fullest extent possible all such rights and remedies provided by common law or statute, and releases the Company 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 Agreement and undertakes not to enforce any of the same except as expressly provided herein.

15.6 Save as otherwise expressly provided in this Agreement, this Clause 15 insofar as it excludes or limits liability shall override any other provision of this Agreement, provided that nothing in this Clause 15 shall exclude or restrict or otherwise prejudice or affect any of:

15.6.1 the rights, powers, duties and obligations of either Party which are conferred or created by the Act, (or any subordinate legislation made under it), the Electricity Distribution Licence, or the Regulations; or

15.6.2 the rights, powers, duties and obligations of the Authority or the Secretary of State under the Act, the Electricity Distribution Licence or otherwise howsoever.

15.7 Each of the Clauses of this Clause 15 shall:

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

15.7.2 survive termination of this Agreement.

15.8 Each of the Parties agrees that the other Party holds the benefit of Clauses 15.2 and 15.3 for itself and as trustee and agent for its officers, employees and agents.

15.9 Nothing in this Clause 15 shall be construed so as to prevent the Company from bringing an action in debt against the Customer.

16. DISTRIBUTION CODE

16.1 Each Party undertakes to comply with all the provisions of the Distribution Code applicable to it.

16.2 In the event of any conflict between this Agreement and the Distribution Code, the Distribution Code shall prevail.

17. PAYMENTS

- 17.1 Unless otherwise stated, each Party shall pay any and all amounts due to the other Party under this Agreement within 30 days of the date of invoice.
- 17.2 If any amount owing by one Party to the other under the terms of this Agreement remains unpaid after the due date for payment, the Party to whom the amount is owed shall be entitled to recover interest thereon at the rate provided for by the Late Payment of Commercial Debts (Interest) Act 1998. The Party to whom the amount is owed shall also be entitled to recover the fixed sum provided for by that Act.
- 17.3 All amounts payable under this Agreement are exclusive of value added tax and value added tax may be added at the applicable rate.

18. ASSIGNMENT AND SUB-CONTRACTING

- 18.1 Subject to Clauses 18.2, 18.3 and 18.4, neither Party shall assign (or otherwise transfer) its benefit or burden under this Agreement without the prior written consent of the other Party, such consent not to be unreasonably withheld or delayed.
- 18.2 Either Party may assign or charge its benefit under this Agreement in whole or in part by way of security.
- 18.3 The Company shall be entitled, without the consent of the Customer, to assign its rights and/or obligations under this Agreement, whether in whole or in part, where such assignment is to an Affiliate.
- 18.4 Either Party shall be entitled, without the consent of the other Party, to sub-contract its obligations under this Agreement. The sub-contracting by the Company or the Customer of the performance of any obligations or duties under this Agreement or of any activities envisaged by the Distribution Code shall not relieve the Company or the Customer (as the case may be) from liability for the performance (or non-performance) of such obligation or duty.

19. EVENTS OF DEFAULT AND TERMINATION

Automatic termination

19.1 This Agreement will automatically terminate in respect of a Connection Point where one or more of the following occurs:

19.1.1 the Customer and the Company agree a replacement connection agreement in respect of the Connection Point; or

19.1.2 the Connection Point is Disconnected.

Termination on notice

19.2 Either Party may terminate this Agreement by giving the other not less than one month's notice in writing; provided that the Company may not give such notice for so long as it is required to offer terms for connection in respect of the Premises pursuant to the Act.

Termination for breach or financial difficulty

19.3 The Company may immediately terminate this Agreement by giving notice of such termination to the Customer in the event that one or more of the following occurs (and is continuing):

19.3.1 the Customer fails to pay any amount properly due and owing to the Company pursuant to this Agreement, and such failure is not remedied within 5 Working Days of receiving written notice from the Company of the occurrence thereof and requiring the same to be remedied;

19.3.2 the Customer fails in any material respect to perform or comply with any of its obligations under this Agreement, and (only if the breach is capable of remedy) it is not remedied to the reasonable satisfaction of the Company within 20 Working Days of receiving written notice from the Company of the occurrence thereof and requiring the same to be remedied; or

19.3.3 any of the following occurs:

(A) an interim order or bankruptcy order is made in respect of the Customer under the Insolvency Act 1986 or a voluntary arrangement is proposed in respect of the Customer;

- (B) an order of the High Court is made or an effective resolution passed for the insolvent winding-up or dissolution of the Customer;
- (C) a receiver (which expression shall include an administrative receiver within the meaning of section 29 of the Insolvency Act 1986) of the whole or any material part of the assets or undertaking of the Customer is appointed;
- (D) an administration order under section 8 of the Insolvency Act 1986 is made or if a voluntary arrangement is proposed under section 1 of that Act in respect of the Customer; or
- (E) the Customer enters into any scheme of arrangement (other than for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Company); or
- (F) the Customer is unable to pay its debts (within the meaning of section 123(1) or (2) of the Insolvency Act 1986),

and (to the extent relevant) within 20 Working Days of his appointment, the trustee in bankruptcy, liquidation, receiver, administrative receiver, administrator, nominee or other similar officer has not provided to the Company a guarantee of future performance by the Customer of this Agreement in such form and amount as the Company may reasonably require.

Consequences of Termination

19.4 The ending or termination of this Agreement (by either Party and for whatever reason) shall not affect any of the rights, remedies or obligations of either Party that have accrued prior to such ending or termination, or any of the provisions of this Agreement that are expressly (or by implication) intended to survive such ending or termination.

19.5 Upon the ending or termination of this Agreement (by either Party and for whatever reason):

19.5.1 the Company may De-energise and/or Disconnect the Connection Point;

19.5.2 the Customer shall allow the Company (at its sole option) to enter the Property in order to remove the Company's Equipment (or any part of it); and/or

19.5.3 the Customer shall pay to the Company all sums then due and payable or accrued due under this Agreement, and any reasonable costs incurred by the Company in Disconnecting the Connection Point and removing the Company's Equipment (or any part of it).

20. FORCE MAJEURE

20.1 If either Party shall be unable to carry out any of its obligations under this Agreement due to a circumstance of Force Majeure this Agreement shall remain in effect but save as otherwise provided herein both Parties' obligations other than any obligation as to payment of charges shall be suspended without liability for a period equal to the circumstance of Force Majeure provided that:

20.1.1 the Party affected by the Force Majeure promptly gives the other Party written notice describing the circumstance of the Force Majeure (including the nature of the occurrence and its expected duration) and, where reasonably practicable, continues to furnish regular reports with respect thereto during the period of the Force Majeure;

20.1.2 the suspension of performance is of no greater scope and of no longer duration than is required by the Force Majeure;

20.1.3 no obligations of either Party that arose before the Force Majeure causing the suspension of performance are excused as a result of the Force Majeure; and

20.1.4 the non-performing Party uses all reasonable efforts to remedy its inability to perform.

21. DISPUTES RESOLUTION

21.1 Without prejudice to the rights of the Parties given in the Electricity Distribution Licence or the Act in respect of dispute resolution (including as referred to in Clauses 12.6, 14.4 and 22.2), the Parties shall not be obliged to submit any dispute, difference

or question arising under or in connection with this Agreement to any prescribed method of resolution but shall be entitled, in the event of a failure to agree between them on a method of dispute resolution, to commence such proceedings or make such reference as they may competently pursue.

22. VARIATIONS

- 22.1 The National Terms of Connection (and therefore this Agreement) will be changed automatically to incorporate any changes which are approved by the Authority pursuant to the DCUSA. Notice of any change which is approved will be advertised in the national press, and the new terms will be published on the internet at www.connectionterms.co.uk.
- 22.2 Either Party may, at any time, ask the other to enter into an alternative connection agreement in respect of the Premises if it believes an alternative agreement is needed because of the nature or use of the Connection Point and/or the Premises. Each Party shall negotiate in good faith the terms of any such alternative agreement. If an alternative agreement has not been agreed within 1 month of its being proposed, either Party may refer the matter to the Authority for determination pursuant to section 23 of the Act. The Parties shall give effect to any such determination, and shall enter into any agreement as shall be necessary to give effect to any such determination.

23. NOTICES

- 23.1 Any notice, demand, certificate or other communication required to be given or sent under this Agreement shall be in writing and delivered by hand, by first class post, by facsimile or by email.
- 23.2 Subject to Clause 23.3, the required address for the delivery of notices to the Company shall be its registered address (in which case delivery must be by hand or by first class post), and for delivery to the Customer shall be the Premises or its registered or principal business address (in which case delivery must be by hand or by first class post).

- 23.3 Either Party may, from time to time, notify the other in accordance with this Clause 23 of the address, facsimile number and/or email address at which the first Party will accept delivery of notices for the purposes of this Agreement.
- 23.4 A notice or other form of communication shall be deemed to have been served and received as follows:
- 23.4.1 if given or delivered by hand, at the time when given or delivered;
- 23.4.2 if sent by first class post, at the expiration of two Working Days after the document was delivered (bearing the correct address and being pre-paid) into the custody of the postal authorities;
- 23.4.3 if sent by facsimile, upon production by the sender's equipment of a transmission report indicating that the message was sent to the correct number in full and without error; and
- 23.4.4 if sent by email, at the time when delivered to the recipient's email server.

24. GENERAL

- 24.1 This Agreement, and any documents referred to in it, contains the entire agreement between the Parties in relation to its subject matter. Each of the Parties irrevocably and unconditionally waives any right it may have to claim damages for, and/or to rescind this Agreement because of, breach of any warranty not expressly contained, or referred to, in this Agreement, or any misrepresentation whether or not contained in this Agreement, unless such misrepresentation was made fraudulently.
- 24.2 None of the provisions of this Agreement shall be considered waived by either Party except when such waiver is given in writing. No delay by or omission of either Party in exercising any right, power, privilege or remedy under this Agreement or the Distribution Code 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 future exercise thereof or the exercise of any other right, power, privilege or remedy.

- 24.3 If any provision of this Agreement is or becomes or is declared invalid, unenforceable or illegal by a Competent Authority, such invalidity, unenforceability or illegality shall not prejudice or affect the remaining provisions of this Agreement which shall continue in full force and effect notwithstanding such invalidity, unenforceability or illegality.
- 24.4 Each Party's officers, employees and agents shall have the benefit of, and be able to enforce, Clauses 15.2 and 15.3. Subject thereto, the Parties do not intend that any provision of this Agreement will be enforceable by a third party (whether by virtue of the Contracts (Rights of Third Parties) Act 1999 or otherwise). Notwithstanding that a person who is not a Party may have a right to enforce particular Clauses under the Contracts (Rights of Third Parties) Act 1999 in accordance with this Clause, the Parties may vary or terminate this Agreement in accordance with its terms without requiring the consent of any such person.

25. GOVERNING LAW AND JURISDICTION

- 25.1 Subject to Clause 25.2, this Agreement will be governed by, and interpreted in accordance with, the laws of England and Wales, under the jurisdiction of the English and Welsh courts.
- 25.2 If the Connection Point is located in Scotland (except where the Company is Northern Electric Distribution Limited (a company incorporated in England & Wales with company number 2906593) or Electricity North West Limited (a company incorporated in England & Wales with company number 2366949)), this Agreement will be governed by, and interpreted in accordance with, Scots law, under the jurisdiction of the Scottish courts.

For information: supply characteristics

As required by law, the electricity delivered to the Premises through the Distribution System will normally be at one of the voltages (and will have the technical characteristics) set out below:

- At 230 volts nominal alternating voltage: normally a single-phase supply, with a permitted range of voltage variation from plus 10% to minus 6%.

- At 400 volts nominal alternating voltage: normally a three-phase supply, with a permitted range of voltage variation from plus 10% to minus 6%.
- At a nominal alternating voltage equal to or greater than 1000 volts but less than 132,000 volts: normally a three-phase supply, with a permitted range of voltage variation from plus 6% to minus 6%. For the avoidance of doubt this range includes not exhaustively Connection Points with a nominal alternating voltage of 3,300, 6,600, 11,000, 20,000, 22,000, 25,000, 33,000, and 66,000 volts.
- At a nominal alternating voltage equal to or greater than 132,000 volts: normally a three-phase supply, with a permitted range of voltage variation from plus 10% to minus 10%.
- At all of the above voltages: the supply frequency will be 50 hertz, with a permitted nominal variation of plus or minus 1%.

SECTION 4

This Section 4 only applies to ‘unmetered supplies’ - see paragraph D of Section 1.

1. DEFINITIONS & INTERPRETATION

1.1 In this Section 4, except where the context otherwise requires, the following expressions shall have the meaning set out opposite them (and cognate expressions shall be construed accordingly):

“**Act**” means the Electricity Act 1989;

“**Affiliate**” means, in respect of a person, any company which is, from time to time, a subsidiary or holding company of that person or a subsidiary of any such holding company (and the terms “subsidiary” and “holding company” shall have the meanings given to them by section 1159 of the Companies Act 2006);

“**Agreed Codes**” means the Categories of Unmetered Apparatus Codes (known as Charge Codes) and the Switch Regime Codes referred to in the Unmetered Supplies Procedure;

“**Agreement**” means the terms and conditions of Sections 1 and 4 of the National Terms of Connection, which the Customer has agreed with the Company to accept in respect of the Connection Points;

“**Application for a Modification**” means the Company’s standard form for applying for a Modification, which is available from the Company on request;

“**Apparatus**” means all equipment in which electrical conductors are used, supported or of which they may form part;

“**Authorised Persons**” means persons authorised by the Company to undertake certain work on the Connection Equipment and the Monitoring Equipment;

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

“Balancing and Settlement Code” or **“BSC”** means the Balancing and Settlement Code maintained pursuant to the NETSO Licence (including any and all subsidiary documents and procedures made under it);

“Company” means the holder of the Electricity Distribution Licence which applies to the Distribution System through which electricity is conveyed to, and from, the Connection Point;

“Company’s Equipment” means the switchgear, metering or other equipment, lines or other parts of the Distribution System, and any other property or rights of the Company (including any Substation apparatus);

“Company’s Premises” means any land or buildings of the Company in which any of the Customer’s Installation is to be installed or is, from time to time, situated;

“Competent Authority” includes the Secretary of State, the Authority and any local or national agency, authority, court, department, inspectorate, minister, ministry, official or public or statutory person (whether autonomous or not) of (or of the government of) the United Kingdom or of the European Union, insofar (in each case) as it is acting within the limits of its proper authority;

“Connect” means the installation of the Connection Equipment in such a way that (subject to Energisation) the Customer may import electricity to, and/or export electricity from, the Customer’s Installation over the Distribution System at the Connection Point;

“Connection Equipment” means that part of the Company’s Equipment which has been provided and installed by the Company for the purposes of providing a connection at the Connection Point;

“Connection Point” means the point or points of connection at which electricity may (upon Energisation) flow between the Distribution System and the Customer’s Installation, and is a reference to the point or points of connection at the Premises to which this Agreement applies;

“Connection and Use of System Code” or **“CUSC”** means the Connection and Use of System Code maintained pursuant to the NETSO Licence (including the framework

agreement by which it is made contractually binding, and any supplementary agreement made under it);

“Control Equipment” means:

- (a) the control equipment owned by the Customer or the Company, as applicable;
- (b) installed on the Company’s side of the supply terminals; and
- (c) used for the purposes of controlling the actual pattern of consumption of electricity at the Connection Point (or at the Connection Point and other connection points) in lieu of the Customer providing its own control equipment within the Customer’s Installation;

“Customer” means the person, other than the Company, to whom this Agreement applies;

“Customer’s Installation” means any structures, equipment, lines, appliances or devices (not being the Company’s Equipment) used, or to be used, at the Premises (whether or not owned or used by the Customer);

“De-energisation” means the deliberate movement of any switch or the removal of any fuse or the taking of any other step whereby no electrical current can flow between the Distribution System and the Customer’s Installation at the Connection Point (and “De-energise(d)” shall be construed accordingly);

“Detailed Inventory” means a record of the Customer’s Installation which contains in relation to each Item the information specified in Clause 7.1 (as such record is amended from time to time in accordance with this Agreement);

“DGNU Payment” means the compensation mechanism (the Distributed Generation Network Unavailability Payment) created by the Authority to make compensation payments for network outages experienced by customers with distributed generation;

“Directive” includes any present or future directive, requirement, licence condition, instruction, direction or rule of any Competent Authority (but only, if not having the force of law, if compliance with the Directive is in accordance with the general practice of persons to whom the Directive is addressed) and includes any modification, extension or replacement thereof then in force;

“Disconnection” means the permanent electrical disconnection of all or any of the Connection Equipment (and “Disconnect” shall be construed accordingly);

“Disconnection Notice” means a notice sent by the Registrant or the Customer to the Company requesting that the Company Disconnect one or more of the Connection Points;

“Distribution Code” means the distribution code established pursuant to the Company’s Electricity Distribution Licence;

“Distribution Connection and Use of System Agreement” or **“DCUSA”** means the Distribution Connection and Use of System Agreement established pursuant to the Electricity Distribution Licences;

“Distribution System” has the meaning given to that expression in the Electricity Distribution Licences, and (unless the context otherwise requires) is a reference to the Company’s Distribution System (as defined in the Company’s Electricity Distribution Licence);

“Electricity Distribution Licence” means an electricity distribution licence granted pursuant to section 6 (1) (c) of the Act;

“Electricity Supplier” means a person who is the holder of a licence to supply electricity under section 6 of the Act, or who is exempted from the requirement to hold such a licence under section 5 of the Act;

“Energisation” means the movement of any switch or the insertion of any fuse or the taking of any other step so as to enable an electrical current to flow between the Distribution System and the Customer’s Installation at the Connection Point (and “Energise(d)” shall be construed accordingly);

“Equivalent Meter” means an equivalent half hourly meter as defined by the Unmetered Supplies Procedure;

“Estimated Annual Consumption” or **“EAC”** means a weather-normalised estimate of consumption over a calendar year, to be determined in accordance with the Unmetered Supplies Procedure;

“Force Majeure” means, in respect of a Party, any event or circumstance which is beyond the reasonable control of that Party and which results in or causes the failure of that Party to perform any of its obligations under this Agreement, which event or circumstance shall include: 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, infrequent transient voltage variations (whether substantial or otherwise), and fault or failure of Plant and Apparatus (to the extent that any such event or circumstance could not have been prevented by Good Industry Practice); and shall also include: governmental restraint, any Act of Parliament, other legislation, or Directive (not being any order, regulation or direction under section 33, 34 or 35 of the Act); and (in respect of the Company) shall include: the failure of any generator or the NETSO to provide the Company with electricity (or any deficiency in the electricity provided) to the extent that such failure or deficiency or the consequences thereof could not have been prevented by the exercise of Good Industry Practice by the Company. Provided that a Party’s lack of funds shall not be interpreted as a cause beyond that Party’s reasonable control;

“Generating Equipment” means any electricity generating unit;

“Good Industry Practice” means the exercise of that degree of skill, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced operator engaged in the same type of undertaking under the same or similar circumstances;

“Grid Code” means the code of that name established pursuant to the NETSO Licence;

“Half-Hourly Trading” means the trading for settlement purposes of Unmetered Supplies using an Equivalent Meter in accordance with the BSC;

“Item” means each piece of equipment, appliance or device to which a charging code applies under the Unmetered Supplies Procedure and which forms part of the Customer’s Installation;

“kVA” means kilovoltamperes;

“**kW**” means kilowatts;

“**Maximum Export Capacity**” means, in respect of a Connection Point (or the Connection Points collectively), the maximum amount of electricity (expressed in kW or kVA) which is permitted by the Company to flow into the Distribution System through the Connection Point (or the Connection Points collectively). The Maximum Export Capacity of the Connection Point shall be zero unless otherwise agreed;

“**Maximum Import Capacity**” means, in respect of a Connection Point (or the Connection Points collectively), the maximum amount of electricity (expressed in kW or kVA) which is permitted by the Company to flow from the Distribution System through the Connection Point (or the Connection Points collectively);

“**Meter Administrator**” has the meaning given to that expression in the BSC, and is (unless the context otherwise requires) a reference to the person appointed to that role in relation to the Metering System by the Registrant (or, where applicable, by the Customer);

“**Metering Point**” has the meaning given to that expression in the BSC;

“**Metering System**” has the meaning given to that expression in the BSC, and is a reference (unless the context otherwise requires) to the metering system or systems associated with the Connection Point (being either an Equivalent Meter or a Metering Point subject to Profiled Trading);

“**Modification**” means, in respect of a Party, any actual or proposed replacement, renovation, modification, alteration or construction by or on behalf of that Party to either that Party’s Plant or Apparatus or the manner of its operation, which (in either case) has or will have an effect on the other Party;

“**Modification Notification**” means the Company’s standard form of Modification notification from time to time applicable;

“**Modification Offer**” means an offer by the Company to the Customer made pursuant to Clause 15 of terms for connection in relation to any proposed Modification at or affecting one or more of the Connection Points, including any revision or extension of such offer;

“Monitoring Equipment” means any monitoring and metering equipment that may be used by the Company for the purposes of measuring or checking consumption otherwise than for settlement;

“National Electricity Transmission System” shall have the meaning given to that expression in the CUSC;

“National Terms of Connection” means these National Terms of Connection, of which this Section 4 forms part, as amended from time to time in accordance with Clause 23;

“NETSO” means the holder, from time to time, of the NETSO Licence (which is currently National Grid Electricity Transmission plc);

“NETSO Licence” means the electricity transmission licence granted, or treated as granted, pursuant to Section 6(1)(b) of the Act and in which section C of the standard transmission licence conditions applies;

“Non-Geographic Inventory” means a Detailed Inventory of the Customer’s Installation which does not contain the geographic information specified in Clause 7.1.1;

“Party” means each of the Company and the Customer (and “Parties” shall be construed accordingly);

“PECU” means a photo-electric cell unit;

“PECU Array” means a photo-electric cell unit array;

“Plant” means fixed and movable items used in the generation, supply and/or distribution of electricity (other than Apparatus);

“Power Factor” means the ratio of real power to apparent power;

“Premises” includes any land, building, or structure, and (unless the context requires otherwise) is a reference to the premises to which this Agreement applies;

“Profile Class” has the meaning given to that expression in the BSC;

“Profiled Trading” means trading for settlement purposes of Unmetered Supplies using an Estimated Annual Consumption and a Profile Class;

“Property” means the Premises to which this Agreement applies, together with any other premises of the Customer in which the Company’s Equipment is installed from time to time (or to which the Company may require access for the purpose of accessing the Company’s Equipment);

“Property Documents” means any and all of the agreements that create (or otherwise concern) property interests and/or rights (including all leases, wayleaves, easements, and servitudes) in favour of the Company, to which the Customer is also party or which relate to the Connection Equipment;

“Re-energisation” means the movement of any switch or the installation of any fuse or the taking of any other step whereby electrical current can flow between the Distribution System and the Customer’s Installation at the Connection Point (and “Re-energise(d)” shall be construed accordingly);

“Registrant” means the person registered in accordance with the BSC as responsible for the Metering System (which may be an Electricity Supplier, or any other party to the BSC);

“Regulations” means the Electricity Safety, Quality and Continuity Regulations 2002, the Electricity (Unmetered Supply) Regulations 2001, and/or the Electricity at Work Regulations 1989;

“Small-Scale Generating Equipment” means one or more items of Generating Equipment that have an aggregate rating of no greater than 16 amps per phase connected at low voltage;

“Substation” means an electricity substation (as defined in Regulation 1(5) of the Electricity Safety, Quality and Continuity Regulations 2002) of the Company;

“Summary Inventory” means a statement of the total number of Items (listed by reference to the applicable Agreed Codes), such statement to be extracted from the Detailed Inventory (as such statement is amended from time to time in accordance with this Agreement);

“System Outage” means the deliberate act by the Company, by whatever means it determines, to interrupt the flow of electrical current to a part or parts of its Distribution System, for the purposes of carrying on its activities;

“Unmetered Supplies” means a supply of electricity the quantity of which the Company has authorised not to be measured by physical metering equipment by the issue of a Unmetered Supplies Certificate;

“Unmetered Supplies Certificate” means a certificate issued by the Company under the Unmetered Supplies Procedure stating, among other things, the MSID(s) (as defined in the Unmetered Supplies Procedure) allocated to one or more Items;

“Unmetered Supplies Procedure” means Section S of the BSC, together with BSC Procedure BSCP 520 established under the BSC (and any replacement or substitute BSC Procedure from time to time);

“Working Day” has the meaning given to that term in section 64 of the Act.

1.2 In this Agreement, unless the context otherwise requires:

- 1.2.1 a reference to a “person” includes a reference to an individual, a body corporate, an association or a partnership;
- 1.2.2 a reference to the singular includes the plural (and vice versa), and to a gender includes every gender;
- 1.2.3 a reference to a “Section” is a reference to a section of the National Terms of Connection, and to a “Clause” is to a clause of this Section 4;
- 1.2.4 the headings are for ease of reference only and shall not affect its interpretation;
- 1.2.5 the words “include”, “including” and “in particular” are to be construed without limitation to the generality of the preceding words;
- 1.2.6 a reference to any statute or statutory provision includes any subordinate legislation made under it, any provision which it has modified or re-enacted, and any provision which subsequently supersedes or re-enacts it (with or without modification);
- 1.2.7 a reference to any agreement, code, licence or other document is to such agreement, code, licence or other document as amended, supplemented,

novated or replaced from time to time (and includes all subsidiary agreements entered into under it); and

- 1.2.8 the word “costs” shall include all overhead and financing charges, and a reasonable rate of return on the capital represented by such costs.

2. APPLICATION OF THIS AGREEMENT

- 2.1 The National Terms of Connection create separate legal agreements (each an Agreement) in respect of each Premises to which the National Terms of Connection apply.
- 2.2 Where, in respect of the Premises to which this Agreement applies, more than one legal entity falls within the definition of Customer, separate Agreements shall be created between the Company and each such Customer.
- 2.3 Where there is more than one Connection Point at the Premises to which this Agreement applies, and more than one Distribution System is used to convey electricity to, and from, the Connection Points, separate Agreements shall be created between the Customer and the Electricity Distribution Licence holder for each such Distribution System (each such Electricity Distribution Licence holder being the Company for the purposes of each such Agreement).

3. THE CUSTOMER’S RIGHT TO BE (AND REMAIN) CONNECTED

- 3.1 This Agreement shall govern the terms upon which the Customer’s Installation shall be entitled to be (and remain) Connected to the Distribution System.
- 3.2 The Customer’s Installation will be, and remain, Connected to the Company’s Distribution System in accordance with the provisions of the Act, any other legal requirements that apply from time to time, and the terms of this Agreement.
- 3.3 The Company may refuse to Connect the Customer’s Installation (or any part of it) where it is not appropriate (in accordance with the Regulations and the Unmetered Supplies Procedure) for a particular Item (or a particular type of Item) to receive Unmetered Supplies, and the Company may require the Customer to remove that Item

(or that type of Item) from the Customer's Installation so that it does not receive Unmetered Supplies.

- 3.4 The Company may refuse to Connect the Customer's Installation (or any part of it) where it is not appropriate (in accordance with the Regulations and the Unmetered Supplies Procedure) for a particular piece or type of equipment, appliance or device to receive Unmetered Supplies (or to be connected to an Item that would otherwise receive Unmetered Supplies), and the Company may require the Customer to remove that equipment, appliance or device from the Customer's Installation so that it does not receive Unmetered Supplies (or continue to be connected to an Item receiving Unmetered Supplies).
- 3.5 The right to be (and remain) Connected does not include the right to be (and remain) Energised.

4. THE CUSTOMER'S RIGHT TO BE (AND REMAIN) ENERGISED

- 4.1 The Customer's right to be (and remain) Energised is subject to the Company's right to De-energise the Connection Point in accordance with Clause 5, and is conditional upon:
- 4.1.1 the Customer having the ability to perform and comply with all of its obligations under this Agreement;
 - 4.1.2 the Customer or an Electricity Supplier being registered, in accordance with the BSC, as responsible for the Metering System;
 - 4.1.3 in respect of Unmetered Supplies to be the subject of Half-Hourly Trading, a Meter Administrator being appointed in relation to the Metering System;
 - 4.1.4 the Customer and the Company having agreed the information required to be included in the Detailed Inventory;
 - 4.1.5 the Company having issued an Unmetered Supplies Certificate to the Customer in respect of the Items comprising the Customer's Installation (and that certificate coming into, and continuing in, full force and effect);

4.1.6 where there is any Generating Equipment at the Premises, the Customer (or, if the Customer is not the owner or operator of the Generating Equipment, the owner or operator of the Generating Equipment):

- (A) not being within any category of person that is required in accordance with the provisions of the CUSC to be a party to the CUSC (or to be a party to any supplementary agreement under the CUSC); or
- (B) (to the extent that it is within any such category) being a party to the CUSC (and/or to the relevant supplementary agreement under the CUSC); and

4.1.7 where there is any Generating Equipment at the Premises, the Customer (or, if the Customer is not the owner or operator of the Generating Equipment, the owner or operator of the Generating Equipment) holding a licence to generate electricity under section 6 of the Act, or being exempted from the requirement to hold such a licence under section 5 of the Act.

4.2 The Customer represents and undertakes to the Company that, at the date this Agreement comes into effect and for so long as it remains in effect, all of the conditions set out in Clause 4.1 are (and will remain) satisfied. The Customer shall notify the Company as soon as reasonably practicable if any of the conditions in Clause 4.1 cease to be satisfied. The Customer shall indemnify the Company against all actions, proceedings, claims or demands brought or threatened against the Company as a result of any of the conditions set out in Clause 4.1 not being (or ceasing to be) satisfied.

4.3 This Agreement shall not give the Customer any right to:

- 4.3.1 receive a supply of electricity to the Premises;
- 4.3.2 sell electricity exported from the Premises; and/or
- 4.3.3 use the Distribution System for the purposes of providing a supply of electricity (or to otherwise have electricity transported through the Distribution System),

and the Company therefore makes no warranty to the Customer in relation thereto. Where the Customer is not the Registrant, the Customer must contract with the Registrant for the matters outlined in Clauses 4.3.1 and 4.3.2, and the Registrant will contract with the Company for the matters outlined in Clause 4.3.3. Where the Customer is the Registrant, it must contract for the matters outlined in Clauses 4.3.1 and 4.3.2 pursuant to the BSC, and must contract separately with the Company for the matters outlined in Clause 4.3.3.

- 4.4 When the Connection Point is Energised in accordance with this Agreement, the characteristics of any supply of electricity delivered shall be subject to such variations as may be permitted by the Regulations. The Company does not guarantee that the supply of electricity will be free from transient variations in voltage and frequency or voltage pulses or harmonic frequencies, and the Customer must take its own protective measures if it requires a higher standard of supply.

5. DE-ENERGISATION

Emergency De-energisation

- 5.1 If, in the reasonable opinion of:
- 5.1.1 the Company, the condition or manner of operation of the Customer's Installation or other equipment, and/or the condition or manner of operation of the Distribution System, poses an immediate threat of injury or material damage to any person or property (including the Customer's Installation, the Distribution System, the National Electricity Transmission System, and the electrical systems and installations connected (directly or indirectly) to the Distribution System and/or the National Electricity Transmission System), then the Company shall have the right to immediately De-energise the Connection Point if it is necessary or expedient to do so to avoid the occurrence of such injury or damage; or
 - 5.1.2 the Customer, the condition or manner of operation of the Distribution System or the Connection Equipment poses an immediate threat of injury or material damage to any person or property (including the Customer's Installation), then

the Customer shall have the right with the prior agreement of the Company to De-energise the Customer's Installation if it is necessary or expedient to do so to avoid the occurrence of such injury or damage.

De-energisation on Request

- 5.2 The Company shall De-energise the Connection Point within a reasonable time (or, in circumstances of urgency, as soon as is reasonably practicable) after being instructed to do so by either the Customer or the Registrant. Where the instruction has been given by the Registrant, the Company need not give the Customer notice of the intention to De-energise.

De-energisation Generally

- 5.3 Where the circumstances referred to in Clause 5.1.1 exist but with the proviso that the threat is not immediate, the Company may nevertheless De-energise the Connection Point, in which case the Company shall give the Customer as much advance notice of the De-energisation as is reasonably practicable in the circumstances.
- 5.4 The Company may De-energise the Connection Point pursuant to the Regulations (including where it is not appropriate for a particular Item, or a particular type of Item, to receive Unmetered Supplies), in which case the De-energisation shall be undertaken in accordance with any applicable requirements under the Regulations.
- 5.5 The Company may De-energise the Connection Point:
- 5.5.1 if it is necessary or reasonable for the Company to do so as part of a System Outage carried out in accordance with its statutory rights and obligations and Good Industry Practice; and
 - 5.5.2 in order to permit other persons to connect to the Distribution System,

in which case, the Company shall give the Customer such notice of the De-Energisation as is required by law (and shall use its reasonable endeavours to provide as long a notice as is practicable).
- 5.6 The Company may, at any time without the need to give prior notice to the Customer, De-energise the Connection Point if:

- 5.6.1 the Company is instructed or required to do so pursuant to the Act, its Electricity Distribution Licence, any Directive, the CUSC, the BSC, the DCUSA and/or the Electricity Supply Emergency Code (being the code of that name designated by the Secretary of State);
- 5.6.2 the Company reasonably considers it necessary to do so for safety reasons or for the security of the Distribution System or any other electrical system (including in order to avoid interference with the regularity or efficiency of the Distribution System);
- 5.6.3 the Company reasonably believes that the Customer has made unauthorised use of electricity or committed theft of electricity;
- 5.6.4 if any of the conditions in Clause 4.1 cease to be satisfied, or the Customer breaches any of the provisions of this Agreement (including Clauses 8, 11, 13.3, 14 and 17);
- 5.6.5 the Customer's acts, omissions and/or continued Connection cause the Company to breach this Agreement or any law or Directive;
- 5.6.6 the Company is entitled to De-energise the Connection Point in accordance with any other connection agreement relating to that Connection Point (provided the Company acts reasonably in exercising such right); and/or
- 5.6.7 the Company is otherwise permitted to do so under the provisions of this Agreement (including under Clause 8.5).

Miscellaneous

- 5.7 If the Company De-energises the Connection Point at the request of the Customer, or as a result of the acts, omissions or breaches of the Customer, then the Customer shall pay to the Company on demand any costs incurred by the Company as a result of such De-energisation and any subsequent Re-energisation.
- 5.8 If the Company De-energises the Connection Point at the request of the Customer, the Company shall Re-energise the Connection Point as soon as reasonably practicable after being instructed to do so by the Customer or the Registrant. If the Company De-

energises the Connection Point at the request of the Registrant, the Company shall Re-energise the Connection Point as soon as reasonably practicable after being instructed to do so by the Registrant.

- 5.9 Where the Connection Point is De-energised otherwise than pursuant to Clause 5.2, the Company shall Re-energise the Connection Point as quickly as reasonably practicable after the circumstances leading to the De-energisation have ceased to exist.
- 5.10 In undertaking work relating to Energisation, De-energisation and any subsequent Re-energisation, the Company shall act in accordance with Good Industry Practice (and, subject thereto, shall decide on the extent and nature of the work required).
- 5.11 If at any time when the Customer does not have a right for a Connection Point to be (and remain) Energised but nevertheless imports electricity from, or exports electricity to, the Distribution System through that Connection Point, then the Customer shall (to the extent the Company is unable to recover the relevant amounts from the Registrant) pay to the Company forthwith upon demand such sum as the Company may require for such import or export calculated in accordance with the Company's then current charges, together with such other reasonable and proper costs, losses and expenses as the Company may incur as a result thereof.

6. DISCONNECTION

- 6.1 The Customer (or the Registrant on behalf of the Customer) shall be entitled to send to the Company a Disconnection Notice providing an explanation for why there is no reasonably foreseeable future use for the Connection Point, and specifying the date on which the Disconnection is required.
- 6.2 Unless agreed otherwise following the receipt of a Disconnection Notice in accordance with Clause 6.1, the Company shall (on, or as soon as reasonably practicable after, the date specified in the Disconnection Notice) remove the Connection Equipment from the Property. The Customer acknowledges that it may not be practicable to remove the equipment on the date specified, or for some time thereafter. The Customer shall pay to the Company forthwith upon demand an amount

equal to the reasonable costs and expenses incurred by the Company in removing the Connection Equipment.

- 6.3 The Company shall be entitled to Disconnect the Connection Point if the Company reasonably considers it necessary to do so for safety reasons. Where such safety reasons were the result of the Customer's acts or omissions, the Customer shall pay to the Company forthwith upon demand an amount equal to the reasonable costs and expenses incurred by the Company in undertaking the Disconnection.
- 6.4 The Company shall be entitled to Disconnect the Connection Point on 20 Working Days prior notice where the Connection Point is De-energised for a continuous period of 3 months or more. Where such De-energisation was the result of the Customer's acts or omissions, the Customer shall pay to the Company forthwith upon demand an amount equal to the reasonable costs and expenses incurred by the Company in undertaking the Disconnection.

7. **INFORMATION**

- 7.1 The Customer shall (except to the extent that the Company otherwise agrees) provide, to the Company, the minimum information required by the Unmetered Supplies Procedure and (without duplication) the following information (together constituting the Detailed Inventory), which information shall be set out separately for each Item:

7.1.1 *Location* (subject to Clause 7.2):

- (A) the grid reference for the Item, to seven digits easting and seven digits northing (0.1m resolution), using the current edition from time to time of Ordnance Survey scale 1:500;
- (B) the address for the Item (to include road/street name, parish or village name and post code) or adjacent address for the Item (such as x metres north/south/east/west from firm map detail outside or opposite a house number); and
- (C) (where applicable) the number displayed on the Item.

- 7.1.2 *Detail*: information sufficient to allow the calculation of the annual electricity consumption, and the pattern of electricity consumption for the Item (preferably by reference to the applicable Agreed Codes), to include:
- (A) the type, description and wattage of the Item;
 - (B) (if applicable) the type of control gear installed (e.g. low loss, optimal electronic or high frequency as used in street lighting); and
 - (C) where the equipment is not operating continuously, the type of switch control (e.g. PECU, timeswitch, etc.) and the associated settings of the controller (e.g. dusk to dawn, 70/35 lux); and
- 7.1.3 *Remote Connection Point*: whether the Connection Point is remote from the Item or groups of Items connected to the Connection Point, and if so the Connection Point location.
- 7.2 Where the Customer is only able to provide a Non-Geographic Inventory of the Customer's Installation, the Customer shall not (unless the Company otherwise agrees) be entitled to receive Unmetered Supplies at the Customer's Installation unless the Customer's Installation was receiving Unmetered Supplies on 1 April 1998 via the Distribution System.
- 7.3 The Customer shall, on such dates and at such frequency as is reasonably specified and varied from time to time by the Company:
- 7.3.1 provide to the Company the Detailed Inventory for Profile Traded Items including additions, deletions or amendments to the Detailed Inventory (and, in the absence of any contrary specification by the Company, the Customer shall do so once per calendar year, due by the anniversary date of this Agreement); and/or
 - 7.3.2 provide to the Company the Detailed Inventory for Half-Hourly Traded Items including additions, deletions or amendments to the Inventory (and, in the absence of any contrary specification by the Company, the Customer shall do so once per calendar month, due by the earliest day date closest to the day date of this Agreement),

and the Company shall give the Customer notice as soon as possible after receipt of any notice given under Clause 7.3 if it will give rise to a Modification.

- 7.4 Where the Company agrees to any addition, deletion or amendment of the Detailed Inventory (whether pursuant to Clause 7.3 or otherwise), the Summary Inventory shall be deemed to be amended accordingly from the date the Customer notifies the Company of such addition, deletion or amendment.
- 7.5 In respect of Unmetered Supplies that are to be subject to Half-Hourly Trading, the Company shall provide the Meter Administrator with a copy of the Summary Inventory within 20 Working Days of the commencement of this Agreement (or such later date of receipt of a copy of the Detailed Inventory from the Customer). The Company shall notify the Meter Administrator of any revision to the Summary Inventory as soon as reasonably practicable following any amendment to the Summary Inventory.
- 7.6 In respect of Unmetered Supplies that are to be subject to Profiled Trading:
 - 7.6.1 if the Customer requests a copy of the revised Summary Inventory, the Company will provide a copy of it to the Customer within 10 Working Days (and the Customer shall pay any reasonable charge levied by the Company in respect of such provision); and
 - 7.6.2 the Company shall comply with the Unmetered Supplies Procedure regarding any change to the Estimated Annual Consumption relating to the Connection Point.
- 7.7 All information provided by the Customer under this Clause 7 shall be in such form (including computer readable form) as the Company may reasonably specify from time to time after consultation with the Customer. Where the information is not provided in accordance with the Agreed Codes and in the file format set out in the Unmetered Supplies Procedure, the Company will convert the information received as soon as reasonably practicable so that the information can be used in settlement pursuant to the BSC (and the Customer shall pay upon demand the Company's costs of so converting the information).

7.8 The Parties shall comply with the provisions for audit as set out in this Clause 7.8:

7.8.1 The Company shall be entitled at all times on giving no less than 10 Working Days' notice to carry out an audit of the Customer's Installation against the Detailed Inventory, provided that the Company may not carry out more than one such audit in any six-month period unless the previous audit has disclosed any material discrepancy that arises from the Customer's breach of this Agreement, breach of statutory duty and/or tortious (including negligent) act or omission.

7.8.2 If the audit reveals material irregularities or discrepancies in the Detailed Inventory, the Company shall be entitled to recover from the Customer the reasonable cost incurred by the Company in carrying out the initial audit, and the Customer shall also bear the cost of all additional audits required to confirm the accuracy of the new Detailed Inventory.

7.8.3 The Customer shall give the Company access to any Plant and/or Apparatus as it requires to carry out any audit in accordance with this Clause 7.8, and shall provide access to any information requested in respect of such audit.

7.9 In addition to the rights and remedies which the Company has under any other provision of this Agreement, where an audit pursuant to Clause 7.8 reveals irregularities or discrepancies in the Detailed Inventory, then, in respect of the Connection Points in question:

7.9.1 the Customer shall submit a revised Detailed Inventory to the Company to reflect such adjustments; and

7.9.2 (if applicable) the Company shall make such adjustment to the Estimated Annual Consumption; or

7.9.3 (if applicable) the Company shall require the Meter Administrator to make such adjustments to the consumption figures produced by the Equivalent Meter,

as (in each case) may be required in order to ensure the accuracy (within the margins of accuracy set out in the BSC) of the settlement data on which the related supply and distribution use of system charges are calculated in respect of the Unmetered Supplies.

- 7.10 Where Items on the Detailed Inventory are subject to a change of ownership then such Items will remain on the Customer's Detailed Inventory until the Company has been notified by the new owner that such Items have been added to the new owner's detailed inventory.
- 7.11 The Customer grants, or shall procure the grant (to the extent the Customer is able to do so), to the Company free and unrestricted access to and use of any information or data concerning electricity taken through any Connection Point available under this Agreement, the Unmetered Supplies Procedures or the BSC for use in the Company's business whether that information or data is held by the Customer or another person on its behalf. Where the Meter Administrator is not the Company, the Customer shall procure that the Meter Administrator shall comply with the provisions of this Clause 7.11 as if it were the Customer.
- 7.12 Where any additions or amendments to the Detailed Inventory or to the Summary Inventory are made pursuant to this Clause 7, or where a Modification to the Customer's Installation is made pursuant to Clause 15, the Customer shall ensure that any charges which the Company requires to be paid in accordance with the statements of charges made by the Company from time to time under the Company's Electricity Distribution Licence are paid for any such addition, amendment or Modification (including those relevant to the addition of a new Connection Point), and that any works which the Company requires to be effected are carried out such that they are fit for purpose.
- 7.13 If at any time any Item shall be re-rated such that the characteristics of its consumption of electricity are different than they were before such re-rating, the Company may either (as applicable):
- 7.13.1 adjust the Estimated Annual Consumption by the amount necessary to reflect such re-rating; or

7.13.2 require the Meter Administrator to recalculate (and re-submit under the BSC) the amount of electricity consumed by the Item to take into account such re-rating,

(in each case) from (subject to the limitations on adjustments to electricity settlement data under the BSC) the date on which the Item first was registered in the Detailed Inventory (or any later date that the Company may reasonably specify).

8. THE CUSTOMER'S INSTALLATION AND EQUIPMENT

Equipment Generally

- 8.1 The Customer shall ensure compliance at all times with the Regulations and any laws or Directives in respect of the Customer's Installation which are binding on the Customer.
- 8.2 Save where express written representations are made by the Company, neither by inspection (if any) or non-rejection (nor in any other way) does the Company give any warranty (express or implied) as to the adequacy, safety, or other characteristics of the Customer's Installation, and the Company shall not be responsible therefor.
- 8.3 The Customer hereby acknowledges that the Company may use switchgear with auto-reclosing facilities, that the Customer's Installation should be designed and built so as not to suffer damage through the operation of such facilities and that the Company accepts no liability for such damage (subject to Clause 16.3) to the extent (if any) such damage is attributable to the Customer's failure to so design and build the Customer's Installation.
- 8.4 The Customer shall maintain the Customer's Installation so that it is reasonably fit for the purpose for which it is used, and so that neither it nor its operation or use shall be liable to cause damage to, or interference with, the Distribution System or the National Electricity Transmission System (or their operation or use or the flow of electricity through them).
- 8.5 If the Customer imports electricity from, and/or exports electricity to, the Distribution System in a manner which adversely affects or impairs voltage regulation or impairs

the flow of electricity through the Distribution System (or in the reasonable opinion of the Company is likely to do so), then the Customer shall at its own expense remedy the condition in a manner deemed adequate in the reasonable opinion of the Company (and, if the condition is not remedied within a reasonable time of the Company giving notice to the Customer of such condition, the Company may forthwith De-energise the Connection Point until such condition has been so remedied), and pay to the Company on demand the full amounts of all costs, losses and expenses caused to the Company thereby.

- 8.6 Where there is more than one Connection Point, the Customer shall (at its own expense) ensure that there does not exist within the Customer's Installation the facility to parallel across more than one Connection Point, unless expressly agreed in writing by the Company.

Generating Equipment

- 8.7 If the Customer installs, or arranges for the installation of, Small-Scale Generating Equipment at the Premises, then the Customer must inform the Company of any intention to use the generating equipment in parallel with the Distribution System no later than 20 Working Days after the equipment is commissioned. Provided the Customer so informs the Company, the Customer does not need the Company's consent to install and/or operate Small-Scale Generating Equipment at the Premises.
- 8.8 Subject to Clause 8.7, the Customer shall notify the Company of any Generating Equipment at the Premises, and shall obtain the Company's prior written consent to the installation and/or operation of any Generating Equipment at the Premises capable of being operated in parallel with the Distribution System.
- 8.9 Where there is Generating Equipment at the Premises that is used as an emergency back-up source of electricity, it may be utilised provided that it is first isolated from the Distribution System.

Unmetered Supplies

- 8.10 The Customer shall not permit any Plant or Apparatus of a third party to be connected to the Customer's Installation without the prior written permission of the Company.

- 8.11 If, in relation to any Connection Point, the Customer fails to comply with Clause 8.10, the Company may exercise its rights under Clause 5 in respect of that Connection Point. Alternatively, if the Customer is unable to remedy the situation within a reasonable time, the Company may require a Modification to be made to the Company's Equipment and/or the Customer's Installation.

9. THE COMPANY'S INSTALLATION AND EQUIPMENT

- 9.1 Only Authorised Persons will be allowed to operate the Company's Equipment and/or the Monitoring Equipment, and shall only do so in accordance with Good Industry Practice.
- 9.2 The Customer shall at all times permit the Company to install such Monitoring Equipment as the Company may reasonably require from time to time on the Customer's Installation or the Property.
- 9.3 The Monitoring Equipment shall always remain the property of the Company, and does not constitute or comprise a Meter (as defined in the BSC).
- 9.4 This Agreement entitles the Customer's Installation to be Connected for the purpose of receiving electricity from, or exporting electricity to, the Distribution System. Any other use of the Distribution System, including the transmission of data or communications, is strictly prohibited without the prior written consent of the Company. Unless the Company has given such consent, any such use of the Distribution System by the Customer, or relating to the Connection Point, shall be a breach of this Agreement, and the Customer shall pay to the Company on demand the full amount of all costs, losses and expenses caused to the Company as a result of such use.

10. PLANT AND APPARATUS

Prohibition on Interference

- 10.1 Each Party shall ensure that its agents, employees and invitees do not interfere in any way with any of the Plant or Apparatus of the other Party without the consent of such other Party, except where emergency action has to be taken to protect the health and

safety of persons or to prevent material damage to property. Neither Party shall knowingly do (or omit to do) anything which would cause the other Party to breach the Regulations.

- 10.2 Subject to Clause 16.2, if either Party breaches Clause 10.1 and as a result any equipment is lost or damaged, the Party in breach shall pay the other Party the amount of any loss, damage and expenses the other Party suffers as a result, unless such loss or damage was caused by fair wear and tear or Force Majeure.

Damage

- 10.3 The Customer shall at all times take reasonable precautions required to protect the Company's Equipment from damage, and for that purpose shall comply with any reasonable requirements made by the Company from time to time.
- 10.4 Each Party shall as soon as it becomes aware of the same notify the other Party in writing of any damage to any part of such other Party's equipment (being the Customer's Installation or the Company's Equipment) and shall provide in writing to such other Party (as soon as reasonably possible after the other Party has requested the same) such information relating to the incident giving rise to such damage as the first Party has in its possession, under its control or can obtain on exercising reasonable efforts.
- 10.5 Where the Company's Equipment is contained within, or adjacent to and directly associated with, the Customer's Installation, the Customer shall be liable for the replacement of any Company's Equipment which has been damaged and which arises from damage to the Customer's Installation; provided that the Customer's liability in respect of the Company's Equipment pursuant to this Clause 10.5 shall not exceed £1,000,000 per incident or series of related incidents.

Control Equipment

- 10.6 Upon the failure or malfunctioning of Control Equipment owned by the Company, the Company will remove such equipment and replace with simple unswitched electrical connections of its choosing such that the associated electrical circuits will be permanently Energised. The Company will notify the Customer of the removal of

such control equipment. The Customer shall thereafter be responsible for implementing substitute control equipment within the Customer's Installations at its cost. At any time the Customer shall be responsible for re-declaring the consumption pattern of the associated Connection Points to reflect any changed pattern of operation in accordance with this Agreement.

- 10.7 Upon the failure or malfunctioning of Control Equipment owned by the Customer, the Company is permitted to remove such Control Equipment and make simple unswitched electrical connections of its choosing in place of such Control Equipment such that any previously switched electrical circuits will be permanently Energised. The Company will notify the Customer of the removal of such Control Equipment. The Customer shall thereafter be responsible for implementing substitute control equipment within the Customer's Installations at its cost. At any time the Customer shall be responsible for re-declaring the consumption pattern of the associated Connection Points to reflect any changed pattern of operation.
- 10.8 The Company will retain control of any control equipment removed pursuant to Clause 10.7 for a period of up to six months from date of its removal. After expiry of this period the Company may at any time and in its sole discretion choose to dispose of any such equipment.
- 10.9 Any control equipment still in the possession of the Company in accordance with Clause 10.8 may be collected by the Customer or, if requested to do so by the Customer, sent to the Customer at its cost provided that if the Customer fails to pay in advance the cost of its delivery, the Company may dispose of it.
- 10.10 If the Company disposes of any control equipment under Clauses 10.8 or 10.9, the Company will retain any proceeds of sale for its own use absolutely and if the proceeds of sale are insufficient to cover the costs of disposal any amount not so covered shall be a debt due from the Customer and payable upon demand.
- 10.11 Where the Meter Administrator requires the removal of a PECU from a Customer Installation for use in a PECU Array, the Customer shall (at no cost to the Company) replace such PECU.

11. PROPERTY RIGHTS & ACCOMMODATION

- 11.1 The Customer shall ensure that the Company is at all times entitled (without cost to it) to:
- (a) occupy the Property for the purpose of Connecting the Premises (or for the purpose of Connecting the Premises and providing a connection to any other premises);
 - (b) exercise its rights created by (or under) the Property Documents; and
 - (c) upon the expiry or termination of such rights and for so long thereafter as the Premises requires a Connection (whether before or after the termination of this Agreement), exercise such rights upon the same terms as were contained in the Property Documents.
- 11.2 The Customer shall provide or procure the provision of (at its own expense) such building or other suitable accommodation or facilities as the Company may reasonably require for any of the Company's Equipment and/or the Monitoring Equipment situated at the Property, and the Customer shall (at its own expense) ensure that such accommodation or facilities are kept in good and safe repair and condition (including that they are water tight).
- 11.3 Where applicable the Customer shall grant free of charge (or procure the grant free of charge by the freehold or leasehold owner as the case may be of the Property) to the Company a lease relating to the accommodation referred to in Clause 11.2, and the Customer shall obtain (or procure the obtaining of) all consents (including any mortgagees, landlords or statutory consents) of any kind necessary to enable such a lease to be validly granted.
- 11.4 If the lease referred to in Clause 11.3 is not granted, or is terminated forfeited or surrendered (other than by replacement by a substitute lease), then the Company may terminate this Agreement by notice in writing to this effect to the Customer.
- 11.5 The Company shall not be liable for any breach of this Agreement arising as a result of, or caused by, any breach of the lease referred to in Clause 11.3 by the landlord to

it, or any failure by the Customer to comply with its obligation at Clause 11.2 to keep the accommodation in good repair and water tight condition.

12. RIGHTS OF ACCESS

- 12.1 The Customer shall procure that the Company (and its employees, agents, sub-contractors and/or invitees) shall at all times be given safe and unobstructed access to enter the Property at convenient times (except in the case of emergency, in which case access is permitted at any time) and upon reasonable notice (except in the case of emergency or the reading of Monitoring Equipment, in which case no such notice need be given) for the purpose of exercising the Company's rights, or enforcing the Company's obligations, under this Agreement (and, in particular, for the purposes of: carrying out Connection, Modification, Energisation, De-energisation, and Re-energisation works; installing, inspecting, testing, repairing, renewing, maintaining, isolating, protecting or removing the Company's Equipment and/or the Monitoring Equipment (or any part thereof); and/or otherwise operating the Distribution System). The provisions as to rights of access specified in paragraphs 7 to 10 of Schedule 6 to the Act shall apply to this Agreement. The Company shall ensure that any individuals to whom access is given pursuant to this Clause 12.1 shall comply with all reasonable directions given by the Customer (and its appropriately authorised representatives) as to general safety and site security requirements.
- 12.2 The Company shall procure that the Customer (and its employees, agents, sub-contractors and/or invitees) shall at all times (subject to suitable supervision by representatives of the Company) be given safe and unobstructed access to enter the Company's Premises at convenient times and upon reasonable notice for the purpose of exercising the Customer's rights, or enforcing the Customer's obligations, under this Agreement (and, in particular, for the purposes of: inspecting, testing, repairing, renewing, maintaining, isolating, protecting or removing the Customer's Installation (or any part thereof)). The Customer shall ensure that any individuals to whom access is given pursuant to this Clause 12.2 shall comply with all reasonable directions given by the Company (and its appropriately authorised representatives) as to general safety and site security requirements.

- 12.3 Without prejudice to Clause 8.10, the Customer shall procure that the Company (and its employees, agents, sub-contractors and/or invitees) shall at all times be given safe and unobstructed access to, and use of, the Customer's Installation (without charge) in order to provide a supply to (or accept an export from) such third parties as the Customer has agreed (or may agree) to connect to the Customer's Installation.

13. LIMITATION OF CAPACITY

- 13.1 The Company shall only be obliged to allow the import of electricity from, and/or the export of electricity to, the Distribution System through the Connection Point at levels equal to or below the Maximum Import Capacity and/or the Maximum Export Capacity (respectively).
- 13.2 Subject to the other provisions of this Agreement, the Company shall use reasonable endeavours to:
- 13.2.1 ensure that the Maximum Import Capacity and the Maximum Export Capacity is available at the Connection Point at all times during the period of this Agreement; and
- 13.2.2 maintain the connection characteristics at the Connection Point.
- 13.3 The Customer shall ensure that the import of electricity from, and/or the export of electricity to, the Distribution System through the Connection Point does not exceed the Maximum Import Capacity and/or the Maximum Export Capacity (respectively). Where the Customer is unsure of the Maximum Import Capacity and/or the Maximum Export Capacity, it shall contact the Company (and the Company will inform the Customer of the applicable capacities).
- 13.4 On each occasion that the Customer breaches Clause 13.3 (and without prejudice to the Company's other rights and remedies, including under Clause 5), the Customer shall:
- 13.4.1 upon written notice from the Company, take the necessary actions to reduce the import and/or export of electricity to within the Maximum Import Capacity

and/or the Maximum Export Capacity within the period of time specified in the notice; and

- 13.4.2 where it wishes to do so, propose a variation to the Maximum Import Capacity and/or the Maximum Export Capacity in accordance with Clause 13.6; or
- 13.4.3 where it wishes to do so, submit a Modification Application to the Company in accordance with Clause 15.
- 13.5 Following the occurrence of a breach of Clause 13.3 (and without prejudice to the Company's other rights and remedies, including under Clause 5), the Company shall (to the extent it is unable to recover the relevant amounts from the Registrant) be entitled to charge the Customer (in which case the Customer shall pay forthwith upon demand) such sum as the Company may require for such import or export calculated in accordance with the Company's then current charges.
- 13.6 Except where a variation requires a Modification, either party may propose a variation to the Maximum Import Capacity and/or Maximum Export Capacity by notice in writing to the other Party. The Company and the Customer shall negotiate in good faith such a variation, but where it is not agreed section 23 of the Act may entitle the Customer to refer the matter to the Authority.
- 13.7 Any reduction in the Maximum Import Capacity or the Maximum Export Capacity pursuant to Clause 12.6 shall, where the Parties have within the preceding 12 months agreed the Maximum Import Capacity or the Maximum Export Capacity (as applicable), only take effect following the expiry of 12 months from the date of such previous agreement (unless the Company expressly agrees otherwise).

14. POWER FACTOR AND PHASE BALANCE

- 14.1 Unless otherwise agreed, the Customer shall at all times ensure that the Power Factor of any import of electricity from, or export of electricity to, the Distribution System through the Connection Point is maintained at or as near to unity as practicable (and, in any event, at not less than 0.95 leading or 0.85 lagging). The Customer shall comply (at its own expense) with such requirements as the Company may make as to

the installation by the Customer of such Plant and Apparatus as may be necessary to ensure that the Power Factor is maintained in accordance with this Clause 14.1.

- 14.2 The Customer shall not allow the Power Factor at the Connection Point to vary such as to cause damage or disturbance to the Distribution System.
- 14.3 Where connection at the Connection Point is provided through two or more phases, the Customer shall ensure (insofar as is reasonably practicable) that the flow of electricity through the Connection Point is at all times balanced between the phases.
- 14.4 If the Customer fails to comply with Clause 14.1, 14.2 or 14.3 the Company may in its reasonable discretion and having given such notice as it considers reasonable in the circumstances De-energise the Connection Point until the causes of the failure are remedied. If the Customer is unable to remedy the situation within a reasonable time, the Company may require a Modification to be made to the Company's Equipment and/or the Customer's Installation.

15. MODIFICATIONS

- 15.1 No Modification may be made by or on behalf of either Party otherwise than in accordance with the provisions of this Clause 15.
- 15.2 Where the Customer wishes to make a Modification it shall complete and submit to the Company an Application for a Modification.
- 15.3 The Company shall make a Modification Offer to the Customer as soon as reasonably practicable and in accordance with the requirements of its Electricity Distribution Licence. The Parties shall discuss in good faith the implications of the proposed Modification(s).
- 15.4 The Modification Offer made by the Company in response to the application will be open for acceptance in accordance with its terms, unless either the Company or the Customer makes an application for determination to the Authority under the Company's Electricity Distribution Licence in which event the Modification Offer shall remain open for acceptance until the date 10 Working Days after the determination by the Authority pursuant to such application. If the Modification Offer

is accepted by the Customer, this Agreement shall be varied to reflect the terms of the Modification Offer and the Modification shall proceed according to the terms of this Agreement as varied.

- 15.5 Where the Company wishes to make a Modification to the Distribution System the Company shall complete and submit to the Customer a Modification Notification and shall advise the Customer of any works which the Company reasonably believes the Customer may have to carry out as a result.
- 15.6 The Customer may as soon as practicable after receipt of the Modification Notification and (save where the Authority consents to a longer period) within the period stated therein (which shall be sufficient to enable the Customer to assess the implications of the proposed Modification) make an application to the Authority under the Company's Electricity Distribution Licence.
- 15.7 As soon as practicable after the receipt of the Modification Notification or, if an application to the Authority has been made, the determination by the Authority, and in any event within 2 months thereof, the Customer shall submit an Application for a Modification to the Company.
- 15.8 Once an Application for a Modification has been made by the Customer pursuant to Clause 15.7 the provisions of Clauses 15.3 and 15.4 shall thereafter apply.
- 15.9 Subject to the payment of its reasonable charges (if any) as referred to in this Clause 15.9, the Company undertakes to the Customer to provide all advice and assistance reasonably requested by the Customer to enable the Customer adequately to assess the implications including the feasibility of making a Modification to the Customer's Installation (whether such Modification is to be made at the request of the Company or of the Customer). The charges referred to in this Clause 15.9 are:
 - 15.9.1 if the proposed Modification by the Customer is or may be required as a result of a Modification proposed by the Company, then the Company shall provide such advice and assistance free of charge; or

- 15.9.2 if the proposed Modification is or may be proposed by the Customer, the Company may charge the Customer such amount as is reasonable in all the circumstances for such advice and assistance.
- 15.10 The provisions of such advice and assistance shall be subject to any confidentiality obligations binding on the Parties.
- 15.11 The Company shall have no obligation to compensate the Customer for the cost and expenses incurred by the Customer as a result of any Modification by the Company.

16. LIMITATION OF LIABILITY

- 16.1 Neither Party shall be liable for any breach of this Agreement directly or indirectly caused by Force Majeure.
- 16.2 Subject to Clause 16.3 and save where any provisions of this Agreement provide for an indemnity, neither Party (the “Party Liable”) nor any of its officers, employees or agents shall be liable to the other Party for any loss arising under or in relation to this Agreement (whether for breach of this Agreement, in tort or otherwise) other than for loss directly resulting from a breach of this Agreement and which at the date hereof was reasonably foreseeable as not unlikely to occur in the ordinary course of events from such breach in respect of:
- 16.2.1 physical damage to the property of the other Party, its officers, employees or agents; and/or
- 16.2.2 the liability of such other Party to any other person for loss in respect of physical damage to the property of any person,
- provided that:
- 16.2.3 the liability of either Party in respect of claims for such loss shall in no circumstance exceed one million pounds (£1,000,000) per incident or series of related incidents;
- 16.2.4 where such incident or series of related incidents entitles the Customer to claim compensation from the Company under this Agreement and any other

agreement (including any other connection agreement), the Company's aggregate liability under this Agreement and all such other agreements in respect of that incident or series of related incidents shall not exceed one million pounds (£1,000,000), irrespective of whether the Customer has claimed under this Agreement and/or any such other agreement; and

16.2.5 where such incident or series of related incidents entitles any person other than the Customer to claim compensation from the Company under a connection agreement relating to the Premises, the Company's aggregate liability under this Agreement and all such other connection agreements in respect of that incident or series of related incidents shall not exceed one million pounds (£1,000,000), and the Company's liability under this Agreement will be pro-rated accordingly.

16.3 Nothing in this Agreement 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.

16.4 Subject to Clause 16.3, neither Party, nor any of its officers, employees or agents shall in any circumstances whatsoever be liable to the other Party for any:

16.4.1 loss of profit, loss of revenue, loss of use, loss of contract or loss of goodwill;

16.4.2 indirect or consequential loss; or

16.4.3 loss resulting from the liability of such other Party to any other person
however and whenever arising except under Clause 16.2.2,

and, for the avoidance of doubt, the Company shall have no liability to the Customer to pay to any person the DGNU Payment unless by prior agreement in writing.

16.5 The rights and remedies provided by this Agreement to the Parties are exclusive and not cumulative and exclude and are in place of all substantive (but not procedural)

rights or remedies express or implied and provided by common law or statute in respect of the subject matter of this Agreement, including without limitation any rights either Party may possess in tort which shall include without limitation actions brought in negligence and/or nuisance. Accordingly, each Party hereby waives to the fullest extent possible all such rights and remedies provided by common law or statute, and releases the Company 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 Agreement and undertakes not to enforce any of the same except as expressly provided herein.

16.6 Save as otherwise expressly provided in this Agreement, this Clause 16 insofar as it excludes or limits liability shall override any other provision of this Agreement, provided that nothing in this Clause 16 shall exclude or restrict or otherwise prejudice or affect any of:

16.6.1 the rights, powers, duties and obligations of either Party which are conferred or created by the Act, (or any subordinate legislation made under it), the Electricity Distribution Licence, or the Regulations; or

16.6.2 the rights, powers, duties and obligations of the Authority or the Secretary of State under the Act, the Electricity Distribution Licence or otherwise howsoever.

16.7 Each of the Clauses of this Clause 16 shall:

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

16.7.2 survive termination of this Agreement.

16.8 Each of the Parties agrees that the other Party holds the benefit of Clauses 16.2 and 16.3 for itself and as trustee and agent for its officers, employees and agents.

16.9 Nothing in this Clause 16 shall be construed so as to prevent the Company from bringing an action in debt against the Customer.

17. DISTRIBUTION CODE & UNMETERED SUPPLIES PROCEDURE

- 17.1 Each Party undertakes to comply with all the provisions of the Distribution Code applicable to it.
- 17.2 In the event of any conflict between this Agreement and the Distribution Code, the Distribution Code shall prevail.
- 17.3 The Company and the Customer shall at all times comply with the Unmetered Supplies Procedure as if it was incorporated into this Agreement.

18. PAYMENTS

- 18.1 Unless otherwise stated, each Party shall pay any and all amounts due to the other Party under this Agreement within 30 days of the date of invoice.
- 18.2 If any amount owing by one Party to the other under the terms of this Agreement remains unpaid after the due date for payment, the Party to whom the amount is owed shall be entitled to recover interest thereon at the rate provided for by the Late Payment of Commercial Debts (Interest) Act 1998. The Party to whom the amount is owed shall also be entitled to recover the fixed sum provided for by that Act.
- 18.3 All amounts payable under this Agreement are exclusive of value added tax and value added tax may be added at the applicable rate.

19. ASSIGNMENT AND SUB-CONTRACTING

- 19.1 Subject to Clauses 19.2, 19.3 and 19.4, neither Party shall assign (or otherwise transfer) its benefit or burden under this Agreement without the prior written consent of the other Party, such consent not to be unreasonably withheld or delayed.
- 19.2 Either Party may assign or charge its benefit under this Agreement in whole or in part by way of security.
- 19.3 The Company shall be entitled, without the consent of the Customer, to assign its rights and/or obligations under this Agreement, whether in whole or in part, where such assignment is to an Affiliate.

- 19.4 Either Party shall be entitled, without the consent of the other Party, to sub-contract its obligations under this Agreement. The sub-contracting by the Company or the Customer of the performance of any obligations or duties under this Agreement or of any activities envisaged by the Distribution Code shall not relieve the Company or the Customer (as the case may be) from liability for the performance (or non-performance) of such obligation or duty.

20. EVENTS OF DEFAULT AND TERMINATION

Automatic termination

- 20.1 This Agreement will automatically terminate in respect of a Connection Point where one or more of the following occurs:

20.1.1 the Customer and the Company agree a replacement connection agreement in respect of the Connection Point; or

20.1.2 the Connection Point is Disconnected.

Termination on notice

- 20.2 Either Party may terminate this Agreement by giving the other not less than one month's notice in writing; provided that the Company may only give such notice where it no longer considers that the Customer's Installation is appropriate for Unmetered Supplies and it withdraws the Unmetered Supplies Certificate.

Termination for breach or financial difficulty

- 20.3 The Company may immediately terminate this Agreement by giving notice of such termination to the Customer in the event that one or more of the following occurs (and is continuing):

20.3.1 the Customer fails to pay any amount properly due and owing to the Company pursuant to this Agreement, and such failure is not remedied within 5 Working Days of receiving written notice from the Company of the occurrence thereof and requiring the same to be remedied;

20.3.2 the Customer fails in any material respect to perform or comply with any of its obligations under this Agreement, and (only if the breach is capable of remedy) it is not remedied to the reasonable satisfaction of the Company within 20 Working Days of receiving written notice from the Company of the occurrence thereof and requiring the same to be remedied; or

20.3.3 any of the following occurs:

- (A) an interim order or bankruptcy order is made in respect of the Customer under the Insolvency Act 1986 or a voluntary arrangement is proposed in respect of the Customer;
- (B) an order of the High Court is made or an effective resolution passed for the insolvent winding-up or dissolution of the Customer;
- (C) a receiver (which expression shall include an administrative receiver within the meaning of section 29 of the Insolvency Act 1986) of the whole or any material part of the assets or undertaking of the Customer is appointed;
- (D) an administration order under section 8 of the Insolvency Act 1986 is made or if a voluntary arrangement is proposed under section 1 of that Act in respect of the Customer; or
- (E) the Customer enters into any scheme of arrangement (other than for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Company); or
- (F) the Customer is unable to pay its debts (within the meaning of section 123(1) or (2) of the Insolvency Act 1986),

and (to the extent relevant) within 20 Working Days of his appointment, the trustee in bankruptcy, liquidation, receiver, administrative receiver, administrator, nominee or other similar officer has not provided to the Company a guarantee of future performance by the Customer of this Agreement in such form and amount as the Company may reasonably require.

Consequences of Termination

- 20.4 The ending or termination of this Agreement (by either Party and for whatever reason) shall not affect any of the rights, remedies or obligations of either Party that have accrued prior to such ending or termination, or any of the provisions of this Agreement that are expressly (or by implication) intended to survive such ending or termination.
- 20.5 Upon the ending or termination of this Agreement (by either Party and for whatever reason):
- 20.5.1 the Company may De-energise and/or Disconnect the Connection Point;
- 20.5.2 the Customer shall allow the Company (at its sole option) to enter the Property in order to remove the Company's Equipment (or any part of it); and/or
- 20.5.3 the Customer shall pay to the Company all sums then due and payable or accrued due under this Agreement, and any reasonable costs incurred by the Company in Disconnecting the Connection Point and removing the Company's Equipment (or any part of it).

21. FORCE MAJEURE

- 21.1 If either Party shall be unable to carry out any of its obligations under this Agreement due to a circumstance of Force Majeure this Agreement shall remain in effect but save as otherwise provided herein both Parties' obligations other than any obligation as to payment of charges shall be suspended without liability for a period equal to the circumstance of Force Majeure provided that:
- 21.1.1 the Party affected by the Force Majeure promptly gives the other Party written notice describing the circumstance of the Force Majeure (including the nature of the occurrence and its expected duration) and, where reasonably practicable, continues to furnish regular reports with respect thereto during the period of the Force Majeure;
- 21.1.2 the suspension of performance is of no greater scope and of no longer duration than is required by the Force Majeure;

21.1.3 no obligations of either Party that arose before the Force Majeure causing the suspension of performance are excused as a result of the Force Majeure; and

21.1.4 the non-performing Party uses all reasonable efforts to remedy its inability to perform.

22. DISPUTES RESOLUTION

22.1 Without prejudice to the rights of the Parties given in the Electricity Distribution Licence or the Act in respect of dispute resolution (including as referred to in Clauses 13.6, 15.4 and 23.2), the Parties shall not be obliged to submit any dispute, difference or question arising under or in connection with this Agreement to any prescribed method of resolution but shall be entitled, in the event of a failure to agree between them on a method of dispute resolution, to commence such proceedings or make such reference as they may competently pursue.

23. VARIATIONS

23.1 The National Terms of Connection (and therefore this Agreement) will be changed automatically to incorporate any changes which are approved by the Authority pursuant to the DCUSA. Notice of any change which is approved will be advertised in the national press, and the new terms will be published on the internet at www.connectionterms.co.uk.

23.2 Either Party may, at any time, ask the other to enter into an alternative connection agreement in respect of the Premises if it believes an alternative agreement is needed because of the nature or use of the Connection Point and/or the Premises. Each Party shall negotiate in good faith the terms of any such alternative agreement. If an alternative agreement has not been agreed within 1 month of its being proposed, either Party may refer the matter to the Authority for resolution pursuant to section 23 of the Act. The Parties shall give effect to any such determination, and shall enter into any agreement as shall be necessary to give effect to any such determination.

24. NOTICES

- 24.1 Any notice, demand, certificate or other communication required to be given or sent under this Agreement shall be in writing and delivered by hand, by first class post, by facsimile or by email.
- 24.2 Subject to Clause 24.3, the required address for the delivery of notices to the Company shall be its registered address (in which case delivery must be by hand or by first class post), and for delivery to the Customer shall be the Premises or its registered or principal business address (in which case delivery must be by hand or by first class post).
- 24.3 Either Party may, from time to time, notify the other in accordance with this Clause 24 of the address, facsimile number and/or email address at which the first Party will accept delivery of notices for the purposes of this Agreement.
- 24.4 A notice or other form of communication shall be deemed to have been served and received as follows:
- 24.4.1 if given or delivered by hand, at the time when given or delivered;
- 24.4.2 if sent by first class post, at the expiration of two Working Days after the document was delivered (bearing the correct address and being pre-paid) into the custody of the postal authorities;
- 24.4.3 if sent by facsimile, upon production by the sender's equipment of a transmission report indicating that the message was sent to the correct number in full and without error; and
- 24.4.4 if sent by email, at the time when delivered to the recipient's email server..

25. GENERAL

- 25.1 This Agreement, and any documents referred to in it, contains the entire agreement between the Parties in relation to its subject matter. Each of the Parties irrevocably and unconditionally waives any right it may have to claim damages for, and/or to rescind this Agreement because of, breach of any warranty not expressly contained, or

referred to, in this Agreement, or any misrepresentation whether or not contained in this Agreement, unless such misrepresentation was made fraudulently.

- 25.2 None of the provisions of this Agreement shall be considered waived by either Party except when such waiver is given in writing. No delay by or omission of either Party in exercising any right, power, privilege or remedy under this Agreement or the Distribution Code 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 future exercise thereof or the exercise of any other right, power, privilege or remedy.
- 25.3 If any provision of this Agreement is or becomes or is declared invalid, unenforceable or illegal by a Competent Authority, such invalidity, unenforceability or illegality shall not prejudice or affect the remaining provisions of this Agreement which shall continue in full force and effect notwithstanding such invalidity, unenforceability or illegality.
- 25.4 Each Party's officers, employees and agents shall have the benefit of, and be able to enforce, Clauses 16.2 and 16.3. Subject thereto, the Parties do not intend that any provision of this Agreement will be enforceable by a third party (whether by virtue of the Contracts (Rights of Third Parties) Act 1999 or otherwise). Notwithstanding that a person who is not a Party may have a right to enforce particular Clauses under the Contracts (Rights of Third Parties) Act 1999 in accordance with this Clause, the Parties may vary or terminate this Agreement in accordance with its terms without requiring the consent of any such person.

26. GOVERNING LAW AND JURISDICTION

- 26.1 Subject to Clause 26.2, this Agreement will be governed by, and interpreted in accordance with, the laws of England and Wales, under the jurisdiction of the English and Welsh courts.
- 26.2 If the Connection Point is located in Scotland (except where the Company is Northern Electric Distribution Limited (a company incorporated in England & Wales with company number 2906593) or Electricity North West Limited (a company

incorporated in England & Wales with company number 2366949)), this Agreement will be governed by, and interpreted in accordance with, Scots law, under the jurisdiction of the Scottish courts.

For information: supply characteristics

As required by law, the electricity delivered to the Premises through the Distribution System will normally be at one of the voltages (and will have the technical characteristics) set out below:

- At 230 volts nominal alternating voltage: normally a single-phase supply, with a permitted range of voltage variation from plus 10% to minus 6%.
- At 400 volts nominal alternating voltage: normally a three-phase supply, with a permitted range of voltage variation from plus 10% to minus 6%.
- At a nominal alternating voltage equal to or greater than 1000 volts but less than 132,000 volts: normally a three-phase supply, with a permitted range of voltage variation from plus 6% to minus 6%. For the avoidance of doubt this range includes not exhaustively Connection Points with a nominal alternating voltage of 3,300, 6,600, and 11,000 volts.
- At all of the above voltages: the supply frequency will be 50 hertz, with a permitted nominal variation of plus or minus 1%.

SCHEDULE 2C – SUGGESTED BESPOKE CONNECTION AGREEMENT

The following form of agreement is produced for information only. It is an example of the type of agreement that DNO/IDNO Parties may wish to use when contracting on connection terms that refer to the National Terms of Connection. There is no obligation on DNO/IDNO Parties to contract on connection terms that refer to the National Terms of Connection, or to use the following form of agreement when they choose to do so.

BESPOKE CONNECTION AGREEMENT

BETWEEN:

(1) [Distributor Name]

[Company Number]

[Registered Address]
(the “**Company**”)

AND

(2) [Connectee Name]

[Company Number]

[Registered Address]
(the “**Customer**”)

1. The Company agrees to the Connection of the Customer's Installation to the Company's Distribution System on the terms and conditions of this Bespoke Connection Agreement.
2. Subject to the express provisions of this Bespoke Connection Agreement, [Section 2] / [Section 3] / [Section 4] of the National Terms of Connection (the "Applicable NTC Section") will apply (as amended from time to time) as if it was set out in this Bespoke Connection Agreement, and as if references in the Applicable NTC Section to "this agreement" or to "this Agreement" were to this Bespoke Connection Agreement.
3. The National Terms of Connection are available in writing from the Energy Networks Association, 6th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2SF, or from the website at www.connectionterms.co.uk.
4. The [Customer's attention is drawn specifically to clauses [TBC] of the Applicable NTC Section, and the] Customer confirms that it has read and fully understands the Applicable NTC Section.
5. Expressions used in this Bespoke Connection Agreement shall have the same meanings as is given to them in the Applicable NTC Section.
6. Details of the Premises, the Connection Points, the technical characteristics of the Connection Points and other matters are set out in the appendices to this Bespoke Connection Agreement.
7. The Parties may agree variations to this Bespoke Connection Agreement, which variations must be recorded in writing and signed by an authorised representative of each Party. Each Party shall negotiate in good faith the terms of any variation proposed by the other. If any variation has not been agreed within 1 month of its being proposed, either Party may refer the matter to the Authority for resolution pursuant to section 23 of the Act. The Parties shall give effect to any such determination, and shall enter into any agreement as shall be necessary to give effect to any such determination.
8. Address for notices
 - (a) to the Company: for the attention of [name], [address], [fax number]

(b) to the Customer: for the attention of [name], [address], [fax number]

9. Notwithstanding the Applicable NTC Section, the following special conditions shall apply: **[TBC]**.

SIGNED by (signature)
for and on behalf of the **Company** (print name)
(job title)
(date)

SIGNED by (signature)
for and on behalf of the **Customer** (print name)
(job title)
(date)

APPENDIX 1

GENERAL PARTICULARS OF THE CONNECTION

10. Except as set out in paragraph 2 below, the characteristics of the connection(s) shall be as follows:

- (i) number of phases: [Number]
- (ii) current: [Alternating current]
- (iii) voltage: [Enter Statutory Voltage kV $\pm 6\%$ / $+10\%/-6\%$]
- (iv) frequency: [50 Hertz $\pm 1\%$]

- (b) Connection Point(s): either

- (i) where connection is provided from the Company's final cut-out fuse, isolator, switch, metering switch fuse or metering circuit breaker, unless otherwise stated in this Bespoke Connection Agreement the Connection Points are the outgoing terminals of the Company's final cut-out fuse, isolator, switch, metering switch fuse or metering circuit breaker, or
- (ii) where the Company's electric lines connect directly to a Customer's intake isolator, switch, metering switch fuse or metering circuit breaker, unless otherwise stated in this Bespoke Connection Agreement the Connection Points are the incoming terminals of the Customer's intake isolator, switch, metering switch fuse or metering circuit breaker,

and, for the avoidance of doubt, the Connection Points may be remote from the Customer's Installation where third party electric lines and/or electric plant provide the intermediate electrical connection from the Company's Distribution System to the Customer's Installation.

(c) use of system tariff type: [state here or else “Rates published in relevant charging statement”]

(d) Details of Premises:

(a) Address: [SITE ADDRESS HERE]

(i) Import MPAN(s) : [IMPORT MPANS HERE]

: [EXPORT MPANS HERE]

(b) Commencement Date : [COMMENCEMENT DATE DD/MM/YYYY
HERE]

(c) Capacity Details

: kVA With effect from

[kVA] [DD/MM/YYYY]

(ii) First date for Reduction of : [DD/MM/YYYY]
Maximum Import Capacity

: kVA With effect from

[kVA] [DD/MM/YYYY]

(iv) First date for Reduction of : [DD/MM/YYYY]
Maximum Export Capacity

APPENDIX 2 - TECHNICAL CONDITIONS

- Part 1 - Connection Points**
- Part 2 - Technical Supply Capacities and Sole Use Assets**
- Part 3 - Site Responsibility Schedules**
- Part 4 - Site Specific Operating Arrangements**
- Part 5 - Site Specific Technical Conditions**
- Part 6 - Geographic Plans**
- Part 7 - Operational Diagrams**
- Part 8 – Generating Equipment**
- Part 9 - Technical Derogations**
- Part 10 - Property Documents**

SCHEDULE 3 – INTEREST RECONCILIATION ACCOUNTS

Interest in respect of Reconciliation Accounts, as provided for in Clause 20.4, shall be calculated in accordance with the following provisions:

1. For the first day after the Invoice Date of the Initial Account, the following calculation shall be used by the Company in preparing a Reconciliation Account:

$$T1 = (Vr - Vr-1) \times (I1 \times 1/365) + (Vr - Vr-1)$$

2. For all subsequent days until the Invoice Date of the Reconciliation Account, the following calculation shall be used by the Company in preparing a Reconciliation Account:

$$Tn+1 = Tn \times (In \times 1/365) + Tn$$

where:

Tn = amount due under a Reconciliation Account, including interest calculated on a daily compound basis

r = run number. For an Initial Settlement Run $r = 0$, and for a Final Settlement Run, $r = 4$

In = the Barclays Bank plc daily declared base interest rate for the Working Day prior to day n

Vr = amount due from run calculation r , excluding interest due, and

n = day number count

3. For the purpose of calculating the daily interest rates in the above calculations, the number of days in a leap year shall be deemed to be 365.
4. For the avoidance of doubt, the Invoice Date of the Initial Account shall be when $n = 0$.

SCHEDULE 4 – BILLING AND PAYMENT DISPUTES

1. BILLING AND PAYMENT DISPUTES UNDER SECTION 2A

- 1.1 Subject to Clause 19.11, this Paragraph 1 of Schedule 4 applies to disputes in relation to Charges payable by or to the User pursuant to any of the provisions of Section 2A.
- 1.2 Where the User disputes an account issued under any of Clauses 20, 21 or 22 and the dispute is a Designated Dispute (as defined in Paragraph 1.3):
- (a) the Payor shall pay such amount of the Charges due as are not in dispute and shall be entitled to withhold the balance pending resolution of the dispute;
 - (b) the User and Company shall use reasonable endeavours to resolve the dispute in good faith;
 - (c) where the dispute remains unresolved after 20 Working Days, either of the User or the Company may refer the dispute to arbitration in accordance with Clause 58; and
 - (d) following resolution of the dispute, any amount agreed or determined to be payable shall be paid within 20 Working Days after such agreement or determination, and interest shall accrue on such amount plus Value Added Tax (if any) from the date on which such amount was originally due until the date of payment at the rate of 1% per annum above the base rate during such period of Barclays Bank plc, compounded annually.
- 1.3 A dispute shall be a **Designated Dispute** for the purposes of this Paragraph 1 where within 14 days of receiving the relevant account, the User in good faith (i) notifies the Company that one or more of the circumstances mentioned in Paragraph 1.3(a) and (b) applies to the request, and (ii) provides the Company with a statement and explanation of the amount in dispute. Those circumstances are:

- (a) that, in the calculation by the Company of the Charges in question, there is a **manifest error**, being either (i) an error in the information used for, or (ii) an arithmetical error in, that calculation which is apparent on the face of the relevant account, or (iii) an error which, not being apparent thereon, the User nevertheless in good faith believes will be shown to be present in the calculation upon investigation; and/or
 - (b) that, for a Metering Point or Metering System within Clause 19.5.1, the Company has chosen not to use the half-hourly data (whether actual or estimated) provided by the Data Collector for the purposes of Settlement in calculating Use of System Charges, and the User disputes the accuracy or validity of the data actually used.
- 1.4 Disputes about the matters listed at Paragraph 1.4(a) and (b) are not Designated Disputes and Paragraph 1.2 shall not apply (except in the case of a manifest error) where:
 - (a) the Company has invoiced Use of System Charges in accordance with Clause 19.5; or
 - (b) the Company has used estimated data in accordance with Clause 21.2.1.
- 1.5 Where, other than in the case of a Designated Dispute, within 14 days of receiving the relevant account, the User in good faith provides the Company with a statement and explanation of the amount of the Charges in dispute:

- (a) the Payor shall pay the total amount of such Charges as they fall due in accordance with Clause 19.6;
- (b) the Company and the User shall use reasonable endeavours to resolve the dispute in good faith;
- (c) where the dispute remains unresolved after 20 Working Days, either the Company or the User may refer the dispute to arbitration in accordance with Clause 58; and
- (d) following resolution of the dispute, any amount agreed or determined to be payable or repayable (including where appropriate any interest paid pursuant to Clause 23.3) by the Company shall be paid within 20 Working Days after such agreement or determination, and interest shall accrue on such amount from the date on which such amount was originally paid by the User until the date of repayment at 1% per annum above the base rate during such period of Barclays Bank plc, compounded annually.

2. BILLING AND PAYMENT DISPUTES UNDER SECTION 2B

- 2.1 This Paragraph 2 of Schedule 4 applies to disputes in relation to charges payable by the User pursuant to any of the provisions of Section 2B.
- 2.2 Where the User disputes an account issued under either of Clause 44 or 45 and the dispute is a Designated Dispute (as defined in Paragraph 2.3):

- (a) the User shall pay such amount of the charges due as are not in dispute and shall be entitled to withhold the balance pending resolution of the dispute;
- (b) the User and Company shall use reasonable endeavours to resolve the dispute in good faith;
- (c) where the dispute remains unresolved after 20 Working Days, either of the User or the Company may, on notice to the other:
 - (i) refer the dispute to arbitration in accordance with Clause 58; or
 - (ii) elect not to rely on arbitration, in which case arbitration will not apply and either of them may refer the dispute to the Authority for its determination, which shall be final and binding; and
- (d) following resolution of the dispute, any amount agreed or determined to be payable shall be paid within 20 Working Days after such agreement or determination, and interest shall accrue on such amount plus Value Added Tax (if any) from the date on which such amount was originally due until the date of payment at the rate of 1% per annum above the base rate during such period of Barclays Bank plc, compounded annually.

2.3 A dispute shall be a **Designated Dispute** for the purposes of this Paragraph 2 where within 14 days of receiving a request for payment the User in good faith (i) notifies the Company that one or more of the circumstances mentioned in Paragraph 2.3(a) and (b) applies to the request, and (ii) provides the Company with a statement and explanation of the amount in dispute. Those circumstances are:

- (a) that, in the calculation by the Company of the charges in question, there is a **manifest error**, being either (i) an error in the information used for, or (ii) an arithmetical error in, that calculation which is apparent on the face of the relevant account, or (iii) an error which, not being apparent thereon, the User nevertheless in good faith believes will be shown to be present in the calculation upon investigation; and/or

- (b) that the Company has chosen not to use the data (whether actual or estimated) provided in accordance with Clause 43.6 in calculating Use of System Charges, and the User disputes the accuracy or validity of the data actually used.

2.4 Disputes about the matters listed at Paragraph 2.4(a) and (b) are not Designated Disputes and Paragraph 2.2 shall not apply (except in the case of a manifest error) where:

- (a) the Company has invoiced Use of System Charges in accordance with Clause 43.6; or
- (b) the Company has used estimated data in accordance with Clause 44.3.

2.5 Where, other than in the case of a Designated Dispute, within 14 days of receiving a request for payment the User in good faith provides the Company with a statement and explanation of the amount of the charges in dispute:

- (a) the User shall pay the total amount of such charges as they fall due in accordance with Clause 43.7;
- (b) the Company and the User shall use reasonable endeavours to resolve the dispute in good faith;
- (c) where the dispute remains unresolved after 20 Working Days, either the Company or the User may, on notice to the other:
 - (i) refer the dispute to arbitration in accordance with Clause 58; or
 - (ii) elect not to rely on arbitration, in which case arbitration shall not apply and either of them may refer the dispute to the Authority for its determination, which shall be final and binding; and
- (d) following resolution of the dispute, any amount agreed or determined to be repayable (including where appropriate any interest paid pursuant to Clause 46.3) by the Company shall be paid within 20 Working Days after such agreement or determination, and interest shall accrue on such amount from the date on which such amount was originally paid by the User until the date of

repayment at 1% per annum above the base rate during such period of Barclays Bank plc, compounded annually.

SCHEDULE 5 – APPROVAL AND PERMISSION PROCEDURES

1. DEFINITIONS

In this Schedule 5, except where the context otherwise requires, the following terms shall have the meanings set opposite them:

Applicant	means a person who applies for approval pursuant to Paragraph 3.
Approved Contractor	means a contractor approved pursuant to Paragraph 3.
Competent Person	means a person appointed by an Approved Contractor in accordance with Paragraph 4.1.
Certificate of Competence	means a certificate issued by an Approved Contractor in accordance with Paragraph 4.1.
Permission	means a permission issued in writing by the Company pursuant to Paragraph 5.
Quality Assurance Certification Body	means a body assessed, validated and regulated by the UK Accreditation Service.
Works	means Energisation Works, Re-energisation Works or De-energisation Works.

2. PRINCIPLES

- 2.1 Subject to the provisions of Clause 25 or Clause 41 (as applicable) and this Schedule 5, the User shall be entitled to procure the performance of Works on the Company's Distribution System by a person who is not an employee of the Company. This Schedule 5 does not apply to work carried out by a Meter Operator Agent pursuant to the relevant Meter Operation Services Agreement.

- 2.2 A Competent Person shall be recognised to be a suitable person to carry out Works on the Company's Distribution System in accordance with and to the extent specified in a Permission.
- 2.3 Where the User elects to have Works performed on the Company's Distribution System by an Approved Contractor rather than the Company, the Approved Contractor shall undertake to perform all the categories of Works in accordance with and to the extent specified in the Permissions held by its Competent Persons, and the Company shall only be obliged to undertake such categories of Works as are not so specified. The User shall remunerate the Company for undertaking any such Works by reference to the relevant charges set out in the Relevant Charging Statement, or by agreement where the charges for such Works are not set out therein.

3. PROCEDURE FOR APPROVING CONTRACTORS

- 3.1 Where an Applicant has applied for approval as an Approved Contractor for the purposes of this Schedule 5, the Company shall appoint a Quality Assurance Certification Body to carry out an assessment of the Applicant's qualifications for approved status. The Applicant shall be advised of any assessment fees payable to the Company. The Quality Assurance Certification Body shall advise the Company and the Applicant of the results of the assessment, and the Company shall decide whether the Applicant may be approved together with the reasons for that decision.
- 3.2 An approval pursuant to Paragraph 3.1:
- (a) shall be valid for three years, during which period the Company may at any time carry out inspections of the Approved Contractor's work on site; and
 - (b) may be withdrawn at any time by the Company, subject always to the Approved Contractor being given a reasoned explanation.
- 3.3 The Company may accept an approval of an Applicant given by another supplier in accordance with the procedure stated in this Paragraph 3.

4. PROCEDURE FOR RECOGNISING COMPETENT PERSONS

- 4.1 A person shall be recognised by the Company as being a suitable person to perform Works on the Company's Distribution System if that person is employed by an Approved Contractor and has been appointed in writing by the Approved Contractor as a Competent Person, being someone who has successfully completed satisfactory training and examination in electrical safety awareness and appropriate technical knowledge, and who personally holds a Certificate of Competence issued by the Approved Contractor as evidence of a suitable qualification in all such respects.
- 4.2 A Certificate of Competence issued to an Approved Contractor's employee in accordance with this Paragraph 4 shall certify that employee's suitability to perform Works on the Company's Distribution System subject to a Permission. The Approved Contractor shall be responsible for giving the Company a copy of each Certificate of Competence issued by it, for reissuing or revoking each Certificate of Competence every three years, and for maintaining a record of all Certificates of Competence currently in force.
- 4.3 A Competent Person must have a valid Certificate of Competence available for inspection at all times when performing any Works on the Company's Distribution System.

5. PROCEDURE FOR GRANTING PERMISSION

- 5.1 The User shall be entitled to procure the performance of Works on the Company's Distribution System by a Competent Person, provided that the Competent Person has a valid Permission. The grant of a Permission to a Competent Person shall not be unreasonably withheld, provided that the Company shall always have a prior right to undertake a trade test and safety awareness assessment of that person and that the reasonable costs of exercising this right shall be paid by the Approved Contractor if requested by the Company.
- 5.2 The nature, scope, and extent of the Works which a Competent Person may undertake shall be at the Company's sole discretion. A Permission shall specify in writing the categories of Works which the Competent Person is allowed to undertake on the

Company's Distribution System, and the Competent Person's authority to undertake Works shall be limited to those categories alone and shall in no circumstances whatsoever extend to any other category of Works howsoever described.

5.3 Notwithstanding anything in Paragraph 5.2, the categories of Works specified in a Permission may (for example only and without limitation) include any of the following:

- (a) the withdrawal or replacement of fuse links in the service terminations;
- (b) the connection or severing of wiring between service terminations, meters and distribution boards;
- (c) attendance at or the performance of work in a Distribution System substation without the need for personal supervision;
- (d) the supervision or control of a working party which undertakes any of the above; and
- (e) the operating of high or low voltage switchgear.

6. DISPUTES

6.1 The Company and the User shall attempt to resolve in good faith any dispute in relation to assessment fees payable to the Company pursuant to Paragraph 3.1. Where a dispute remains unresolved after 10 Working Days, either of the Company or the User may refer the dispute to the Authority for determination. Any determination by the Authority under this Paragraph 6 shall be final and binding.

SCHEDULE 6 – METERING ACCURACY

1. METERING ACCURACY

- 1.1 Metering equipment installed and maintained pursuant to Clause 29.1, 42.2 or 42.5 shall be capable of operating within the accuracy limits specified pursuant to the Balancing and Settlement Code, or where no accuracy limits are specified in relation to an element of any metering equipment under the Balancing and Settlement Code, the accuracy of that element shall be no less than that specified in Tables 1 to 4 (inclusive) of Code of Practice Four approved pursuant to the Balancing and Settlement Code (in either case, the agreed accuracy limits).

2. DISPUTES IN RELATION TO METERING ACCURACY

- 2.1 Unless the accuracy of metering equipment installed and maintained pursuant to Clause 29.1, 42.2 or 42.5 is disputed by notice in writing (a dispute notice) given by one party to the other, such metering equipment shall be deemed to be accurate.
- 2.2 If a dispute notice is given under Paragraph 2.1 in respect of metering equipment installed pursuant to Clause 29.1, then, unless otherwise agreed, the metering equipment shall as soon as practicable be examined and tested by a meter examiner in accordance with Schedule 7 to the Act.
- 2.3 If a dispute notice is given under Paragraph 2.1 in respect of metering equipment installed pursuant to Clause 42.2 or 42.5, then, unless otherwise agreed, the metering equipment shall as soon as practicable be examined and tested by an independent third party agreed to by the Company and the User. Where the Company and the User cannot agree on the identity of such independent third party, such independent third party may be appointed by the Authority on the application of either the Company or the User.

2.4 If on such test under Paragraph 2.2 or 2.3:

- (a) it is found that the inaccuracy of the registration of the metering equipment at normal loads exceeds the agreed accuracy limits, suitable adjustment shall be made in the accounts rendered by the Company and the metering equipment or part thereof found to be inaccurate shall be recalibrated or replaced and the cost of such test and recalibration or replacement shall be paid by the party responsible for installing and maintaining the metering equipment; or
- (b) the metering equipment is found to be accurate within the said limits, the metering equipment shall be deemed to be accurate and the cost of moving, testing and replacing the metering equipment or any part thereof shall be paid by the party who gave the relevant dispute notice.

SCHEDULE 7 – DCUSA STANDING ISSUES GROUP

1. SCOPE

- 1.1 The DCUSA Standing Issues Group provides an opportunity for the Panel or any person identified in Clause 10.2 to raise (and have discussed) issues relating to the operation of this Agreement. Where appropriate, the DCUSA Standing Issues Group will undertake a pre-assessment of proposed solutions prior to a formal Change Proposal being raised.
- 1.2 The DCUSA Standing Issues Group will act under the auspices of the Panel but will have no powers to enforce changes to this Agreement or any existing industry agreements or associated systems.

2. OBJECTIVES

- 2.1 The objectives of the DCUSA Standing Issues Group shall be to:
- (a) review issues relating to the operation of this Agreement that are submitted to it in by the Panel or by way of DCUSA Issue Forms;
 - (b) discard issues as requiring no further action or to develop and propose cost / risk based solutions to issues;
 - (c) identify the impact of such solutions on this Agreement;
 - (d) consider such solutions in the light of the DCUSA Objectives;
 - (e) provide the Panel with an early view as to the potential impact of Change Proposals that may be proposed from time to time;
 - (f) review, on behalf of the Panel, industry developments and their possible impact on this Agreement;
 - (g) consult outside the DCUSA Standing Issues Group where appropriate; and
 - (h) carry out any other activity requested by the Panel.

3. MEMBERSHIP

- 3.1 The membership of the DCUSA Standing Issues Group shall be composed in accordance with Clauses 7.28 to 7.31.

4. CHAIR

- 4.1 The WG Chairman for the DCUSA Standing Issues Group (the Chair) will at all times be from a company that is Party and will be appointed by majority vote of attendees at the first DCUSA Standing Issues Group meeting and will serve for a 12-month term. At the first DCUSA Standing Issues Group meeting following the expiry of such 12-month term, the Chair will be appointed by majority vote of members at that DCUSA Standing Issues Group meeting.
- 4.2 Should the Chair resign, for whatever reason, before the expiry of his 12-month term, a vote will take place to appoint a new Chair at the next DCUSA Standing Issues Group meeting. Such an appointment being for the next 12 months and to be based on the majority vote of attendees.
- 4.3 The Chair's role will be to chair meetings, facilitate discussions and establish a proposed way forward.

5. REQUIREMENTS OF MEMBERS

- 5.1 Members of the DCUSA Standing Issues Group shall be required to act in accordance with Clause 7.33.
- 5.2 Those Parties entitled to attend the DCUSA Standing Issues Group, and who chose to appoint a representative, shall, where reasonably possible, be expected to ensure their attendance on a consistent basis and ensure their commitment toward making the DCUSA Standing Issues Group a success.
- 5.3 Representatives should be prepared to:

- (a) provide the confirmation referred to in Clause 7.24;
- (b) engage and participate fully in the DCUSA Standing Issues Group;
- (c) take actions to be completed outside of the DCUSA Standing Issues Group meetings; and
- (d) report back on views and actions taken.

6. MEETING FREQUENCY

- 6.1 The DCUSA Standing Issues Group will schedule meetings on a monthly basis. The convening of any meetings of the group will be on an as required basis depending on the number of issues on the table and the urgency for the resolution of them.
- 6.2 The Chair may convene an emergency meeting of the DCUSA Standing Issues Group where necessary, for the purpose of debating urgent operational difficulties and, where appropriate, developing Change Proposals to overcome these.
- 6.3 The Chair will be required to give a minimum of 5 days notice of any such emergency meeting. Where practical, and expedient, emergency meetings of the DCUSA Standing Issues Group may be conducted wholly, or partly, by conference call.
- 6.4 The Chair will be entitled to cancel any scheduled meeting of the DCUSA Standing Issues Group if, having consideration to the views of the group, he considers there are insufficient items of importance for debate at the meeting to warrant holding it.

7. SECRETARIAT

- 7.1 The DCUSA Standing Issues Group will be supported by the Secretariat, who shall be responsible for:
 - (a) booking, convening and circulating notice of meetings;
 - (b) logging DCUSA Issue Forms and validating them for completeness;

- (c) circulating the agenda for each meeting of the DCUSA Standing Issues Group at least 10 days in advance of the meeting (or as far in advance as reasonably practicable in the case of emergency meetings);
- (d) writing minutes of the meeting in a style and level of detail specified by the Chair;
- (e) circulating minutes of the meeting no later than 10 Working Days following the meeting;
- (f) publishing all meeting papers and minutes on the Website; and
- (g) providing a report to the Panel from each meeting as appropriate, giving a summary of key issues and progress being made, and including the task list or work plan for the DCUSA Standing Issues Group.

8. SUMMARY OF PROCESS

- 8.1 The DCUSA Standing Issues Group will consider issues as:
- (a) directed by the Panel; or
 - (b) raised by any person entitled to raise Change Proposals in accordance with Clause 10.2, which issues must be submitted by way of a completed DCUSA Issues Form.
- 8.2 Where a DCUSA Issues Form has been submitted to the Secretariat, the Secretariat shall add the matter to the next scheduled DCUSA Standing Issues Group meeting. Issue forms submitted less than 10 Working Days before the next scheduled meeting will be accepted at the discretion of the Chair.
- 8.3 The DCUSA Standing Issues Group shall consider and recommend to the Panel or raising Party (as appropriate) solutions to issues within the DCUSA Standing Issues Group's scope.
- 8.4 The DCUSA Standing Issues Group will actively seek to cluster issues for consideration together where a single solution may be viable.

- 8.5 The DCUSA Standing Issues Group may recommend that changes be proposed to this Agreement for the resolution of these issues.

9. DECISION MAKING

- 9.1 Recommended solutions to issues may be agreed at the meeting. The recommendations may include, but are not limited to, changes to this Agreement and best practice guidance to Parties.
- 9.2 Recommendations are to be agreed by majority consensus of those attending the relevant DCUSA Standing Issues Group meeting.

10. REPORTING

- 10.1 The DCUSA Standing Issues Group reports directly to the Panel. A report will be provided to the Panel from each meeting, as appropriate, giving a summary of key issues and progress being made and including the task list or work plan for the group.

11. FUNDING

- 11.1 The Panel will be responsible for the costs of Secretariat services and ancillary charges such as teleconferencing charges.
- 11.2 The expenses of those serving on the DCUSA Standing Issues Group will be managed in accordance with Clause 8.

12. OTHER MATTERS

- 12.1 Save as set out in this Schedule, the procedures of the DCUSA Standing Issues Group shall be in accordance with any direction by the Panel from time to time.

SCHEDULE 8 – DEMAND CONTROL

1. INTRODUCTION

- 1.1 The capacity and other technical parameters of the constituent elements which make up the Distribution System provide operational constraints on Demand and the coincidence of Demand.

2. DEFINITIONS

- 2.1 In this Schedule 8, except where the context otherwise requires, the following expressions shall have the meanings set opposite them:

Capacity Headroom	means a margin of 15% below the maximum capacity of the Distribution System supplying a group of Customers.
Compliance Notice	means a notice issued to a Supplier pursuant to Paragraph 8.6.
Demand	has the meaning given to that term in the Distribution Code.
Effective Date	means the date on which a notice issued pursuant to this Schedule 8 is deemed to be received in accordance with Clause 59 and/or Paragraph 11.3 (as appropriate).
Emergency SRN	means a notice issued pursuant to Paragraph 8.1.
Firm SRN	means a notice issued pursuant to Paragraph 7.1.
Load Managed Area	means an area designated pursuant to Paragraph 5.1.
Load Managed Area Notice	means a notice issued pursuant to Paragraph 5.1.

Provisional SRN	means a notice issued pursuant to Paragraph 6.1.
Security of Supply	means the ability of the Company to provide supplies to Customers that comply with the Regulations and with Engineering Recommendation P2/6 (or such other planning standard as may be in force for the Company under Condition 24 of the Distribution Licence) as amended or re-enacted from time to time.
SSC	means Standard Settlement Configuration.
Supplier	means a person authorised to supply electricity pursuant to Section 6(1)(d) of the Act.
Total System	has the meaning given to that term in the Distribution Code.

3. **GENERAL OBLIGATIONS**

- 3.1 The User shall use reasonable endeavours to ensure that it does not make any changes to SSCs in force at particular Metering Points which have or may have a materially adverse effect on the discharge of the Company's statutory and/or regulatory obligations to develop and maintain an efficient, secure, safe, co-ordinated and economical system for the distribution of electricity by increasing the coincidence of Demand on the Distribution System in a way which is likely to infringe the Capacity Headroom so that it is insufficient to allow for normal variations in Demand.
- 3.2 The Company shall use reasonable endeavours (i) to issue notices in Load Managed Areas in the following order: Provisional SRN, Firm SRN, and Emergency SRN, and (ii) normally not to issue a notice for a relevant geographic area within 20 Working Days of the Effective Date of the last notice for that area.

4. CONSULTATION

- 4.1 The User may at any time seek advice concerning operational constraints on the Distribution System from the Company on such reasonable terms as the parties may agree in writing.

5. LOAD MANAGED AREAS

- 5.1 The Company may from time to time designate areas of the Distribution System as Load Managed Areas where the Company has identified a need to reinforce or extend the capacity of such areas and, prior to issuing a Load Managed Area Notice, has either:
- (a) avoided the need for such reinforcement or extension through a reduction in coincidence of Demand by adopting Customer Demand management to control the timing of load switching; or
 - (b) reasonably believes that such reinforcement or extension would be avoided through a reduction in coincidence of Demand by Suppliers adopting Customer Demand management to control the timing of load switching.
- 5.2 A Load Managed Area Notice shall be sent to the User, all other Suppliers and the Authority.
- 5.3 A Load Managed Area Notice shall be effective when received or deemed to be received in accordance with Clause 59 and shall indicate:

- (a) the geographical area to which it applies by map, postcode or such other method as the Company considers reasonable;
- (b) the time or times of day during which in the Company's opinion changes to SSCs in force at particular Metering Points induced by Suppliers have increased the coincidence of Demand to such an extent that Security of Supply may be threatened; and
- (c) that it shall continue in force until withdrawn in writing by the Company by serving a notice on all Suppliers.

5.4 The Company and the User acknowledge and agree that the issue of a Load Managed Area Notice constitutes notice that:

- (a) significant modifications of Customer Demand in the area identified in such notice may threaten Security of Supply;
- (b) Provisional SRNs, Firm SRNs and Emergency SRNs may be issued in respect of that area;
- (c) any future changes to SSCs in force at particular Metering Points in that area may be subject at the request of the Company to change in accordance with Paragraph 7.6 or 8.6; and
- (d) any changes to SSCs referred to in Paragraph 5.4(c) will, if requested by the Company pursuant to Paragraph 7.6 or 8.6 or if made voluntarily by a Supplier, be at the relevant Supplier's cost.

6. PROVISIONAL SECURITY RESTRICTION NOTICES

6.1 The Company may from time to time issue a Provisional Security Restriction Notice where in the Company's opinion the changes to SSCs in force at particular Metering Points since the Effective Date of a Load Managed Area Notice have increased the coincidence of Demand in the whole or part of the area identified in that notice so as to materially infringe the Capacity Headroom of such area since the issue of that notice.

6.2 A Provisional SRN shall be sent to the User, all other Suppliers and the Authority.

- 6.3 A Provisional SRN shall be effective when received or deemed to be received in accordance with Clause 59 and shall indicate:
- (a) the geographical area to which it applies by map, postcode or such other method as the Company considers reasonable;
 - (b) the time or times of day during which Capacity Headroom has been infringed from the Effective Date of the Load Managed Area Notice; and
 - (c) that it shall continue in force until withdrawn in writing by the Company by serving a notice on all Suppliers.
- 6.4 The Company and the User acknowledge and agree that the issue of a Provisional SRN constitutes notice that:
- (a) any modifications of Customer Demand induced by changes to SSCs in the area identified in such notice may threaten Security of Supply;
 - (b) Firm SRNs and Emergency SRNs may be issued in respect of that area and that such notices will normally not be issued within 20 Working Days of the Effective Date of the relevant Provisional SRN;
 - (c) any future changes to SSCs in force at particular Metering Points in that area may be subject at the request of the Company to change in accordance with Paragraph 7.6 or 8.6; and
 - (d) any changes to switching times in order to effect changes to SSCs referred to in Paragraph 6.4(c) will, if requested by the Company pursuant to Paragraph 7.5 or 8.5 or if made voluntarily by a Supplier, be at the relevant Supplier's cost.

7. **FIRM SECURITY RESTRICTION NOTICES**

- 7.1 The Company may from time to time issue a Firm Security Restriction Notice where in the Company's opinion the changes to SSCs in force at particular Metering Points since the Effective Date of a Load Managed Area Notice have increased the coincidence of Demand in the whole or part of the area identified in that notice and as a result there is a material risk to Security of Supply.

- 7.2 A Firm SRN shall be sent to the User, all other Suppliers and the Authority.
- 7.3 A Firm SRN shall be effective when received or deemed received in accordance with Clause 59 and shall indicate:
- (a) the geographical area to which it applies by map, postcode or such other method as the Company considers reasonable;
 - (b) the time or times of day during which Capacity Headroom is infringed and into which Demand cannot be moved as a result of changes to switching times by Suppliers;
 - (c) the time or times of day during which there is sufficient capacity at the Effective Date of the Firm SRN into which Demand can be moved; and
 - (d) that it shall continue in force until withdrawn in writing by the Company by serving a notice on all Suppliers.
- 7.4 The Company and the User acknowledge and agree that the issue of a Firm SRN constitutes notice that:
- (a) any modifications of Customer Demand induced by changes to SSCs in the area identified in such notice may threaten Security of Supply;
 - (b) Emergency SRNs may be issued in respect of that area and that such notices will normally not be issued within 20 Working Days of the Effective Date of the relevant Firm SRN;
 - (c) any future changes to SSCs in force at particular Metering Points in that area may be subject at the request of the Company to change in accordance with Paragraph 7.6 or 8.6; and
 - (d) any changes to switching times in order to effect changes to SSCs referred to in Paragraph 7.4(c) will, if requested by the Company pursuant to Paragraph 7.6 or 8.6 or if made voluntarily by a Supplier, be at the relevant Supplier's cost.
- 7.5 This Paragraph 7.5 applies where the Company, having issued a Firm SRN, reasonably believes that SSCs allocated in respect of the Customers of a Supplier

since the Effective Date of the relevant Load Managed Area Notice or Provisional SRN have materially contributed to the risk to Security of Supply in respect of which the Firm SRN has been issued.

- 7.6 Where Paragraph 7.5 applies, the Company may also send a separate notice to the relevant Supplier, and a copy to the Authority, requiring the Supplier:
- (a) to change at its own cost and within such period of time as the Company considers reasonable the SSCs in force at particular Metering Points in the area designated in the Firm SRN to the SSCs for the relevant Metering Points at the Effective Date of the relevant Provisional SRN (or, where the Company reasonably believes that it is necessary, to such other SSCs as shall not have a materially adverse effect on Security of Supply); or
 - (b) to take such other action as the Company considers reasonable.

8. EMERGENCY SECURITY RESTRICTION NOTICES

- 8.1 The Company may at any time issue an Emergency Security Restriction Notice where in the Company's opinion there is an immediate risk to Security of Supply. (For the avoidance of doubt, the issue of an Emergency SRN need not be restricted to Load Managed Areas.)
- 8.2 An Emergency SRN shall be sent to the User, all other Suppliers and the Authority.
- 8.3 An Emergency SRN shall be effective when received or deemed to be received in accordance with Paragraph 11.3 and shall indicate:

- (a) the geographical area to which it applies by map, postcode or such other method as the Company considers reasonable;
- (b) the time or times of day into which Demand cannot be moved as a result of changes to switching times by Suppliers;
- (c) the time or times of day during which there is sufficient capacity at the Effective Date of the Emergency SRN into which Demand can be moved; and
- (d) that it shall continue in force until withdrawn in writing by the Company by serving a notice on all Suppliers.

8.4 The Company and the User acknowledge and agree that the issue of an Emergency SRN constitutes notice that:

- (a) any modifications of Customer Demand induced by changes to SSCs in the area identified in that notice may threaten Security of Supply;
- (b) any future changes to SSCs in force at particular Metering Points in that area may be subject to reversion to the SSCs for the relevant Metering Points at the Effective Date of the Emergency SRN, or to such other SSCs as shall not have a materially adverse effect on Security of Supply; and
- (c) any changes to switching times in order to effect changes to SSCs referred to in Paragraph 8.4(b) will, if requested by the Company, be at the relevant Supplier's cost.

8.5 This Paragraph 8.5 applies where the Company, having issued an Emergency SRN, reasonably believes that SSCs allocated in respect of the Customers of a Supplier have materially contributed to the risk to Security of Supply in respect of which the Emergency SRN has been issued.

8.6 Where Paragraph 8.5 applies, the Company may also send a Compliance Notice to that Supplier, and a copy to the Authority, which notice shall require the Supplier:

- (a) to change at its own cost and within such period of time as the Company considers reasonable the SSCs in force at particular Metering Points in the area designated in the Emergency SRN to the SSCs for the relevant Metering Points at the Effective Date of the relevant Firm SRN (or, where the Company reasonably believes that it is necessary, to such other SSCs as shall not have a materially adverse effect on Security of Supply); or
- (b) to take such other action as the Company considers reasonable,
- (c) provided that where the Company requires changes to SSCs in an area which is not a Load Managed Area or to SSCs which have not been modified by the Supplier since the Effective Date of the current Load Managed Area Notice, then the cost of Meter Operator Agent visits required to affect such changes shall be at the Company's cost.

8.7 Failure to Comply with an Emergency SRN or a Compliance Notice shall constitute a breach of this Agreement and the Company may, with no prior notice to the User where the User is in such breach, De-energise any Metering Point affected by the Emergency SRN or Compliance Notice for which the User is registered in MPAS as the Supplier.

9. CONFIDENTIALITY

9.1 Any notice issued by either of the Company or the User pursuant to this Schedule 8 shall be confidential and neither of them shall pass on any information contained in such notice to any other person but shall only be able to say that there has been an incident on the Total System and (if known and if power supplies have been affected) an estimated time of return to service.

10. APPEALS PROCEDURE

10.1 The Company and the User shall attempt to resolve in good faith any dispute in relation to this Schedule 8. Where the dispute remains unresolved after 10 Working Days, either of them may refer the dispute to the Authority for determination. Any determination by the Authority under this Paragraph 10 shall be final and binding.

11. NOTICES

- 11.1 Save as provided in Paragraph 11.2, a notice, approval, consent or other communication to be made by the Company or the User under or in connection with this Schedule 8 shall be in writing and shall be delivered personally or sent by first class post, courier, fax or email to the other at the address specified for such purpose in that Party's Party Details.
- 11.2 An Emergency SRN shall be dictated by the Company to the User to the person(s) specified for such purpose in the User's Party Details on the telephone number so specified who shall record it and on completion shall repeat the notification in full to the Company and check that it has been accurately recorded.
- 11.3 An Emergency Security Restriction Notice shall be deemed received when the Company has dictated it to the User in accordance with Paragraph 11.2.
- 11.4 The Company shall also send an Emergency SRN in writing as soon as is reasonably practicable to the User in accordance with Paragraph 11.1. For the avoidance of doubt, such notice shall be for the record and shall not replace the notice given in accordance with Paragraph 11.2 but shall be deemed to be received in accordance with Clause 59.

12. REVIEW PROCEDURE

- 12.1 The Company shall, no later than the later of six months after its Effective Date or six months after its last review, review every Load Managed Area Notice, Provisional SRN, Firm SRN and Emergency SRN issued by it pursuant to this Schedule 8 which is still in force.
- 12.2 Where the Company reasonably believes that the relevant notice should continue in force, it shall notify all Suppliers and the Authority accordingly, together with its reasons.
- 12.3 Where the Company reasonably believes that the relevant notice should not continue in force, it shall withdraw the relevant notice and notify all Suppliers and the Authority.

13. ROTA LOAD BLOCK ALPHA IDENTIFIERS

- 13.1 By 30 June each year, the Company shall provide to the Nominated Central Source the Alpha Identifier for each Postcode within which Customers have connections to the Company's Distribution System
- 13.2 The Company shall ensure that the Nominated Central Source collates the information referred to in Paragraph 13.1 with the comparable information of other DNO/IDNO Parties and provides the collated information to the User (where it is a Supplier Party) by 31 July of the relevant year. The collated information shall be provided free of charge, and shall be provided in an Electronic Format showing each relevant Postcode in one column with the applicable Alpha Identifier and MPAS ID in separate columns.
- 13.3 During the 12-month period commencing on 1 October of each year, the User shall (where it is a Supplier Party) take reasonable steps to notify each Alpha Identifier provided to it in accordance with Paragraph 13.1 to the User's Customers that have Customer Installations located within the relevant Postcode area. The User shall only be obliged to take such steps to the extent it is reasonably practicable to do so, and shall be taken to have complied with its obligation in respect of a particular Customer Installation where the Bills (or statements of account) sent to the Customer in respect of that Customer Installation, during such 12-month period, display (where reasonably practicable, in a square box on the front page, and in the uppermost third, of such Bills) the Alpha Identifier provided to the User during the July preceding that October.
- 13.4 In this Paragraph 13:

- (a) “**Alpha Identifier**” means the single letter assigned to each Postcode area covered by the Company’s Distribution System for the purpose of identifying (insofar as reasonably practicable) the Load Block with which Customers in that Postcode area are associated;
- (b) “**Bill**” has the meaning given to that term in Condition 1 of the Supply Licences;
- (c) “**Electricity Supply Emergency Code**” means the code of that name designated as such by the Secretary of State from time to time;
- (d) “**Electronic Format**” means a DVD containing the relevant information in “.csv” format;
- (e) “**Load Block**” means a geographic grouping of consumer load for the purpose of applying rota disconnections, as such rota disconnections are more fully described in the Electricity Supply Emergency Code;
- (f) “**MPAS ID**” means the unique two-digit number by which MPAS Providers are identified;
- (g) “**Nominated Central Source**” means a person agreed between the majority of DNO/IDNO Parties for the purpose of this Paragraph 13; and
- (h) “**Postcode**” means the full Post Office postcode (outcode and incode) of up to 8 characters, which will be presented with a space between the outcode and the incode (and no other spaces).

SCHEDULE 9 – ACCESSION AGREEMENT

THIS ACCESSION AGREEMENT is made on 20

BETWEEN:

- (A) [] a company incorporated in [] (registered number []) whose registered office is at [] (the “New Party”); and
- (B) DCUSA LIMITED a company incorporated in England and Wales (registered number []) whose registered office is at [] (“DCUSA Ltd”).

WHEREAS

- (A) The DNO Parties and IDNO Parties are required, by their licences, to be party to, comply with, and maintain the DCUSA.
- (B) The Supplier Parties are required, by their licences, to be party to, and comply with, the DCUSA.
- (C) The DG Parties are under certain obligations, under other industry agreements, regarding distribution use of system arrangements, and have agreed to accede to the DCUSA in order to meet those obligations.
- (D) The OTSO Party wishes to connect to and use the systems of the DNO Parties and the IDNO Parties, and has agreed to accede to the DCUSA in order to do so.
- (E) The Gas Supplier Parties have agreed to accede to the DCUSA in order to allow them to install, operate, inspect, maintain, repair, renew, reposition, replace and remove Smart Metering Comms Hub Devices.
- (F) DCUSA Ltd is a company established under the DCUSA to facilitate the operation of the DCUSA.

- (G) The New Party wishes to become a party to, and bind itself by, and DCUSA Ltd has agreed (on behalf of the DCUSA Parties) to admit the New Party as a party to, the DCUSA in accordance with the terms and conditions of this Accession Agreement.

NOW IT IS HEREBY AGREED as follows:

1. The “DCUSA” is the Distribution Connection and Use of System Agreement designated as such by the Gas and Electricity Markets Authority (as such agreement is amended from time to time). A “DCUSA Party” is a party from time to time to the DCUSA. Unless the context otherwise requires, the words and expressions defined in the DCUSA shall bear the same respective meanings when used herein.
2. With effect from [ACCESSION DATE]:
 - (a) the New Party hereby accepts its admission to the DCUSA, and undertakes to DCUSA Ltd (acting on behalf of itself and each DCUSA Party) to perform its obligations under the DCUSA in accordance with, and subject to, the terms and conditions thereof; and
 - (b) DCUSA Ltd (acting on behalf of itself and each DCUSA Party) hereby admits the New Party as a party to the DCUSA.
3. The New Party’s Party Details shall, initially, be as set out in the schedule hereto and those Party Details shall be added to schedule 11 of the DCUSA in accordance with clause 57.5 of the DCUSA.
4. This Accession Agreement may be executed in two counterparts, each signed by one of the parties hereto.
5. This Accession Agreement shall be governed by and construed in accordance with the laws of England and Wales. The parties hereto hereby submit to the exclusive jurisdiction of the courts of England and Wales and of Scotland.

THIS ACCESSION AGREEMENT has been entered into on the date first stated above.

SIGNED by)

duly authorised)

for and on behalf of)

NEW PARTY)

SIGNED by)

duly authorised)

for and on behalf of)

DCUSA LTD

SCHEDULE 10 – DCUSA LTD

1. BACKGROUND

- 1.1 *Establishment of joint venture.* The Parties have agreed to establish a joint venture company to carry on the Business.
- 1.2 *DCUSA Ltd.* DCUSA Ltd was incorporated in England and Wales on 10 May 2006, and on the date the DCUSA became effective had an authorised share capital of £1,000 divided into 1,000 ordinary shares of £1 each of which three shares have been issued.
- 1.3 *Shareholders of DCUSA Ltd.* It is intended that the shareholders of DCUSA Ltd shall be limited to the Parties from time to time, each of whom shall hold a single share, and any nominee as referred to in Paragraph 3.2(a).
- 1.4 *Regulation of rights.* The Shareholders have agreed that their respective rights as shareholders in DCUSA Ltd shall be regulated by the provisions of this Schedule (which, for the avoidance of doubt, shall include the provisions of the Annexes hereto) and DCUSA Ltd has agreed with the Shareholders to comply with such of the matters contained in this Schedule as relate to DCUSA Ltd.

2. ADDITIONAL DEFINITIONS AND INTERPRETATION

- 2.1 *Definitions.* In this Schedule, except where the context otherwise requires:

Articles	means the Articles of Association of DCUSA Ltd as the same may be amended from time to time, which Articles shall, on the Completion Date, be in the form set out in Annex 4.

Board	means the board of directors of DCUSA Ltd.
Business	means acting as a corporate vehicle in relation to this Agreement pursuant to: (a) a resolution of the Panel (or any Working Group) passed pursuant to Clause 7 and effective by virtue of the provisions of that Clause; or (b) a decision of the Secretariat acting within the scope of its authority, which it is necessary or desirable to implement by means of a binding contract on an arm's-length basis.
Company Chairman	means the chairman of the Board from time to time.
Company Secretary	means the company secretary of DCUSA Ltd from time to time.
Completion Date	means the first Working Day after the date on which this Agreement becomes effective or such later date as shall be agreed by the Panel.
Directors	means the directors of DCUSA Ltd from time to time.
Shareholders	means the persons from time to time registered as holders of Shares.
Shares	means ordinary shares of £1 each in the ordinary share capital of DCUSA Ltd and any shares issued in exchange therefor by way of conversion or reclassification and any shares representing or deriving from such shares as a result of any increase in or reorganisation or variation of the ordinary share capital of DCUSA Ltd.

2.2 *Interpretation.* The Parties and DCUSA Ltd acknowledge and agree that, notwithstanding any other provision of this Agreement:

- (a) DCUSA Ltd is a party to this Agreement solely for the purposes of this Schedule and the obligations expressly imposed on it by this Agreement. DCUSA Ltd shall only be bound by those provisions of this Agreement that are set out (or referred to) in this Schedule or that are set out elsewhere and expressly refer to DCUSA Ltd;
- (b) DCUSA Ltd shall have only such rights under or in respect of this Agreement as are set out (or referred to) in this Schedule or as are set out elsewhere and expressly refer to DCUSA Ltd (or to the Parties where such expression is defined as including DCUSA Ltd);
- (c) the consent or agreement of DCUSA Ltd shall not be required to any modification, abrogation, amendment or suspension of any provision of this Agreement which is not set out in this Schedule, and DCUSA Ltd hereby irrevocably waives any rights which it might be considered, or held, to have to consent or agree to any such modification, abrogation, amendment or suspension;
- (d) the rights of the Parties as Shareholders are set out exclusively in this Schedule and no other provision of this Agreement shall apply to the regulation of the rights and obligations of Shareholders in their capacity as Shareholders or as between the Shareholders (or any of them) and DCUSA Ltd; and
- (e) DCUSA Ltd shall take no action (and the Shareholders shall not take any step which could cause DCUSA Ltd to take any such action) which could prejudice in any way the rights or interests of any Party under this Agreement.

3. **ESTABLISHMENT OF DCUSA LTD AND NEW PARTIES**

Completion. On the Completion Date, each Party, each Director and DCUSA Ltd shall perform its respective obligations set out in Annex 1 to this Schedule.

New Parties. Upon the accession of a new Party in accordance with Clause 4, the Directors shall either:

- (a) transfer to such Party one Share held by a nominee in accordance with the provisions of Paragraph 10.3 or 10.4; or
- (b) allot to such Party one unissued Share (and the Shareholders agree that, where no Shares are otherwise available for issue, they will exercise the voting rights attaching to their Shares to procure that all necessary steps are taken to create and/or authorise the issue of further Shares).

4. DCUSA LTD'S BUSINESS

- 4.1 *Compliance.* Each Shareholder agrees with each other Shareholder to exercise its rights under this Schedule and as a shareholder in DCUSA Ltd so as to ensure that:
- (a) DCUSA Ltd performs and complies with all its obligations under this Agreement and complies with the restrictions (if any) imposed on it by the Articles; and
 - (b) the Business is conducted in accordance with sound and good business practice with the intention of breaking even each year.
- 4.2 *Sole business of DCUSA Ltd.* The Shareholders and DCUSA Ltd acknowledge and agree that, unless and until the Shareholders give their explicit written consent, the business of DCUSA Ltd shall be confined to the Business.
- 4.3 *Independence of operations.* Each Shareholder acknowledges and agrees that DCUSA Ltd will have complete independence in its operations and undertakes not to take any action which obstructs or interferes with, or seeks to obstruct or interfere with, the Business, provided that this Paragraph 4.3 shall not affect the manner in which any Shareholder may exercise its rights in respect of Shares held by it.

5. THE MANAGEMENT OF DCUSA LTD

- 5.1 Directors.
- (a) The Shareholders shall procure that the Directors shall be all the Panel Members from time to time, and each Director shall have as his alternate for

the purposes of this Schedule the Alternate appointed by him pursuant to Clause 6.

- (b) The Parties shall indemnify DCUSA Ltd against all claims, demands, liabilities, losses, costs and expenses which DCUSA Ltd may suffer or incur by reason of any claim by any Director in connection with his removal from office as a Director and the liability to indemnify shall be met:
 - (i) in the case of a Director who was elected to the Panel by the DNO Parties, severally and rateably by the DNO Parties in accordance with the same proportions by which each DNO Party's Basic Vote would be calculated in the month such liabilities, losses, costs and expenses were incurred;
 - (ii) in the case of a Director who was elected to the Panel by the Supplier Parties, severally and rateably by the Supplier Parties in accordance with the same proportions by which each Supplier Party's Basic Vote would be calculated in the month such liabilities, losses, costs and expenses were incurred; and
 - (iii) in the case of any other Director, as if it were a cost included within an Approved Budget.

5.2 *Company Chairman.* The Company Chairman shall be the person appointed as the Panel Chairman from time to time. If the Company Chairman is unable to be present at a meeting, he may nominate another Director (or any Director's alternate) to act as Company Chairman. If neither the Company Chairman nor his nominee is present within half an hour after the time appointed for holding the meeting, the Directors present may appoint any one of their number to be Company Chairman of that meeting.

5.3 *Committees.* The Directors may delegate any of their powers to committees of the Board consisting of such persons as the Directors may resolve. Any such committee shall exercise only powers expressly delegated to it and shall comply with any regulations imposed on it by the Board.

5.4 *Company Secretary.* The Company Secretary shall be the Secretary for the time being and from time to time.

5.5 Proceedings at Board Meetings.

- (a) Voting rights: Each Director shall have one vote. The Company Chairman shall have no second or casting vote.
- (b) Frequency: The Board shall meet at intervals of not less than once in any period of three months unless otherwise agreed by the Directors and insofar as reasonably practicable meetings of the Board shall follow on immediately from meetings of the Panel. A meeting of the Board may be convened at any reasonable time at the request of any Director by written notice to the Company Secretary.
- (c) Meetings: Meetings of the Board may be held by conference telephone call provided that participants acknowledge that they can speak to and hear each other.
- (d) Notice: Each of the Directors shall be given notice by the Company Secretary of each meeting of the Board setting out details of the time, date and place of meeting at least five Working Days prior to the date of such meeting, provided that such period of notice may be shortened for particular meetings by unanimous written consent of all Directors entitled to attend and vote thereat.

- (e) Quorum: The quorum for each meeting of the Board shall be four Directors, at least one of whom must have been elected to the Panel by the DNO Parties and at least one of whom must have been elected to the Panel by the Supplier Parties.
- (f) Resolutions: All resolutions of the Board shall be made by simple majority of those Directors present or participating by conference telephone call.
- (g) Written resolutions: A written resolution signed by all Directors shall be as valid and effective as a resolution passed by a meeting of the Board properly convened and constituted in accordance with the terms of this Schedule and the Articles.
- (h) Minutes: No later than five Working Days after each Board meeting, the Company Secretary shall circulate minutes of that meeting to each of the Directors.

5.6 *Exercise of Shareholders' rights.* The Shareholders shall exercise the rights attaching to their Shares in the manner best calculated to secure the implementation of decisions taken by the Panel, by the Parties in accordance with Section 1C, or (where this Agreement provides that the decision of the Authority is to be binding) by the Authority, and shall not exercise their rights in a manner which is inconsistent with any such decision.

6. RESERVED MATTERS

- 6.1 The Shareholders shall exercise the rights attaching to their shares to procure, so far as they are able, that DCUSA Ltd shall not take any action (and no resolution relating to such action shall be passed by DCUSA Ltd) in respect of the matters set out in Annex 2 to this Schedule, except pursuant to a decision of the Panel in accordance with this Agreement.
- 6.2 For the avoidance of doubt, to the extent that DCUSA Ltd takes any action in respect of any matter set out in Annex 2 to this Schedule pursuant to a decision of the Panel in accordance with this Agreement, no resolution of the Shareholders shall be required to ratify such action.

7. DCUSA LTD'S EXPENDITURE

- 7.1 *Inclusion of expenditure in budgets.* The anticipated expenditure of DCUSA Ltd shall be included in any budget prepared pursuant to Clause 8, and shall be subject to approval in accordance with that Clause.
- 7.2 *DCUSA Ltd obligations.* The Shareholders shall exercise the rights attaching to their shares to procure that DCUSA Ltd shall not incur costs unless authorised by a budget approved pursuant to Clause 8, except insofar as is necessary in order to comply with legally binding obligations to which it is subject.
- 7.3 *Authorisation and reimbursement.* Expenditure by DCUSA Ltd shall be authorised by the Panel, submitted to the Secretariat for payment, and reimbursed by the Parties in accordance with the provisions of Clause 8.

8. ACCOUNTS

- 8.1 *Annual accounts.* At the end of each of Financial Year, or as soon as is reasonably practicable thereafter, DCUSA Ltd shall procure that an account shall be taken of all the assets and liabilities of DCUSA Ltd and of all the dealings and transactions of DCUSA Ltd during such financial year and that the Board shall prepare a report and accounts in accordance with the Companies Act 2006 to be audited within three months after the end of each Financial Year.
- 8.2 *Audit.* Any Party shall have the right at any time to require DCUSA Ltd to instruct the auditors of DCUSA Ltd to conduct a review in respect of the financial affairs of DCUSA Ltd. The cost of such review shall be borne by the Party requesting such review, unless such review is approved by the Directors, in which case it shall be borne by DCUSA Ltd. If any such review is requested, DCUSA Ltd shall procure that DCUSA Ltd's auditors are given all reasonable assistance to complete the review within a reasonable period of time.

9. DISTRIBUTION POLICY

- 9.1 The Shareholders shall take such action as may be necessary to procure that:

- (a) *Annual general meeting.* DCUSA Ltd's annual general meeting at which audited accounts in respect of the preceding Financial Year are laid before the Shareholders is held not later than the date falling six months after the end of that Financial Year;
- (b) *Auditors' report.* DCUSA Ltd's auditors are instructed, at the expense of DCUSA Ltd, to report on the amount of the profits available for distribution by DCUSA Ltd for each accounting reference period at the same time as they sign their report on DCUSA Ltd's audited accounts for the accounting reference period in question;
- (c) *Distribution of profits.* DCUSA Ltd distributes to and among the Shareholders within 20 Working Days of approval of the audited accounts 100 per cent of its profits available in each year, subject to the appropriation of such reasonable and proper reserves for working capital or otherwise as the Board may consider appropriate; and
- (d) Shareholder guarantees. if any indemnity, guarantee or other assurance against loss is given by a Shareholder for any obligation or liability of DCUSA Ltd at the request of DCUSA Ltd, all the other Shareholders shall indemnify such Shareholder in respect of any liability arising out of such indemnity, guarantee or other assurance against loss severally and rateably in accordance with the same proportion as would be used to calculate each Party's Cost Contribution in accordance with Clause 8 were such calculation to be carried out on the date such liability arises.

10. TRANSFER OF SHARES

10.1 Restrictions on transfer. Otherwise than in accordance with the following provisions of this Paragraph 10, no Shareholder shall:

- (a) pledge, mortgage (whether by way of fixed or floating charge) or otherwise encumber its legal or beneficial interest in its Shares; or
- (b) sell, transfer or otherwise dispose of any of such Shares (or any legal or beneficial interest therein); or

- (c) enter into any agreement in respect of the votes attached to Shares; or
 - (d) agree, whether or not subject to any condition precedent or subsequent, to do any of the foregoing.
- 10.2 *Intra-group transfers.* A Shareholder may transfer its Share to its Affiliate in circumstances where such person becomes a Party at the same time as such Shareholder ceases to be a Party.
- 10.3 *Retiring Shareholders.* If any Shareholder ceases to be a Party for any reason (the **Retiring Shareholder**), then upon written notice to the Retiring Shareholder by any other Shareholder, the Retiring Shareholder shall transfer at par to a nominee for all the Shareholders (other than the Retiring Shareholder) selected by the Directors the Share held by the Retiring Shareholder. All costs and expenses of such transfer shall be for the account of the Retiring Shareholder.
- 10.4 *Enforced transfer.* If a Retiring Shareholder fails or refuses to transfer any Shares in accordance with its obligations under Paragraph 10.3, the Directors may authorise DCUSA Ltd to execute and deliver a transfer from the Retiring Shareholder to a nominee on behalf of the Retiring Shareholder. DCUSA Ltd may accept the consideration for the transfer and hold it on trust for the Retiring Shareholder, which acceptance shall be a good discharge to the nominee, and may set off such amount against the costs and expenses of the transfer. The Directors shall cause the transferee to be registered as the holder of such Share and following the registration of the transfer the validity of the proceedings shall not be questioned by any person.
- 10.5 *Nominee's holding.* The nominee referred to in Paragraphs 10.3 and 10.4 shall hold Shares transferred to it until such time as it is directed by the Directors to transfer them (or some of them) in accordance with Paragraph 3.2. For the avoidance of doubt, wherever in this Schedule a percentage figure of the number of Shares in issue is referred to, this figure shall be calculated as if all Shares held by the nominee were not in issue.

11. DURATION AND TERMINATION

- 11.1 This Schedule shall continue in full force and effect until the earlier of:

- (a) the termination of this Agreement; and
- (b) the date on which an effective resolution is passed, or a binding order is made, for the winding up of DCUSA Ltd,

provided, however, that this Schedule shall cease to have effect as regards any Party who, having been entitled under the terms of this Schedule to hold Shares, ceases to hold any Shares.

12. SHAREHOLDERS GENERALLY

12.1 The Shareholders shall procure that:

- (a) save for any nominee referred to in Paragraph 10.3, only the Parties shall acquire Shares (whether by transfer or allotment);
- (b) no Party shall be a Shareholder unless and until it has agreed to be bound by this Schedule in the capacity of a Shareholder (which a Party shall be taken to have done by being a signatory to an Accession Agreement);
- (c) the Directors shall neither transfer nor allot any Share or Shares other than as set out in Annex 1 or Paragraph 3.2, 10.4 or 10.5; and
- (d) save in the case of a nominee as referred to in Paragraphs 10.3 and 10.4, no Party shall at any point hold more than one Share.

13. INTELLECTUAL PROPERTY

If and to the extent that any Shareholder discloses any of its Intellectual Property to DCUSA Ltd, unless that Shareholder is unable to do so, it shall grant (and shall be deemed to have granted), from the date of such disclosure, licences of such Intellectual Property to DCUSA Ltd for use in connection with the Business and for no other purpose whatsoever. Unless expressly agreed otherwise, any such licence shall be non-assignable, irrevocable, non-exclusive, perpetual and royalty-free.

14. CONFLICT WITH THE ARTICLES

In the event of any ambiguity created by or discrepancy between the provisions of this Schedule and the Articles, it is the intention that the provisions of this Schedule shall prevail and accordingly the Shareholders shall exercise all voting and other rights and powers available to them so as to give effect to the provisions of this Schedule and shall further, if necessary, procure any required amendment to the Articles.

15. FURTHER ASSURANCE

Each Shareholder shall co-operate with the other Shareholders and execute and deliver to the other Shareholders such other instruments and documents and take such other actions as may be reasonably requested from time to time in order to carry out, evidence and confirm their rights under, and the intended purpose of, this Schedule.

ANNEX 1 TO SCHEDULE 10**Completion**

1. *Board meeting.* On the Completion Date a meeting of the Board shall be held and a resolution shall be passed to convene an Extraordinary General Meeting of DCUSA Ltd, immediately following the conclusion of the Board meeting, for the purposes referred to in paragraph 2 below.
2. *Extraordinary general meeting.* Upon the calling of the Extraordinary General Meeting referred to in paragraph 1 above, the Shareholders shall give consent to short notice in respect of such Extraordinary General Meeting and shall vote thereat in favour of resolutions:
 - (a) authorising the Directors to issue and allot at par one Share to each Party who is not at that time a Shareholder (the Subscribing Parties);
 - (b) amending clause 3 of the Memorandum of Association of DCUSA Ltd by insertion of the new sub-clause set out in Annex 3 as sub-clause 3(1) and renumbering the remaining sub-clauses accordingly; and
 - (c) adopting the regulations in the form set out in Annex 4 as the Articles of Association of DCUSA Ltd.
3. *Initial subscription for Shares.* Forthwith upon the passing of the resolutions pursuant to paragraph 2 above, each Subscribing Party shall complete, sign and deliver to DCUSA Ltd an application for the allotment to that Party of one Share in consideration of the payment by cash of £1 on allotment in respect of each such Share.
4. *Board meeting.* A further meeting of the Board shall be held and resolutions passed to:
 - (a) approve the application of each Subscribing Party for a Share; and
 - (b) authorise the name of each Subscribing Party to be entered in the Register of Members of DCUSA Ltd as holder of one Share and directing the sealing of a certificate in respect thereof.

5. *Allotment.* Upon receipt of the relevant consideration moneys referred to in paragraph 3 above, DCUSA Ltd shall allot and issue one Share to each Party whose application has been approved pursuant to paragraph 4 above and shall register each such Party as the holder of that Share and shall prepare, seal and deliver to each such Party a share certificate in respect thereof in its name.

ANNEX 2 TO SCHEDULE 10**Limitations on Dealings**

1. The acquisition or disposal by DCUSA Ltd of any share capital or other securities of any person.
2. The reduction of DCUSA Ltd's share capital, any variation of the rights attaching to any class of shares in its capital, or any redemption, purchase or other acquisition by DCUSA Ltd of any shares or other securities of DCUSA Ltd.
3. The making of decisions relating to material contracts or arrangements to which DCUSA Ltd is a party.
4. The making by DCUSA Ltd of a material claim, disclaimer, surrender, election or consent for tax purposes.
5. The incurring of costs in respect of any period which are not envisaged by a budget drawn up and approved pursuant to Clause 8.
6. Entering into any contract or guarantee with a Shareholder or an Affiliate of a Shareholder.
7. Entering into any contract of a material nature.
8. The obtaining by DCUSA Ltd of finance from a third party lender.
9. The making of any change to DCUSA Ltd's Memorandum of Association or the Articles.
10. The presentation of any petition for the winding-up of DCUSA Ltd or the making of any application for an administration order in relation to DCUSA Ltd or for the appointment of an administrator or receiver of DCUSA Ltd.
11. The commencement, settlement or defence of any litigation, arbitration or other proceedings brought by or against DCUSA Ltd for an amount of more than £25,000.
12. The increase of the amount of debt with a maturity greater than three months owed by DCUSA Ltd.

13. The entering into of an agreement of a type or length which is unusual in the context of the Business.

ANNEX 3 TO SCHEDULE 10

Amendment to Objects clause

To carry on the business of acting as a corporate vehicle in relation to, and in accordance with, the Distribution Connection and Use of System Agreement designated as such by the Gas and Electricity Markets Authority (established by Section 1(1) of the Utilities Act 2000), as such agreement is amended from time to time.

ANNEX 4 TO SCHEDULE 10

Form of New Articles

ARTICLES OF ASSOCIATION

THE COMPANIES ACT 1985-1989

ARTICLES OF ASSOCIATION

of

DCUSA LIMITED (the “Company”)

(Registered No. 5812381)

(adopted by Special Resolution passed on [DATE])

1. ADOPTION OF TABLE A

In these articles “Table A” means Table A scheduled to the Companies (Tables A to F) Regulations 1985 as amended prior to the date of incorporation of the Company. The regulations contained in Table A shall, except where they are excluded or modified by these articles, apply to the Company and, together with these articles, shall constitute the articles of the Company. No other regulations set out in any statute concerning companies, or in any statutory instrument or other subordinate legislation made under any statute, shall apply as the regulations or articles of the Company.

2. INTERPRETATION

2.1 Words and expressions which bear particular meanings in Table A shall bear the same meanings in these articles.

2.2 In these articles:

Act means the Companies Act 1985 (as amended from time to time).

Affiliate means, in respect of any body corporate, a body corporate which is its subsidiary or holding company, or a company which is a subsidiary of that holding company, and each such company.

Authority means the Gas and Electricity Markets Authority established by Section 1(1) of the Utilities Act 2000.

Panel means the panel appointed pursuant to the DCUSA.

Panel Members means the members of the Panel appointed pursuant to the DCUSA.

DCUSA means the Distribution Connection and Use of System Agreement designated as such by the Authority (as amended from time to time).

Party means a party to the DCUSA (other than the Company).

Retiring Shareholder has the meaning given to that expression in Article 10.4.

Shareholder means the holder of a share or shares in the Company.

2.3 References in these articles to writing include references to any method of representing or reproducing words in a legible and non-transitory form.

2.4 Headings are for convenience only and shall not affect construction.

2.5 If, and for so long as, the Company has only one member, these articles shall (in the absence of any express provision to the contrary) apply with such modification as may be necessary in relation to such a company.

3. SHARE CAPITAL

The authorised share capital of the Company at the date of adoption of this article is £1,000 divided in 1,000 shares of £1 each.

4. RESTRICTION ON SHARE OWNERSHIP

Save with the prior written consent of the directors, no person other than a nominee as referred to in Articles 9.4 and 9.5 shall be the holder of more than one share of the Company at any time.

5. RIGHTS ATTACHING TO SHARES

5.1 The Shareholders shall exercise all rights attached to their shares to procure, so far as they are able, that no action shall be taken or resolution passed by the Company in respect of those matters set out in Article 5.2 except pursuant to a decision of the Panel, taken in accordance with the provisions of the DCUSA. The right to vote on the matters set out in Article 5.2 shall constitute rights attaching to the Shares.

5.2 The matters referred to in Article 5.1 are:

5.2.1 the acquisition or disposal by the Company of any share capital or other securities of any person;

5.2.2 the reduction of the Company's share capital, any variation of the rights attaching to any class of shares in its capital, or any redemption, purchase or other acquisition by the Company of any shares or other securities of the Company;

5.2.3 the making of decisions relating to material contracts to which the Company is a party;

5.2.4 the making by the Company of a material claim, disclaimer, surrender, election or consent for tax purposes;

5.2.5 the incurring of costs in respect of any period which are not envisaged by a budget drawn up and approved pursuant to clause 8 of the DCUSA;

5.2.6 the making of any contract or guarantee with a member or an Affiliate of a Shareholder;

5.2.7 the making of any contract of a material nature;

- 5.2.8 the obtaining by the Company of finance from a third-party lender;
 - 5.2.9 the making of any change to the Company's Memorandum of Association or these articles;
 - 5.2.10 the presentation of any petition for the winding-up of the Company or the making of any application for an administration order in relation to the Company or for the appointment of an administrator or receiver of the Company;
 - 5.2.11 the commencement, settlement or defence of any litigation, arbitration or other proceedings brought by or against the Company for an amount of more than £25,000;
 - 5.2.12 the increase of the amount of debt with a maturity greater than three months owed by the Company; and
 - 5.2.13 the entering into of an agreement of a type or length which is unusual in the context of the business of the Company.
- 5.3 Each Shareholder shall be entitled to dividends in respect of its share calculated in the same proportions as would be used to calculate that Shareholder's cost contribution in accordance with clause 8 of the DCUSA on the date the dividend is calculated (rather than in proportion to the amounts paid up on the shares). Regulation 104 of Table A shall be modified accordingly.
- 5.4 Subject to the provisions of the Act and to any rights conferred on the holders of any other shares, any share may be issued with or have attached to it such rights and restrictions as the Company may by ordinary resolution decide or, if no such resolution has been passed or so far as the resolution does not make specific provision, as the directors may decide. Regulation 2 of Table A shall not apply.

6. UNISSUED SHARES

Subject to the provisions of the Act and to these articles, any unissued shares of the Company (whether forming part of the original or any increased capital) shall be at the disposal of the directors who may (subject to Article 4) offer, allot, grant options over or otherwise dispose

of them to such persons at such times and for such consideration and upon such terms and conditions as they may determine.

7. INITIAL AUTHORITY TO ISSUE RELEVANT SECURITIES

Subject to any direction to the contrary which may be given by the Company in general meeting and to Article 4, the directors are unconditionally authorised to exercise all powers of the Company to allot relevant securities. The maximum nominal amount of relevant securities that may be allotted under this authority shall be the nominal amount of the unissued share capital at the date of incorporation of the Company or such other amount as may from time to time be authorised by the Company in general meeting. The authority conferred on the directors by this article shall remain in force for a period of five years from the date of incorporation of the Company but may be revoked, varied or renewed from time to time by the Company in general meeting in accordance with the Act.

8. EXCLUSION OF RIGHTS TO OFFERS ON A PRE-EMPTIVE BASIS

Section 89(1) of the Act shall not apply to the allotment by the Company of any equity security.

9. TRANSFER OF SHARES

9.1 The instrument of transfer of a subscriber's share which is not fully paid need not be executed by or on behalf of the transferee. Regulation 23 of Table A shall be modified accordingly.

9.2 Otherwise than in accordance with Articles 9.3 and 9.4, no Shareholder shall:

9.2.1 pledge, mortgage (whether by way of fixed or floating charge) or otherwise encumber its legal or beneficial interest in its shares; or

9.2.2 sell, transfer or otherwise dispose of any of such shares (or any legal or beneficial interest therein); or

9.2.3 enter into any agreement in respect of the votes attached to shares; or

- 9.2.4 agree, whether or not subject to any condition precedent or subsequent, to do any of the foregoing.
- 9.3 A member may transfer its share to an Affiliate in circumstances where such Affiliate becomes a Party at the same time as such member ceases to be a Party.
- 9.4 If any Shareholder ceases to be a Party for any reason (the **Retiring Shareholder**), then upon written notice to the Retiring Shareholder by any other Shareholder, the Retiring Shareholder shall transfer at par to a nominee for all the Shareholders (other than the Retiring Shareholder) selected by the directors the Share held by the Retiring Shareholder. All costs and expenses of such transfer shall be for the account of the Retiring Shareholder.
- 9.5 If a Retiring Shareholder shall fail or refuse to transfer any Shares in accordance with its obligations under Article 9.4, the directors may authorise the Company to execute and deliver a transfer from the Retiring Shareholder to a nominee on behalf of the Retiring Shareholder. The Company may accept the consideration for the transfer and hold it on trust for the Retiring Shareholder, which acceptance shall be a good discharge to the nominee and may set off such amount against the costs and expenses of the transfer. The directors shall cause the transferee to be registered as the holder of such shares and following the registration of the transfer the validity of the proceedings shall not be questioned by any person.
- 9.6 The nominee referred to in Articles 9.4 and 9.5 shall hold shares transferred to it until such time as it is directed by the directors to transfer them (or some of them) to one or more parties. For the avoidance of doubt, wherever in these Articles a percentage figure of the number of shares in issue is referred to, this figure shall be calculated as if all shares held by the nominee were not in issue.

10. PROCEEDINGS AT GENERAL MEETINGS

- 10.1 The quorum at any general meeting shall consist of six Shareholders present in person or by proxy: provided that at least two such Shareholders must be DNO Parties and at least two such Shareholders must be Supplier Parties (where the terms DNO Parties

and Supplier Parties have the respective meaning given to them in the DCUSA).

Regulation 40 of Table A shall be modified accordingly.

- 10.2 If, and for so long as, the Company has only one member, that member or the proxy for that member or, where that member is a corporation, its duly authorised representative shall be a quorum at any general meeting of the Company or of the holders of any class of shares. Regulation 40 of Table A shall be modified accordingly.
- 10.3 The chairman at any general meeting shall not be entitled to a second or casting vote. Regulation 50 of Table A shall not apply.
- 10.4 In the case of a corporation, a resolution in writing may be signed on its behalf by a director or the secretary of the corporation or by its duly appointed attorney or duly authorised representative. Regulation 53 of Table A shall be extended accordingly.

11. VOTES OF MEMBERS

At a general meeting, but subject to any rights or restrictions attached to any shares, on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative and every proxy for any member (regardless of the number or the holdings of the members for whom he is a proxy) shall have one vote, and on a poll every member who is present in person or by proxy shall have one vote for every share of which he is the holder. Regulation 54 of Table A shall not apply.

12. DELIVERY OF PROXIES

The instrument appointing a proxy shall be in writing from a duly authorised representative of the member. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority shall be delivered to the registered office of the Company or at such other place within the United Kingdom as is specified for that purpose in the notice convening the meeting of the members, not less than 24 hours before the time appointed for the meeting or adjourned meeting at which the person named in the instrument proposes to act or in the case of a poll taken subsequently to the date of the meeting or the adjourned meeting, before the time appointed

for taking of the poll, and in default the instrument of proxy shall not be treated as valid. Regulation 62 of Table A shall not apply.

13. ALTERNATE DIRECTORS

Each director shall have as his alternate for the purposes of these Articles the alternate appointed by him pursuant to clause 6 of the DCUSA. Regulation 65 of Table A shall not apply.

14. DELEGATION OF DIRECTORS' POWERS

The Directors may delegate any of their powers (with power to sub-delegate) to committees consisting of such person or persons (whether directors or not) as they may resolve. Any such committee shall exercise only powers expressly delegated to it and shall comply with any regulations imposed on it by the directors. Regulation 72 of Table A shall be modified accordingly and references in Table A to a committee of Directors or to a Director as a member of such a committee shall include a committee established under this article or such person or persons.

15. NO AGE LIMIT OR SHARE QUALIFICATION

No Director shall be required to retire or vacate his office, and no person shall be ineligible for appointment as a director, by reason of his having attained any particular age. No shareholding qualification for directors shall be required.

16. EXCLUSION OF ROTATION REQUIREMENTS AND OTHER PROVISIONS

The Directors shall be the Panel Members from time to time. Regulations 73 to 80 (inclusive) and the last sentence of Regulation 84 of Table A shall not apply.

17. DISQUALIFICATION AND REMOVAL OF DIRECTORS

The office of a Director shall be vacated if he ceases to be a Panel Member. Regulation 81 of Table A shall not apply.

18. DIRECTORS' GRATUITIES AND PENSIONS

Regulation 87 of Table A shall not apply.

19. NOTICE AND CONDUCT OF BOARD MEETINGS

Notice of a meeting of the directors shall be deemed to be properly given to a director if it is given to him personally or sent in writing to him at his last known address or any other address given by him to the Company for this purpose, or by any other means authorised in writing by the director concerned. Notice shall be given in this manner to all directors including any director who is for the time being absent from the United Kingdom. A director may waive notice of any meeting either prospectively or retrospectively. All resolutions of the board shall be made by unanimous vote of the Directors present or participating by conference telephone. In the case of an equality of votes, the chairman shall not have a second or casting vote. Regulation 88 of Table A shall be modified accordingly.

20. QUORUM FOR BOARD MEETINGS

The quorum for meetings of the board shall be constituted by the attendance of four Directors, at least one of whom must have been elected as a Panel Member by the DNO Parties and at least one of whom must have been elected as a Panel Member by the Supplier Parties (where the terms DNO Parties and Supplier Parties have the respective meaning given to them in the DCUSA). Directors can attend in person, by means of their alternate or by way of conference telephone or video call throughout such meeting. Regulation 89 of Table A shall not apply.

21. PARTICIPATION IN BOARD MEETINGS BY TELEPHONE

All or any of the members of the board or any committee of the board may participate in a meeting of the board or that committee by means of a conference telephone or video call provided that participants acknowledge that they can speak to and hear each other. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly. Such a meeting shall be deemed to take place where the largest group of those participating is assembled, or, if there is no such group, where the chairman of the meeting is then situated.

22. RESOLUTION IN WRITING

A resolution in writing executed by all the directors or by all the members of a committee for the time being shall be as valid and effective as a resolution passed unanimously at a meeting of the board or, as the case may be, of the committee properly convened and constituted. The resolution may be contained in one document or in several documents in like form each executed by one or more of the directors or members of the committee concerned. A resolution signed by an alternate director need not also be signed by his appointor and, if it is signed by a director who has appointed an alternate director, it need not be signed by the alternate director in that capacity. Regulation 93 of Table A shall not apply.

23. DIRECTORS MAY VOTE WHEN INTERESTED

A director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or proposed contract with the company shall declare the nature of his interest at a meeting of the directors in accordance with the Act. Subject where applicable to such disclosure, a director shall be entitled to vote in respect of any contract or proposed contract in which he is interested and, if he does so, his vote shall be counted and he shall be taken into account in ascertaining whether a quorum is present. Regulations 94 and 95 of Table A shall not apply.

24. OFFICIAL SEAL

The company may exercise all the powers conferred by the Act with regard to having any official seal and such powers shall be vested in the directors. Subject to the provisions of the Act, any instrument to which an official seal is affixed shall be signed by such persons, if any, as the directors may from time to time determine.

25. NOTICES

Any notice or other document may be served on or delivered to any member by the Company either personally, or by sending it by post addressed to the member at his registered address or by fax or telex to a number provided by the member for this purpose, or by leaving it at his registered address addressed to the member, or by any other means authorised in writing by the member concerned. In the case of joint holders of a share, service or delivery of any

notice or other document on or to one of the joint holders shall for all purposes be deemed a sufficient service on or delivery to all the joint holders. Regulation 112 of Table A shall not apply.

26. TIME OF SERVICE

Any notice or other document, if sent by the Company by post, shall be deemed to have been served or delivered 48 hours after posting and, in proving such service or delivery, it shall be sufficient to prove that the notice or document was properly addressed, stamped and put in the post. Any notice or other document left by the company at a registered address otherwise than by post, or sent by fax or telex or other instantaneous means of transmission, shall be deemed to have been served or delivered when it was so left or sent. Regulation 115 of Table A shall not apply.

SCHEDULE 11 – PARTY DETAILS

Full Party Name		
Registered number		
Registered address		
Applicable Party Category(ies)		
Date of accession		
Date of termination		
Market Domain I.D. (DNO/IDNO Parties and Supplier Parties only)	<i>[applicable dates]</i>	<i>[I.D.]</i>
	<i>[applicable dates]</i>	<i>[I.D.]</i>
Contract Manager		
UK address, fax and email for notices		
Emergency SRN		
Current aggregate of Maximum Export Capacities (DG Parties only)		

SCHEDULE 12 – NOT USED

CONTENTS

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 2. COMMENCEMENT, DURATION AND CONNECTION
 3. THE USER'S RIGHT TO BE AND TO REMAIN CONNECTED TO THE COMPANY'S DISTRIBUTION SYSTEM
 4. THE CONNECTION POINTS, CONNECTION EQUIPMENT AND CONNECTION ASSETS
 5. MAXIMUM CAPACITY
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- SCHEDULE 1 - CONNECTION CHARACTERISTICS
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- SCHEDULE 3 - SITE SPECIFIC CONDITIONS
- SCHEDULE 4 – GENERATION
- SCHEDULE 5 - APPLICATION FOR MODIFICATION

THIS BILATERAL CONNECTION AGREEMENT is made on the [] day of [] 20[]

BETWEEN

(1) [] a company registered in [] with number [] whose registered office is at [] (the “**Company**”, which expression shall include its successors and/or permitted assigns); and

(2) [] a company registered in [] with number [] whose registered office is at [] (the “**User**”, which expression shall include its successors and/or permitted assigns).

WHEREAS

- (A) The User has applied for Connection to and use of the Company’s Distribution System and pursuant to the Company’s Distribution Licence the Company is required to offer terms in this respect.
- (B) The Company and the User are parties to the Distribution Connection and Use of System Agreement (the “**DCUSA**”) as referred to in Condition 22 of their distribution licences granted, or treated as granted, under the Electricity Act 1989.
- (C) This Bilateral Connection Agreement including its schedules (this “**BCA**”) is entered into pursuant to the DCUSA and shall be read as being governed by it.
- (D) For the purposes of this BCA, the Company is the person providing Connection and Use of Distribution System (and so is the Company for the purposes of the DCUSA) and the User is the person receiving Connection and Use of Distribution System (and so is the User for the purposes of the DCUSA).

NOW IT IS HEREBY AGREED as follows:

1. DEFINITIONS, INTERPRETATION AND CONSTRUCTION

- 1.1 Unless the subject matter or context otherwise requires or is inconsistent therewith, terms and expressions defined in the DCUSA have the same meanings in this BCA. Where terms and expressions have different meanings in respect of Sections 2A and

2B of the DCUSA, the meanings given in respect of Section 2B of the DCUSA shall apply.

- 1.2 The following terms and expressions shall have the meaning set out below:-

[Term]	[Meaning]
.....	
.....	

- 1.3 Unless the subject matter or context otherwise requires or is inconsistent therewith, the rules of interpretation applying in the DCUSA shall apply equally to this BCA, and accordingly clause 1.2 of the DCUSA shall apply to this BCA as if it was set out herein and referred to this BCA (rather than “the Agreement”). Where different rules of interpretation apply in respect of Sections 2A and 2B of the DCUSA, the rules of interpretation applying in respect of Section 2B of the DCUSA shall apply.

2. COMMENCEMENT, DURATION AND CONNECTION

- 2.1 This BCA shall take effect on the date hereof and shall continue in force until terminated in accordance with Clause 7.
- 2.2 The DCUSA and this BCA shall supersede any prior agreements or arrangements between the Company and the User in respect of Connection at the Connection Points specified herein.

3. THE USER’S RIGHT TO BE AND TO REMAIN CONNECTED TO THE COMPANY’S DISTRIBUTION SYSTEM

- 3.1 Subject to the terms and conditions of the DCUSA and this BCA, the User shall have the right for the User’s System to be, and to remain, Connected to the Company’s Distribution System at the Connection Points specified herein, and (subject to the DCUSA) the right to be and remain Energised.
- 3.2 The rights referred to in Clause 3.1 are conditional upon:

- 3.2.1 ['Completion'] of the relevant Connection Assets under and in accordance with any agreement for the construction or modification of the Connection Assets so that they may be Energised;
 - 3.2.2 the Company having procured, or the User having procured or granted to the Company in respect of land under its control, the land rights and interests for the Connection Assets as specified in Schedule 3 (and those land rights and interests remaining in force) [or the User having provided an indemnity to the Company (on terms reasonably acceptable to the Company) in respect of the absence of such rights]; and
 - 3.2.3 [ANY FURTHER SITE SPECIFIC CONDITIONS TO BE AGREED].
- 3.3 If the conditions set out in Clause 3.2 are not fulfilled at the date hereof each party shall use reasonable endeavours to procure the fulfilment of those conditions relating to it which have not already been fulfilled. If the conditions have not been fulfilled within three months of the date hereof, the Company shall have the right to terminate this BCA.
- 3.4 Once each of the conditions in Clause 3.2 has been fulfilled, each party shall use reasonable endeavours to keep such conditions relating to it fulfilled throughout the term of this BCA.
- 3.5 The User and the Company undertake to each other that they shall forthwith notify the other of any change of circumstances occurring hereafter as a result of which any of the above conditions ceases to apply and the User and the Company shall indemnify each other against all actions, proceedings, claims or demands brought or threatened against them by a third party as a result of any breach of the undertakings contained in Clause 3.

4. THE CONNECTION POINTS, CONNECTION EQUIPMENT AND CONNECTION ASSETS

- 4.1 The Connection Points, Connection Equipment and Connection Assets to which this BCA relates are more particularly described in Schedules 1 and 3.

5. MAXIMUM CAPACITY

- 5.1 The Maximum Import Capacity and the Maximum Export Capacity for this BCA are specified at Schedule 1.

6. COMPLIANCE WITH SITE SPECIFIC CONDITIONS AND OPERATIONAL ARRANGEMENTS

- 6.1 The site specific conditions and operational arrangements are specified in Schedule 3. As appropriate the Company and/or the User shall use reasonable endeavours to comply with them.

7. TERM

- 7.1 Subject to Clause 3.3, this BCA shall continue in full force and effect until:
- 7.1.1 terminated by the User giving the Company 3 months' notice in writing (or such lesser period as may be agreed between the parties);
 - 7.1.2 terminated by the Company giving the User 3 months' notice in writing (or such lesser period as may be agreed between the parties) save that for so long as the Company is required to offer terms for Connection and Use of Distribution System to the User in respect of the Company's Distribution System pursuant to the Company's Distribution Licence, such termination shall only be effective if the User does not notify the Company within 14 days of the date of the Company's notice that the User requires replacement terms to be entered into pursuant to Condition 12 of the Company's Distribution Licence;
 - 7.1.3 terminated in accordance with Clause 7.3; or
 - 7.1.4 (subject to contrary agreement between the parties) Disconnection of the Connection Point.
- 7.2 For the purpose of this BCA it shall be an event of default if:
- 7.2.1 the User ceases to be a Party to the DCUSA;

- 7.2.2 the User breaches in any material respect any of its obligations under this BCA and (if it is capable of remedy) it is not remedied within 30 days of receiving written notice from the Company of the occurrence thereof; or
 - 7.2.3 any of the conditions precedent set out in Clause 3.2 and relating to the User cease to be satisfied.
- 7.3 Upon an event of default pursuant to Clause 7.2, the Company (without prejudice to its other rights and remedies) shall have the following rights:
- 7.3.1 to terminate this BCA;
 - 7.3.2 to an injunction or equitable relief, or to make restitution of amounts improperly received; and
 - 7.3.3 to set off any amounts then due and owing by the User to the Company against amount payable by the Company to the User.
- 7.4 Upon termination of this BCA the User shall allow the Company at its sole option to Disconnect, and to enter the User's (and/or, in the case of an Offshore Transmission System, the Offshore Transmission Owner's) premises in order to Disconnect, the Connection Point and shall pay to the Company all sums then due and payable or accrued due under this BCA and any costs incurred by the Company in Disconnecting the Connection Point and removing the Company's Connection Equipment and/or the User's Connection Equipment and re-instating the Company's premises or those of any Affiliate.
- 7.5 Termination of this BCA shall not affect any rights or obligations which may have accrued prior to termination or resulting from the event giving rise to the right to terminate and shall not affect any continuing obligations which survive termination.
- 7.6 Clauses 7.3, 7.4, 7.5, 7.6, 7.7 and 9 shall survive termination of this BCA.
- 7.7 Upon termination of this BCA for any reason whatsoever, the User shall pay to the Company the charges due or owing to the Company under the DCUSA and this BCA (or such other agreements as may be in place) together with any, costs, fees and expenses properly incurred by the Company as a result of such termination, and the

User shall pay the same within 28 days of the date of an invoice submitted by the Company.

8. VARIATIONS

- 8.1 Subject to Clause 8.2, and 8.3 below, no variation to this BCA shall be effective unless made in writing and signed by or on behalf of both parties.
- 8.2 Either party shall at any time be entitled to propose variations to this BCA by notice in writing to the other party (including variations to the Maximum Import Capacity and the Maximum Export Capacity). The Company and the User shall negotiate in good faith the terms of any such variation, but if a variation to this BCA has not been agreed and put into effect within 20 Working Days after it has been proposed, either party shall be entitled to refer the matter to the Authority, pursuant to Section 23 of the Act, as if the variation were a new connection as referred to in that Section. The parties shall give effect to the determination of the Authority and shall enter into any agreement supplemental to this BCA as shall be necessary to give effect to any variation agreed or so determined.
- 8.3 The parties shall use reasonable endeavours to ensure the BCA is maintained (or varied) in line with the DCUSA and other Relevant Instruments.

9. GENERAL

- 9.1 For the purposes of this BCA and the provisions of the DCUSA referred to in Clause 9.2.1, the figure of “£1 million” referred to in that provision of the DCUSA shall [remain unchanged] / [be replaced with “£5 million”] [DELETE AS APPROPRIATE].
- 9.2 Subject to Clause 9.1, the provisions of the DCUSA under the following headings shall apply to this BCA as if they were set out herein and referred to this BCA (rather than “the Agreement”):
- 9.2.1 Limitation of Liability;
- 9.2.2 Force Majeure;

9.2.3 Disputes;

9.2.4 Notices;

9.2.5 Entire Agreement;

9.2.6 Severability;

9.2.7 Waivers;

9.2.8 Third Party Rights;

9.2.9 Assignment and Sub-contracting; and

9.2.10 Law and Jurisdiction.

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

Signed for and on behalf of the User by _____)
 _____)

Print name:) Signature:
)

Job title:

Signed for and on behalf of the Company by)
)

Print name:) Signature:.....

.....)

Job title:)

SCHEDULE 1 - CONNECTION CHARACTERISTICS

NAMING AND DEFINITION OF THE CONNECTION

Including commencement date and geographic plans where appropriate.

DECLARATION OF CAPACITY REQUIREMENTS

SCHEDULE 2 - USE OF SYSTEM, METERING AND DATA PROVISION

USE OF SYSTEM

Tariff for the Connection Point (by reference to the Relevant Charging Statement)

METERING

Including type of meter, functionality, registers if applicable. If no meter is required state that this is the case.

DATA PROVISION

Including unique references, data formats, frequency, type of LAF (generic/specific).

SCHEDULE 3 - SITE SPECIFIC CONDITIONS

OPERATIONAL ARRANGEMENTS AND DIAGRAMS

ASSET OWNERSHIP AND RESPONSIBILITY SCHEDULES

[In the case of Offshore Transmission Systems, the Electrical Plant and Electric Lines of the Offshore Transmission Owner should be identified as being Connection Equipment of the OTSO Party.]

TECHNICAL CONDITIONS AND DEROGATIONS

CONNECTION ASSETS

LAND RIGHTS

SCHEDULE 4 - GENERATION

GENERATION CONNECTED TO USER'S SYSTEM

EXCLUSION AND LIMITATIONS OF LIABILITY FOR GENERATION
UNAVAILABILITY PAYMENT

SCHEDULE 5 - APPLICATION FOR MODIFICATION

SCHEDULE 14 – WEBSITE REQUIREMENTS

The following requirements apply in relation to the Website:

1. The Website is to comply with best practice regarding accessibility and the use of widely used or open formats.
2. The Website is to comprise public facing pages (the **Public Pages**) that are accessible by all, and pages (the **Password Controlled Pages**) that are only accessible by those with a user name and password (a **Web Account**).
3. This Agreement (excluding the Revenue Protection Code of Practice), a list of the Parties and a copy of the Change Register shall be accessible through the Public Pages. The following shall only be accessible through the Password Controlled Pages:
 - (a) the full text of this Agreement (including the Revenue Protection Code of Practice);
 - (b) minutes of (and papers associated with) the meetings of the Panel, Working Groups and the DCUSA Ltd board of directors; and
 - (c) the contact details for Contract Managers and holders of Web Accounts.
4. Subject to Paragraph 5, Web Accounts shall only be given to the Panel, a Party, the Panel Secretary, the Secretariat, the Authority, the Consumer Body, MRASCo, the National Electricity Transmission System Operator, BSCCo, SECCo or DCUSA Ltd (or to the employees of any of them).
5. The Panel may, at its sole discretion, also give Web Accounts to persons (each an **Interested Industry Participant**) other than those referred to in Paragraph 4. A person wishing to become an Interested Industry Participant shall submit an application for a Web Account via the Website. Such application shall include the requirement to specify a sponsoring Party.
6. The access rights attributable to each Web Account may (as determined by the Panel) provide individual users (or classes of user) with different levels of access within the Password Controlled Pages, including so that (a) DCUSA Ltd's business confidential

or financial information is only available to Parties; and (b) DCUSA Ltd's corporate governance information is only available to the directors of DCUSA Ltd.

7. The Panel may, at its sole discretion, withdraw or reduce the access rights associated with a Web Account at any time.

.SCHEDULE 15 – COST INFORMATION TABLE

1. DEFINITIONS

1.1 In this Schedule 15, except where the context otherwise requires, the following terms shall have the meanings set opposite them:

CDCM	means the Common Distribution Charging Methodology as set out in Schedule 16.
CDCM Revenue	means the revenue to be recovered from tariffs calculated under the CDCM.
Demand Use of System Charges	has the meaning given to that term in special condition CRC2 of the Company's Distribution Licence.
EDCM & Certain Interconnector Revenue	means, at any time and in respect of a Regulatory Year, the Company's reasonable estimate (at that time) of: (a) the revenue to be recovered from tariffs calculated under the Charging Methodology set out in Schedule 17 or 18 (as applicable to the Company); plus (b) to the extent relevant, the revenue to be recovered from the DNO Party-to-DNO Party interconnector charges referred to in paragraph 20.4 of the methodology set out in schedule 17.

Final Collected Revenue Forecast	means, at any time and in respect of a Regulatory Year, the Company's reasonable estimate (at that time) of the final Regulated Combined Distribution Network Revenue for that Regulatory Year.
Generation Use of System Charges	has the meaning given to that term in special condition CRC2 of the Company's Distribution Licence.
Regulated Combined Distribution Network Revenue	has the meaning given to that term in special conditions CRC2 of Company's Distribution Licence.
Regulatory Year	has the meaning given to that term in special condition CRC2 of the Company's Distribution Licence.
Regulatory Year t	means, in respect of any estimate, the then current Regulatory Year at the time the estimate is made. Regulatory Year t-1 shall be the previous Regulatory year, and Regulatory Year t+1 shall be the following Regulatory Year and so on.
Use of System Charges	means Demand Use Of System Charges and Generation Use Of System Charges.

- 1.2 The estimates made by the Company in completing the table set out in this Schedule (including the illustrative tariffs) shall be based on such information as is reasonably available to the Company at the time of such estimate (it being acknowledged that such estimates may be subject to revision from time to time).
- 1.3 The terms used in the second column of table 1 below are to have the meanings ascribed to them in the special conditions (CRCs) of the Company's Distribution Licence. The Company is to complete the subsequent columns with the corresponding value for such term and each Regulatory Year, as provided by the Company's Licence (or, where no such value is provided, with the Company's best estimate of such value on the basis of stated assumptions to be outlined in the final column of that table).
- 1.4 Words and expressions not otherwise defined in this Agreement or this Schedule shall have the meanings given to them in the special conditions (CRCs) of the Company's Distribution Licence.
- 1.5 The illustrative tariffs to be included by the Company in completing table 3 below shall be determined using the latest Total Allowed Revenue (ARt in table 1) and an updated estimate of Transmission Exit Charges (TBt in table 1) and any other inputs (if appropriate).

1 TABLE 1

The table referred to in Clause 35A.2 is set out below:

Company Name:

Date:

Description	1.1 Licence Term	1.2 CRC							Assumptions
Regulatory Year			t-1	t	t+1	t+2	t+3	t+4	
Regulatory Year									Please specify year (i.e. 2013/14)
Base Demand Before Inflation (A1)	PU_t	CRC3							Assumptions Outlined
RPI Effective % (A2)	$PIAD_t$	CRC3							Assumed indexation
Merger adjustment (A3)	MG_t	CRC3							Assumptions Outlined
Base Demand Revenue (A):	BR_t	CRC3							$A = A1 * A2 - A3$

[A = A1 * A2 - A3]									
Pass-Through Business Rates (B1)	RBt	CRC4							Assumptions Outlined
Pass-Through Licence Fees (B2)	LFt	CRC4							Assumptions Outlined
Pass-Through Transmission Exit (B3)	TBt	CRC4							Assumptions Outlined
Price Control Reopener (B4)	UNCt	CRC4							Assumptions Outlined
Pass-Through Others (B5)	MPTt, HBt, IEDt	CRC4							Assumptions Outlined
Allowed Pass-Through Items (B): [B = B1 + B2 + B3 +B4 + B5]	PTt	CRC3							B = B1 + B2 + B3 +B4 + B5
Losses Incentive (C1)	UILt	CRC7							Assumptions Outlined
	PCOLt	CRC7							Assumptions

									Outlined
	-COLt	CRC7							Assumptions Outlined
	PPLt	CRC7							Assumptions Outlined
Quality of service incentive adjustment (C2)	IQt	CRC8							Assumptions Outlined
Transmission connection point charges incentive adjustment (C3)	ITt	CRC9							Assumptions Outlined
Innovation funding incentive adjustment (C4)	IFIt	CRC10							Assumptions Outlined
Incentive revenue for Distributed Generation (C5)	IGt	CRC11							Assumptions Outlined
Connection Guaranteed Standards Systems & Processes penalty (C6)	CGSRAt,CGSSPt & AUMt	CRC12							Assumptions Outlined
Low Carbon Networks Fund (C7)	LCN1t	CRC13							Assumptions

									Outlined
	LCN2t	CRC13							Assumptions Outlined
	LCN3t	CRC13							Assumptions Outlined
Incentive Revenue and Other Adjustments (C): [C = C1 + C2 + C3 + C4 + C5 + C6 + C7]									C = C1 + C2 + C3 + C4 + C5 + C6 + C7
Correction Factor (D)	-Kt	CRC3							Carried forward from previous year (small variation for interest)
Tax Trigger Mechanism Adjustment (E)	CTRA_t	CRC3							Assumptions Outlined
Total allowed Revenue (F): [F= A + B + C + D + E]	AR_t								F= A + B + C + D + E

Other 1. Excluded services - Top-up, standby, and enhanced system security (G1) (see note 1)	ES4	CRC15							Assumptions Outlined
Other 2. Excluded services - Revenue protection services (G2) (see note 1)	ES5	CRC15							Assumptions Outlined
Other 3. Excluded services - Miscellaneous (G3) (see note 1)	ES7	CRC15							Assumptions Outlined
Other 4. - blank or if required please provide description (G4)									Assumptions Outlined
Other 5. - blank or if required please provide description (G5)									Assumptions Outlined
Total Other Revenue to be recovered by Use of System Charges (G): [G = G1 + G2 + G3 + G4 +G5]									G = G1 + G2 + G3 + G4 +G5
Total Revenue for Use of System Charges (H): [H =F + G]									H = F + G

1. Revenue raised outside CDCM - EDCM and Certain Interconnector Revenue (I1)									Assumptions Outlined
2. Revenue raised outside CDCM - Voluntary under-recovery (I2)									Assumptions Outlined
3. Revenue raised outside CDCM - blank or if required please provide description (I3)									Assumptions Outlined
4. Revenue raised outside CDCM - blank or if required please provide description (I4)									Assumptions Outlined
Total Revenue to be raised outside the CDCM (I): [I = I1 + I2 + I3 + I4]									I = I1 + I2 + I3 + I4
Latest forecast of CDCM Revenue (J): [J = H - I]									J = H - I
CDCM Revenue Used in Charging Model									Assumptions Outlined

Final Collected Revenue Forecast (K)									Assumptions Outlined
Forecast Over / (Under) Recovery [being (K - G - F + I2)]									being K - G - F + I2
Forecast overall percentage change to Allowed Revenue (L)									Ft / Ft-1
Overall % change to Use of System Charges effective 1st April of Regulatory Year to balance (M)									Assumptions Outlined

Note 1: Cost categories associated with excluded services should only be populated if the Company recovers the costs of providing these services from Use of System Charges.

TABLE 2

3.1 The table referred to in Clause 35A.3 is set out below:

Company Name:

Date:

Description									
Regulatory Year	Regulatory Year t			Regulatory Year t+1			Regulatory Year t+2		
£m	Low (P10)	Central	High (P90)	Low (P10)	Central	High (P90)	Low (P10)	Central	High (P90)
Under/over recovery									
Losses Incentive									
Low Carbon Network Fund									
Quality of Service									
Price Control Reopeners									

Significant others (please specify)									
Final Collected Revenue Forecast									

Commentary

1. All £ figures are in money of the day.
2. Information provided to the nearest £m.

Assumptions

1. It is assumed that there will be one set of price changes per year effective on 1st April.

TABLE 3

4.1 The table referred to in Clause 35A.4 is set out below:

Company Name:

Date:

Illustrative Charging Year: t+1

PLEASE NOTE THAT THESE ARE ILLUSTRATIVE TARIFFS ONLY AND ARE NOT TO BE CONSIDERED TO REPRESENT THE INDICATIVE OR FINAL TARIFFS WHICH WILL BE APPLIED BY THIS COMPANY

	PCs	Unit rate 1 p/kWh	Unit rate 2 p/kWh	Unit rate 3 p/kWh	Fixed charge p/MPAN/day	Capacity charge p/kVA/day	Reactive power charge p/kVArh
Domestic Unrestricted							
Domestic Two Rate							
Domestic Off Peak (related MPAN)							
Small Non Domestic Unrestricted							

Small Non Domestic Two Rate							
Small Non Domestic Off Peak (related MPAN)							
LV Medium Non-Domestic							
LV Sub Medium Non-Domestic							
HV Medium Non-Domestic							
LV HH Metered							
LV Sub HH Metered							
HV HH Metered							
NHH UMS category A							
NHH UMS category B							
NHH UMS category C							

NHH UMS category D							
LV UMS (Pseudo HH Metered)							
LV Generation NHH							
LV Sub Generation NHH							
LV Generation Intermittent							
LV Generation Non-Intermittent							
LV Sub Generation Intermittent							
LV Sub Generation Non-Intermittent							
HV Generation Intermittent							
HV Generation Non-Intermittent							

Commentary

1. All illustrative tariffs as shown above are based on the latest Total Allowed Revenue (ARt in table 1) and the updated forecast Transmission Exit Charges (TBt in table) and any other inputs (if appropriate).

SCHEDULE 16 – COMMON DISTRIBUTION CHARGING METHODOLOGY

Introduction

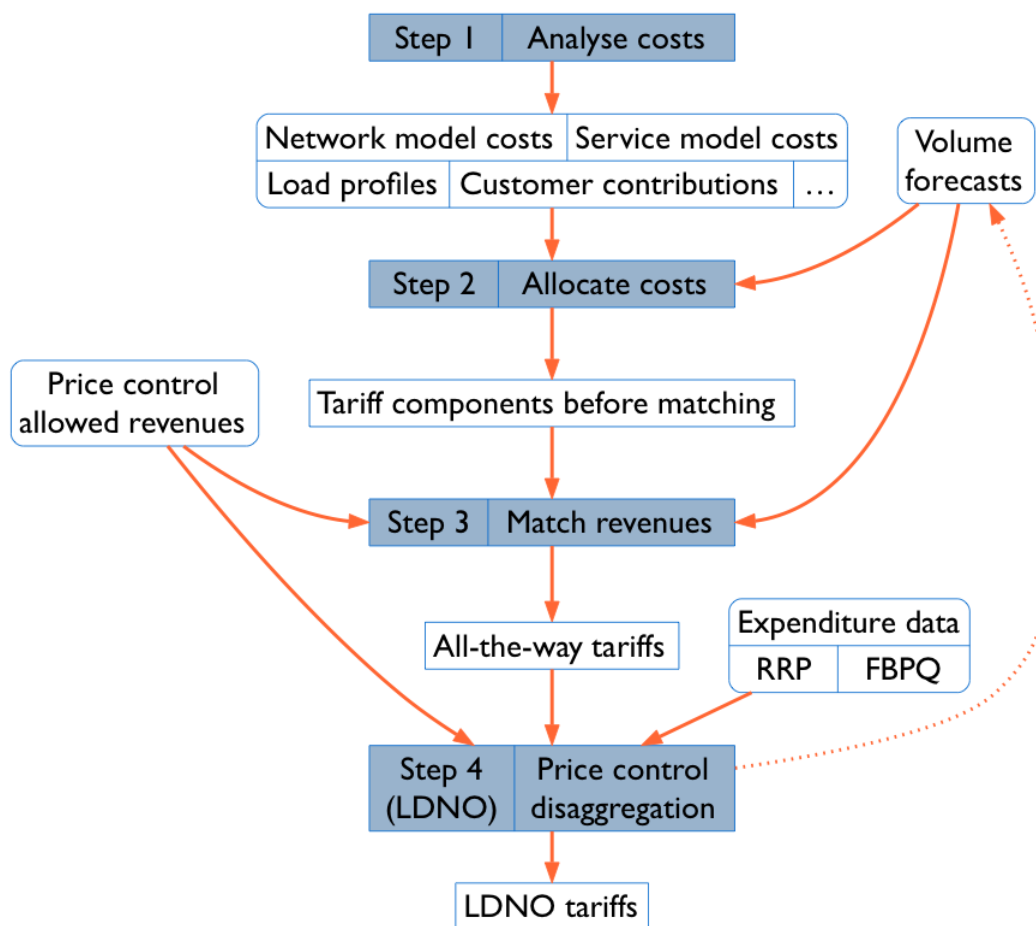
1. This Schedule 16 sets out the Common Distribution Charging Methodology (CDCM), which gives the methods, principles, and assumptions underpinning the calculation of Use of System Charges by each DNO Party (except where the DNO Party is acting as an LDNO).
- 1A. The CDCM is applicable to “Designated Properties”, as defined in Standard Condition 13A (Common Distribution Charging Methodology) of the DNO Party’s Distribution Licences.
2. The Schedule 16 comprises two main parts. Part 1 describes the cost allocation rules. Part 2 describes the tariff structures and their application.
3. In order to comply with this methodology statement when setting distribution Use of System Charges the DNO Party will populate and publish:
 - (a) the CDCM model version 102 as issued by the Panel on 1 April 2013 ; and
 - (b) the CDCM “Price Control Disaggregation” model version 2.0 as issued by the Panel on 1 April 2014.
4. The glossary at the end of this Schedule 16 contains definitions of terms and acronyms used in this Schedule 16. In the case of any conflict between the defined terms and acronyms set out in this Schedule 16 (on the one hand) and the definitions and rules of interpretation set out in Clause 1 of this Agreement (on the other), the defined terms and acronyms set out in this Schedule 16 shall prevail.
5. Algebraic formulae in this Schedule 16 use square brackets to clarify the calculations. For the avoidance of doubt, these square bracketed terms form an effective part of this Schedule 16.

Part 1 — Cost allocation

Main steps in the allocation

6. Figure 1 gives a general overview of how the four main steps in the methodology relate to each other.

Figure 1 Overview of the main steps in the methodology



7. Step 1 involves the gathering of information about the network, the costs of assets and operations, the users of the network, and the forecast level of use and level of allowed revenue in the charging year.
8. Step 2 is the application of the cost allocation rules set out below. These rules are only for all-the-way tariffs and do not apply to LDNO tariffs.
9. Step 3 involves adjustments to the tariff components calculated in step 2 in order to match revenue recovered from the CDCM to the amount of revenue allowed under the price control conditions.
10. Step 4 uses price control condition calculations, actual expenditure data and forecast expenditure data in order to determine discount percentages, which are then applied to all-the-way tariffs in order to produce LDNO tariffs.
11. Step 4 is independent from Steps 1 to 3. In practical terms, Step 4 must be performed first, as the discount percentages are used within Step 1 to combine volume forecasts for all-the-way and portfolio tariffs into a single composite dataset for each type of end user.

Overview of the tariff components

12. Each tariff comprises the tariff components listed in table 1.

Table 1 List of tariff components and restrictions on their application

Tariff component	Unit	Restrictions
One, two or three unit rates	p/kWh	No more than two unit rates for non half hourly settled demand.
Fixed charge	p/day	Not for unmetered supplies.
Capacity charge	p/kVA/day	Half hourly settled demand tariffs only.
Reactive power charge	p/kVArh	Half hourly settled tariffs only.

13. For users that are acting as LDNOs, tariffs are portfolio tariffs with the same tariff components as the corresponding all-the-way end user tariff, excluding reactive power charges (but prices for some tariff components may be calculated as zero).

14. Each component of each tariff is rounded to the nearest value with no more than three decimal places in the case of unit rates expressed in p/kWh and reactive power unit charges expressed in p/kVArh, and with no more than two decimal places in the case of fixed and capacity charges expressed in p/MPAN/day and p/kVA/day respectively.

Step 1: Analyse costs

15. The first step of the methodology involves the determination of costs or revenue allowances for various parts of the network, and the collection of information about the relevant characteristics of network users.

Network model asset values

16. The DNO Party specifies a network model, also known as a distribution reinforcement model (DRM) or a 500 MW model, in line with the requirements of this section.
17. In all cases, the network model determines the £/kW/year figure (based on simultaneous maximum load at each network level) corresponding to amortisation and return on capital for assets at the LV circuits, HV/LV and HV network levels.
18. For DNO Parties that do not rely on a separate EHV charging methodology, the network model also determines these costs at the EHV/HV and EHV network levels, and, in England and Wales, at the 132kV/EHV and 132kV network levels.
19. The network model consists of a costed design for an increment to the DNO Party's network. The DNO Party may only change this costed design with effect from 1 April. The DNO must provide notice of any such change in the Annual Review Pack to be published by the third Working Day of January in the calendar year prior to the calendar year in which such 1 April occurs (so as to provide approximately 15 months' prior notice of such change).
20. At each network level, the model is sized to provide secure capacity to meet demand that, aggregated up to individual grid supply point (GSP) level, amounts to 500 MW of simultaneous maximum demand.
21. The model's design assumes a power factor of 0.95 and no embedded generation.

22. The assets included in the network model are modern equivalent assets of the kind that the DNO Party would normally install on new networks.
23. The nature, quantity and size of assets in the model is such as to meet demand and security to the DNO Party's design and planning standards, allowing for the use of standard size equipment and typical utilisation factors.
24. The proportion of assets of different types at each network level, e.g. overhead and underground circuits, reflects the mix of users and the topography in the DNO Party's Distribution Services Area.
25. The cost assumed for each asset type reflect total purchase and installation cost in the charging year, using the DNO Party's normal procurement methods.
- 25A. The DNO Party will determine or estimate the proportion of relevant load going through 132kV/HV direct transformation. The DNO Party may only change its determination or estimate of the proportion of relevant load going through 132kV/HV direct transformation with effect from 1st April, and must provide a minimum of 15 months' prior notice of such changes. However, where a change to such determination or estimate is caused by the implementation of a change to this methodology, the requirement to provide a minimum of 15 months' prior notice will not apply.

Diversity allowances

26. For each of the 132kV (except in Scotland), EHV and HV voltage levels, the DNO Party determines a diversity allowance between the transformation level above circuits at that voltage and the transformation level below circuits at that voltage.
27. Each diversity allowance represents the extent, expressed as a percentage, to which the sum of the maximum load across all substations below would exceed the corresponding sum for substations above.
28. The DNO Party also determines a diversity allowance between the GSP Group as a whole and the individual grid supply points.
- 28A. The DNO Party may only change its determination of such diversity allowances with effect from 1st April, and must provide a minimum of 15 months' prior notice of such changes. However, where a change to such determination is caused by the

implementation of a change to this methodology, the requirement to provide a minimum of 15 months' prior notice will not apply.

Customer contributions under current connection charging policy

29. The DNO Party estimates the extent to which the assets at each network level used by each category of users would have been expected to be covered by customer contributions if they had been constructed under the charging year's connection charging policy.
30. The DNO Party groups users into categories, by network level of supply, for the purpose of making these estimates.
31. In the case of generators, the proportions relate to the notional assets whose construction or expansion might be avoided due to the generator's offsetting of demand on the network, and takes the same values as for a demand user at the same network level of supply.

Service model asset values

32. The DNO Party specifies a set of service models covering the range of typical dedicated assets operated for the benefit of individual HV and LV users of the network.
33. For each service model, the DNO Party estimates the number and types of connections that the model covers, and a total construction cost for the assets in the model. The DNO Party may only change the construction cost of any service model with effect from 1 April. The DNO Party must provide notice of any such change in the Annual Review Pack to be published by the third Working Day of January in the calendar year prior to the calendar year in which such 1 April occurs (so as to provide approximately 15 months' prior notice of change).
34. For each tariff, the DNO Party identifies the extent to which each of the service models represents the relevant assets for an average user in that tariff.
35. A weighted average of service models is used if several service models apply to the same tariff.

- 35A. The DNO Party may only change its estimate of the proportionate applicability of each service model to each tariff type with effect from 1st April, and must provide a minimum of 15 months' prior notice of such changes. However, where a change to such estimate is caused by the implementation of a change to this methodology, the requirement to provide a minimum of 15 months' prior notice will not apply.
36. In the case of unmetered supplies, service model assets are modelled on the basis of units delivered.
37. In the case of generation service models, the service models should reflect the additional costs of protection equipment for a typical generator in each category, for example the difference in cost between a fuse and a circuit breaker, or the cost of additional telecommunications equipment used for control purposes.

Transmission exit expenditure

38. The DNO Party prepares a forecast of expenditure on transmission exit charges in the charging year.

Other expenditure

39. The DNO Party prepares a forecast of other expenditure for the charging year, where other expenditure is defined as the sum of:
- (a) 100 per cent of direct operating costs.
 - (b) 60 per cent of indirect costs (as defined in RRP guidance).
 - (c) 100 per cent of network rates.

Distribution time bands

40. The DNO Party determines five distribution time bands, labelled black, red, yellow, amber and green. The 'red', 'amber' and 'green' time bands will apply to all half hourly settled tariffs that are metered. The 'black', 'yellow' and 'green' time bands will apply to the unmetered supplies half hourly tariff.
41. Distribution time bands are defined separately for Monday-Friday and for Saturday/Sunday. In each case, time bands are defined by reference to UK clock time only, and always begin and end on the hour or half hour. There will be no constraint on either the number of hours that can be covered by each time band or whether the time band applies to all or only part of a day. The red, amber and green times bands will apply throughout the year. The black and yellow time bands can be set to apply to only part of the year, where so specified by the DNO Party.
- 41A. The DNO Party may only change distribution time bands with effect from 1 April and must provide a minimum of 15 months prior notice of such changes. However, where a change to distribution time bands is caused by the implementation of a change to this methodology, the requirement to provide a minimum of 15 months notice prior notice will not apply.
- 41B. Notice of changes to the distribution time bands should be given in the relevant charging statement, and such notice should appear in the same paragraph of the statement as the time bands that are being changed.

Load characteristics

42. The DNO Party estimates the following load characteristics for each category of demand users:
 - a) A load factor, defined as the average load of a user group over the year, relative to the maximum load level of that user group. Load factors are numbers between 0 and 1.
 - b) A coincidence factor, defined as the expectation value of the load of a user group at the time of system simultaneous maximum load, relative to the maximum load level of that user group. Coincidence factors are numbers between 0 and 1.

- c) In the case of multi-rate tariffs and non-half hourly unmetered supplies tariffs that are applied to non-half-hourly meter data or to fixed time bands that differ from the distribution time bands (if any), the estimated proportion of units recorded in each relevant time pattern regime that fall within each distribution time band.
- 42A. The load characteristics for non-half hourly unmetered supplies are not determined from settlement data. For each non half hourly unmetered supplies tariff the load characteristics are calculated using profile data derived for each GSP Group.
43. In determining the load characteristics of each category of demand user the DNO Party will use reasonable endeavours to analyse meter and profiling data received for the most recent 3 year period for which data are available in time for use in the calculation of charges. The three elements of load characteristics – Load Factors, Coincidence Factors, and the estimated proportion of units recorded in each relevant time pattern regime that fall within each distribution time band – will be calculated individually for each of the 3 years and a simple arithmetic average will be calculated to be used in tariff setting.
44. For load factors and coincidence factors in the case of non half hourly settled customer classes (except the non half hourly unmetered supplies tariffs), data adjusted for GSP Group correction factor are used.
45. For the estimated proportion of units recorded in each relevant time pattern regime that fall within each distribution time band, data are not adjusted for GSP Group correction factors.
46. Not used.

Loss adjustment factors to transmission

47. For each network level, the DNO Party determines a single loss adjustment factor to transmission relating to Exit Points from its network at that level. These loss adjustment factors should be representative of average losses at the time of system simultaneous maximum load.

Peaking probabilities

48. The DNO Party determines a peaking probability in respect of each network level and each of the distribution time bands.
49. The peaking probability represents the probability that an asset at that network level would experience maximum load during that distribution time band. In deriving peaking probabilities the DNO Party will use reasonable endeavours to use the most recent 3 year period for which information is available in time for use in the calculation of charges. Peaking probabilities will be derived individually for each of the 3 years and a simple arithmetic average will be calculated to be used in tariff setting.

Power factor data

50. The DNO Party determines or estimates, for each network level, the average of the ratio of reactive power flows (kVAr) to network capacity (kVA), weighted by reactive power flow.
51. If data are not available for any network level, the DNO Party uses data for the nearest network level at which they are available.
- 51A. The DNO Party may only change its estimate of the matters referred to in paragraph 50 with effect from 1st April, and must provide a minimum of 15 months' prior notice of such changes. However, where a change to such estimate is caused by the implementation of a change to this methodology, the requirement to provide a minimum of 15 months' prior notice will not apply.

Volume forecasts

52. The DNO Party forecasts the volume chargeable to each tariff component under each tariff for the charging year.
53. The volume forecasts for portfolio tariffs are multiplied by the LDNO discount percentages determined in Step 4, and combined with the all-the-way volume forecasts for each end user type. These combined volume forecasts are used throughout Steps 2 and 3 of the methodology.

Forecast of price control allowed revenues

54. The DNO Party prepares a forecast of allowed revenue for the charging year in accordance with the requirements of the price control conditions and in a manner which is consistent with its volume forecasts and in a format consistent with table 1 of Schedule 15.

Step 2: Allocate costs

Categories of costs

55. The cost and revenue allocation is driven by a representation of the different voltage and transformation levels in the network and by a distinction between the elements of cost related to assets and those related to operations.
56. Table 2 shows the network levels and categories of costs used in the model. In this Schedule 16, the acronym EHV refers to voltages of 22 kV and above, up to and excluding 132 kV. In the case of the Scottish Distribution Services Areas, the entries for the 132kV and 132kV/EHV network levels are zero as these voltages are part of the transmission network. LV refers to voltages below 1 kV, and HV refers to voltages of at least 1kV and less than 22kV.

Table 2 Categories of unit costs in the model

Category	Description	Unit	Levels
Network assets	Amortisation and return on capital for networks or substations at each level, excluding assets that are deemed to be covered by customer contributions.	£/kW/year	132kV
			132kV/EHV
			EHV
			EHV/HV
			132kV/HV
			HV
	This is expressed per kW of system simultaneous maximum load.		HV/LV LV circuits
Transmission exit	Expressed per kW of system simultaneous maximum load	£/kW/year	Transmission exit

Table 2 Categories of unit costs in the model

Category	Description	Unit	Levels
Other expenditure	Other expenditure is attributed to levels and assets in the network following the rules set out below.	£/kW/year	132kV 132kV/EHV EHV EHV/HV 132kV/HV HV HV/LV LV circuits
	The part allocated to network levels is expressed per kW of system simultaneous maximum load.		
	The part of other expenditure allocated to assets dedicated to one customer is expressed per user for each user type.	£/year	For each type of user

Annuitisation of network model asset values

57. Capital costs that are not covered by customer contributions are converted to annual costs using a level annuity with the annuity period and rate of return set out in table 3.

Table 3 Annuity rate of return and annuity period

Parameter	Value
Annuity period	40
Annuity rate of return	6.9% until the 31 March 2011, and thereafter the “allowed pre- tax weighted average cost of capital” set by the Authority as part of the then most recent review of the charge restriction conditions applying under the DNO Party’s Distribution Licence.

Determination of unit costs from network model

58. For each network level, the DNO Party determines the flow at time of system simultaneous maximum load, measured at Exit Points from the network level, that could be accommodated by the network model on the basis of a normal mix and diversity of loads for its network.
59. The asset value and unit cost for that network level are obtained by dividing the annuitised cost of purchasing and installing the assets in the network model by this exit flow at time of system simultaneous maximum load.
- $$[\text{network level assets } \text{£/kW}] = [\text{assets } \text{£}] / [\text{modelled exit flow at time of system simultaneous maximum load kW}]$$
- $$[\text{network level } \text{£/kW/year}] = [\text{network level assets } \text{£/kW}] * [\text{annuity factor}]$$
60. The modelled exit flow at peak time is obtained by combining the 500 MW at GSP sizing assumption, the diversity allowance between GSP and GSP Group, and the loss adjustment factor for the relevant network level.

Allocation of other expenditure

61. Estimated load at each network level is calculated from:
- volume forecasts for each tariff;
 - the loss adjustment factors representative of the time of system simultaneous maximum load;
 - the load characteristics for users on each tariff, used to estimate the contribution of each user category to load at the time of system simultaneous maximum load.
62. For the purposes of this calculation, a generation user is taken to make a zero contribution to load at the network level corresponding to circuits at its Entry Point, and a full negative contribution to load at all network levels above its Entry Point. For demand users, account is taken of differences between the diversity allowance in the network model and the diversity of each customer group in order to ensure that the estimated load matches the volumes subject to charges in respect of each network level.
63. For each network level covered by the network model, a notional asset value is calculated by multiplying the unit asset cost by the estimated load:

$$[\text{notional asset value } \pounds] = [\text{network level assets } \pounds/\text{kW}] * [\text{estimated load kW}]$$

64. For each service model, a notional asset value is calculated by multiplying the unit asset value of that service model by the extent to which each user requires that model.
65. Other expenditure (excluding transmission exit charges) is allocated between network levels in the proportion given by these notional assets.
66. The result is combined with forecast transmission exit charges to give an annual expenditure figure for each network level and for each service model. These figures are converted into unit cost using the same rules as for costs and revenues from network assets and customer assets.

Allocation of costs on the basis of contribution to system simultaneous maximum load

67. All $\pounds/\text{kW}/\text{year}$ unit costs and revenue are used in the calculation of yardstick charges for each tariff.
68. For demand tariffs and portfolio tariffs related to demand users with a single unit rate (with the exception of the non-half hourly unmetered supplies tariffs), the contributions of each network level to the unit rate are calculated as follows:

$$[\text{p/kWh from network model assets}] = 100 * [\text{network level } \pounds/\text{kW}/\text{year}] * [\text{user loss factor}] / [\text{network level loss factor}] * [\text{coincidence factor}] / [\text{load factor}] * (1 - [\text{contribution proportion}]) / [\text{days in charging year}] / 24$$

$$[\text{p/kWh from operations}] = 100 * [\text{transmission exit or other expenditure } \pounds/\text{kW}/\text{year}] * [\text{user loss factor}] / [\text{network level loss factor}] * [\text{coincidence factor}] / [\text{load factor}] / [\text{days in charging year}] / 24$$
69. These calculations are repeated for each network level.
70. In this equation, the user loss factor is the loss adjustment factor to transmission for the network level at which the user is supplied, and the network level loss factor is the loss adjustment factor to transmission for the network level for which costs are being attributed.
71. For generation users and portfolio tariffs for generation users, no contribution to the unit rate is calculated in respect of the network level corresponding to circuits at the

Entry Point, and a negative contribution to the unit rate (i.e. a credit) comes from each network level above the Entry Point. That contribution is calculated as follows:

$$[\text{p/kWh from network model assets}] = -100 * [\text{network level } \text{£/kW/year}] * [\text{user loss factor}] / [\text{network level loss factor}] * (1 - [\text{contribution proportion}]) / [\text{days in year}] / 24$$

$$[\text{p/kWh from operations}] = -100 * [\text{transmission exit or other expenditure } \text{£/kW/year}] * [\text{user loss factor}] / [\text{network level loss factor}] / [\text{days in year}] / 24$$

72. For tariffs with several unit rates and non-half hourly unmetered supplies tariffs, the same principle is used but the ratio of the coincidence factor to the load factor is replaced with a coefficient calculated by the following procedure:

- a) Calculate the ratio of coincidence factor to load factor that would apply if units were uniformly spread within each time band, based on the estimated proportion of units recorded in each relevant time pattern regime that fall within each distribution time band and the assumption that the time of system simultaneous maximum load is certain to be in the red or black (as appropriate) distribution time band.
- b) Calculate a correction factor for each user type as the ratio of the coincidence factor to load factor, divided by the result of the calculation above.
- c) For each network level and each unit rate, replace the ratio of the coincidence factor to the load factor in the above formula with the ratio of coincidence factor (to network level asset peak) to load factor that would be apply given peaking probabilities at that network level if units were uniformly spread within each time band, multiplied by the correction factor.
- d) The coefficient calculated for the non-half hourly and half hourly unmetered supplies tariffs will be determined by aggregating these tariffs to produce one value.

Allocation of network costs to standing charges (fixed and capacity)

73. For demand users, other than unmetered users, standing charge factors are used to reduce unit charges and to attribute these costs or revenues to capacity charges (p/kVA/day) or fixed charges (p/day) instead.
74. The standing charge factors for non half hourly settled users are:
- a) 100 per cent for the network level at which the end user is supplied.
 - b) Zero for any further network level.
75. The standing charge factors for half hourly settled users at LV Sub are:
- a) 100 per cent for the transformation level at which the supply is made to the end user.
 - b) 100 per cent for circuits at the next voltage level.
 - c) Zero for any further network level.
76. The standing charge factors for other half hourly settled users are:
- a) 100 per cent for the voltage level of supply of the end user.
 - b) 100 per cent for the next transformation level.
 - c) 20 per cent for circuits at the next voltage level (including 132kV for HV users to the extent that 132kV/HV transformation is used).
 - d) Zero for any further network level.
77. For each tariff, the unit rates are reduced to take account of the allocation of costs to capacity or fixed charges. This is achieved by multiplying the cost element for each relevant network level by $(1 - [\text{standing charge factor}])$.
78. For each demand user type, and for each network level, the unit cost to be attributed to capacity charges or fixed charges in respect of that network level is:
- $$[\text{p/kVA/day from network model assets}] = 100 * [\text{standing charge factor}] * [\text{network level } \text{£/kW/year}] * [\text{user loss factor}] / [\text{network level loss factor}] * (1 - [\text{contribution proportion}]) / [\text{days in year}] / (1 + [\text{diversity allowance}]) * [\text{power factor in network model}]$$
- $$[\text{p/kVA/day from transmission exit or other expenditure}] = 100 * [\text{standing charge factor}] * [\text{transmission exit or other expenditure } \text{£/kW/year}] * [\text{user loss}$$

factor]/[network level loss factor]/[days in year]/(1 + [diversity allowance]))*[power factor in network model]

79. The power factor in network model parameter is set to 0.95.
80. The diversity allowance for the LV circuit level is defined as the amount by which the aggregate maximum demand load determined for that network level exceeds the estimated demand at the time of system simultaneous maximum load. The aggregate maximum demand is calculated by aggregating agreed import capacities for half hourly settled users and estimated capacities for non half hourly settled user groups.
81. For half hourly settled demand users, except unmetered users, the unit costs calculated by the formula above are allocated to the capacity charge.
82. Otherwise, the unit costs calculated by the formula above are allocated to the fixed charge.
83. For domestic users in profile classes 1 and 2, and for small business users in profile classes 3 and 4, LV costs are allocated to the fixed charge by estimating the proportion of LV network capacity used by these categories of users, and dividing the corresponding proportion of LV costs by the number of domestic and small business MPANs. Related MPANs are excluded from this calculation and are not subject to the resulting fixed charge.
84. For non half hourly settled demand users, except unmetered users, the relevant unit costs in p/kVA/day are converted to a fixed charge by multiplying them by the estimated maximum load per user of the user category (obtained from the volume forecast and load factor data) divided by the power factor in the network model.

Costs associated with LV customer and HV customer levels

85. Other expenditure allocated to the LV customer and HV customer network levels are included in the fixed charge for each tariff where there is such a tariff component.
86. In the case of unmetered supplies, these charges are spread across all units.

Costs associated with reactive power flows

87. For each tariff and each network level, the contribution to reactive power unit charges is obtained as follows:
- (a) Calculate what the contribution to a single unrestricted unit rate in p/kWh from each network level would be.
 - (b) Take the absolute value.
 - (c) Adjust for standing charge factors at the relevant network levels (for demand users only).
 - (d) Multiply by the assumed power factor in the network model.
 - (e) Multiply by the DNO Party's estimate of the average ratio of the reactive power flow (kVAr) to network load (kVA) at the relevant network level.
88. For the purpose of the calculation of reactive power unit charges, generation users are taken to make a full contribution to the reactive power flows in the network at their Entry Point and at each network level above their Entry Point.

Step 3: Match revenues

89. The DNO Party uses its volume forecasts to estimate the revenues that would be raised by applying the tariff components derived from step 2, excluding any revenues treated as excluded revenue under the price control conditions.
90. If any separate charging methodology is used alongside the CDCM, e.g. for EHV users, then the forecast revenues from these charges, excluding any revenues treated as excluded revenue under the price control conditions, are added to the total.
91. If the forecast of allowed revenue exceeds the estimate of relevant revenues, then the difference is a shortfall. If the estimate of relevant revenues exceeds the forecast of allowed revenue, then the difference is a surplus.
92. To allocate any shortfall or surplus, the DNO Party calculates the effect on demand tariffs and on forecast revenues from these tariffs of adding £1/kW/year (relative to system simultaneous maximum load) to costs at the transmission exit level.
93. Using this estimate, the DNO Party determines a single adder figure in £/kW/year such that adding that amount to costs at the transmission exit level would eliminate

the shortfall or surplus. The single adder is positive if there is a shortfall and negative if there is a surplus.

94. If this procedure would result in negative value for any tariff component, then the tariff component is set to zero and the single adder figure is modified to the extent necessary to match forecast and target revenue.
95. The final tariffs for demand (before rounding and application of LDNO discounts) are determined on the basis of an allocation with the single adder included in costs.
Tariffs for generation do not have any revenue matching element.

Step 4: Price control disaggregation

96. Step 4 involves calculations based on price control and expenditure data which produce a series of discount percentages to be used to determine portfolio tariffs for LDNOs.
97. For the purposes of price control disaggregation the network is split into five levels: LV services, LV mains, HV/LV, HV and EHV.
98. The determination of discount percentages involves the following steps:
 - (a) Allocation of price control revenue elements to network levels.
 - (b) Determination of a percentage allocation of total revenue per unit to network levels.
 - (c) Determination of the proportion of the LV mains deemed to be used by LV-connected embedded networks.
 - (d) Allocation of 100% of the LV services to LV-connected embedded networks (the “[LV services allocation]”).
 - (e) Determination of the proportion of the HV network deemed to be provided by HV-connected embedded networks with HV end users.
 - (f) Calculation of the discount percentage for each combination of boundary network level and end user network level.
 - (g) Application of discount percentages to determine portfolio tariffs.

Allocation of price control revenue elements to network levels

99. The calculation of percentage allocations of price control revenues to network levels is based on separate percentages by network level for the operating cost, depreciation and return on the regulatory asset value elements of the DNO Party's allowed revenue.
100. In order to determine the allocation to network levels of each element of price control revenue, the DNO Party uses the costs allocation drivers calculated from the following sources:
- (a) RRP data on units distributed and operating expenditure broken down by network level.
 - (b) Data that each DNO Party considers appropriately represents the forecast of net capital expenditure and customer contributions for the period 2005/06–2014/15, broken down by network level.
 - (c) Forecast data that each DNO Party considers appropriately represents the gross modern equivalent asset values (replacement costs) for various asset types.
 - (d) The value of all notional assets calculated in each DNO Party's EDCM model. This comprises the aggregate of:
 - (I) the sum of notional site-specific asset values of all network levels allocated to capacity for all customers in the DNO Party's EDCM model;
 - (II) the sum of notional asset values at all network levels allocated to demand for all customers in the DNO Party's EDCM model;
 - (III) the sum of sole use asset values allocated to demand for all customers in the DNO Party's EDCM model; and
 - (IV) the sum of sole use asset values for generation only for all customers in the DNO Party's EDCM model.
 - (e) The CDCM notional asset values for each network level as referred to in paragraph 63 of this schedule.

101. Data from the RRP are used to distinguish between direct and indirect costs, with direct costs coded by network level. For the purpose of this calculation, capital expenditure is included, net of customer contributions, but negative figures are replaced with zero. This analysis provides direct costs percentage for each network level, based on RRP data. The direct cost percentage for LV mains is denoted “[LV mains direct proportion]” and the direct cost percentage for HV is denoted “[HV direct proportion]”.
102. Indirect operating costs are allocated to network levels on the basis of an estimate of modern equivalent asset value by network level. The operating cost percentage for each level is a weighted average of the direct and indirect percentages. Estimated gross modern equivalent asset values used for this purpose are derived from asset counts and gross modern equivalent asset values (replacement costs) for various asset types. The estimated gross modern equivalent asset value at the EHV network level is adjusted by multiplying it by the EHV Reduction Ratio.
103. Transmission exit charges are not allocated to any of the voltage tiers. These charges are deducted from the allowed revenue (see paragraph 111).
104. Both the depreciation and return on capital elements of allowed revenue are allocated to network levels on the basis of net capital expenditure data derived from the appropriate capital expenditure forecast. All figures are aggregated over the 10-year period from 2005/2006 to 2014/2015, taking in actual data or forecasts for each year as available.
105. For each network level, the relevant net capital expenditure is calculated by adding up total condition based replacement (proactive and reactive replacement), combined in the case of LV services, LV mains, HV and EHV with connections spend minus customer contributions for connections at that voltage level, general reinforcement capital expenditure at that voltage level, and fault reinforcement capital expenditure at that voltage level. The net capital expenditure at the EHV network level is adjusted by multiplying it by the EHV Reduction Ratio.
106. Some of these categories allow HV substation and transformer costs to be identified. These costs (and no other costs) are allocated to the HV/LV network level.

107. Some of the expenditure categories do not separately identify HV substation/transformer costs. For these categories costs are allocated to the HV/LV in the same proportion as for the other categories (where these costs are separately identified).
108. Generation-related capital expenditure is not included in the net capex attributable to each network level.

Determination of a percentage allocation of total revenue per unit to network levels

109. The percentage allocation of costs to network levels is determined as a weighted average of the percentage allocation for each of the elements of price control revenue, rescaled by units flowing.
110. The DNO Party determines a breakdown of price control allowed revenue over the period from 2005/2006 to 2009/2010 between (1) operating expenditure, (2) depreciation and (3) return on regulatory asset value. Each of these 3 components of price control allowed revenue is then allocated across each network level using the percentage cost drivers as calculated for each such network level in accordance with the provisions of paragraphs 99-108 above. The resultant allocations are aggregated by network level to obtain a percentage per network level of total price control allowed revenue for the period 2005/2006 to 2009/2010.
111. For the purpose of paragraph 110, the price control allowed revenue (stated as the “Total allowed revenue” in the price control disaggregation model) for the relevant charging year is adjusted by deducting the Revenue not to share. The Revenue not to share comprises the aggregate of:
 - (a) the net amount earned or lost by the DNO Party under price control financial incentive schemes; and
 - (b) Transmission exit charges.

112. This adjusted price control allowed revenue (stated in the model as the “Total revenue to share”) is then allocated to each network level using the weighted average percentage allocations calculated in accordance with paragraph 110. Before making this allocation however, the Total revenue to share must be further adjusted to deduct a portion of the price control allowed revenue that is to be recovered from EHV customers. This adjusted Total revenue to share is derived by deducting the following:

$$\left(\text{EHV Revenue} * \frac{\text{Total revenue to share}}{\text{Total allowed revenue}} \right)$$

Where:

Total allowed revenue = the price control allowed revenue

Total revenue to share = Total allowed revenue – Revenue not to share

EHV Revenue = the revenue to be recovered from EHV customers for the relevant charging year.

- 112A The revenue not to share must also be adjusted to deduct a portion of the price control allowed revenue that is to be recovered from EHV customers. This adjusted Revenue not to share is derived by deducting the following:

$$\left(\text{EHV Revenue} * \frac{\text{Revenue not to share}}{\text{Total allowed revenue}} \right)$$

Where

Revenue not to share = as per paragraph 111 above.

Total allowed revenue = the price control allowed revenue

EHV Revenue = the revenue to be recovered from EHV customers for the relevant charging year.

113. The adjusted price control allowed revenues allocated to each network level are then rescaled by the estimated number of units flowing through each network level. The Revenue not to share is re-scaled by all units flowing into the DNO Party's EHV network. The resultant revenues, scaled by units flowing, are then normalised so that they add up to 100 per cent. The result of this calculation is a set of percentage allocations for each of the LV services, LV mains, HV/LV, HV and EHV network levels and the Revenue not to share.

LV mains split

114. The DNO Party determines the proportion of the LV mains which LV-connected embedded networks are deemed to use by:
- (a) determining the total length of its LV mains used by LV-connected licensed embedded networks;
 - (b) dividing that total length by the number of end users on LV-connected licensed embedded networks; and
 - (c) dividing the result by the average length of LV mains by LV end user on the DNO Party's own LV network.

115. The result of this calculation is denoted "[LV mains split]".

HV split

116. The DNO Parties will procure that the Nominated Calculation Agent estimates the typical proportion of the HV network which is provided by the DNO Party in the case of HV loads supplied through an HV-connected LDNO. This estimate will be based on sample data, and the average used will be the same for all DNO Parties.
117. The proportion is denoted "[HV split]", and is represented as:

$$HV\ Split = 1 - \frac{Sum\ of\ IDNO\ network\ length/Number\ of\ IDNO\ connections}{Sum\ of\ DNO\ network\ lengths/Number\ of\ DNO\ connections}$$

Calculation of discount percentages

118. The discount percentages are determined as follows (where “[LV mains allocation]” is the percentage of total costs that are allocated to the LV mains network level).
119. For embedded networks with an LV boundary, the discount is equal to:

$$[LV: LV \text{ discount}] = [LV \text{ services allocation}] + ([LV \text{ mains allocation}] * (1 - [LV \text{ mains split}] * [LV \text{ mains direct proportion}])).$$
120. For embedded networks with an HV boundary, three percentage discount figures are used.
121. The percentage discount applicable to tariffs for LV network end users is:

$$[HV: LV \text{ discount}] = [LV \text{ services allocation}] + [LV \text{ mains allocation}] + [HV/LV \text{ allocation}] + [HV \text{ allocation}] * (1 - [HV \text{ split}] * [HV \text{ direct proportion}]).$$
122. The percentage discount applicable to tariffs for LV substation end users is:

$$[HV: LV \text{ Sub discount}] = ([HV/LV \text{ allocation}] + [HV \text{ allocation}] * (1 - [HV \text{ split}] * [HV \text{ direct proportion}])) / (1 - [LV \text{ mains allocation}] - [LV \text{ services allocation}]).$$
123. The percentage discount applicable to tariffs for HV end users is:

$$[HV: HV \text{ discount}] = [HV \text{ allocation}] * (1 - [HV \text{ split}] * [HV \text{ direct proportion}]) / (1 - [LV \text{ services allocation}] - [LV \text{ mains allocation}] - [HV/LV \text{ allocation}])$$

Application of discount percentages to determine portfolio tariffs

124. For demand users, the discount percentages are applied to all tariff components in all-the-way tariffs in order to determine embedded network portfolio tariffs.
125. For generation users, the unit rate element (p/kWh) is not discounted, reflecting the modelling assumption that generation benefits are seen at the voltage level above the Exit Point, and therefore the embedded LDNO simply “passes on” the benefits seen at the DNO Party level. The fixed charge element (p/day) is discounted at 100 per cent, as this tariff component in the all-the-way tariff recovers costs associated with the allocation of other expenditure to service assets, which are not provided by the DNO Party.

Part 2 — Tariff structures and application

126. The development of the CDCM has involved the creation of a common tariff structure for all 14 DNO Parties and their Distribution Service Areas.
127. This part details the common tariff structure and associated tariff elements for Non-Half Hourly (NHH) and Half-Hourly (HH) metered supplies for demand, generation, unmetered supplies and charges to LDNOs.

Tariff structures for demand customers

NHH Metered Demand

128. Use of System Charges for NHH Metering Point Administration Numbers (MPANs) will be via the Supercustomer approach which uses data from the D0030 industry data flow and is based on Settlements Classes comprising:
- (a) Line Loss Factor Class (LLFC);
 - (b) Profile Class (PC);
 - (c) Standard Settlement Configuration (SSC); and
 - (d) Time Pattern Regime (TPR)
129. The combination of LLFC/PC/SSC/TPR determines the associated profile and half-hourly data values.
130. NHH metered time bands will follow either, the appropriate SSC/TPR combinations with the allocation of the TPR to the unit rate set by the DNO Party, or the time bands set by DNO Parties where that DNO Party already utilises a form of ‘de-linking’.
131. Charges will be applied on a fixed charge and unit rate basis. There will be no capacity, maximum demand or reactive charges for NHH metered MPANs.
132. Structure of NHH demand charges:
- (a) Fixed charge will be p/MPAN/day.
 - (b) Unit charges will be p/kWh.
 - (c) Unmetered supplies will be charged on a p/kWh basis only.

HH Metered Demand

133. Use of System Charges for HH settled demand customers will use data from the D0275 or D0036 industry data flows based on half hourly metered data provided by MPAN.
134. Charges will consist of a fixed, unit, capacity and reactive power charge.
135. As described in Paragraph 40, there will be three unit rate time bands on a time of day basis for all half hourly settled customers with the exception of the half hourly unmetered supplies tariff, to reflect the requirements of the cost drivers of their individual networks. These three time bands will be called 'red', 'amber' and 'green' to represent three differing cost signals. As described in Paragraph 40, there will be three unit rate time bands for the half hourly unmetered supplies tariff, to reflect the requirements of the cost drivers of their individual networks. The three time bands will be called 'black', 'yellow' and 'green' to represent three differing cost signals.
136. Structure of the HH demand charges:
 - (a) Fixed charge p/MPAN/day;
 - (b) Unit rate charge p/kWh;
 - (c) Unmetered supplies will be charged on a p/kWh basis only;
 - (d) Capacity charge p/kVA/day; and
 - (e) Reactive power charge p/kVArh.
137. Generally the p/MPAN/day charge relates to one MPAN. However, where a site is a group of MPANs as identified in the connection agreement, billing systems should be able to group the MPANs where appropriate for charging purposes.
138. Unit charges will be allocated by settlements HH data and DNO Party specific network time bands.
139. There will be no charges applied to correctly de-energised HH MPANs/sites as determined by the de-energisation status in MPAS Registration System.
140. Where a site is incorrectly de-energised, i.e. when actual metering advances are received the DNO Parties should contact suppliers to ensure the status is corrected. If a site is found to be energised charges will be back dated to the date of energisation.

Demand Tariff Structures

141. The following tables and notes show the structure for demand tariffs.

Table 4: Non-half-hourly metered demand tariffs				
Point of Connection	Profile Class	Unit Rate Time Bands	Other Charges	Tariff Name
LV	1	One	Fixed	Domestic Unrestricted
LV	2	Two	Fixed	Domestic Two Rate
LV	2	One	None	Domestic Off-Peak (related MPAN)
LV	3	One	Fixed	Small Non-Domestic Unrestricted
LV	4	Two	Fixed	Small Non-Domestic Two Rate
LV	4	One	None	Small Non-Domestic Off-Peak (related MPAN)
LV	5 to 8	Two	Fixed	LV Medium Non-Domestic
LVS	5 to 8	Two	Fixed	LV Sub Non-Domestic
HV	5 to 8	Two	Fixed	HV Medium Non-Domestic *The proposal is that this tariff will be closed to new customers and all new HV connections will be required to be half-hourly metered
LV	8	One	None	NHH UMS (Category A)
LV	1	One	None	NHH UMS (Category B)

Table 4: Non-half-hourly metered demand tariffs				
Point of Connection	Profile Class	Unit Rate Time Bands	Other Charges	Tariff Name
LV	1	One	None	NHH UMS (Category C)
LV	1	One	None	NHH UMS (Category D)

Table 5: Half-hourly metered demand tariffs			
Point Of Connection	Unit Rate Time Bands	Other Charges	Tariff Name
LV	Three	Fixed, Capacity and Reactive Power	LV HH metered
LVS	Three		LV Sub HH metered
HV	Three		HV HH metered
LV	Three	None	LV UMS (Pseudo HH Metered)

Note 1: The Domestic and Non-Domestic off-peak (related MPAN) tariffs are supplementary to a standard published tariff and therefore only available under these conditions.

Note 2: Where DNO Parties use a default tariff for invalid settlement combinations these will be charged at the Domestic Unrestricted rates.

Note 3: LV Sub applies to customers connected to the DNO Party's network at a voltage of less than 1 kV at a substation with a primary voltage (the highest operating voltage present at the substation) of at least 1 kV and less than 22 kV, where the current transformer (CT) used for the customer's settlement metering is located at the substation. For these purposes, 'at the substation' means:

- a) an HV/LV substation with the metering CT in the same chamber as the substation transformer; or
- b) an HV/LV substation with the metering CT in a chamber immediately adjacent to the substation transformer chamber.

Note 4: not used.

Note 5: Note 3 above for LV substation tariffs will be applied if a customer or its supplier provides evidence demonstrating to the DNO Party's reasonable satisfaction, that the requirements of note 3 are met.

To determine whether such evidence is sufficient, the DNO Party will investigate and reach a decision based on the evidence supplied and any additional information that is available to it. Administration charges (to cover reasonable costs) may apply if a technical assessment or site visit is required. Where a DNO Party agrees that a customer should be moved to the LV substation tariff, the new tariff will be applied in the next calendar month following the DNO Party's decision.

Where a customer is already registered on an LV substation tariff they will remain so.

Note 6: HV Medium Non-Domestic - This tariff will be closed to new customers and all new HV connections will be required to be half-hourly metered.

Note 7: Fixed charges are generally levied on a pence per MPAN basis. However, there are some instances in the half-hourly market where more than one MPAN exists on a customer's connection and only one fixed charge is appropriate. Where a group of MPANs is classed as a site as identified in the connection agreement, billing systems should be able to group the MPANs, where appropriate, for charging purposes.

Tariff structures for generation

NHH Metered Generation

142. Use of System Charges for NHH Low Voltage (LV and LVS) generation tariffs will also be billed via Supercustomer. The billing systems will be required to apply fixed charges plus negative unit charges with the process being managed through the DNO Party's invoicing of the supplier.
143. Structure of NHH generation charges:
- (a) Fixed charge will be p/MPAN/day; and
 - (b) Unit rate charge p/kWh.

HH Metered Generation

144. Use of System Charges for HH Low Voltage (LV) and High Voltage (HV) generation tariffs will also be via the HH billing systems. The billing systems will be required to apply fixed charges plus reactive power unit charges, negative unit charges and manage the process through the DNO Party's invoicing of the supplier
145. Structure of NHH generation charges:
- (a) Fixed charge will be p/MPAN/day;
 - (b) Unit rate charge p/kWh; and
 - (c) Reactive power charge p/kVArh.
146. The following tables and notes show the structure for generation tariffs.

Table 6: Non-half-hourly metered generation tariffs				
Point of connection	Profile class	Unit Rate Time Bands	Other Charges	Tariff Name
LV	8	One	Fixed	LV Generation NHH
LVS				LV Sub Generation NHH

Table 7: Half-hourly metered generation tariffs				
Point Connection	Of	Unit Rate Time bands	Other Charges	Tariff Name

Table 7: Half-hourly metered generation tariffs				
Point Of Connection	Unit Rate Time bands	Other Charges	Tariff Name	
LV	One	Fixed and Reactive Power	LV Generation Intermittent	
LVS			LV Sub Generation Intermittent	
LV	Three		LV Generation Non-Intermittent	
LVS			LV Sub Generation Non-Intermittent	
HV	One		HV Generation Intermittent	
HV	Three		HV Generation Non-Intermittent	

Note 1: A single-rate tariff is applied to NHH settled generation, as there is no readily available and accurate information about the time at which units are delivered.

Note 2: Intermittent generation is defined as a generation plant where the energy source of the prime mover cannot be made available on demand, in accordance to the definitions in Engineering Recommendation P2/6. These include wind, tidal, wave, photovoltaic and small hydro. The operator has little control over operating times therefore, a single-rate tariff (based on a uniform probability of operations across the year) will be applied to intermittent generation.

Note 3: Non-intermittent generation is defined as a generation plant where the energy source of the prime mover can be made available on demand, in accordance to the definitions in Engineering Recommendation P2/6. The generator can choose when to operate, and bring more benefits to the network if it runs at times of high load. These include combined cycle gas turbine (CCGT), gas generators, landfill, sewage, biomass, biogas, energy crop, waste incineration and combined heat and power (CHP). A three-rate tariff will be applied to generation credits for half-hourly settled non-intermittent generation.

Note 4: LV Sub Generation applies to customers connected to the DNO Party's network at a voltage of less than 1 kV at a substation with a primary voltage (the highest operating voltage present at the substation) of at least 1 kV and less than 22 kV, where the current transformer used for the customer's settlement metering is located at the substation.

Note 5: not used.

Note 6: Note 4 above for LV generation substation tariffs will be applied for new customers from 1 April 2010.

Tariff structures for LDNOs

147. The tariff structure for LDNOs will mirror the structure of the all-the-way-tariff, and is dependant on the voltage of connection either LV or HV. The same tariff elements will apply.

Table 8: LDNO LV connection				
Point of Connection	Profile Class	Unit Rate Time Bands	Other Charges	Tariff Name
LV	1	One	Fixed	Domestic Unrestricted
LV	2	Two	Fixed	Domestic Two Rate
LV	2	One	None	Domestic Off-Peak (related MPAN)
LV	3	One	Fixed	Small Non-Domestic Unrestricted
LV	4	Two	Fixed	Small Non-Domestic Two Rate
LV	4	One	None	Small Non-Domestic Off-Peak (related MPAN)

Table 8: LDNO LV connection				
Point of Connection	Profile Class	Unit Rate Time Bands	Other Charges	Tariff Name
LV	5 to 8	Two	Fixed	LV Medium Non-Domestic
LV	8	One	None	NHH UMS (Category A)
LV	1	One	None	NHH UMS (Category B)
LV	1	One	None	NHH UMS (Category C)
LV	1	One	Unit Rate	NHH UMS (Category D)
LV	N/A	Three	Fixed, Capacity and Reactive Power	LV HH Metered
LV	N/A	Three	None	LV UMS (Pseudo HH Metered)
LV	8	One	Fixed	LV Generation NHH
LV	N/A	One	Fixed and Reactive Power	LV Generation Intermittent
LV	N/A	Three	Fixed and Reactive Power	LV Generation Non-Intermittent

Table 9: LDNO HV connection				
Point of Connection	Profile Class	Unit Rate Time Bands	Other Charges	Tariff Name

Table 9: LDNO HV connection				
Point of Connection	Profile Class	Unit Rate Time Bands	Other Charges	Tariff Name
HV	1	One	Fixed	Domestic Unrestricted
HV	2	Two	Fixed	Domestic Two Rate
HV	2	One	None	Domestic Off-Peak (related MPAN)
HV	3	One	Fixed	Small Non-Domestic Unrestricted
HV	4	Two	Fixed	Small Non-Domestic Two Rate
HV	4	One	None	Small Non-Domestic Off-Peak (related MPAN)
HV	5 to 8	Two	Fixed	LV Medium Non-Domestic
HV	8	One	None	NHH UMS (Category A)
HV	1	One	None	NHH UMS (Category B)
HV	1	One	None	NHH UMS (Category C)
HV	1	One	None	NHH UMS (Category D)
HV	N/A	Three	Fixed, Capacity and Reactive Power	LV HH Metered
HV	N/A	Three	None	LV UMS (Pseudo HH Metered)
HV	N/A	Three	Fixed, Capacity and Reactive Power	LV Sub HH Metered

Table 9: LDNO HV connection				
Point of Connection	Profile Class	Unit Rate Time Bands	Other Charges	Tariff Name
HV	N/A	Three	Fixed, Capacity and Reactive Power	HV HH Metered
HV	8	One	Fixed and Reactive Power	LV Generation NHH
HV	N/A	One	Fixed and Reactive Power	LV Generation Intermittent
HV	N/A	Three	Fixed and Reactive Power	LV Generation Non-Intermittent
HV	N/A	One	Fixed and Reactive Power	LV Sub Generation Intermittent
HV	N/A	Three	Fixed and Reactive Power	LV Sub Generation Non-Intermittent
HV	N/A	One	Fixed and Reactive Power	HV Generation Intermittent
HV	N/A	Three	Fixed and Reactive Power	HV Generation Non-Intermittent

Capacity charges

Maximum Import Capacity

148. The Maximum Import Capacity (MIC) will be charged on a site basis (p/kVA/day).

149. The level of MIC will be agreed at the time of connection and when an increase has been approved. Following such an agreement (be it at the time of connection or an increase) no reduction in MIC will be allowed for a period of one year.
150. Reductions to the MIC may only be permitted once in a 12 month period and no retrospective changes will be allowed. Where MIC is reduced the new lower level will be agreed with reference to the level of the customers' maximum demand. It should be noted that where a new lower level is agreed the original capacity may not be available in the future without the need for network reinforcement and associated cost.
151. For LDNO connections, if capacity ramping has been agreed with the DNO Party, in accordance with the DNO Party's connection charging methodology, the phasing profile will apply instead of the above rules. Where an LDNO has agreed a phasing of capacity this will be captured in the Bilateral Connection Agreement with the DNO Party.

Standby Capacity for Additional Security on Site

152. Where standby capacity charges are applied, the charge will be set at the same rate as that applied to normal MIC.

Exceeded Capacity

153. Where a customer takes additional capacity over and above the MIC without authorisation, the excess will be classed as exceeded capacity. The exceeded portion of the capacity will be charged at the same p/kVA/day rate, based on the difference between the MIC and the actual capacity. This will be charged for the duration of the month in which the breach occurs.

Minimum Capacity Levels

154. There is no minimum capacity threshold.

Capacity Value Calculations – Import

155. The actual capacity utilised will be calculated by the following formula:

$$\text{Import Demand} = 2 \times \sqrt{AI^2 + \max(RI, RE)^2}$$

Where:

AI = Import consumption in kWh
RI = Reactive import in kVArh

RE = Reactive export in kVArh

Import Demand = kVA

156. This calculation is completed for every half hour and the maximum value from the billing period is captured.
157. The chargeable capacity is, for each billing period, the highest of the Maximum Import Capacity or the actual capacity, calculated as above, with the same charge rate applying throughout the year.
158. Only kVArh Import and kVArh Export values occurring at times of kWh Import are used.

Capacity Value Calculations – Export

159. The actual capacity utilised will be calculated by the following formula:

$$\text{Export Demand} = 2 \times \sqrt{AE^2 + \max(RI, RE)^2}$$

Where:

AE = Export production in kWh

RI = Reactive import in kVArh

RE = Reactive export in kVArh

Export Demand = kVA

160. This calculation is completed for every half hour and the maximum value from the billing period is captured.
161. The export demand value is calculated to record the highest export value and used for information only.
162. Only kVArh Import and kVArh Export values occurring at times of kWh Export are used.

Reactive power charges

163. Reactive power charges will be applied based on chargeable reactive power. The charge will be p/kVArh for units in excess of a set amount.

164. The chargeable reactive power units will be calculated by the following formulae.

Chargeable Reactive Power Unit Calculations - Import

$$\text{Chargeable kVArh} = \max \left(\max(\text{RI}, \text{RE}) - \left(\sqrt{\left(\frac{1}{0.95^2} - 1 \right)} \times \text{AI} \right), 0 \right)$$

Where:

AI = Import consumption in kWh

RI = Reactive Import in kVArh

RE = Reactive export in kVArh

165. The 0.95 constant refers to the reactive charging threshold and the design power factor of the network model within the CDCM.

166. This calculation is completed for every half hour and the values summated over the billing period.

167. Only kVArh Import and kVArh Export values occurring at kWh Import are used.

168. The square root calculation will be to two decimal places.

Chargeable Reactive Power Unit Calculations - Export

$$\text{Chargeable kVArh} = \max \left(\max(\text{RI}, \text{RE}) - \left(\sqrt{\left(\frac{1}{0.95^2} - 1 \right)} \times \text{AE} \right), 0 \right)$$

Where:

AE = Export production in kWh

RI = Reactive import in kVArh

RE = Reactive export in kVArh

- 169. The 0.95 constant refers to the reactive charging threshold and the design power factor of the network model within the CDCM.
- 170. This calculation is completed for every half hour and the values summated over the billing period.
- 171. Only kVArh Import and kVArh Export values occurring at kWh Export are used.
- 172. The square root calculation will be to two decimal places.

Charging decimal places

- 173. DNO Parties will set unit charges (kWh) and reactive power charges (kVArh) to three decimal places. The rates for fixed charges and capacity charges will be set to two decimal places.

Part 3 — Network Unavailability Rebate Payments

174. A compensation payment may be payable to customers for network outages under two schemes.
175. The majority of customers are compensated under the Guaranteed Standards arrangements set out in The Electricity (Standards of Performance) Regulations 2010.
176. Customers who are off supply for greater than defined periods of time are entitled to a payment. This scheme applies to all demand customers and to all generators not included in the scheme described below.
177. For customers with generation connected at more than 1,000 volts and who have agreed a standard connection the following scheme will apply. This scheme is known as Distributed Generation Network Unavailability Rebate and payments will be calculated for each generator on the following basis:

$$\text{Payment} = A * B * (C - D)$$

Where:

A = the network unavailability price of £2 per MW per hour.

B = incentivised generator capacity; the highest active electrical power that can be generated (or the relevant incremental change of this amount in cases of the expansion of existing generation plant) by the generator for the year, according to the connection and/or use of system agreement(s).

C = network interruption duration; the total duration of all occurrences (in minutes) on the network each of which involves a physical break in the circuit between itself and the rest of the system or due to any other open circuit condition, which prevents the generator from exporting power. It excludes:

- 50 per cent of the total duration of cases where the DNO Party takes pre-arranged outages of its equipment for which the statutory notification has been issued to the generator;
- the cases where the generator has specific exemption agreements with the DNO Party in the connection and/or use of system agreement(s); and

- the cases which are part of exempted events in the quality of service incentive or the Guaranteed Standard Statutory Instrument (such exemptions include interruptions of less than three minutes duration and industrial action).

D = the baseline network interruption duration for the relevant year which either has a default value of zero or some other value agreed between the customer and the DNO Party and recorded within either; the connection offer, connection agreement and/or use of system agreement(s).

178. Distributed Generation Network Unavailability Rebate scheme payments will be calculated by the DNO Party on an annual basis (1st April - 31st March) and payments made shortly after the end of each year. This payment is automatic and does not need to be claimed by the generation customer. The de minimis level of rebate is £5 (and below that amount no payment will be made).

Glossary of Terms used in this Schedule 16

In this Schedule 16, except where the context otherwise requires, the expressions in the left-hand column below shall have the meaning given to them in the right-hand column below:

<i>Term</i>	<i>Meaning</i>
allowed revenue	the DNO Party's "Combined Allowed Distribution Network Revenue" (as defined in the DNO Party's price control conditions).
all-the-way tariff	a tariff applicable to an end user rather than an LDNO.
boundary tariff	a tariff for use of the DNO Party's network by an LDNO where charges are based on boundary flows.
CDCM	the Common Distribution Charging Methodology.
charging year	the 12-month period ending on a 31st March for which charges and credits are being calculated.
coincidence factor	for a user category, aggregate load at the time of the DNO Party's system simultaneous maximum load divided by maximum aggregate load.
Common Distribution Charging Methodology	the methodology of that name with which the DNO Party is obliged to comply under its Distribution Licence.
contribution proportion	the proportion of asset annuities which are deemed covered by customer contributions. This is defined for each combination of a tariff and a network level.
customer contribution	capital charges payable by customers under the DNO Party's connection charging policy.
distribution bands	time the time bands described in paragraphs 40, 41 and 135.

Term	Meaning
diversity allowance	the extent, expressed as a percentage, to which the sum of the maximum load across all assets in the modelled network level is expected to exceed the simultaneous maximum load for the network level as a whole, as per paragraph 27.
DRM	distribution reinforcement model. This may refer either to a 500 MW network model or to a cost allocation method based on such a model.
EDCM	<u>means the EHV distribution charging methodology as described in Schedule 17 or Schedule 18 (as applicable to each DNO Party).</u>
EHV	EHV refers to nominal voltages of at least 22kV and less than 132kV; network elements with a nominal voltage of 132kV are excluded from EHV for the purpose of this Schedule 16.
EHV Reduction Ratio	<u>A factor applied to the EHV network drivers in the price control disaggregation that reduces the allocation of costs to the EHV network level to account for revenues recovered from EDCM customers. The EHV Reduction Ratio is calculated as follows:</u>
$\text{EHV Reduction Ratio} = \frac{\text{EHV assets in CDCM model (£)} - \text{all notional assets in EDCM model (£)}}{\text{EHV assets in CDCM model (£)}}$	
where: EHV assets in the CDCM model = the sum of the notional values in £ of the EHV assets described in paragraph 100(e) of this schedule, namely 132kV, 132kV/EHV, EHV, EHV/HV, and 132kV/HV assets; all notional assets in the EDCM model = the total notional value in £ of the assets described in paragraph 100(d) of this schedule; and EHV assets in CDCM model = the sum of notional asset values of EHV assets in the CDCM model.	

<i>Term</i>	<i>Meaning</i>
embedded network	an electricity distribution system operated by an LDNO and embedded within the DNO Party's network.
end user	is a user, but excluding LDNOs.
Engineering Recommendation	one of the engineering recommendations referred to in the Distribution Code.
excluded revenue	revenue from "Excluded Services" (as defined in the price control conditions).
GSP	grid supply point: where the network is connected to a transmission network.
HV	nominal voltages of at least 1kV and less than 22kV.
kV	Kilovolt (1,000 Volts): a unit of voltage.
kVAr	Kilo Volt Ampere reactive: a unit of reactive power flow.
kVArh	Kilo Volt Ampere reactive hour: a unit of total reactive power flow over a period of time.
kW	Kilowatt (1,000 Watts): a unit of power flow.
kWh	Kilowatt hour: a unit of energy.
LDNO	a licensed distribution network operator, meaning an IDNO Party or DNO Party operating an electricity distribution system outside of its Distribution Services Area.
load factor	for a user category, average load divided by maximum aggregate load.
LV	nominal voltages of less than 1kV.

<i>Term</i>	<i>Meaning</i>
LV Mains	LV distributing mains where: a) the upper boundary is at the secondary side (LV) of a distributor transformer; and b) the lower boundary is the point of connection associated with the LV service.
LV Services	the service line from the LV main to the DNO's protection device situated upon the customer's premises, including the joint and associated components connecting the service line to the distributing main.
modern equivalent asset and modern equivalent asset value	is a reference to the cost of replacing an asset at the time of the calculation.
MPAN	the unique number identifying a particular Metering Point or Metering System.
MVA	Mega Volt Ampere (1,000 kVA): a unit of network capacity.
MW	Megawatt (1,000 kW): a unit of power flow.
MWh	Megawatt hour (1,000 kWh): a unit of energy.
network	the DNO Party's Distribution System within the DNO Party's Distribution Services Area.
network level	the network is modelled as a stack of circuit and transformation levels between supplies at LV and the transmission network. A network level is any circuit or transformation level in that stack. Additional network levels are used for transmission exit and for LV and HV customer assets.

Term	Meaning
network model	a costed design for a 500 MW extension to the DNO Party's network, as described in paragraph 16.
peaking probability	is the peaking probability described in paragraph 49.
power factor	the ratio of energy transported (kW) to network capacity used (kVA).
portfolio tariff	a tariff for use of the DNO Party's network by an LDNO where charges are based on flows out of/into the LDNO's electricity distribution system from its end users or further nested networks.
price control conditions	the charge restriction conditions contained as special conditions within the DNO Party's Distribution Licence.
profile class	has the meaning given to that expression in the Balancing and Settlement Code.
regulatory asset value	is the DNO Party's regulatory asset value as described in the Regulatory Instructions and Guidance issued by the Authority under the DNO Party's Distribution Licence.
related MPAN	has the meaning given to the expression "Related Metering Points" in the Master Registration Agreement.
Revenue not to share	means the amount described as such in paragraph 111.
RRP	regulatory reporting pack, a dataset produced each year by each DNO Party for the Authority.
service model	a costed design for the typical dedicated assets of a category of network users.
standing charge	any fixed or capacity charge that does not depend on actual use of the network.

<i>Term</i>	<i>Meaning</i>
Supercustomer	in relation to billing, is billing by Settlement Class.
system simultaneous maximum load	the maximum load for the GSP Group as a whole.
time pattern regime or TPR	means a code that is used to identify the switching times of a meter register.
unit	where the context permits, the word unit refers to kWh.
unit rate	a charging or payment rate based on units distributed or units generated. Unit rates are expressed in p/kWh. Tariffs applied to multi-rate meters and/or using several time bands for charging have several unit rates.
user	refers to customers (whether demand customers or generators) and (where relevant) LDNOs.

SCHEDULE 17 – EHV CHARGING METHODOLOGY (FCP MODEL)

1. INTRODUCTION

1.1 This Schedule 17 sets out one of the two EHV Distribution Charging Methodologies (**EDCM**). The other EDCM is set out in Schedule 18.

1.2 This Schedule 17 sets out the methods, principles, and assumptions underpinning the EDCM for the calculation of Use of System Charges by the following DNO Parties:

Scottish Hydro Electric Power Distribution plc;

Southern Electric Power Distribution plc;

SP Distribution Limited;

SP Manweb plc;

Western Power Distribution (East Midlands) plc; and

Western Power Distribution (West Midlands) plc.

1.3 In order to comply with this methodology statement when setting distribution Use of System Charges the DNO Parties referred to above will populate:

(a) the EDCM model version “F201” as issued by the Panel on 01 April 2013 ;
and

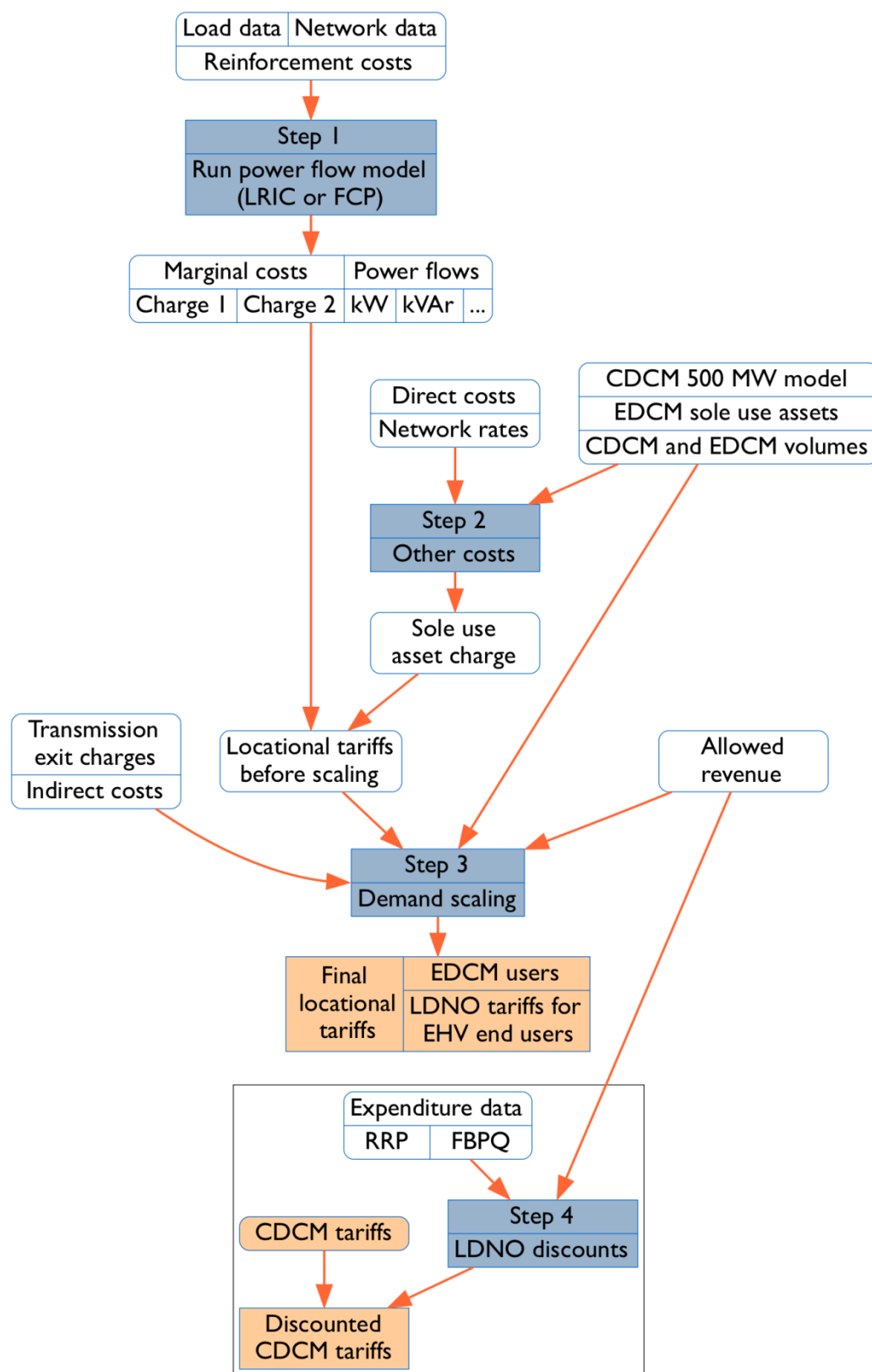
(b) the EDCM “Price Control Disaggregation” model (extended method M)
version 1.0 as issued by the Panel on 27 June 2013.

Main Steps

1.4 The EDCM involves four main steps.

1.5 Step 1 is the application of load flow techniques and the LRIC or FCP methodologies to determine an EDCM tariff element, known as Charge 1, which represents costs associated with demand-led reinforcement, estimated by reference to power flows in the maximum demand scenario.

- 1.6 Step 2 involves the allocation of DNO Party costs to Connectees using appropriate cost drivers.
- 1.7 Step 3 adds a scaling element to charges which is related to Allowed Revenue.
- 1.8 Step 4 uses CDCM charges to determine the element of portfolio charges to be applied in the case of DNO/IDNO Parties who are supplied from the DNO Party's network at voltages higher than the scope of CDCM charges.
- 1.9 Figure 2 provides a diagrammatic overview of the steps involved for import charges.

Figure 2 Diagrammatic overview of the EDCM for import

2. **FORWARD COST PRICING ANALYSIS**

Introduction

- 2.1 The Forward Cost Pricing (FCP) model is used to calculate annual incremental charges for EDCM Connectees. A fundamental principle of the FCP model is that the revenue recovery generated from its incremental charges is equal to the expected cost of reinforcement. These incremental charges provide cost signals relative to the available capacity in a Network Group, the expected cost of reinforcement of the Network Group and the time before the reinforcement is expected to be necessary. Load and generation incremental charges are derived separately.
- 2.2 The key FCP modelling steps consist of:
- (a) configuration of the Authorised Network Model;
 - (b) development of demand data sets;
 - (c) definition of Network Groups;
 - (d) power flow analyses:
 - (i) assessment of network security requirements (load);
 - (ii) assessment of network security requirements (generation);
 - (e) calculation of reinforcement costs; and
 - (f) calculation of FCP load incremental charges (£/kVA/annum);

Configuration of the Authorised Network Model

- 2.3 Power flow analyses are performed on the Authorised Network Model. This is a representation of the DNO Party's EHV network (from the Grid Supply Point level down to and including the HV busbars at the EHV/HV transformation level) expected to exist and be operational in the Regulatory Year for which Use of System Charges are being calculated.
- 2.4 Guidance on the configuration of the Authorised Network Model is provided in the section 4 (Authorised Network Model) of Annex 1.

Development of Network Demand Data sets

- 2.5 Load data used in the power flow analyses is based on network demand data from the DNO Party's Long Term Development Statement (or LTDS), which contains a five-year forecast of substation maximum demands. A 10-year forecast is derived by extrapolation of the five-year forecast. Existing generation data is based on the Maximum Export Capacities of EDCM Generation.
- 2.6 Guidance on the development of the Network Demand Data sets is provided in section 5 (Network Demand Data) of Annex 1.

Definition of Network Groups

- 2.7 The Authorised Network Model is split into Network Groups, thereby reflecting the zonal nature of the FCP model. A Network Group is a contained portion of the Authorised Network Model defined by physical, operational and technical boundaries that is not electrically connected to another part of the network at the same voltage level under normal operating conditions. A Network Group is defined as the network normally supplied from a Grid Supply Point (GSP) substation, a Bulk Supply Point (BSP) substation, or a Primary Substation. In situations where GSP substations, BSP substations or Primary Substations are operated in parallel, the network associated with such parallel GSP substations, BSP substations or Primary Substations is considered as one Network Group.
- 2.8 Guidance relating to the definition of Network Groups is presented in section 6 (Network Groups) of Annex 1.

Power Flow Analyses

- 2.9 Power Flow analyses are undertaken using AC load flow methods.

Assessment of network security requirements (load)

- 2.10 Contingency analyses are performed on the Authorised Network Model to which the relevant Network Demand Data sets have been applied. This is done in order to identify all load-related reinforcements expected within the 10-year horizon in line with network planning security requirements (as can be found in ER P2/6). N-1 and,

where required, N-2 contingency analyses are performed on the Authorised Network Model for each year within the 10-year horizon.

- 2.11 Reinforcements identified within the 10-year horizon are used to determine FCP load incremental charges. As the power flow analyses progress through the 10-year planning period the same reinforcements will be identified - only newly-identified reinforcements in each year are considered in order to avoid double-counting. The analysis considers thermal ratings only.
- 2.12 Guidance relating to these power flow analyses is presented in section 7 (Power flow analysis process) of Annex 1.

Calculation of reinforcement costs

- 2.13 It is assumed that the reinforcement or any Branch is undertaken in a standardised way with standardised costs. In practice, the design data used by the DNO Party to prepare offers for connection to its Distribution System should be used when determining the extent and likely cost of reinforcement.
- 2.14 Guidance relating to the calculation of reinforcement costs is presented in section 8 (Calculation of reinforcement costs) of Annex 1.

Calculation of FCP load incremental charges

- 2.15 The FCP load incremental charge for a Network Group is derived from all expected reinforcements identified within the 10-year horizon period within that Network Group.
- 2.16 The FCP load incremental charging function is in integral form with exponential load growth and continuous discounting applied. The following charging function is used to derive the Network Group FCP load incremental charge (£/kVA/annum) for EDCM Customers:

$$FCP_{load} = \sum_j \frac{i \left(\frac{A_j}{C_l} \right) \left(\frac{D}{C_l} \right)^{\frac{2i}{g_l} - 1}}{1 - e^{-iT}}$$

Where:

$FCPl_{load}$ = FCP load incremental charge (£/kVA/annum)

j = index of Branch whose reinforcement is required in the planning period

i = discount rate, which is assumed to be the pre-tax cost of capital set by the Authority as part of the then most recent review of the charge restriction conditions applying under the DNO Party's Distribution Licence

A_j = total cost (£) of asset "j" reinforcement in the considered Network Group over 10-year period

l = index of the total load level at which reinforcement of Branch "j" is required

Cl = total demand (kVA) of the Network Group, in the Maximum Demand Scenario, in the year Y_l in which reinforcement of Branch "j" is required

D = total demand (kVA) in the Network Group in the first year of the 10-year horizon in the Maximum Demand scenario

gl = annual average load growth rate corresponding to the year in which the reinforcement is expected to be required (see below)

T = 10 years over which the reinforcement cost is recovered

- 2.17 The annual average Network Group load growth rate corresponding to the year in which the reinforcement is expected, gl , is calculated by:

$$g_l = \frac{\ln\left(\frac{C_l}{D}\right)}{Y_l}$$

Where:

- gl = annual average load growth rate corresponding to the year in which the reinforcement is expected to be required
- Yl = number of years before the reinforcement of Branch “j” is required
- Cl = total demand (kVA) of the Network Group, in the Maximum Demand Scenario, in the year Yl in which reinforcement of Branch “j” is required
- D = total demand (kVA) in the Network Group in the first year of the 10-year horizon in the Maximum Demand scenario

2.18 Guidance relating to the calculation and application of FCP load incremental charges is presented in section 9.1 (FCP load incremental charge) of Annex 1.

Outputs

2.19 The outputs of the FCP modelling are:

- (a) Network Group ID;
- (b) Charge 1: Demand (load) charge (£/kVA/annum);
- (c) Parent Network Group ID;
- (d) Active Power (kW) of demand (load) for Maximum Demand Scenario;
- (e) Reactive Power (kVAr) of demand (load) for Maximum Demand Scenario;
- (f) Active Power (kW) of demand (generation) for Maximum Demand Scenario;
and
- (g) Reactive Power (kVAr) of demand (generation) for Maximum Demand Scenario.

3. EDCM CHARGE COMPONENTS FOR CONNECTEES

3.1 This section sets out the different charge components that will apply to Connectees under the EDCM. Charge components are the outputs of the EDCM and make up the distribution use of system charges applied to Connectees.

- 3.2 In the EDCM, each set of charges comprises import rates, export rates, or both, as applicable to the Connectee. The DNO Party's Relevant Charging Statement includes information that enables a Supplier to determine which Designated EHV Property each set of charges applies to.
- 3.3 Demand charges under the EDCM comprise the following individual components:
- Import fixed charges.
 - Import capacity charges.
 - Exceeded import capacity charges.
 - Unit rate charges for consumption at the time of the DNO Party's peak (super-red time band).
- 3.4 The EDCM charge components for import are listed in table 10.

Table 10 Charge components for import

Charge component	Unit
Import fixed charge	p/day
Import capacity charge	p/kVA/day
Exceeded import capacity charge	p/kVA/day
Super-red import unit charge	p/kWh

- 3.5 Generation charges under the EDCM comprise the following individual components:
- Export fixed charges
 - Export capacity charges
 - Exceeded export capacity charges
 - Export super-red unit rate (credit)

- 3.6 The EDCM charge components for export are listed in table 11.

Table 11 Charge components for export

Charge component	Unit
Export fixed charge	p/day
Export capacity charge	p/kVA/day
Exceeded export capacity charge	p/kVA/day
Export super-red unit rate	p/kWh

- 3.7 The next section details the calculation of the elements that determine the charge components described above.

4. CALCULATION OF EDCM CHARGE COMPONENTS

- 4.1 EDCM charge components are derived from tariff elements. This section describes the method for calculating each of these charge elements.

5. CHARGEABLE EXPORT CAPACITY FOR EXPORT CHARGES

- 5.1 The Chargeable Export Capacity for each Connectee is defined as the Maximum Export Capacity minus any capacity that is exempt from use of system charges in the charging year.

6. APPLICATION OF FCP CHARGE 1

- 6.1 Each tariff in the model is linked to one FCP location or network group. Each FCP network group may be linked to a parent FCP network group and a grandparent FCP network group. Each FCP network group may have a charge 1 in £/kVA/year associated with it.

- 6.2 The import charges for the application of charge 1 is given by the formulas:

For Connectees with zero average kW/kVA:

$$[\text{p/kWh super-red rate}] = ([\text{parent charge 1 £/kVA/yr}] * (\text{abs}[A1] / (\text{SQRT}(A1^2 + R1^2))) / [\text{Super-red hours}] * 100) + ([\text{grandparent charge 1 £/kVA/yr}] * (\text{abs}[A2] / (\text{SQRT}(A2^2 + R2^2))) / [\text{Super-red hours}] * 100)$$

$$[\text{p/kVA/day capacity charge}] = ([\text{network charge 1 £/kVA/year}] / [\text{days in Charging Year}] * 100) + ([\text{parent charge 1 £/kVA/yr}] * (-R1 * \text{Average kVAr/kVA}) / (\text{SQRT}(A1^2 + R1^2))) / [\text{days in Charging Year}] * 100 + ([\text{grandparent charge 1 £/kVA/yr}] * (-R2 * \text{Average kVAr/kVA}) / (\text{SQRT}(A2^2 + R2^2))) / [\text{days in Charging Year}] * 100$$

For all other Connectees:

$$[\text{p/kWh super-red rate}] = [\text{parent charge 1 £/kVA/yr}] * (\text{abs}[A1] - (R1 * ([\text{Average kVAr/kVA}] / [\text{Average kW/kVA}]))) / (\text{SQRT}(A1^2 + R1^2)) / [\text{Super-red hours}] * 100 + ([\text{grandparent charge 1 £/kVA/yr}] * (\text{abs}[A2] - (R2 * ([\text{Average kVAr/kVA}] / [\text{Average kW/kVA}]))) / (\text{SQRT}(A2^2 + R2^2)) / [\text{Super-red hours}] * 100)$$

$$[\text{p/kVA/day capacity charge}] = [\text{network group charge 1 £/kVA/year}] / [\text{days in Charging Year}] * 100$$

Where:

A1 and R1 are the values of the active power flow and reactive power flow modelled through the parent network group in the maximum demand scenario.

A2 and R2 are the values of the active power flow and reactive power flow modelled through the grandparent network group in the maximum demand scenario.

If both A1 and R1 are equal to zero, in respect of that network level in the formulas above, the term $(\text{abs}[A1] / (\text{SQRT}(A1^2 + R1^2)))$ is set equal to 1, $(-R1 * \text{Average kVAr/kVA}) / (\text{SQRT}(A1^2 + R1^2))$ is set equal to zero, and $([\text{Average kVAr/kVA}] / [\text{Average kW/kVA}])) / (\text{SQRT}(A1^2 + R1^2))$ is also set to zero.

If both A2 and R2 are equal to zero, in respect of that network level in the formulas above, the term $(\text{abs}[A2] / (\text{SQRT}(A2^2 + R2^2)))$ is set equal to 1, $(-R2 * \text{Average kVAr/kVA}) / (\text{SQRT}(A2^2 + R2^2))$ is set equal to zero, and $([\text{Average kVAr/kVA}] / [\text{Average kW/kVA}])) / (\text{SQRT}(A2^2 + R2^2))$ is also set to zero.

Any negative contributions to the [p/kVA/day capacity charge] or the [p/kWh super-red rate] from the parent or the grandparent network groups are set to zero.

Super red hours are the number of hours in the DNO Party's super-red time band.

The average kW/kVA and average kVAr/kVA figures are forecasts for the Charging Year, based on data from the most recent regulatory year for which data were available in time for setting charges for the Charging Year. Specifically, active and reactive power consumptions are averaged over a super-red time band, which is a seasonal time of day period determined by the DNO Party to reflect the time of peak, and then divided by the Maximum Import Capacity (averaged over the same financial year). If the DNO Party considers that the reactive consumption data relates to export rather than import (e.g. the average kVAr figure exceeds half of the Maximum Import Capacity) then the Maximum Import Capacity in the denominator should be replaced by the Maximum Export Capacity of the same Connectee. The average kVAr divided by kVA is restricted to be such that the combined active and reactive power flows cannot exceed the Maximum Import Capacity.

6.3 Charge 1 is applied to export charges as a credit. The credit is expressed as a negative charge rate in p/kWh and is applied in respect of active power units exported during the DNO Party's super-red time band. The credit rate is set to zero for Connectees who are assigned an F Factor of zero. The credit rate is calculated as follows:

$$\begin{aligned}
 [\text{p/kWh super-red export rate}] = & -100 * [\text{Proportion eligible for charge 1 credits}] \\
 & * ([\text{network charge 1 } \text{£/kVA/year}] + [\text{parent charge 1 } \text{£/kVA/year}] + [\text{grandparent} \\
 & \text{charge 1 } \text{£/kVA/year}]) * ([\text{Chargeable export capacity}]/[\text{Maximum export capacity}]) \\
 & /[\text{number of hours in the super-red time band}]
 \end{aligned}$$

Where:

The proportion eligible for charge 1 credits is zero if the F factor that is assigned to the Connectee as described in the FCP methodology is equal to zero, and 1 otherwise.

The super-red generation rate is not applied to Connectees with zero Chargeable Export Capacity.

7. NO APPLICATION OF NEGATIVE CHARGES

- 7.1 Under FCP, charge 1 is either zero or positive. Any negative values of Charge 1 are set to zero.

8. DEMAND SIDE MANAGEMENT (DSM) AND GENERATION SIDE MANAGEMENT (GSM)

- 8.1 Some EDCM Customers are subject to demand side management (DSM) or generation side management (GSM) agreements.
- 8.2 For Connectees with DSM agreements, let “chargeable capacity” be equal to the Maximum Import Capacity minus the capacity that is subject to restrictions under a DSM agreement. These restrictions would take into account any seasonal variations built into these agreements.
- 8.3 For Connectees with DSM agreements, DSM-adjusted local and remote (or parent and grandparent) elements of the FCP charge are calculated as the product of the ratio of “chargeable capacity” to Maximum Import Capacity and the unadjusted elements of the FCP charge. Where the Maximum Import Capacity is zero, this ratio is set to 1. The DSM-adjusted local element of the FCP charge 1 is applied to the Maximum Import Capacity, and the DSM-adjusted remote (or parent and grandparent) element of the FCP charge 1 is applied to units consumed during the super-red time band.
- 8.4 For Connectees with GSM agreements, no adjustments are made in the EDCM.

9. TRANSMISSION CONNECTION (EXIT) CHARGES FOR DEMAND

- 9.1 A separate transmission exit charge is applied to demand tariffs.
- 9.2 A single charging rate, in p/kW/day is calculated as follows:

Transmission exit charging rate p/kW/day = $100 / DC * NGET \text{ charge} / (\text{CDCM system maximum load} + \text{total EDCM peak time consumption})$

Where:

DC is the number of days in the Charging Year.

NGET charge is the DNO Party's forecast annual expenditure on transmission connection point charges in £.

CDCM system maximum load is the forecast system simultaneous maximum load from CDCM Connectees (in kW) from CDCM table 2506.

Total EDCM peak time consumption (in kW) calculated by multiplying the Maximum Import Capacity of each Connectee by the forecast peak-time kW divided by forecast maximum kVA of that Connectee (adjusted for losses to transmission and, if necessary, for Connectees connected for part of the Charging Year) and aggregating across all EDCM Customer demand.

- 9.3 The single p/kW/day charging rate is converted into a p/kVA/day import capacity based charge for each EDCM Connectee as follows:

Transmission exit charge p/kVA/day = [Transmission exit charging rate in p/kW/day]
 * [Forecast peak-time kW divided by kVA of that Connectee, adjusted for transmission losses and, if necessary for Connectees connected part of the year]

10. TRANSMISSION CONNECTION (EXIT) CREDITS FOR GENERATORS

- 10.1 A capacity-based credit related to transmission exit is applied to generation tariffs.
- 10.2 Transmission exit credits are paid to generators that have an agreement with the DNO, the terms of which require the generator, for the purposes of P2/6 compliance, to export power during supergrid transformer (SGT) outage conditions.
- 10.3 The rate in p/kVA/day for each generation customer would be calculated as follows:

Transmission exit credit p/kVA/day = -[Transmission exit charging rate in p/kW/day]
 * [Capacity eligible for credits in kW] / [Chargeable Export Capacity in kVA of that Connectee]

Where:

Transmission exit charging rate in p/kW/day is calculated as described for demand tariffs.

Capacity eligible for credits (in kW) is the capacity that is made available by the generator under the agreement with the DNO.

Chargeable Export Capacity (in kVA) is the forecast average value of the maximum export capacity of the generator over the charging year, less any capacity that is exempt from use of system charges in the charging year.

The generation transmission connection (exit) rate is not calculated for Connectees with zero Chargeable Export Capacity.

- 10.4 Transmission connection (exit) credits are applied to the Chargeable Export Capacity (in kVA)

11. REACTIVE POWER CHARGES

- 11.1 The EDCM does not include a separate charge component for any reactive power flows.

12. EXPORT CAPACITY CHARGES

- 12.1 The EDCM includes an export capacity charge.
- 12.2 EDCM DG revenue target £/year = $GL * [Total\ 2005-2010\ EDCM\ generation\ capacity] / ([Total\ 2005-2010\ EDCM\ generation\ capacity] + [Total\ 2005-2010\ CDCM\ generation\ capacity]) + AGPa * [Total\ post-2010\ EDCM\ generation\ capacity] / ([Total\ post-2010\ EDCM\ generation\ capacity] + [Total\ post-2010\ CDCM\ generation\ capacity]) + (OM * ([Total\ Pre-2005\ EDCM\ DG\ capacity] + [Total\ Post-2010\ EDCM\ DG\ capacity]))$

Where:

GL is the incentive revenue in the charging year in respect of generators connected between 2005 and 2010 calculated for the charging year as in paragraph 11.10 of the Special Conditions of the Electricity Distribution Licence (CRC11).

AGPa is the average of the values of GPa for the charging year and each of the two years immediately preceding the charging year. GPa is calculated for the charging year, and the two years immediately preceding the charging year, using a modified version of the formula in paragraph 11.6 of the Electricity Distribution Licence (CRC11). To calculate GPa, the term GPX is replaced by the term GPS in the formula in paragraph 11.6. Both GPX and GPS are defined in paragraph 11.7 of the same document.

Total Pre-2005 EDCM DG capacity is the aggregate maximum export capacity of all non-exempt EDCM generators that connected before 1 April 2005, adjusted for part-year connected generators. In the case of generators that have subsequently increased their maximum export capacity, the part of their capacity that was added after 1 April 2005 would be ignored.

Total 2005–2010 EDCM generation capacity is the sum of the maximum export capacities of all non-exempt EDCM generators that connected between 1 April 2005 and 31 March 2010, adjusted for part-year connected generators.

Total Post–2010 EDCM generation capacity is the sum of the maximum export capacities of all non-exempt EDCM generators that connected on or after 1 April 2010, adjusted for part-year connected generators. In the case of generators that originally connected before 1 April 2010 and have increased their maximum export capacity on or after 1 April 2010, the capacity that was added after 1 April 2010 should be included.

Total 2005–2010 CDCM generation capacity is the sum of the maximum export capacities of all non-exempt CDCM generators that connected between 1 April 2005 and 31 March 2010, adjusted for part-year connected generators.

Total Post–2010 CDCM generation capacity is the sum of the maximum export capacities of all non-exempt CDCM generators that connected on or after 1 April 2010, adjusted for part-year connected generators.

OM is an allowance in £/kW in respect of the operational and maintenance costs for assets that are deemed to have been installed for the purposes of connecting generators to the distribution network. The value of OM is set to £0.20/kW.

12.3 A fixed export capacity charge in p/kVA/day is calculated as follows:

Fixed export capacity charge in p/kVA/day = $(100 / DC) * [EDCM \text{ DG revenue target}] /$
 $[Total \text{ EDCM generation capacity}]$

Where:

EDCM DG revenue target in £/year is calculated as described above

Total EDCM generation capacity (in kVA) is the aggregate Chargeable Export Capacity of all Connectees, adjusted, if necessary for Connectees connected part of the year.

The fixed export capacity charge in p/kVA/day is applied to the Chargeable Export Capacity of each EDCM Connectee.

13. ALLOCATION DRIVERS FOR OTHER CHARGE ELEMENTS IN THE EDCM

13.1 In addition to charges calculated using the FCP and LRIC methodologies and transmission connection (exit) charges, the EDCM includes charge elements relating to:

- the DNO Party's direct operating costs (this includes inspection and maintenance costs, operating expenditure relating to fault repairs and the cost of tree cutting);
- the DNO Party's indirect costs. (these are costs that are not directly related to network assets, such as business support costs);
- the DNO Party's network rates (these are business rates paid by DNO Parties); and
- the DNO Party's residual revenue.

13.2 The residual revenue is that part of the DNO Party's Allowed Revenue that has not been pre-allocated to demand charges using cost-based charge elements.

13.3 EDCM charge elements are determined using allocation drivers. The following allocation drivers are used in the EDCM:

- The value of assets that are for the sole use of a Connectee (sole use assets). This is relevant to import and export charges.
- The value of site-specific shared network assets used by the Connectee. This is relevant to import charges only.
- The sum of historical consumption at the time of system peak and 50 per cent of Maximum Import Capacity. This is relevant to import charges only.
- Chargeable Export Capacity. This is relevant to export charges only.

13.4 The methods used to determine the value of sole use assets and shared site-specific shared network assets are described below.

14. SOLE USE ASSETS

- 14.1 The value of a customer's sole use assets used is expressed in the form of a modern equivalent asset value (MEAV) in £.
- 14.2 Sole use assets are assets in which only the consumption or output associated with a single Connectee can directly alter the power flow in the asset, taking into consideration all possible credible running arrangements, i.e. all assets between the Connectee's Entry/Exit Point(s) and the Point(s) of Common Coupling with the general network are considered as sole use assets.
- 14.3 The Point of Common Coupling for a particular single Connectee is the point on the network where the power flow associated with the single Connectee under consideration, may under some (or all) possible arrangements interact with the power flows associated with other Connectees, taking into account all possible credible running arrangements.
- 14.4 Where a single site has both import and export charges, associated with import and export meter registrations, the sole use assets are allocated between the import and export proportionally to Maximum Import Capacity and Maximum Export Capacity respectively. Where any part of the Maximum Export Capacity associated with an export meter registration is exempt from use of system charges in the charging year,

the value of sole use assets allocated to the export tariff is reduced by multiplying it by the ratio of the Chargeable Export Capacity to the Maximum Export Capacity.

- 14.5 Where an EDCM site was originally connected as a single Connected Installation, and has subsequently split into multiple Connected Installations, these sites continue to be considered as one site for the purposes of determining sole use assets. The sole use asset MEAV is allocated between these Connected Installations in proportion to their Maximum Import Capacities and Maximum Export Capacities.

15. SITE-SPECIFIC SHARED NETWORK ASSETS

- 15.1 A Connectee's notional site-specific shared network asset value is the value of network assets that are deemed to be used by that Connectee, other than sole use assets as defined earlier.
- 15.2 The value of notional site-specific shared assets used by each Connectee is expressed in the form of a modern equivalent asset value (MEAV) in £.
- 15.3 The value of shared network assets used by each demand Connectee is calculated as set out below.
- 15.4 Five levels are defined for the network's assets:
- Level 1 comprises 132 kV circuits.
 - Level 2 comprises substations with a primary voltage of 132 kV and a secondary voltage of 22 kV or more.
 - Level 3 comprises circuits of 22 kV or more but less than 132 kV.
 - Level 4 comprises substations with a primary voltage of 22 kV or more but less than 132 kV and a secondary voltage of less than 22 kV.
 - Level 5 comprises substations with a primary voltage of 132 kV and a secondary voltage of less than 22 kV.
- 15.5 In some cases, it might be appropriate to treat 66 kV equipment as being equivalent to 132 kV equipment and allocate Connectees to categories accordingly.

- 15.6 EDCM Customers are split into 15 categories based on the parts of the EHV network they are deemed to use. This is based on the Point of Common Coupling. The Point of Common Coupling might be at a different voltage than the Connectee's connection, and might also be at a different voltage than the voltage of connection when the Connectee was connected.

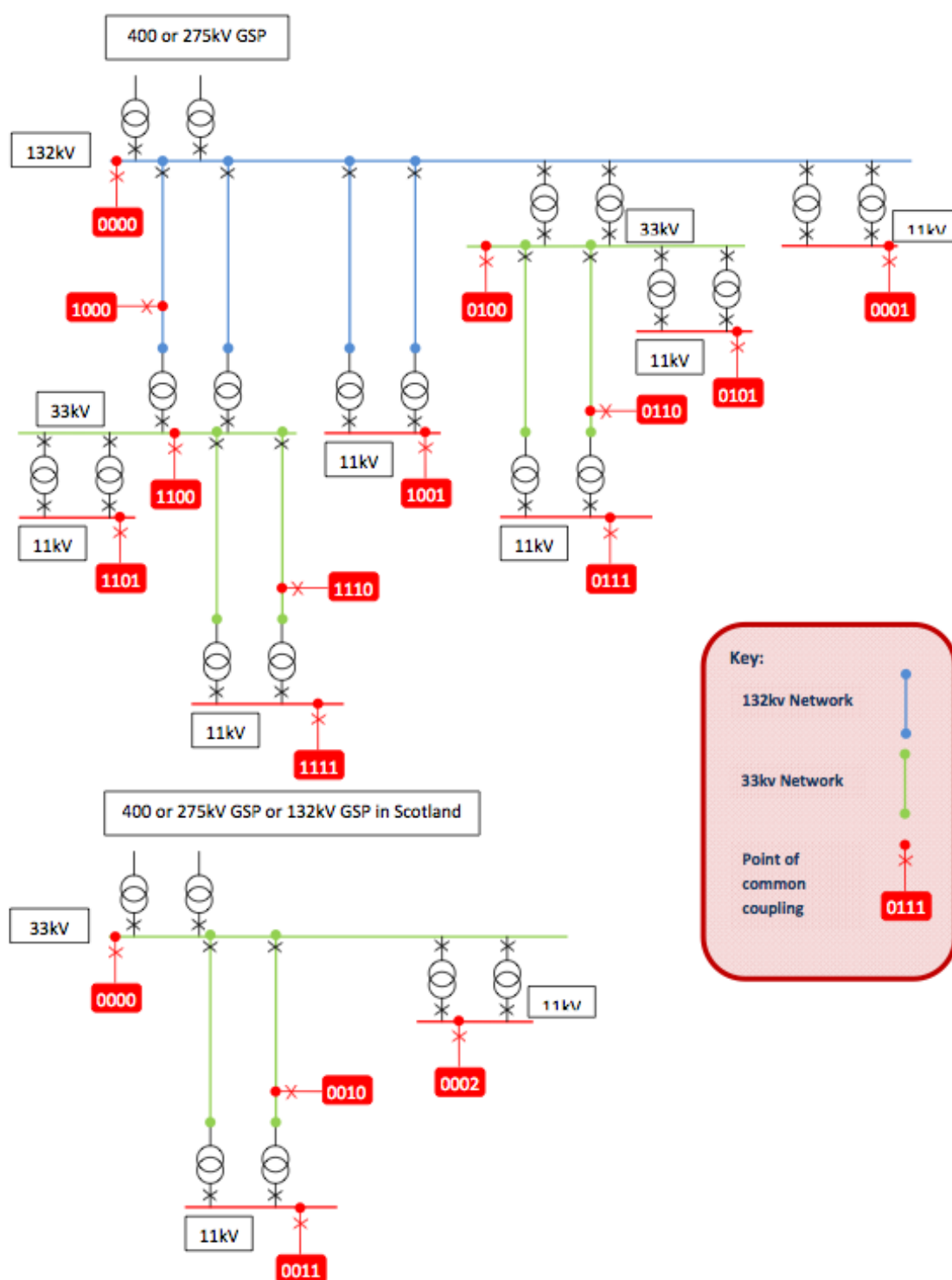
Table 11 Categorisation of EDCM Customers

Category	Definition
Category 0000	Point of Common Coupling at the GSP, whether the GSP is shared or not.
Category 1000	In England or Wales only, Point of Common Coupling at a voltage of 132 kV, unless the Connectee qualifies for category 0000.
Category 1100	Point of Common Coupling at 22 kV or more on the secondary side of a substation where the primary side is attached to a 132 kV circuit.
Category 0100	Point of Common Coupling at 22 kV or more, but less than 132 kV, on the secondary side of a substation where the primary side is attached at 132 kV to a co-located GSP with no use of any 132 kV circuits.
Category 1110	Point of Common Coupling at a voltage of 22 kV or more, but less than 132 kV, not at a substation, fed from a substation whose primary side is attached to a 132 kV distribution circuit.
Category 0110	Point of Common Coupling at a voltage of 22 kV or more, but less than 132 kV, not at a substation, fed from a substation whose primary side is attached at 132 kV to a co-located GSP with no use of any 132 kV circuits.
Category 0010	Point of Common Coupling at a voltage of 22 kV or more, but less than 132 kV, fed from a GSP with no intermediate transformation.
Category 0001	Point of Common Coupling at a voltage of less than 22 kV on the secondary side of a substation where the primary side is attached at 132 kV to a co-located GSP with no circuit.
Category 0002	Point of Common Coupling at a voltage of less than 22 kV on the secondary side of a substation where the primary side is attached at 22 kV or more but less than 132 kV, to a co-located GSP with no circuit.

Category 1001	Point of Common Coupling at a voltage of less than 22 kV on the secondary side of a substation whose primary side is attached to a 132 kV distribution circuit.
Category 0011	Point of Common Coupling at a voltage of less than 22 kV on the secondary side of a substation whose primary side is at a voltage of 22 kV or more, but less than 132 kV, fed from a GSP with no intermediate transformation.
Category 0111	Point of Common Coupling at a voltage of less than 22 kV on the secondary side of a substation whose primary side is at a voltage of 22 kV or more, but less than 132 kV, fed through a distribution circuit from a substation whose primary side is attached at 132 kV to a co-located GSP with no circuit.
Category 0101	Point of Common Coupling at a voltage of less than 22 kV on the secondary side of a substation whose primary side is at a voltage of 22 kV or more, but less than 132 kV, fed from the secondary side of a co-located substation whose primary side is attached at 132 kV to a co-located GSP with no circuit.
Category 1101	Point of Common Coupling at a voltage of less than 22 kV on the secondary side of a substation whose primary side is at a voltage of 22 kV or more, but less than 132 kV, fed from the secondary side of a co-located substation whose primary side is attached to a 132 kV distribution circuit.
Category 1111	Point of Common Coupling at a voltage of less than 22 kV on the secondary side of a substation whose primary side is at a voltage of 22 kV or more, but less than 132 kV, fed through a distribution circuit from a substation whose primary side is attached to a 132 kV distribution circuit.

- 15.7 All references to GSP in the table above relate to interconnections with the onshore National Electricity Transmission System.
- 15.8 The figure below provides examples of Connectees who might be placed in each of the categories described above.

Customer Categories



15.9 The use of each network level by each EDCM Connectee is determined according to the rules set out in the following table.

EDCM Customers in category	Level 1	Level 2	Level 3	Level 4	Level 5
Category 0000	Zero	Zero	Zero	Zero	Zero
Category 1000	Capacity kVA	Zero	Zero	Zero	Zero
Category 1100	Peak-time active kW	Capacity kVA	Zero	Zero	Zero
Category 0100	Zero	Capacity kVA	Zero	Zero	Zero
Category 1110	Peak-time active kW	Peak-time active kW	Capacity kVA	Zero	Zero
Category 0110	Zero	Peak-time active kW	Capacity kVA	Zero	Zero
Category 0010	Zero	Zero	Capacity kVA	Zero	Zero
Category 0001	Zero	Zero	Zero	Zero	Capacity kVA
Category 0002	Zero	Zero	Zero	Capacity kVA	Zero
Category 1001	Peak-time active kW	Zero	Zero	Zero	Capacity kVA
Category 0011	Zero	Zero	Peak-time active kW	Capacity kVA	Zero
Category 0111	Zero	Peak-time	Peak-time	Capacity	Zero

		active kW	active kW	kVA	
Category 0101	Zero	Peak-time active kW	Zero	Capacity kVA	Zero
Category 1101	Peak-time active kW	Peak-time active kW	Zero	Capacity kVA	Zero
Category 1111	Peak-time active kW	Peak-time active kW	Peak-time active kW	Capacity kVA	Zero

15.10 Category 0000 Connectee are deemed not to use any network assets other than sole use assets.

15.11 An average network asset value per kVA (in £/kVA) is calculated in respect of each network level. The average network asset value for the network level of connection is based on the Maximum Import Capacity of the Connectee, and for network levels above on consumption at peak time.

Average network asset value for capacity at level L (£/kVA) = $NAR_L * AE / (1 + DL)$

Average network asset value for demand at level L (£/kVA) = $NAR_L * D * LAF$

Where:

NAR_L is the network asset rate at level L in £/kW based on the 500 MW model.

DL is the Diversity Allowance from the level exit to the GSP group (from CDCM table 2611).

D is the peak time active power consumption in (kW/kVA). This is calculated as the historical peak-time kW divided by historical maximum kVA.

LAF is the loss adjustment factor to transmission from the CDCM for the network level relevant to the EDCM Customer category of that Connectee. See table below for the correspondence between EDCM Customer categories and network levels.

AE is the active power equivalent of capacity adjusted to transmission (in kW/kVA). This is calculated by multiplying the power factor in the 500 MW model (0.95) by the loss adjustment factor to transmission for the network level relevant to that Connectee (as above).

Customer categories	Relevant network level for loss adjustment factors
0000	GSP (the loss adjustment factor is always 1 for this network level)
1000	132kV (level 1)
1100 and 0100	132kV/EHV (level 2)
1110, 0110 and 0010	EHV (level 3)
1111, 1101, 0101, 0111, 0011 and 0002	EHV/HV (level 4)
1001 and 0001	132kV/HV (level 5)

15.12 Again, separate site-specific asset values per kVA (in £/kVA) are calculated in respect of each network level. The asset value for the network level of connection is based on the Maximum Import Capacity of the Connectee, and for network levels above on consumption at peak time.

Site-specific asset value for capacity at level L (£/kVA) = NUL * Average network asset value for capacity at level L (£/kVA)

Notional asset value for demand at level L (£/kVA) = NUL * Average network asset value for demand at level L (£/kVA)

Where:

NUL is the network use factor for that Connectee at level L, representing the proportion of the average 500 MW model assets that the Connectee is deemed to use at that level. The methodology to calculate these network use factors is set out in Annex 2 of this Schedule.

Average notional asset value for capacity at level L is the voltage level average calculated as described earlier.

Average notional asset value for demand at level L is the voltage level average calculated as described earlier.

15.13 Network use factors for import charges of a mixed import-export site that is generation-dominated are set to default values. These default values are equal to the “collars” for each network level calculated as described in section on demand scaling. DNO Parties implementing the FCP methodology would use the rules set out in the LRIC methodology to determine whether a location is to be modelled as a generation site, and is therefore generation dominated.

15.14 The total value of the site-specific shared assets required to serve each Connectee is calculated according to the formula:

$$TNA = NAC + (NAD * (1 - (\text{Hours in super-red for which not a customer} / \text{Annual hours in super-red})) * (\text{Days in year} / (\text{Days in year} - \text{Days for which not a customer})))$$

Where:

TNA is the total site-specific network assets in £/kVA required to serve a Connectee.

NAC is the site-specific asset value in £/kVA for capacity for that Connectee aggregated across all levels.

NAD is the site-specific asset value in £/kVA for demand for that Connectee aggregated across all levels.

15.15 Total site-specific shared assets is the aggregate value (in £) of all site-specific shared assets for EDCM Connectees. This is calculated by multiplying TNA by the Maximum Import Capacity (adjusted, if necessary, for Connectees connected for part of the Charging Year), and then aggregating across all EDCM Connectees.

16. CALCULATION OF THE EDCM DEMAND REVENUE TARGET

16.1 The EDCM demand revenue target is the share of the DNO Party's Allowed Revenue (excluding transmission exit charges and net revenue from EDCM generation) that will be recovered from EDCM Connectees through import charges.

16.2 This section describes the method used to calculate the EDCM demand revenue target.

16.3 A single contribution rate for network rates is calculated for all EDCM Connectees as follows:

Network rates contribution rate (per cent) = $NR / (\text{Total site-specific shared assets} + \text{Total EDCM sole use assets} + \text{EHV assets} + \text{HV and LV network assets} + \text{HV and LV service model assets})$

Where:

NR is the DNO Party's total expenditure on network rates.

Total site-specific shared assets is the aggregate value (in £) of all site-specific shared assets for EDCM Connectees.

Total EDCM sole use assets is the aggregate sole use asset MEAVs of all EDCM Connectees, excluding the value of sole use assets associated with exempt export capacity, adjusted for part-year connected Connectees.

EHV assets are the aggregate EHV assets in the CDCM model.

HV and LV network assets from the CDCM model.

HV and LV service model assets from the CDCM model.

- 16.4 A single contribution rate for direct operating costs is calculated for all EDCM Connectees as follows:

Direct operating costs contribution rate (per cent) = $\text{DOC} / (\text{Total site-specific shared assets} + \text{Total EDCM sole use assets} + \text{EHV assets} + (\text{HV and LV network assets} + \text{HV and LV service model assets}) / 0.68)$

Where:

DOC is the DNO Party's total expenditure on direct operating costs.

Total site-specific shared assets is the aggregate value (in £) of all site-specific shared assets for EDCM Connectees.

Total EDCM sole use assets is the aggregate sole use asset MEAVs of all EDCM Connectees, excluding the value of sole use assets associated with exempt export capacity, adjusted for part-year connected Connectees.

EHV assets are the aggregate EHV assets in the CDCM model.

HV and LV network assets from the CDCM model.

HV and LV service model assets from the CDCM model.

0.68 is the operating intensity factor.

- 16.5 A single contribution rate for indirect costs is calculated for all EDCM Connectees as follows:

Indirect costs contribution rate (per cent) = $\text{INDOC} / (\text{Total site-specific shared assets} + \text{Total EDCM sole use assets} + \text{EHV assets} + (\text{HV and LV network assets} + \text{HV and LV service model assets}) / 0.68)$

Where:

INDOC is the DNO Party's total expenditure on indirect costs.

Total site-specific shared assets is the aggregate value (in £) of all site-specific shared assets for EDCM Connectees.

Total EDCM sole use assets is the aggregate sole use asset MEAVs of all EDCM Connectees, excluding the value of sole use assets associated with exempt export capacity, adjusted for part-year connected Connectees.

EHV assets are the aggregate EHV assets in the CDCM model.

HV and LV network assets from the CDCM model.

HV and LV service model assets from the CDCM model.

0.68 is the operating intensity factor.

16.6 Next, a residual revenue contribution rate is calculated as follows:

Residual revenue contribution rate (per cent) = $(AR - DOC - INDOC - NR - GCN) /$
 $(\text{Total site-specific shared assets} + \text{EHV assets} + \text{HV and LV network assets})$

Where:

AR is the DNO Party's total Allowed Revenue excluding transmission exit charges in £/year

DOC is the DNO Party's total expenditure on direct operating costs.

INDOC is the DNO Party's total expenditure on indirect costs.

NR is the DNO Party's total expenditure on network rates.

GCN is the total forecast net revenue in £/year from the application of EDCM export charges, including the EDCM generation fixed charge. This amount is estimated by applying the calculated EDCM export charges rounded to the relevant number of decimal points.

Total site-specific shared assets is the aggregate value (in £) of all site-specific shared assets for EDCM Connectees.

EHV assets are the aggregate EHV assets in the CDCM model.

HV and LV network assets from the CDCM model.

- 16.7 The contribution rates for network rates, direct costs, indirect costs and residual revenue is converted into a £/year import capacity based contribution and a demand sole use asset MEAV based contribution for each EDCM Connectee.

Import capacity based network rates contribution for each Connectee = $TNA * NR \text{ rate} * \text{import capacity}$

Import capacity based direct operating costs contribution for each Connectee = $TNA * DOC \text{ rate} * \text{import capacity}$

Import capacity based indirect costs contribution for each Connectee = $TNA * INDOC \text{ rate} * \text{import capacity}$

Import capacity based residual revenue contribution for each Connectee = $TNA * \text{residual revenue rate} * \text{import capacity}$

Where:

TNA is the total site-specific assets (£/kVA) for that EDCM Connectee.

NR rate is the network rates contribution rate in per cent.

DOC rate is the direct operating costs contribution rate in per cent.

INDOC rate is the indirect costs contribution rate in per cent.

Residual revenue rate is the residual revenue contribution rate in per cent.

Import capacity is the Maximum Import Capacity (adjusted, if necessary, if the Connectee is connected for part of the Charging Year) in kVA for that EDCM Connectee.

- 16.8 The demand sole use asset MEAV based contribution in £/year is calculated as follows:

Demand sole use asset based network rates contribution = $S * NR \text{ rate}$

Demand sole use asset based direct operating costs contribution = $S * DOC \text{ rate}$

Demand sole use asset based indirect costs contribution = $S * INDOC \text{ rate}$

Where

S is the MEAV of demand sole use assets of that EDCM Connectee (adjusted for Connectees connected for part of the Charging Year).

NR rate is the network rates contribution rate in per cent.

DOC rate is the direct operating costs contribution rate in per cent.

INDOC rate is the indirect costs contribution rate in per cent.

16.9 The target contributions from import capacity and demand sole use assets are aggregated across all EDCM Connectees.

16.10 The aggregate EDCM demand revenue target is calculated as the sum, across all EDCM demand, of the contributions based on import capacities and demand sole use assets.

17. FIXED CHARGES FOR IMPORT AND EXPORT

17.1 The contribution rates for network rates and direct operating costs are converted into a p/day fixed charge for the sole use assets of each EDCM Connectee as follows:

Import fixed charge on sole use assets in p/day = $100 / DC * SD * (NR \text{ contribution rate} + DOC \text{ contribution rate})$

Export fixed charge on sole use assets in p/day = $100 / DC * SG * (NR \text{ contribution rate} + DOC \text{ contribution rate})$

Where

DC is the number of days in the Charging Year.

SD is the MEAV of sole use assets allocated to demand of that EDCM Connectee.

SG is the MEAV of sole use assets allocated to generation of that EDCM Connectee excluding the value of sole use assets associated with exempt export capacity.

NR contribution rate is the network rates contribution rate in per cent.

DOC contribution rate is the direct operating costs contribution rate in per cent.

18. DEMAND SCALING

18.1 Demand scaling is the process by which import charges to EDCM Connectees are set so that the forecast notional recovery from the application of those import charges to EDCM Connectees matches the EDCM demand revenue target.

18.2 Demand scaling using the site-specific assets approach involves the following steps:

- Calculating adjusted site-specific shared asset values for each Connectee using network use factors that have been subjected to a cap and collar.
- Allocation of the direct operating cost and network rates elements in the EDCM demand revenue target to individual EDCM Connectees on the basis of adjusted site-specific assets and sole use assets. [a]
- Allocation of the indirect cost element in the EDCM demand revenue target to individual EDCM Connectees on the basis of their consumption at the time of the DNO Party's peak and 50 per cent of Maximum Import Capacity as a p/kVA/day charge. [b]
- Forecasting the notional recoveries from the application of FCP charges to EDCM Connectee. [c]
- Allocation of 80 per cent of the difference between the EDCM demand revenue target and the sum of a, b and c above on the basis of adjusted site-specific assets.
- Allocation of 20 per cent of the difference between the EDCM demand revenue target and the sum of charges under a, b and c above on the basis of consumption at the time of peak and 50 per cent of Maximum Import Capacity as a p/kVA/day fixed adder.

18.3 Adjusted site-specific assets are calculated using network use factor that have been subjected to caps and collars.

18.4 A cap and a collar are calculated for each network level as follows:

- In ascending order, list the network use factors for all EDCM Connectees in all DNO Party areas relating to that network level, excluding all the factors that are either equal to zero or 1, or not used, based on the customer categories of each EDCM Connectee.
 - Divide the list into two segments, one that contains factors that are lower than 1, and the other than contains the factors that are higher than 1.
 - Take the list segment containing factors that are lower than 1. Starting from the lowest factor in this list segment, calculate the factor at the 15th percentile. This is the collar.
 - Take the list segment containing factors higher than 1. Starting from the lowest factor in this segment, calculate the factor at the 85th percentile. This is the cap.
- 18.5 The same cap and collar would apply in all DNO Party areas to NUFs at that network level.
- 18.6 The caps and collars for each network level calculated using this methodology is set out in table 12 below. Illustrative charges for 2011/2012 have been calculated using these values.

Table 12 Network use factor caps and collars

Network levels	Collar	Cap
132 kV	0.273	2.246
132kV/EHV	0.677	1.558
EHV	0.332	3.290
EHV/HV	0.631	2.380
132kV/HV	0.697	2.768

- 18.7 The caps and collars in the table above would be fixed for three years, and would be used to calculate charges for the Charging Years 2012/2013 and 2013/2014. The caps

and collars would be re-calculated for the subsequent three Charging Years using the averages of the network use factors for each tariff for the previous three years.

- 18.8 Table 13 below sets out the schedule for the calculation of caps and collars for each Charging Year.

Table 13 NUF cap and collar calculation timeline

Charging Year	NUFs used create the cap and collar
2011/2012 Submission	2011/2012 NUFs
2012/2013	2011/2012 NUFs
2013/2014	2011/2012 NUFs
2014/2015	Average of 2011/2012, 2012/2013, 2013/2014 NUFs
2015/2016	Average of 2011/2012, 2012/2013, 2013/2014 NUFs
2016/2017	Average of 2011/2012, 2012/2013, 2013/2014 NUFs
2017/2018	Average of 2014/2015, 2015/2016, 2016/2017 NUFs
2018/2019	Average of 2014/2015, 2015/2016, 2016/2017 NUFs
2019/2020	Average of 2014/2015, 2015/2016, 2016/2017 NUFs
2020/2021	Average of 2017/2018, 2018/2019, 2019/2020 NUFs
2021/2022	Average of 2017/2018, 2018/2019, 2019/2020 NUFs
2022/2023	Average of 2017/2018, 2018/2019, 2019/2020 NUFs

- 18.9 Separate adjusted site-specific asset values per kVA (in £/kVA) is calculated in respect of each network level. The asset value for the network level of connection is

based on the Maximum Import Capacity of the EDCM Connectee, and for network levels above on consumption at peak time.

Adjusted site-specific asset value for capacity at level L (£/kVA) = $NUaL * \text{Average network asset value for capacity at level L (£/kVA)}$

Adjusted site-specific asset value for demand at level L (£/kVA) = $NUaL * \text{Average network asset value for demand at level L (£/kVA)}$

Where:

$NUaL$ is the adjusted network use factor for that EDCM Connectee at level L after application of the cap and collar.

Average notional asset value for capacity at level L is the voltage level average calculated as described earlier.

Average notional asset value for demand at level L is the voltage level average calculated as described earlier.

18.10 The total value of the adjusted site-specific shared assets required to serve each EDCM Connectee is calculated according to the formula:

$$TNAa = NACa + (NADa * (1 - (\text{Hours in super-red for which not a customer} / \text{Annual hours in super-red})) * (\text{Days in year} / (\text{Days in year} - \text{Days for which not a customer})))$$

Where:

$TNAa$ is the total adjusted site-specific network assets in £/kVA required to serve a EDCM Connectee.

$NACa$ is the adjusted site-specific asset value in £/kVA for capacity for that EDCM Connectee aggregated across all levels.

$NADa$ is the adjusted site-specific asset value in £/kVA for demand for that EDCM Connectee aggregated across all levels.

18.11 Total adjusted site-specific shared assets for all EDCM demand is the aggregate value (in £) of all adjusted site-specific shared assets for EDCM Connectees. This is calculated by multiplying TNAa by the Maximum Import Capacity (adjusted, if necessary, for Connectees connected for part of the Charging Year), and then aggregating across all EDCM demand.

18.12 The direct cost and network rates allocations to individual demand Connectees is determined in the same way as the contributions to the EDCM demand revenue target was calculated, except that adjusted site-specific assets are used.

18.13 A single asset based charging rate for network rates is calculated for all EDCM Connectee. This is calculated as follows:

$$\text{Network rates charging rate (per cent)} = \text{EDCM NR contribution} / (\text{Total adjusted site-specific shared assets})$$

Where:

EDCM NR contribution is the sum of the import capacity based network rates contribution from each EDCM Connectee.

Total adjusted site-specific shared assets is the aggregate value (in £) of all adjusted site-specific shared assets for EDCM Connectees.

18.14 A single asset based charging rate for direct operating costs is calculated for all EDCM Connectees. This is calculated as follows:

$$\text{Direct operating costs charging rate (per cent)} = \text{EDCM DOC contribution} / (\text{Total adjusted site-specific shared assets})$$

Where:

EDCM DOC contribution is the sum of the import capacity based direct costs contribution from each EDCM Connectee.

Total adjusted site-specific shared assets is the aggregate value (in £) of all adjusted site-specific shared assets for EDCM Connectees.

18.15 The charging rates for network rates and direct operating costs are converted into p/kVA/day import capacity based charges for each EDCM Connectee.

Network rates and direct costs charge in p/kVA/day = $(100 / DC) * TNAa * (NR \text{ rate} + DOC \text{ rate})$

Where:

DC is the number of days in the Charging Year.

TNAa is the total adjusted site-specific assets (£/kVA) for that EDCM Connectee.

NR rate is the network rates charge rate in per cent.

DOC rate is the direct operating costs charge rate in per cent.

18.16 A p/kVA/day charging rate for indirect costs for each EDCM Connectee is calculated on the basis of historical demand at the time of the DNO Party's peak and 50 per cent of Maximum Import Capacity of that Connectee.

Indirect cost charging rate in p/kVA/day = $100 / DC * (\text{Aggregate indirect cost contribution}) / \text{Volume for scaling}$

Where:

DC is the number of days in the Charging Year.

Volume for scaling is calculated as the sum of $(0.5 + \text{coincidence factor}) * \text{import capacity} * \text{LDNO factor}$ across all EDCM Connectees.

Coincidence factor is calculated as the forecast peak-time consumption in kW divided by Maximum Import Capacity in kVA of that Connectee (based on historical data) multiplied by $(1 - (\text{Hours in super-red for which not a customer} / \text{Annual hours in super-red})) * (\text{Days in year} / (\text{Days in year} - \text{Days for which not a customer}))$

Import capacity is the Maximum Import Capacity (adjusted if the Connectee is connected for part of the Charging Year) in kVA for that EDCM Connectee.

LDNO factor takes the value 0.5 if the EDCM Connectee is connected to an IDNO Party's network and 1 otherwise.

Aggregate indirect cost contribution is the sum of the import capacity based and sole use asset based indirect cost contribution from each EDCM Connectee.

18.17 The p/kVA/day charging rate for indirect costs is converted into an import capacity based charge for each EDCM Connectee as follows:

Import capacity based INDOC charge in p/kVA/day = Indirect cost charging rate * (0.5 + coincidence factor) * LDNO factor

Where:

Indirect cost charging rate is the Distribution System-wide p/kVA/day rate calculated as described in the previous paragraph.

Coincidence factor is calculated as the forecast peak-time consumption in kW divided by Maximum Import Capacity in kVA of that Connectee (based on historical data) multiplied by (1 - (Hours in super-red for which not a customer/Annual hours in super-red))*(Days in year/(Days in year - Days for which not a customer))

LDNO factor takes the value 0.5 if the EDCM Connectee is connected to an IDNO Party's network and 1 otherwise.

18.18 A single asset based residual revenue charging rate is calculated for all EDCM Connectees. This is calculated as follows:

Residual revenue charging rate (per cent) = $0.8 * (\text{EDCM demand revenue target} - \text{EDCM NR and DOC capacity contribution} - \text{Aggregate indirect cost contribution} - \text{SU recovery} - \text{FCP recovery}) / \text{Total adjusted site-specific shared assets}$

Where:

EDCM NR and DOC capacity contribution is the sum of the import capacity based network rates and direct costs contribution from each EDCM Connectee.

Aggregate indirect cost contribution is the sum of the import capacity based and import sole use asset based indirect cost contribution from each EDCM Connectee.

SU recovery is the forecast notional recovery from the application of import fixed charges (before any rounding) for sole use assets relating to EDCM Connectees.

FCP recovery is the forecast notional recovery from the application of FCP demand charges (before any rounding) to all EDCM Connectees.

Total adjusted site-specific shared assets is the aggregate value (in £) of all adjusted site-specific shared assets for EDCM Connectees.

18.19 The asset based charging rate for residual revenue is converted into a p/kVA/day import capacity based residual revenue charge for each EDCM Connectee.

Asset based residual revenue charges in p/kVA/day = $(100 / DC) * TNAa * \text{Residual revenue rate}$

Where:

DC is the number of days in the Charging Year.

TNA is the total site-specific assets (£/kVA) for that EDCM Connectee.

Residual revenue rate is the residual revenue charging rate in per cent.

18.20 A fixed adder in p/kVA/day for the remaining 20 per cent of residual revenue is calculated as follows:

Single fixed adder in p/kVA/day = $100 / DC * 0.2 * (\text{EDCM demand revenue target} - \text{EDCM NR and DOC capacity contribution} - \text{Aggregate indirect cost contribution} - \text{SU recovery} - \text{FCP recovery}) / \text{Volume for scaling}$

Where:

DC is the number of days in the Charging Year.

EDCM demand target is the EDCM demand revenue target calculated as described in the previous section.

EDCM NR and DOC capacity contribution is the sum of the import capacity based direct costs contribution from each EDCM Connectee (from annex 3).

Aggregate indirect cost contribution is the sum of the import capacity based and import sole use asset based indirect cost contribution from each EDCM Connectee

SU recovery is the forecast notional recovery from the application of demand fixed charges (before any rounding) for sole use assets relating to EDCM Connectees.

FCP recovery is the forecast notional recovery from the application of FCP demand charges (before any rounding) to all EDCM Connectees only.

Volume for scaling is calculated as the sum of $(0.5 + \text{coincidence factor}) \times \text{import capacity}$.

Coincidence factor is calculated as the forecast peak-time consumption in kW divided by maximum capacity in kVA of that Connectee (based on historical data) multiplied by $(1 - (\text{Hours in super-red for which not a customer} / \text{Annual hours in super-red})) \times (\text{Days in year} / (\text{Days in year} - \text{Days for which not a customer}))$

Import capacity is the Maximum Import Capacity (adjusted if the Connectee is connected for part of the Charging Year) in kVA for that EDCM Connectee.

18.21 The fixed adder in p/kVA/day is converted into an import capacity based charge for each EDCM Connectee as follows:

Import capacity based fixed adder in p/kVA/day = Fixed adder * $(0.5 + \text{coincidence factor})$

Where:

Fixed adder is the Distribution System-wide p/kVA/day fixed adder calculated as described in the previous paragraph.

Coincidence factor is calculated as the forecast peak-time consumption in kW divided by Maximum Import Capacity in kVA of that Connectee (based on historical data) multiplied by $(1 - (\text{Hours in super-red for which not a customer} / \text{Annual hours in super-red})) \times (\text{Days in year} / (\text{Days in year} - \text{Days for which not a customer}))$.

19. APPLICATION OF EDCM DEMAND FOR EDCM CONNECTEES

19.1 The tariff application rules for the EDCM are the same as for the CDCM wherever possible. Each component of each tariff is rounded to the nearest value with no more

than three decimal places in the case of unit rates expressed in p/kWh, and with no more than two decimal places in the case of fixed and capacity charges expressed in p/day and p/kVA/day respectively.

19.2 The part of EDCM portfolio tariffs (for IDNO Party networks and Distribution Licence exempt networks) that is based on CDCM tariffs will be billed like CDCM tariffs.

19.3 Final EDCM demand charges will have:

1. an import fixed charge on sole use assets (in p/day)
2. an import capacity charge in (p/kVA/day)
3. an import super-red unit rate charge (in p/kWh)
4. an exceeded import capacity charge (in p/kVA/day).

19.4 The import fixed charge on sole use assets in p/day is applied to each EDCM Connectee.

19.5 The final EDCM import capacity charge for each EDCM Connectee in p/kVA/day would be calculated as follows:

EDCM import capacity charge (p/kVA/day) = [FCP p/kVA/day capacity charge] + [Transmission exit charge p/kVA/day] + [Network rates and direct costs charge in p/kVA/day] + [Indirect costs charge in p/kVA/day] + [Asset based residual revenue charges in p/kVA/day] + [Single fixed adder in p/kVA/day]

19.6 The final EDCM super-red unit rate in p/kWh is the FCP super-red unit rate as calculated as described earlier in this document.

19.7 If the EDCM import capacity charge (p/kVA/day) calculated above is negative and the Connectee's average kW/kVA (adjusted for part year) is not equal to zero, the final EDCM super-red unit rate is adjusted as follows:

Adjusted FCP super-red unit rate in p/kWh = [FCP super-red rate in p/kWh] + ([EDCM import capacity charge (p/kVA/day)] * ([Days in the Charging Year] – [Days for which not a customer]) / [Average kW/kVA] / ([hours in the super-red time band] - [Hours in super-red for which not a customer]))

- 19.8 Finally, any remaining negative import super-red unit rates or import capacity charges are set to zero.
- 19.9 Final EDCM export charges will have:
1. An export fixed charge on sole use assets (in p/day)
 2. An export capacity charge (in p/kVA/day), which might include transmission exit credits to qualifying generators.
 3. An export super-red unit rate (in p/kWh)
 4. An exceeded export capacity charge (in p/kVA/day)
- 19.10 The export capacity charge (in p/kVA/day) is applied to the Chargeable Export Capacity of EDCM Connectees.
- 19.11 The export super-red unit rate (in p/kWh) is applied to active power units exported during the DNO Party's super-red time band.

20. EXCEEDED CAPACITY CHARGES

- 20.1 Where a Connectee uses additional capacity over and above the Maximum Import Capacity or Maximum Export Capacity without authorisation, the excess is classed as exceeded capacity.
- 20.2 For the purposes of determining capacity used, the following formula is used for each half hour:

$$\text{Import capacity used} = 2 * (\text{SQRT}(\text{AI}^2 + \text{MAX}(\text{RI}, \text{RE})^2))$$

Where:

AI = Import consumption in kWh

RI = Reactive import in kVArh

RE = Reactive export in kVArh

$$\text{Export capacity used} = 2 * (\text{SQRT}(\text{AE}^2 + \text{MAX}(\text{RI}, \text{RE})^2))$$

Where:

AE = Import consumption in kWh

RI = Reactive import in kVArh

RE = Reactive export in kVArh

- 20.3 For the purposes of calculating exceeded capacity for import charges, any reactive flows during half hours when there is no active power import would not be taken into account.
- 20.4 For the purposes of calculating exceeded capacity for export charges, any reactive flows during half hours when there is no active power export will not be taken into account.
- 20.5 Any reactive flows associated with a site which operates subject to grid code requirements for generation or sites providing voltage control at the request of the DNO Party would not be taken into account when calculating import or export capacity used.
- 20.6 For Connectees other than those that have an agreement with the DNO, the terms of which require them, for the purposes of P2/6 compliance, to export power during supergrid transformer (SGT) outage conditions, the exceeded portion of the export capacity is charged at the same rate as the capacity that is within the Maximum Export Capacity. This is charged for the duration of the month in which the breach occurs.
- 20.7 For Connectees other than those with DSM agreements, the exceeded portion of the import capacity is charged at the same rate as the capacity that is within the Maximum Import Capacity. This is charged for the duration of the month in which the breach occurs.
- 20.8 Sites subject to DSM arrangements would normally pay the DSM-adjusted capacity charge for capacity usage up to their Maximum Import Capacities.
- 20.9 If sites with DSM agreements were to exceed their maximum import capacities, the exceeded portion of the capacity will be charged at a different rate. This will be

charged for the duration of the month in which the breach occurs. This charge for exceeded capacity (in p/kVA/day) would be determined as follows;

$$[\text{Exceeded capacity charge in p/kVA/day}] = [\text{Import capacity charge p/kVA/day}] + (([\text{FCP capacity charge p/kVA/day}] + ([\text{FCP super-red rate p/kWh}] * [\text{Average kW/kVA adjusted for part year}] * [\text{number of super-red hours connected}] / ([\text{days in Charging Year}] - [\text{Days for which not a customer}]))) * (1 - ([\text{chargeable capacity}] / [\text{Maximum Import Capacity}])))$$

Where:

The FCP super-red unit rate and FCP capacity charges in the equation above are the charges before any adjustments for DSM have been made.

21. APPLICATION OF EDCM IMPORT CHARGE COMPONENTS

21.1 Table 14 summarises the method of application of import charge components .

Table 14 Application of EDCM import charge components

Tariff component	Unit	Application
Import fixed charge	p/day	Applied as a fixed charge.
Import capacity charge	p/kVA/day	Applied to the Maximum Import Capacity.
Exceeded import capacity charge	p/kVA/day	Applied to exceeded capacity for the duration of the month in which the breach occurs (except for sites which operates subject to grid code requirements for generation)
Import super-red unit rate	p/kWh	Applied to active power units consumed during the DNO Party's super-red time band.

21.2 Table 15 summarises the method of application of export charge components.

Table 15 Application of EDCM export charge components

Tariff component	Unit	Application
Export fixed charge	p/day	Applied as a fixed charge.
Export capacity charge	p/kVA/day	Applied to the Chargeable Export Capacity.
Exceeded export capacity charge	p/kVA/day	Applied to exceeded capacity for the duration of the month in which the breach occurs (except for sites which operates subject to grid code requirements for generation)
Export super-red unit rate	p/kWh	Applied to active power units exported during the DNO Party's super-red time band.

22. CHARGES FOR NEW CONNECTEES

- 22.1 New Connectees could connect at any time between the publication of EDCM charges for the new Charging Year and the end of that Charging Year.
- 22.2 If the connection of such Connectees had been anticipated before the publication of charges, the DNO Party would have included forecast data relating to the new Connectee in both the power flow model and the EDCM tariff model. The resulting tariff is applied to the new Connectee, on a pro-rata basis if the price is produced during the Charging Year.
- 22.3 If prices need to be produced for new connections that had not been anticipated at the time of calculating EDCM charges for that Charging Year, the DNO Party will:

Seek indicative load profile information from the new Connectee, failing that, make a reasonable estimate;

Run the power flow model after including the new Connectee to produce a full set of charges 1 and 2, including for the new Connectee;

Include the new Connectee's details, including marginal charges from (a) in the EDCM tariff model, to produce a full set of new charges;

Use the tariff relating to the new Connectee to calculate charges; and

Charges relating to the current year for existing Connectees would not change as a result.

22.4 If a Connectee were to change their maximum import or export capacity at any time between the publication of EDCM charges for the Charging Year and the end of the Charging Year, the published tariff rates would continue to apply for the duration of the Charging Year.

23. DNO TO DNO CHARGES

23.1 In the case of DNO Party to DNO Party interconnections, the interconnections are categorised into four types:

- (a) The interconnector between the DNO Parties is normally closed (active), and there is an identifiable benefit from the existence of the interconnection to one DNO Party only. The other DNO Party does not benefit from the interconnection.
- (b) The interconnector is normally closed (active), and there is either an identifiable benefit to both DNO Parties, or no clear benefit to either DNO Party.
- (c) The interconnector is normally open, and the interconnection exists only to provide backup under certain conditions to either DNO Party.
- (d) All other interconnections between DNO Parties.

- 23.2 In all cases of type (a), the benefitting DNO Party will be treated as being equivalent to an EDCM Connectee connected to the other DNO Party's network. The DNO Party providing the benefit will calculate and apply EDCM import charges, except charges for sole use assets, as applicable to the other DNO Party. Export charges or credits will not apply.
- 23.3 In the case of type (b) interconnections, each DNO Party will treat the other as an EDCM Connectee. Normal EDCM import charges, except charges for sole use assets, will apply. Export charges or credits will not apply.
- 23.4 Type (c) interconnections are typically covered by special arrangements between DNO Parties. Use of system charges are agreed between DNO Parties and applied outside the EDCM model.
- 23.5 In every other case, each DNO Party applies import charges to the other as a normal EDCM Connectee, as with type (b) interconnections.

24. LDNO CHARGING

- 24.1 IDNO Parties with Distribution Systems that serve Connectees that fall within the scope of the CDCM would have their charges based on standard discount percentages applied to the CDCM all-the-way end user charges.

An IDNO Party with a Distribution System that qualifies as a CDCM "Designated Property" according to the definition set out in condition 50.10 of the Distribution Licences are eligible for portfolio discounts calculated using a price control disaggregation model (method M) consistent with the CDCM.

An IDNO Party with a Distribution Systems that qualifies as an EDCM "Designated EHV Property" according to the definition set out in condition 50A.11 of the Distribution Licences are eligible for discounts calculated using an "extended" price control disaggregation model (extended method M).

- 24.2 An IDNO Party with a Distribution System that qualifies as an EDCM "Designated EHV Property" could itself have Connectees who would fall under the scope of the EDCM. Since the EDCM is a locational charging method, the host DNO Party would

calculate EDCM charges at the DNO Party's boundary for each EDCM-like Connectee on the IDNO Party's network. No discounts are calculated for such EDCM Connectees as the DNO Party's charges are based only on the specific site's equivalent use of the DNO Party's network.

24.3 Under the EDCM, the DNO Party's network is divided into five network levels:

Level 1 comprises 132 kV circuits

Level 2 comprises substations with a primary voltage of 132 kV and a secondary voltage of 22 kV or more.

Level 3 comprises circuits of 22 kV or more, excluding circuits already categorised as being in Level 1.

Level 4 comprises substations with a primary voltage of 22 kV or more but less than 132 kV and a secondary voltage of less than 22 kV.

Level 5 comprises substations with a primary voltage of 132 kV and a secondary voltage of less than 22 kV.

24.4 The DNO Party may designate 66 kV circuits belonging to either network level 1 or 3 and substations with a primary voltage of 66 kV into level 2 or level 4 or level 5, depending on their network planning policies.

24.5 The network level of the boundary between the host DNO Party and the IDNO Party's Distribution System is determined by reference to the asset ownership boundary between the host DNO Party and the IDNO Party.

24.6 Where the IDNO Party's Distribution System only has one Connectee (whether a designated EHV property or not), the network level of the boundary between the host DNO Party and IDNO Party is determined by reference to the Point of Common Coupling. The Point of Common Coupling is determined in the same way as it is for an EDCM Connectee connected directly to the host DNO Party's network.

24.7 For EDCM Connectees, the Point of Common Coupling is the point on the network where the power flow associated with the single Connectee under consideration, may

under some (or all) possible arrangements interact with the power flows associated with other Connectees, taking into account all possible credible running arrangements.

- 24.8 IDNO Party Distribution Systems are split into 15 categories based on the network level of the boundary between the host DNO Party and the IDNO Party, and whether or not higher network levels are used by the IDNO Party.

Table 16 Categorisation of designated EHV IDNO Parties

Category	Definition
Category 0000	Boundary at the GSP, whether the GSP is shared or not, with no use of any circuits.
Category 1000	In England or Wales only, boundary at a voltage of 132 kV, unless the Connectee qualifies for category 0000.
Category 1100	Boundary at 22 kV or more on the secondary side of a substation where the primary side is attached to a 132 kV circuit.
Category 0100	Boundary at 22 kV or more, but less than 132 kV, on the secondary side of a substation where the primary side is attached at 132 kV to a co-located GSP with no use of any 132 kV circuits.
Category 1110	Boundary at a voltage of 22 kV or more, but less than 132 kV, not at a substation, fed from a substation whose primary side is attached to a 132 kV distribution circuit.
Category 0110	Boundary at a voltage of 22 kV or more, but less than 132 kV, not at a substation, fed from a substation whose primary side is attached at 132 kV to a co-located GSP with no use of any 132 kV circuits.

Category 0010	Boundary at a voltage of 22 kV or more, but less than 132 kV, fed from a GSP with no intermediate transformation and no use of any 132 kV circuits.
Category 0001	Boundary at a voltage of less than 22 kV on the secondary side of a substation where the primary side is attached at 132 kV to a co-located GSP with no use of any 132 kV circuits.
Category 0002	Boundary at a voltage of less than 22 kV on the secondary side of a substation where the primary side is attached at 22 kV or more but less than 132 kV, to a co-located GSP with no use of any 132 kV circuits.
Category 1001	Boundary at a voltage of less than 22 kV on the secondary side of a substation whose primary side is attached to a 132 kV distribution circuit.
Category 0011	Boundary at a voltage of less than 22 kV on the secondary side of a substation whose primary side is at a voltage of 22 kV or more, but less than 132 kV, fed from a GSP with no intermediate transformation and no use of any 132 kV circuits.
Category 0111	Boundary at a voltage of less than 22 kV on the secondary side of a substation whose primary side is at a voltage of 22 kV or more, but less than 132 kV, fed through a distribution circuit from a substation whose primary side is attached at 132 kV to a co-located GSP with no use of any 132 kV circuits.

Category 0101	Boundary at a voltage of less than 22 kV on the secondary side of a substation whose primary side is at a voltage of 22 kV or more, but less than 132 kV, fed from the secondary side of a co-located substation whose primary side is attached at 132 kV to a co-located GSP with no use of any circuit.
Category 1101	Boundary at a voltage of less than 22 kV on the secondary side of a substation whose primary side is at a voltage of 22 kV or more but less than 132 kV, with no use of 33 kV circuit, fed from the secondary side of a co-located substation whose primary side is attached to a 132 kV distribution circuit.
Category 1111	Boundary at a voltage of less than 22 kV on the secondary side of a substation whose primary side is at a voltage of 22 kV or more, but less than 132 kV, fed through a distribution circuit from a substation whose primary side is attached to a 132 kV distribution circuit.

24.9 All references to GSP in the table above relate to interconnections with the main interconnected onshore transmission network.

25. THE EXTENDED “METHOD M” MODEL

- 25.1 The extended price control disaggregation model (the extended method M model) calculates discount percentages in a two-part process.
- 25.2 For the purposes of the first part of the process, the DNO Party’s network is split into four levels: LV, HV/LV, HV and EHV.
- 25.3 The first part of the price control disaggregation involves the calculation of separate percentages by network level of each element of the DNO Party’s Allowed Revenue:

the operating cost, depreciation and return on RAV elements. These are aggregated over the period 2005/2006 to 2009/2010 (the DPCR4 period).

- 25.4 In order to determine the allocation to network levels of each element of price control revenue, the following cost allocation drivers are used:

Data submitted by the DNO Party to the Authority using the format prescribed in the regulatory reporting pack (RRP) on units distributed and operating expenditure broken down by network level (typically relating to the year 2007/2008).

Data that each DNO Party considers appropriately represents the forecast of net capital expenditure and Connectee contributions for the period 2005/06–2014/15, broken down by network level.

Forecast data that each DNO Party considers appropriately represents the gross modern equivalent asset values (replacement costs) for various asset types.

- 25.5 Data from the RRP are used to distinguish between direct and indirect costs, with direct costs coded by network level. For the purpose of this calculation, capital expenditure is included, net of Connectee contributions, but negative figures are replaced with zero. This analysis provides direct costs percentage for each network level.

- 25.6 Indirect operating costs are allocated to network levels on the basis of an estimate of MEAV by network level.

- 25.7 The operating cost percentage for each level is a weighted average of the direct and indirect percentages. Estimated gross modern equivalent asset values used for this purpose are derived from asset counts and the DNO Party's unit cost forecasts wherever available. Transmission exit charges are excluded from the allocation because it does not seem reasonable to allocate these charges to different network levels.

- 25.8 Both the depreciation and return on capital elements of Allowed Revenue are allocated to network levels on the basis of net capital expenditure data derived from the DNO Party's estimates and forecasts. All figures are aggregated over the 10-year

period from 2005/2006 to 2014/2015, taking in actual data or forecasts for each year as available.

- 25.9 For each network level, the relevant net capital expenditure is calculated by adding up total condition based replacement (proactive and reactive) replacement, combined in the case of LV, HV and EHV with connections spend minus Connectee contributions for connections at that voltage level, general reinforcement capital expenditure at that voltage level, and fault reinforcement capital expenditure at that voltage level.
- 25.10 Some of these categories allow HV substation and transformer costs to be identified. These costs (and no other costs) are allocated to the HV/LV network level. Some of the expenditure categories do not separately identify HV substation/transformer costs. For these categories costs are allocated to the HV/LV in the same proportion as for the other categories (where these costs are separately identified).
- 25.11 Generation-related capital expenditure is not included in the net capex attributable to each network level.
- 25.12 The allocation to each network level of each element of the DNO Party's Allowed Revenue is then aggregated by network level to create network level totals. These totals are then converted into network level percentages.
- 25.13 The network level percentages are used to allocate the DNO Party's Allowed Revenue less the net amount earned or lost by the licensee under price control financial incentive schemes less the DNO Party's total transmission exit charges. All three numbers relate to a single year (typically 2007/2008).
- 25.14 The Allowed Revenue allocations are then rescaled by the estimated number of units flowing through each network level, and normalised so that they sum to 100 per cent. The net amount earned or lost by the licensee under price control financial incentive schemes plus the DNO Party's total transmission exit charges (the unallocated part of the Allowed Revenue) is rescaled by the number of units flowing through the EHV network level. The result of this calculation is a set of percentages for each of the LV, HV/LV, HV and EHV network levels, and one percentage for the DNO Party's unallocated revenue.

25.15 The second part of the price control disaggregation process is to split the percentage for the EHV network level in the above calculation into separate percentages for the following asset levels:

- 132 kV circuits (England and Wales only);
- 132kV/33kV substations (England and Wales only);
- 33 kV circuits; and
- 33kV/HV substations

25.16 For the purposes of calculating portfolio discounts for Connectees that fall within the scope of the CDCM, the 15 boundary categories between the DNO Party and the IDNO Party are grouped into five discount categories in England and Wales and three in Scotland:

- (a) Discount category 0000 - This applies to IDNO Party category 0000.
- (b) Discount category 132kV (in England and Wales only) - This applies to IDNO Party category 1000.
- (c) Discount category 132kV/EHV (in England and Wales only) - This applies to IDNO Party categories 1100 and 0100.
- (d) Discount category EHV - This applies to IDNO Party categories 1110, 0110 and 0010.
- (e) Discount category HVplus - This applies to IDNO Party categories 1111, 0001, 1001, 0002, 0011, 0111, 1101, 0101.

25.17 For each combination of an end user network level and a discount category, the relevant discount for demand end users is calculated as follows:

For discount categories 0000, 132kV/EHV and HVplus

Discount percentage = $P / (S + U)$

For discount category 132kV

Discount percentage = $(P + ([\text{percentage for 132kV}] * (1 - ([\text{network length split for 132kV}] * [\text{direct cost proportion}])))) / (S + U)$

For discount category EHV

Discount percentage = $(P + ([\text{percentage for EHV}] * (1 - ([\text{network length split for EHV}] * [\text{direct cost proportion}])))) / (S + U)$

Where:

Discount percentage is the discount applicable for each combination of discount and end user type.

P is the sum of the percentages for all network levels below the network level of the DNO Party – IDNO Party boundary up to and including the network level of the end user.

S the sum of the percentages for all network levels in the distribution network above and including the network level of the end user

U is the ratio of the sum of the DNO Party’s total incentive revenue and the transmission exit charge, and the DNO Party’s total Allowed Revenue including any incentive revenue and transmission exit charge.

Network length split is equal to 1 minus the ratio of the average length of circuits on relevant network level (EHV or 132kV) that is deemed to be provided by the IDNO Party to that provided by the host DNO Party. The values for the “network length split” for 132kV and EHV are currently set to 100 per cent.

Direct cost proportion is the percentage share of direct costs in the sum of direct costs and indirect costs (excluding IT and telecoms and property management costs) at EHV. Negative costs will be excluded from the calculation.

25.18 Whereas demand tariffs reflect costs at the network level of supply and at every level above that, generation tariffs only reflect costs above the network level of supply. For example, credits to HV generators do not include anything based on the costs of HV networks.

25.19 In each case, the discount is applied to all CDCM tariff components. Discount percentages are capped to 100 per cent.

26. PORTFOLIO EDCM TARIFFS FOR CONNECTEES IN THE EDCM

- 26.1 For Connectees on an IDNO Party's Distribution System that would be covered by the EDCM if they were on the DNO Party's network, the EDCM is applied to calculate a portfolio EDCM charge/credit for each such Connectee.
- 26.2 These EDCM portfolio charges would be calculated as if each EDCM Connectee on the IDNO Party's distribution system were notionally connected at the boundary between the DNO Party and the IDNO Party. Both EDCM import and export charges will apply.
- 26.3 For the purposes of calculating the boundary-equivalent portfolio EDCM tariffs, each EDCM Connectee on the IDNO Party's network would be assigned the demand Connectee category relating to the 15 IDNO Party boundary categories.
- 26.4 Such Connectees would attract charges (credits) in respect of any reinforcements caused (avoided) on the DNO Party's network only, i.e. any network Branches that are on the IDNO Party's network would be attributed a zero FCP charge/credit.
- 26.5 The setting of final charges to Embedded Designated EHV Properties including the calculation of charges for assets used on the Embedded network will be established by the IDNO Party.
- 26.6 All EDCM charges would be calculated using "boundary equivalent" data provided by the IDNO Party to the host DNO Party for each Embedded Designated EHV Property. For the purposes of the EDCM, boundary equivalent data should be what the IDNO Party has allowed for at the DNO Party - IDNO Party boundary, for each EDCM Connectee, after taking into consideration the diversity and losses within the IDNO Party's network. Data relating to CDCM end users must be considered for the purposes of calculating boundary equivalent data in order to cater for the effect of diversity and losses.

- 26.7 The EDCM will include in the charges for Embedded Designated EHV Properties a fixed charge relating to any assets on the DNO Party's network that are for the sole use of an Embedded IDNO Party's network. These fixed charges would be calculated in the same way as it would be for EDCM Connectees connected directly to the host DNO Party's network.
- 26.8 In calculating charges for assets on the DNO Party's network that are for the sole use of an Embedded IDNO Party's distribution system, DNO Party's will charge only for the proportion of sole use assets deemed to be used by Embedded Designated EHV Properties. This proportion will be calculated, in respect of each Embedded Designated EHV Properties, as the ratio of the boundary equivalent capacity of that Connectee to the capacity at the IDNO Party - DNO Party boundary.
- 26.9 If there are no Embedded Designated EHV Properties on the IDNO Party's network, no sole use asset charges would apply.
- 26.10 Demand scaling would be applied as normal to any EDCM portfolio tariff in respect of an EDCM Connectee. For the purposes of scaling, all EDCM Connectees connected to the IDNO Party's network will be treated as notional EDCM Connectees connected to the DNO Party's network at the voltage level of the boundary.
- 26.11 For EDCM Connectees connected to the IDNO Party's network, the capacity-based charge for the DNO Party's indirect costs would be scaled down by a factor of 50 per cent.

27. OFFSHORE NETWORKS CHARGING

- 27.1 The DNO Party will treat offshore networks connected to the DNO Party as if they were EDCM Connectees.
- 27.2 The DNO Party will apply the EDCM to calculate an import and export charge based on capacity at the boundary and power flow data metered at the boundary.
- 27.3 Any sole use assets specific to the offshore network are charged as a p/day sole use asset charge calculated as applicable to a normal EDCM Connectee.
- 27.4 Demand scaling will also be applied.

28. DNO PARTY TO UNLICENSED NETWORKS

- 28.1 Unlicensed networks have a choice. If they are part of the Total System under the Balancing and Settlement Code with the network open to supply competition, and if they are party to the DCUSA, and have accepted the obligations to provide the necessary data, they can, if they wish, be treated as IDNO Parties.
- 28.2 Otherwise, the DNO Party applies the EDCM to calculate an import and export charge based on capacity and power flow data metered at the boundary. Any sole use assets specific to the unlicensed network are charged as a p/day sole use asset charge calculated as applicable to a normal EDCM Connectee.

29. DERIVATION OF 'NETWORK USE FACTORS'

Step 1:

- 29.1 Powerflow analysis is used to determine the change in powerflow in each Branch (in MW) that is caused by a change in load (in MW) at each node in the EHV network model, that represents either EDCM demand or CDCM demand at the EHV/HV boundary.
- 29.2 In essence, a change in load of X MW is applied at the node under consideration and changes in powerflow in each network Branch are identified. If the change in powerflow in a particular Branch is Y MW, as a result in the change in load at the node under consideration, then the 'Change In Branch Flow per Change In Demand' is given by:-
- Abs (Y/X) (MW Branch flow per MW of demand at node)
- 29.3 The effects of a change in demand at each node, upon the powerflows in Branches, are evaluated for each node in turn.
- 29.4 The method of evaluating the 'Change in Branch Flow per Change in Demand' shall be the Incremental Method, described below:

30. INCREMENTAL METHOD:

- 30.1 Establish the 'base case' powerflow in each Branch using a network model constructed with demand data used to represent the Maximum Demand Scenario analysed in the marginal cost calculation, using Maximum Demand Data that represents the regulatory year that use of system charges are being calculated for.
- 30.2 Apply a 0.1MW (at 0.95 lagging p.f.) increment to each node, in turn, in the EHV network model (at nodes that represent either an EDCM Connectee or CDCM demand at the EHV/HV boundary) and identify the change in powerflow (in MW) in all Branches where the change exceeds both 1kVA and 0.01% of the 'base case' powerflow in the Branch. The change in Branch flow corresponding to a 0.1MW increment at a node can be evaluated by actual application of an increment to the network model, or through the use of sensitivity coefficients. Prior to the application of the increment all the transformer tap positions, distributed generation outputs and switched shunt values are fixed to the values determined in the 'base case' powerflow to prevent change in their values when analysing the power flows with the increment applied.
- 30.3 This calculation is performed upon the Authorised Network Model and only considers normal running arrangements.

Step 2:

- 30.4 The 'MW usage' of each Branch by a given nodal demand is determined by multiplying the relevant value of 'Change In Branch Flow per Change In Demand' (derived in step 1) by the demand at the node (MW) as used in the Maximum Demand Scenario for the marginal cost calculation, using the Maximum Demand Data that represents the regulatory year that use of system charges are being calculated for. This will always be a positive quantity.

Step 3:

- 30.5 For each Branch, the 'total MW usage' of the Branch by all nodal demands is determined by summing the 'MW usage of the Branch' by each node (as determined in step 2).

Step 4:

- 30.6 Each nodal demand's proportionate usage of a Branch is determined as the ratio of 'MW usage' of the Branch by the nodal demand to the 'total MW usage' of the Branch. This ratio is multiplied by the annuitised MEAV of the Branch to create a £/annum usage of the Branch by the particular node.
- 30.7 Sole use assets are not to be included in the calculation of the MEAV of the Branches and consequently some Branches may have an MEAV of zero.

Step 5:

- 30.8 For each node, the £/annum 'usage' of Branches (calculated in Step 4) of the same voltage level, by the demand at the node, are summated to create a total £/annum for each voltage level for the nodal demand. The considered voltage levels correspond to those used in the CDCM and include voltage levels that represent transformation between two voltages. These voltage levels are '132kV', '132kV/EHV', 'EHV', 'EHV/HV' and '132kV/HV'.
- 30.9 For each node where EDCM demand is present, the total £/annum 'usage' of Branches of each voltage level, for the node, is divided by the demand at the node (in kW), as used in the Maximum Demand Scenario, to create a £/kW/annum total usage of Branches at each voltage level by the particular node. This shall be the numerator in the network use factor, for a particular voltage level, for the EDCM demand node.
- 30.10 For all nodes where CDCM demand is present, and the CDCM demand is considered to be 'dominant' at the node (CDCM demand shall be considered to be 'dominant' where the DNO Party estimates that the maximum demand associated with all CDCM demand at the node exceeds the maximum demand associated with all EDCM demand at the node), the £/annum 'usages' of Branches at each voltage level (calculated in Step 4) are summated to create a total £/annum 'usage' for all CDCM dominated nodes. The CDCM demand 'using' each voltage level is determined by summing the nodal demands of all CDCM dominated nodes that have non zero £/annum 'usages' at the particular voltage level. The average £/kW/annum network usage by CDCM dominated nodes is derived for each voltage level by dividing the total £/annum usage (at the voltage level by CDCM dominated nodes) by the total CDCM

demand 'using' the voltage level. This provides the denominators used for the network use factors.

- 30.11 The network use factor, at each voltage level, for each node where EDCM demand is present therefore is the £/kW/annum for the nodal demand at the appropriate voltage level, divided by the corresponding average £/kW/annum for the same voltage level determined for CDCM dominated nodes.

SCHEDULE 17 – EHV CHARGING METHODOLOGY (FCP MODEL)

Annex 1 – Implementation Guide

1. SCOPE

This Annex describes the definitions, input data and power flow analyses required for modelling the DNO Party's Distribution System to enable the FCP methodology to be implemented as set out in the EDCM. The output data are also described.

2. POWER SYSTEMS ANALYSIS

- 2.1 The DNO Parties routinely analyse their Distribution Systems using power system analysis tools to identify where limitations exist on the network; this information is used to plan reinforcements.
- 2.2 Planning of a Distribution System (to satisfy the requirements of the Act and the Distribution Licences) using a power system analysis tool requires the development of a network model which represents the actual Distribution System and the application of demand data that represent the demands that the Distribution System will be required to deliver whilst satisfying the nationally defined security standard, ER P2/6.
- 2.3 The aim of using power flow analysis for pricing purposes is to replicate the reinforcement assessment process and determine the costs of future network reinforcements in order to generate cost-reflective incremental charges.
- 2.4 The DNO Parties use a variety of software tools to model their respective Distribution Systems for the purposes of operating and planning Distribution Systems. The Authority and the DNO Parties have agreed that it is not appropriate to prescribe which software tool is used for the analysis of the Distribution System, as it is for each DNO Party to satisfy itself that it is using the appropriate tools for planning and operation of its Distribution System.
- 2.5 The following sections describe the definitions, input data and the power flow analyses required to model the Distribution System for pricing purposes. The calculation of reinforcement costs and the main outputs are discussed.

3. **DEFINITIONS**

In this Schedule 17, unless the context otherwise requires, the expressions below shall have the meanings set out below.

Term	Definition
Active Power	The product of the voltage, current and cosine of the phase angle between them, measured in watts.
Allowed Revenue	The amount of revenue that the DNO Party can earn on its regulated business in accordance the special conditions within the DNO Party's Distribution Licence.
Authorised Network Model	The model that represents the DNO Party's entire EHV network (from the GSP level down to and including the HV busbar at the EHV/HV transformation level), as described in Paragraph 2.3 and section 4 of this Annex 1.
Branch	A representation of an asset, collection of assets or part of an asset of the DNO Party's EHV network through which Active Power flows as a consequence of supply to or export from a Connectee or busbar on the DNO Party's HV or EHV networks. A Branch must only be connected between two Nodes. A Branch should conform to the following: • there can be more than one Branch between the same two Nodes; • a three winding transformer may be represented by three Branches (one Branch for each of the windings) configured in a star formation; • the Active Power flowing out of one end of a Branch should equal the Active Power flowing into the other end of the Branch less any losses within the Branch; • shunt reactors and capacitors are not Branches;

- earthing transformers, resistors and reactors are not Branches; and
- a Branch may constitute a collection of assets e.g. a circuit constituting overhead lines and cables. When combining assets into a Branch, there is a need to consider the reinforcement solution for the Branch in the next stages for the Use of System Charging calculation.

Branch Rating	The Branch Ratings selected for the Authorised Network Model should be derived by appropriate consideration of the time of day / season / general nature of load profile (i.e. continuous, cyclic, etc.) represented within the model.
Bulk Supply Point (BSP)	A supply point on the DNO Party's Distribution System representing an EHV/EHV transformation level e.g. 132/33kV.
Charging Year	The financial year (12 month period ending on a 31st March) for which charges and credits are being calculated.
Circuit	The part of a Distribution System between two or more circuit breakers, switches and/or fuses inclusive. For the avoidance of doubt a circuit can contain a number of Branches and Nodes. A Circuit may include transformers, reactors, cables and overhead lines. Busbars are not considered as Circuits.
Circuit Branch	A categorisation used in the derivation of Branch reinforcement costs for Branches that represent an interconnection (or part of an interconnection) between substations and which operate at a single voltage level.
Connection Node	A Node which is a point of connection to one of the

following:

- an Entry Point or the Sole Use Assets connecting the Entry Point; or
- an Exit Point or the Sole Use Assets connecting the Exit Point; or
- the DNO Party's HV network; or
- a Distribution System of another DNO Party or IDNO Party.

Contingency Analysis	The analysis to determine the effect on power flows for the Authorised Network Model under N-1 and where necessary, N-2 contingencies.
Diversity Allowance	The extent, expressed as a percentage, to which the sum of the maximum load across all assets in the modelled network level is expected to exceed the simultaneous maximum load for the network level as a whole.
Diversity Factor	A scaling factor calculated as the ratio of the maximum demand observed at a given location on the network and the aggregate of the individual maximum demands observed at multiple locations connected downstream (i.e. further from source) of the given location, taking account of losses. Such factors provide a means of recognising that the maximum demands observed at individual locations (e.g. substations at a given voltage level) on a section of network may not be coincident. Details of the calculation of Diversity Factors are set out in section 5.9 (Diversity Factors) of Annex 1.
EDCM	has the meaning given to that expression in Paragraph 1
EDCM Connectee	means a Connectee whose Connected Installation is a Designated EHV Property as defined in Standard Conditions

	50A.11 and 13B.6 of the DNO Party's Distribution Licence.
EDCM Customer	means a Customer whose Customer Installation is a Designated EHV Property as defined in Standard Conditions 50A.11 and 13B.6 of the DNO Party's Distribution Licence.
EDCM Generation	means a Generator Installation that is a Designated EHV Property as defined in Standard Conditions 50A.11 and 13B.6 of the DNO Party's Distribution Licence.
EHV	Extra High Voltage.
Embedded	means connected to an IDNO Party's Distribution System.
ER P2/6	Energy Network Association's Engineering Recommendation P2/6 which is the planning standard for security of supply to be used by the DNO Parties.
ETR 130	Energy Network Association's Engineering Technical Report 130 which is the Application Guide for assessing the capacity of Distribution Systems to which Generation Installations are connected.
Extra High Voltage (EHV)	Refers to voltages operating on the Authorised Network Model at 22kV or higher.
FCP	Has the meaning given to that expression in Paragraph 2.1
Grid Supply Point (GSP)	A point of supply from the National Electricity Transmission System to the DNO Party's Distribution System.
High Voltage (HV)	Refers to voltages operating on the Authorised Network Model above 1000 volts but lower than 22kV.
kV	Kilovolt (1,000 Volts): a unit of voltage.
kVA	Kilo Volt Ampere: a unit of network capacity.

kVAr	Kilo Volt Ampere reactive: a unit of reactive power flow. The network capacity used by a flow of A kW and B kVAr is $\text{SQRT}(A^2+B^2)$ kVA.
kVArh	kVA reactive hour: a unit of total reactive power flow over a period of time. Reactive power meters usually register kVArh.
kW	Kilowatt (1,000 Watts): a unit of power flow.
kWh	Kilowatt hour: a unit of energy. Meters usually register kWh.
Long Term Development Statement (LTDS)	The Long Term Development Statement as detailed by Licence Condition 25 of the Distribution Licences.
LV	Nominal voltages of less than 1kV.
Maximum Demand Data	The Network Demand Data that is applied to the demand (load) analysis for N-1 contingency testing. The construction of Maximum Demand Data is described in section 5.35 (Maximum Demand Data for Demand (Load) Analysis) of Annex 1.
Maintenance Demand Data	The Network Demand Data that is applied to the demand (load) analysis for N-2 contingency testing (by supposition, this would consider N-1 contingencies). The construction of Maintenance Demand Data is described in section 5.41 (Maintenance Demand Data for Demand (Load) Analysis) of Annex 1.
MVA	Mega Volt Ampere (1,000 kVA): a unit of network capacity.

MW	Megawatt (1,000 kW): a unit of power flow.
MWh	Megawatt hour (1,000 kWh): a unit of energy. Energy trading is usually conducted in MWh.
N-1 Contingency	An N-1 Contingency considers an N-1 Event occurring on the Authorised Network Model and models the consequential network actions and where appropriate constraints on customer demands. This is used to ensure that the resultant flows in Branches that remain in service are within rated capacity.
N-1 Event	An N-1 Event is a First Circuit Outage (FCO) as explained in ER P2/6. It signifies a fault or arranged outage on the network which would result in a section of the network defined by the relevant protection scheme to sectionalise and isolate the faulty section, or isolates the section to be worked on for maintenance, resulting in zero power flow in the affected network. N-1 Events should consider an outage of a complete Circuit and only consider faults or arranged outages occurring with the network initially running under Normal Running Arrangements.
N-2 Contingency	An N-2 Contingency considers an N-2 Event occurring on the Authorised Network Model and models the consequential network actions and where appropriate constraints on customer demands. This is used to ensure that the resultant flows in Branches that remain in service are within rated capacity.
N-2 Event	An N-2 Event is a Second Circuit Outage (SCO) as explained in ER P2/6. It signifies the occurrence of a fault on the network at the same time as a planned outage which would result in a section of the network defined by the relevant protection scheme to sectionalise and isolate the

faulty section. As N-2 Events are considered to have occurred at the same time as a planned outage, they are confined to the maintenance period, as designated by the DNO Party. Maintenance Demand Data is used when considering N-2 Events.

National Electricity Transmission System	Has the meaning given to that expression in the CUSC
Negative Load Injection	A Negative Load Injection is a negative value of load calculated and applied to a source substation within the network model to represent the effects of diversity between associated downstream demands upon the actual demand observed at the source substation.
Net Diversity Factor	A scaling factor that represents the diversity between the maximum demands observed at substations at different levels of a network, which may be derived by multiplying Diversity Factors representing the diversity between interim levels.
network	This is a reference to the DNO Party's Distribution System, or to a particular part of that Distribution System.
Network Demand Data	This is the load and generation which is used to populate the Authorised Network Model. Network Demand Data is constructed of Network Demand Data (Load) and Network Demand Data (Generation).
Network Demand Data (Generation)	Generation export applied within the Authorised Network Model at Nodes representing the Entry Point for each EHV connected customer with an agreed Maximum Export Capacity factored according to ER P2/6, where appropriate.
Network Demand Data (Load)	The load applied within the Authorised Network Model at Nodes representing the Exit Point for each EHV customer

and the lower voltage busbars at substations representing transformation points between Network Groups or EHV/HV substations.

Network Group	This is one of the parts of the Authorised Network Model described in Paragraph 2.7 and section 6 (Network Groups) of Annex 1.
network level	The network is modelled as a stack of circuit and transformation levels between supplies at LV and the National Electricity Transmission System. A network level is any circuit or transformation level in that stack. An additional network level is used for transmission exit.
Node	A representation of a point on the DNO Party's EHV network that is a point of connection between a Branch and one or more of the following: • another Branch; or • an Entry Point or the Sole Use Assets connecting the Entry Point; or • an Exit Point or the Sole Use Assets connecting the Exit Point; or • the DNO Party's HV network; or • the Distribution System of another DNO Party or IDNO Party; or • the National Electricity Transmission System.
Normal Running Arrangements	The DNO Party's EHV network with no system outages i.e. with no planned outages (e.g. for maintenance) and no unplanned outages (e.g. subsequent to a fault).
Point of Common Coupling	The point on the network where the power flow associated with the single Connectee under consideration, may under

	some (or all) possible arrangements interact with the power flows associated with other Connectees, taking into account all possible credible running arrangements
Power factor	The ratio of energy transported (kW) to network capacity used (kVA).
Portfolio tariff	A tariff for use of the network by another DNO/IDNO Party where charges are linked to flows out of/into the other DNO/IDNO Party's network from its Connectees or further nested networks.
Primary Substation	A substation on the DNO Party's Distribution System transforming the voltage from EHV to HV, e.g. 33/11kV
Reactive Power	The product of the voltage and current and the sine of the phase angle between them, measured in units of voltamperes reactive.
Regulatory Year	has the meaning given to that expression in the DNO Party's Distribution Licence.
RRP	Regulatory reporting pack, a dataset produced each year by each DNO Party for the Authority.
Sole Use Assets	Assets in which only the consumption or output associated with a single Connectee can directly alter the power flow in the asset, taking into consideration all possible credible running arrangements, i.e. all assets between the Connectee's Entry/Exit Point(s) and the Point(s) of Common Coupling with the general network.
Source Substation	Any substation which connects, via transformers and under Normal Running Arrangements, a particular Network Group to its "upstream" source. For example, for a 33kV group, the Source Substation is taken as the interconnecting 132/33kV grid transformers. A single Network Group may

have more than one Source Substation.

System simultaneous maximum load	The maximum load for the GSP Group as a whole.
Transformer Branch	A categorisation used in the derivation of Branch reinforcement costs, for Branches that represent transformation between different voltage levels.
unit	Where the context permits, the word unit refers to kWh.
unit rate	A charging or payment rate based on units distributed or units generated. Unit rates are expressed in p/kWh. Tariffs applied to multi-rate meters and/or using several time bands for charging have several unit rates.

4. NETWORK MODELLING

- 4.1 This section describes the input data required to model the Distribution System for pricing purposes. The FCP methodology requires the Authorised Network Model to be populated with different load and generation levels, corresponding to the Demand (load) and Demand (generation) scenarios being analysed.

Authorised Network Model

- 4.2 This is the network model that represents the entire EHV network, from the GSP level down to and including the HV busbar at the EHV/HV transformation level and includes all authorised (i.e. sanctioned by the DNO Party) schemes (reinforcement, diversion and new connection works) that are anticipated to be constructed and operational at the time of Maximum Demand in the Regulatory Year for which the Use of System Charges are being calculated. Where a part of a single authorised network project is expected to be commissioned and operational in the Regulatory Year for which Use of System Charges are to be calculated then the DNO Party may, if appropriate, model the fully completed network project. The model should also include a representation of the National Electricity Transmission System.
- 4.3 The Authorised Network Model may be constructed so that power flow analysis may be conducted separately upon individual Grid Supply Points (or groups of normally interconnected Grid Supply Points) provided that there is no interconnection with adjacent Grid Supply Points considered in the analysis of the respective contingency conditions and any interaction arising from the transfer of demand and generation is correctly accounted for.
- 4.4 Due to the timings difference between the publication of the LTDS and the creation and publication of use of system tariffs, the Authorised Network Model may contain revised assumptions to the LTDS information.
- 4.5 A representation of the National Electricity Transmission System shall be included in the model. The complexity of the representation shall be dependent on the level of interconnection of Grid Supply Points via the DNO Party's EHV network. The representation may be:

- (a) a simple generator in-feed at the Grid Supply Point; or
 - (b) the use of equivalent circuits to model the interconnections of the Grid Supply Points via the National Electricity Transmission System; or
 - (c) a full replication of the National Electricity Transmission System electrically local to the DNO Party's Distribution System; or
 - (d) a full replication of the whole of the National Electricity Transmission System.
- 4.6 The method of representation should be carefully selected in order to produce a suitable representation of the flows into the DNO Party's EHV network from the National Electricity Transmission System during both Normal Running Arrangements and N-1 Contingency scenarios.
- 4.7 The Authorised Network Model can be modelled so that it takes into account every different section of a circuit, including individual underground cables and overhead line sections, with each different type forming a separate Branch in the model connected between two Nodes. However, this approach can lead to known issues associated with the non-convergence for a power flow solution of models with large numbers of Nodes and large numbers of Branches with very small impedances.
- 4.8 It is acceptable to model a single Branch to represent a composite of multiple subcomponents of underground cable and overhead line. The impedance of a composite Branch can be calculated from the types of subcomponent that make up the overall Circuit length. The rating of a composite Branch can be obtained by examining the rating of all the Branch subcomponents and the lowest rating used as the limiting section that overloads first. For underground cables the impedance and rating is dependent upon the construction type of the cable, cross sectional area of the conductor, conductor material, whether the cable is laid directly in the ground or in ducts. Similarly, for overhead lines the impedance and rating is dependent upon the construction type of the overhead line structures (to take account of the relative positions of the conductors), the conductor material and type and cross sectional area. This information can then be used to determine the Branch impedance and minimum component rating applied in the Authorised Network Model.
- 4.9 As an example, if Figure 2 represents the actual network, the approach described above to produce the EHV network model would reduce it to a nodal model

representation as shown in Figure 3. Table 7 shows an example of the data held relating to Figure 2 with the individual subsections being cross referenced to each Branch; Table 8 lists the parameters used for the nodal model shown in Figure 3.

Figure 3 - An example of a section of network to be converted into a nodal model.

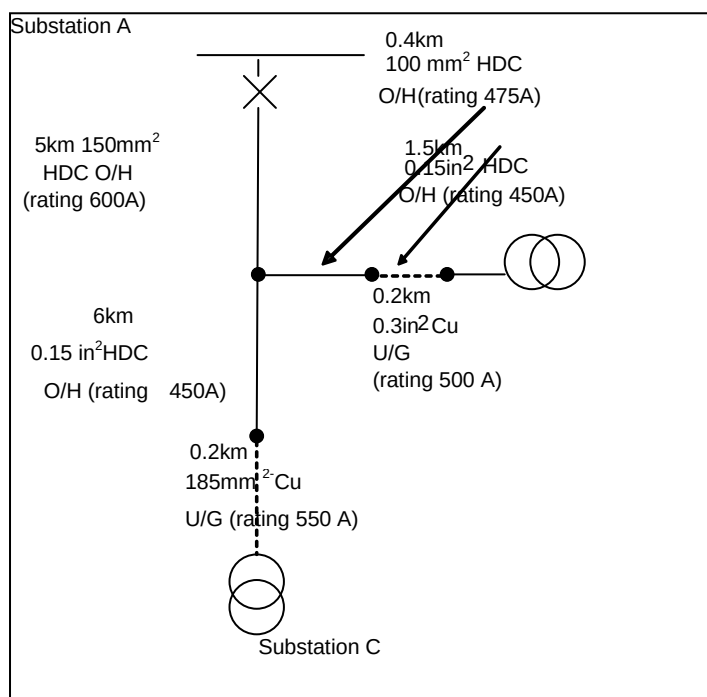


Figure 4 - The resultant nodal model representative of the example network in Figure 2.

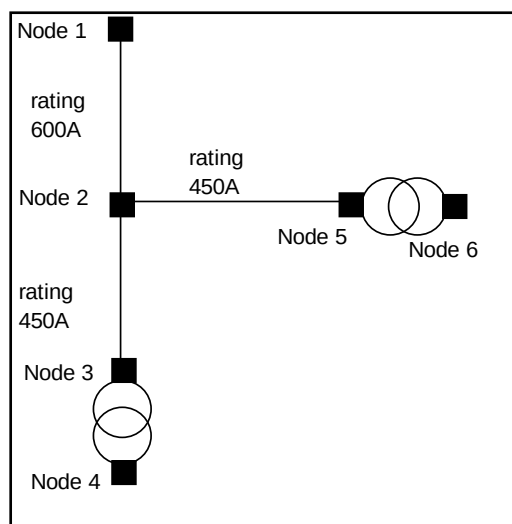


Table 17 - An example of the information held separately relating to Figure 1 which is used to provide the composite Branch parameters.

Branch	Line Section	Type	Length	Rating	R(p.u.) ¹	X(p.u.)
Node 1 to	1	150mm ² HDC	5km	600A	0.001	0.01
Node 2 to	1	0.15in ² HDC O/H	6km	450A	0.0018	0.0054
Node 2 to	2	185mm ² Cu U/G	0.2km	550A	0.00003	0.0003
Node 2 to	1	100mm ² HDC	0.4km	475A	0.00004	0.0004
Node 2 to	2	0.3in ² Cu U/G	0.2km	500A	0.00003	0.0001
Node 2 to	3	0.15in ² HDC O/H	1.5km	450A	0.00045	0.00135

Table 18 - Composite Branch parameters used for the nodal model shown in Figure 3 above.

Branch	Branch Rating	R(p.u.)	X(p.u.)
Node 1 to Node 2	600A	0.001	0.01
Node 2 to Node 3	450A	0.00183	0.0057
Node 2 to Node 5	450A	0.00052	0.00185

¹ For the sake of simplicity ratings, resistance (R) and reactance(X) values given above are assumed and should be used only for illustrative purposes such as the given example to calculate equivalent Branch ratings and parameters for a composite Branch.

Inclusion of Distribution Systems of IDNO Parties in the Authorised Network Model

- 4.10 Where there is a connection between the DNO Party's Distribution System and an EDCM IDNO Party Distribution System, the IDNO Party's network can be represented either by an Exit Point or Entry Point, in a similar manner to that of an EDCM Connectee. In the event that the IDNO Party's network derives its supply from several different connection points on the DNO Party's Distribution System it may become necessary to model some or the entire IDNO network to ensure that the flows at the boundary between the DNO Party's Distribution System and the Distribution System of the IDNO Party are representative of those expected under Normal Running Arrangements and Contingency scenarios.

5. NETWORK DEMAND DATA

- 5.1 This section 5 describes the input data required to model the Distribution System for FCP purposes.

Network Demand Data (Load)

- 5.2 The demands (load) in the Authorised Network Model will be based on LTDS network data as produced by the DNO Party. It is necessary to create a 10-year demand (load) set to assess the network for the 10-year study period. The following Network Demand Data is required as the basis for populating the Authorised Network Model:
- (a) Maximum Demands at each Connection Node;
 - (b) Maximum Demands at Grid Supply Points; and
 - (c) Maximum Demands at Bulk Supply Points or other intermediate substations.
- 5.3 The load estimates in the LTDS are normally cleansed and validated ensuring:
- (a) maximum loads that are recorded reflect Normal Running Arrangements;
 - (b) application of suitable weather correction is considered, if appropriate; and
 - (c) latent demand is accounted for in accordance with the guidance contained in ETR 130.

- 5.4 The LTDS forecasts the demand (loads) for 5 years. The remaining years (years 6 to 10) are to be assessed by the DNO Party using the appropriate engineering forecasts and local knowledge and information.
- 5.5 Where new EDCM Customers are included in the Authorised Network Model, their demands will be individually assessed and estimated by the DNO Party.

Network Demand Data (Generation)

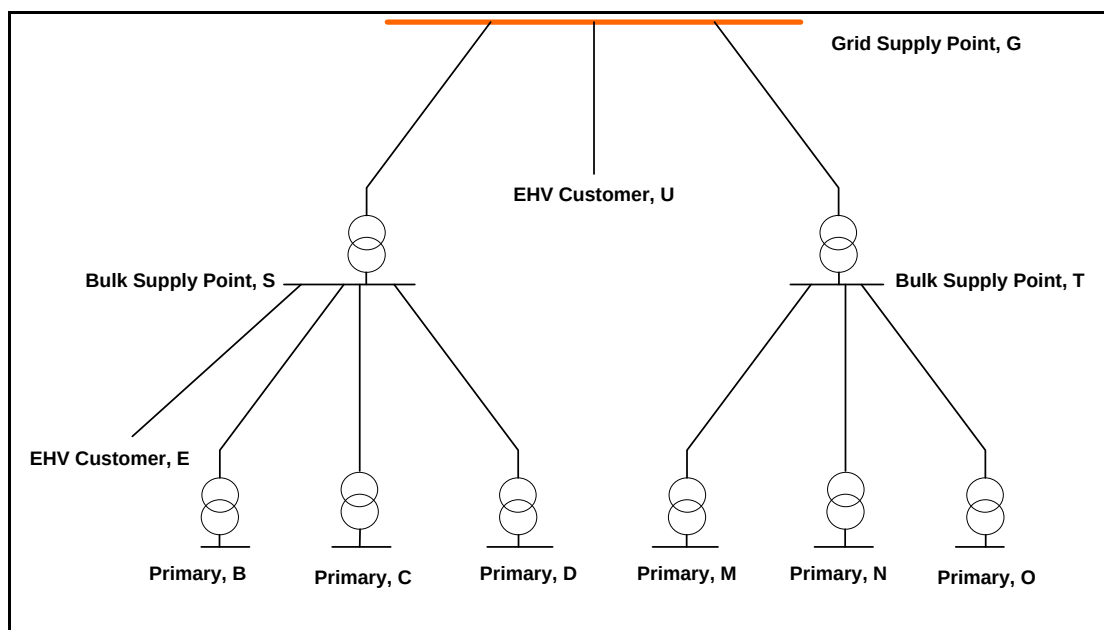
- 5.6 Existing EDCM Generation in the model will be based on the Maximum Export Capacity for the EDCM Generation. Depending on the power flow studies being undertaken these may be scaled by an F factor as described in ER P2/6. Where sufficient actual recorded network data exists, a generator's site-specific F factor may be calculated, as described in ETR 130.

Modelling of Customers with both Load and Generation

- 5.7 'Import/Export' Connectees (Connectees that have the ability to import electricity from and export electricity to the Distribution System) require special consideration.
- 5.8 The flows associated with these Connectees should contribute solely to the Network Demand Data (Load) element of the Maximum Demand Data and Maintenance Demand Data data sets. These demands should be derived as described in the Maximum Demand Data for Demand (Load) Analysis and Maintenance Demand Data for Demand (Load) Analysis.

Diversity Factors

- 5.9 The demands that are required to be populated in the Authorised Network Model need to be set so the modelled demand supplied through a GSP is equal to the Maximum Demand at the GSP as described in the Network Demand Data (Load) section. This may be achieved by using Diversity Factors to modify the Connection Node maximum demands or by the use of Negative Load Injections. The following describes acceptable methods to achieve this requirement.
- 5.10 To aid the description a simple network is shown in Figure 4 below which will provide a basis for the examples.

Figure 5 - Example model for the calculation of Diversity Factors.**Method 1 – Hierarchical Diversity Factors**

5.11 Networks are typically built as a hierarchy. The typical hierarchy levels are Primary Substation, Bulk Supply Points and Grid Supply Points. There may also occasionally be other intermediate levels such as 132kV switching substations. A Diversity Factor can then be calculated for each required substation. The Diversity Factor is calculated as the maximum demand at that substation divided by the sum of the maximum demands of all points of the network at the next lower hierarchy served by that substation plus an allowance for losses in that part of the network.

5.12 In our example, for Bulk Supply Point, S (see Figure 4), supplying three Primary Substations, B, C and D, and an EDCM Customer E, the Diversity Factor is derived as:

$$DF_s = \frac{MD_s}{MD_B + MD_C + MD_D + MD_E + losses_{s \rightarrow}}$$

Where:

DFS = diversity factor

MDS = maximum demand at substation S

MDB = maximum demand at substation B

MDC = maximum demand at substation C

MDD = maximum demand at substation D

MDE = maximum demand at substation E

losses_{S→} = line losses in the downstream network supplied from Bulk Supply Point S

- 5.13 Similarly for Grid Supply Point, G, supplying two Bulk Supply Points, S and T, and an EDCM Customer U, the Diversity Factor is derived as:

$$DF_G = \frac{MD_G}{MD_S + MD_T + MD_U + losses_{G \rightarrow}}$$

Where:

DFG = diversity factor

MDG = maximum demand at substation G

MDS = maximum demand at substation S

MDT = maximum demand at substation T

MDU = maximum demand at substation U

losses_{G→} = line losses in the downstream network supplied from Grid Supply Point G

- 5.14 Diversity Factors are calculated separately for each substation at each level. In our example, Diversity Factors would be calculated for substations S, T, and G. A Net Diversity Factor is then applied to each Connection Node based on the product of Diversity Factors of all the Substations that supply that Connection Node. In the example, the following Net Diversity Factors would be applied to each of the Connection Nodes.

Table 19 - Calculation of Net Diversity Factors - Hierarchical Diversity Factors.

Connection Node	Maximum Demand	Net Diversity Factor	Demand to be applied to the Network Model
Primary, B	MDB	DFG* DFS	DFG* DFS * MDB
Primary, C	MDC	DFG* DFS	DFG* DFS * MDC
Primary, D	MDD	DFG* DFS	DFG* DFS * MDD
EHV Customer, E	MDE	DFG* DFS	DFG* DFS * MDE
Primary, M	MDM	DFG* DFT	DFG* DFT * MDM
Primary, N	MDN	DFG* DFT	DFG* DFT * MDN
Primary, O	MDO	DFG* DFT	DFG* DFT * MDO
EHV Customer, U	MDU	DFG	DFG* MDU

5.15 Diversity Factors are applied to both the Active Power and Reactive Power demands at each Connection Point thus ensuring the power factor of the demand remains unchanged.

Method 2 – Single Diversity Factors

5.16 Where a network has significant interconnection or subject to regular rearrangement (e.g. Primary Substations being transferred between Bulk Supply Points) the use of a single Diversity Factor for all the demand supplied by a Grid Supply Point (or a set of interconnected Grid Supply Points) may be appropriate. The Diversity Factor for the GSP is calculated as the Maximum Demand at the GSP divided by the sum of all the Maximum Demands of each Connection Node supplied from that GSP plus an allowance for losses.

5.17 Using the example shown in Figure 4 a single Diversity Factor for Grid Supply Point, G can be calculated as:

$$DF_{G1} = \frac{MD_G}{MD_B + MD_C + MD_D + MD_E + MD_M + MD_N + MD_O + MD_U + losses}$$

Where:

DFG1 = diversity factor

MDG = maximum demand at substation G

MDB = maximum demand at substation B

MDC = maximum demand at substation C

MDD = maximum demand at substation D

MDE = maximum demand at substation E

MDM = maximum demand at substation M

MDN = maximum demand at substation N

MDO = maximum demand at substation O

MDU = maximum demand at substation U

losses $\rightarrow$ = network losses in the system shown in Figure 4

5.18 The Net Diversity Factor in this method is equal to the calculated single Diversity Factor. In the example the following Net Diversity Factors would be applied to each of the Connection Nodes.

Table 20 - Calculation of Net Diversity Factors – Single Diversity Factors

Connection Node	Maximum Demand	Net Diversity Factor	Demand to be applied to the Network Model
Primary, B	MDB	DFG1	DFG1 * MDB
Primary, C	MDC	DFG1	DFG1 * MDC
Primary, D	MDD	DFG1	DFG1 * MDD
EHV Customer, E	MDE	DFG1	DFG1 * MDE
Primary, M	MDM	DFG1	DFG1 * MDM

Primary, N	MDN	DFG1	DFG1 * MDN
Primary, O	MDO	DFG1	DFG1 * MDO
EHV Customer, U	MDU	DFG1	DFG1* MDU

- 5.19 Diversity Factors are applied to both the Active Power and Reactive Power demands at each Connection Point thus ensuring the power factor of the demand remains unchanged.

Method 3 – Negative Load Injections

- 5.20 A Negative Load Injection is a negative value of load calculated and applied to a source substation within the network model to represent the effects of diversity between associated downstream demands upon the actual demand observed at the source substation.
- 5.21 Negative Load Injections are applied at a substation to ensure that the demand at the substation equals the required Maximum Demand for that substation. Negative load injections are normally placed at Bulk Supply Points, other intermediate substations (such as 132kV switching substations) and Grid Supply Points.
- 5.22 The amount of negative load injection required to be applied at a substation is calculated as the maximum demand at that substation minus the sum of the maximum demands of all points of the network at the next lower hierarchy served by that substation plus an allowance for losses in that part of the network.
- 5.23 In our example, for Bulk Supply Point, S, supplying three Primary Substations, B, C and D, and an EDCM Customer E, Negative Load Injection is derived as:

$$NLI_S = MD_S - (MD_B + MD_C + MD_D + MD_E + losses_{S \rightarrow})$$

Where:

NLIG1 = negative load injection

MDS = maximum demand at substation S

MDB = maximum demand at substation B

MDC = maximum demand at substation C

MDD = maximum demand at substation D

MDE = maximum demand at substation E

losses_{S→} = line losses in the downstream network supplied from Grid Supply Point G

5.24 Similarly for Grid Supply Point, G, supplying two Bulk Supply Point, S and T, and an EDCM Customer U, Negative Load Injection is derived as:

$$NLI_G = MD_G - (MD_S + MD_T + MD_U + losses_{S \rightarrow})$$

Where:

NLIG = negative load injection

MDG = maximum demand at substation G

MDS = maximum demand at substation S

MDT = maximum demand at substation T

MDU = maximum demand at substation U

losses_{S→} = line losses in the downstream network supplied from Grid Supply Point G

5.25 The value of Negative Load Injection calculated is a negative number. This is modelled as a negative load (or in fact generation) at the substation busbar so that the incoming flow matches the required maximum demand for that substation. Negative Load Injections are applied as an Active Power injection only. No Reactive Power injection is applied.

An Implementation of Diversity Factors Using Multiple Load Sets

- 5.26 The use of Network Groups for analysis in the FCP methodology allows for different levels of the network to be loaded independently with different Network Demand Data (Load). By loading all Primary Substations and EDCM Customers with their maximum demands as recorded in the LTDS, the total system demand at each GSP will be significantly higher than the demand reported to the National Electricity Transmission System Operator for the Week 24 submission . This excessive loading of the higher voltage network levels would give rise to premature reinforcement at this level as diversity has not been considered. However, when considering this Primary Substation load set only reinforcements between the lower voltage busbars of the Primary Substations and the lower voltage busbars of the supplying higher voltage substations are considered. The assets observed for overloads and hence need reinforcing are therefore the Primary Substation transformers and their supplying EHV Circuits, if applicable.

Example on a radial network

- 5.27 An example showing a radial network loaded with a Primary Substation load set is shown in Figure 5 and the shaded box shows the assets considered when looking for overloads. All upstream Branches should be ignored if they overload as these will be tested by a separate load set.
- 5.28 With the Primary Substation level tested, the loads connected to Primary Substations and EDCM Customers may be removed and the BSP substations maximum demands loaded as per the LTDS. An alternative approach to removing these loads would be to retain them in the network model but to scale them using appropriate diversity factors to match Maximum Demands at the BSP substations (as set out in Method 1).
- 5.29 The BSP load set can then be used to test the network assets between the BSP lower voltage busbar and the supplying GSP. Figure 6 shows the same network but with the BSP loads applied, the assets in the shaded box are the ones observed for overloads. It is accepted that using all BSP maximum demands (load) the resultant loads at the GSPs will not equal the maximum demands reported to National Electricity Transmission System Operator for the Week 24 submission. The extra demand (load) may overload the GSP transformers, however, these are zero-cost Branches as they

are transmission assets; the Reinforcement Cost Calculation Principles section describes zero-cost Branches further.

Figure 6 - Network schematic showing Primary Substations loaded with maximum demands and the network assets monitored for overloads.

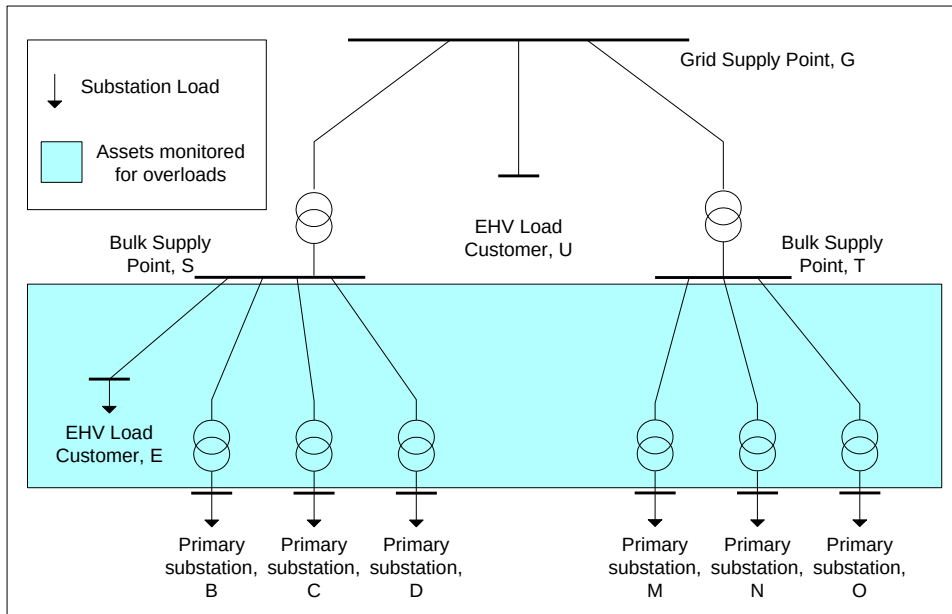
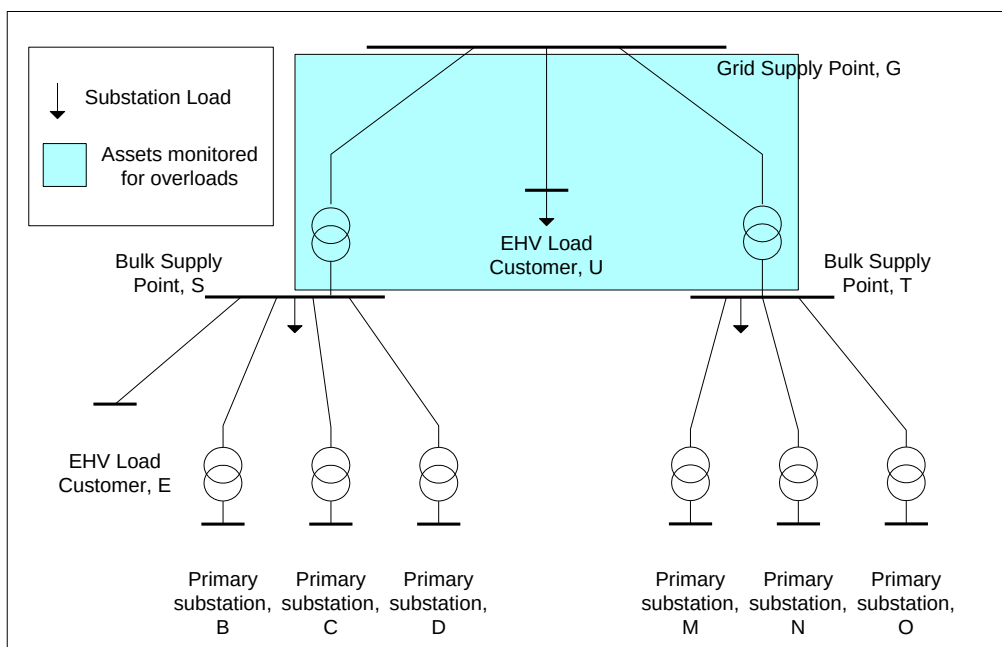


Figure 7 - Network schematic showing Primary Substations loads removed and BSP loads added, also showing the network assets monitored for overloads.



An implementation of diversity factors using multiple load sets (meshed and radial mix)

- 5.30 Where networks are comprised of a mix of radial and meshed sections (such as shown in Figure 7), it may not be appropriate to consider all substations as being loaded to their maximum demands. This implementation involves the application of hierarchical Diversity Factors to loads on meshed sections while the loads on the radial sections remain unchanged. The procedure is described below.

Calculation of hierarchical diversity factors:

- 5.31 Hierarchical diversity factors for each network group are calculated as described in Method 1.

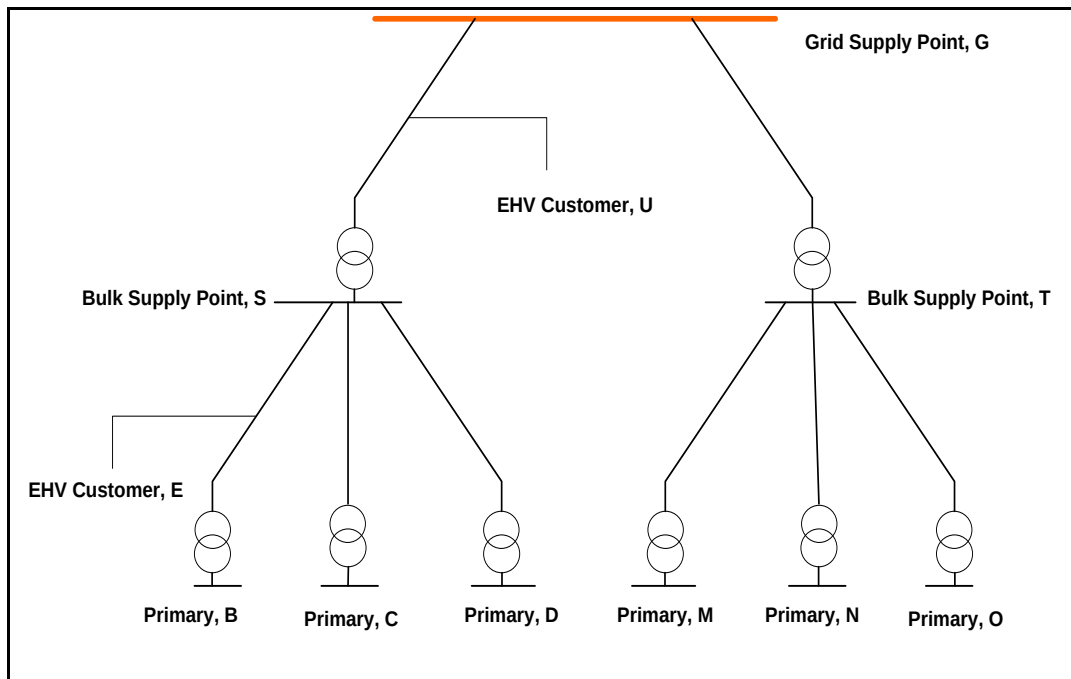
Application of the hierarchical diversity factors:

- 5.32 The hierarchical diversity factors are applied only to the loads on meshed sections (see table below).

Multiple network analyses:

- 5.33 The Primary Substation level is loaded and used to test for overloaded Branches between the Primary Substations and the BSPs (excluding any BSP transformers). To test for overloaded Branches between a BSP and a GSP, all downstream demand (load) supplied from the BSPs are removed - for example, demand (load) connected to Primary Substations B, C, D and EDCM Customer E would be removed when testing for overloaded Branches between BSP S and GSP G. BSP loads are then applied to the network model.

Figure 8 - Implementation of Diversity Factors using multiple load sets



5.34 The final load which applied at each substation is shown in the table below:

Table 21 - Calculation of Diversity Factors – Multiple load sets (meshed and radial mix).

Connection Node	Maximum Demand	Diversity Factor	Demand to be applied to the Network Model
Primary, B	MDB	DFS	$MDB * DFS$
Primary, C	MDC	1.00	MDC
Primary, D	MDD	1.00	MDD
EHV Customer, E	MDE	DFS	$MDE * DFS$
Primary, M	MDM	1.00	MDM
Primary, N	MDN	1.00	MDN
Primary, O	MDO	1.00	MDO
EHV Customer, U	MDU	DFG	$MDU * DFG$
Bulk Supply Point, S	MDS	DFG	$MDs * DFG$
Bulk Supply Point, T	MDT	1.00	MDT

Maximum Demand Data for Demand (Load) Analysis

Network Demand Data (Generation)

- 5.35 The Network Demand Data (Generation) element of the Maximum Demand Data shall be constructed with generation output set at zero unless the generation can be considered to have a contribution to security of supply under ER P2/6, in which case the ER P2/6 level of export shall be modelled.
- 5.36 The contribution of distributed generation to security of supply is dealt with in ER P2/6 through the application of F factors. Each distributed generator is assigned an F factor and this represents the percentage of the generator's declared net capacity that can be considered when assessing network security. ER P2/6 also uses the term 'Persistence' to reduce the F factor for intermittent generation, as the time period (in hours) for which its contribution to security is being assessed increases. Table 2-4 of ER P2/6 recommends values of 'Persistence'; these values are dependent on the demand class being assessed. The value of 'Persistence' to be used for intermittent generation will be as stated in Table 2-4 of ER P2/6 for 'Other outage', using the maximum GSP (or GSP groups') demand instead of the demand class of the demand group.

Network Demand Data (Load)

- 5.37 The Network Demand Data (Load) element of the Maximum Demand Data shall be constructed based on the Maximum Demands for each load point and either amended (Diversity Factors) or enhanced (Negative Load Injections) by the chosen diversity method (see the Diversity Factors section).
- 5.38 For the diversity methods 1 and 2 the maximum demand load estimates for each load point is scaled so that the modelled load in the Maximum Demand Data reflects the Grid Supply Point maximum load estimates under Normal Running Arrangement.
- 5.39 The application of diversity in the derivation of this data needs to be carefully considered and aim to produce, where possible, within the constraints of a single set of demand data, power flows that reflect typical flows under the Maximum Demand conditions; but also enable calculations to be undertaken upon an Authorised Network Model.
- 5.40 In considering the derivation of the Maximum Demand Data, it must be recognised that power flow analysis based on this Network Demand Data may not replicate the

maximum power flow through individual assets that could be seen under all N-1 Contingency conditions, due to the limitations of analysis based upon a limited number of sets of Network Demand Data.

Maintenance Demand Data for Demand (Load) Analysis

Network Demand Data (Generation)

- 5.41 The Network Demand Data (Generation) element of the Maintenance Demand Data shall be the same as that modelled for the Maximum Demand Data.

Network Demand Data (Load)

- 5.42 The Network Demand Data (Load) element of the Maintenance Demand Data shall be constructed using the Maximum Demand Data load values scaled down to a minimum of 67% to represent the peak load demands observed during the maintenance period. Where actual loads are higher than 67% of Maximum Demand Data they can be used instead.
- 5.43 For the diversity methods 1 and 2 the maintenance demand load estimates for each load point are scaled so that the modelled load in the Maintenance Demand Data reflects the Grid Supply Point maintenance peak load estimates under Normal Running Arrangement.
- 5.44 The application of diversity in the derivation of this data needs to be carefully considered and aim to produce, where possible, within the constraints of a single set of demand data, power flows that reflect typical flows under the peak maintenance demand conditions; but also enable calculations to be undertaken upon an Authorised Network Model.
- 5.45 In considering the derivation of the Maintenance Demand Data, it must be recognised that power flow analysis based on this Network Demand Data may not replicate the maximum power flow through individual assets that could be seen under all N-2 Contingency conditions, due to the limitations of analysis based upon a limited number of sets of Network Demand Data.

6. NETWORK GROUPS

- 6.1 For the purpose of forecasting future reinforcement the network is broken down into a number of Network Groups. The use of Network Groups for analysis is an important stage in assessing security of supply requirements given in ER P2/6. Network Groups are defined at hierarchical levels, each level being defined by the operating voltage of the source substations, such that separate Network Groups are defined for Primary Substation, BSP and GSP levels.
- 6.2 Each Network Group is a part of the Distribution System that consists of:
- (a) the transformation assets at a source substation; and
 - (b) the network that:
 - (i) operates at the same voltage as the lower voltage of these transformation assets; and
 - (ii) is electrically connected to these transformation assets, under Normal Running Arrangements, excluding electrical connection through assets operating at voltages other than the lower voltage of the transformation assets.
- 6.3 The following exceptions apply:
- (a) where a source substation operates, under Normal Running Arrangements, with open point(s) on the lower voltage busbar such that there are separate sections of the busbar that are not electrically connected at the same voltage as the busbar, then these separate sections of busbar, and their associated network, shall be considered as separate Network Groups; and
 - (b) where multiple source substations, with the same lower voltage of transformation assets, operate in parallel, under Normal Running Arrangements, through network operating at the same voltage as the lower voltage of the transformation assets, then these substations and their associated network shall be considered as a single Network Group.
- 6.4 Where a Network Group has, under Normal Running Arrangements:

- (a) no demand(load) or demand (generation) connected either within the Network Group, or any lower voltage Network Group associated with it; and
- (b) the Network Group exists solely for the purposes of providing security of supply support to an adjacent Network Group, through closure of open point(s) between such Network Groups,

then such Network Groups shall be considered as part of the adjacent Network Group to which they provide security of supply support (an example of such instances would be Network Groups that would otherwise be associated with transformers that operate on ‘hot standby’ under Normal Running Arrangements).

- 6.5 The demand (load or generation) that is considered to be associated with each Network Group is the demand that is connected within the Network Group and also within any lower voltage Network Group that is connected the source Network Group under Normal Running Arrangements.
- 6.6 Figure 9 shows an example network broken down into a number of Network Groups. This example shows how individual Network Groups may include multiple source substations. This is illustrated by the Level 2 group shown as BSP Group 1. In this example both BSP1 and BSP2 are Source Substations which are encompassed within a single Network Group, due to operation of an interconnected 33kV network between these substations under Normal Running Arrangements.
- 6.7 Separate Network Groups may be physically connected by circuits but under Normal Running Arrangements there are no flows between the Network Groups either by means of a normally open switch or normally open circuit breaker. Figure 10 shows the same example network as seen in Figure 9 except now the 33kV circuit interconnection between BSP 1 and BSP 2 is run open, creating two level 2 BSP Network Groups, where previously there was only one, with their own separate Source Substations.
- 6.8 Not all network levels discussed above are applicable across Great Britain with respect to the FCP methodology. In Scotland for example only Level 2 and Level 3 Network Groups are considered as voltages above 33kV are considered transmission and so are not included in the distribution pricing models. In England and Wales all

three levels (Level 1, Level 2 and Level 3) as shown in (Figure 9) are considered, although depending on the network voltage transformations the Level 2 Network Group may not be present in some cases, as shown at Primary 5. In this case Primary 5's voltage transformation converts 132kV straight to 11kV and hence there is no intermediate distribution through a BSP, Level 2.

Figure 9 - Example network showing three levels of Network Groups.

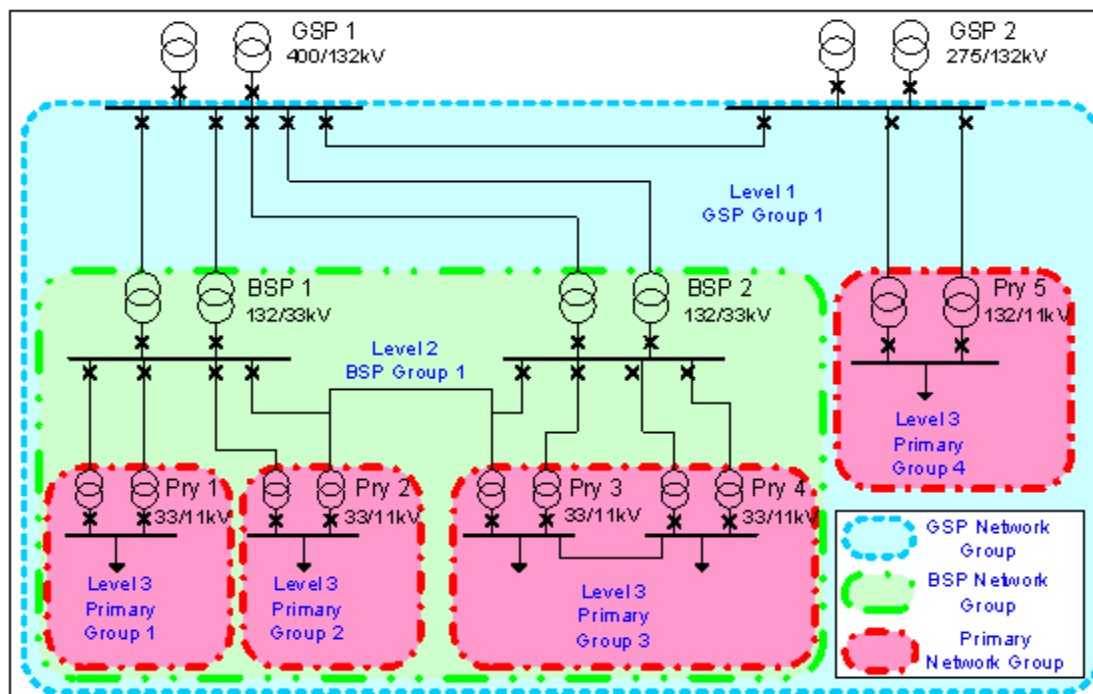
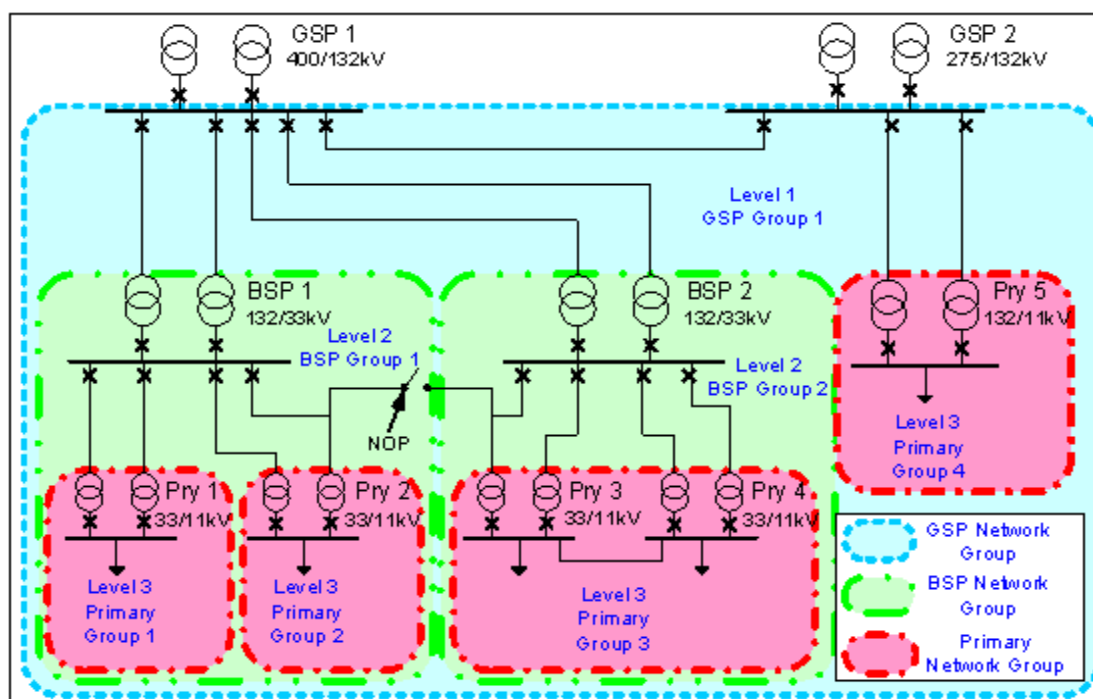


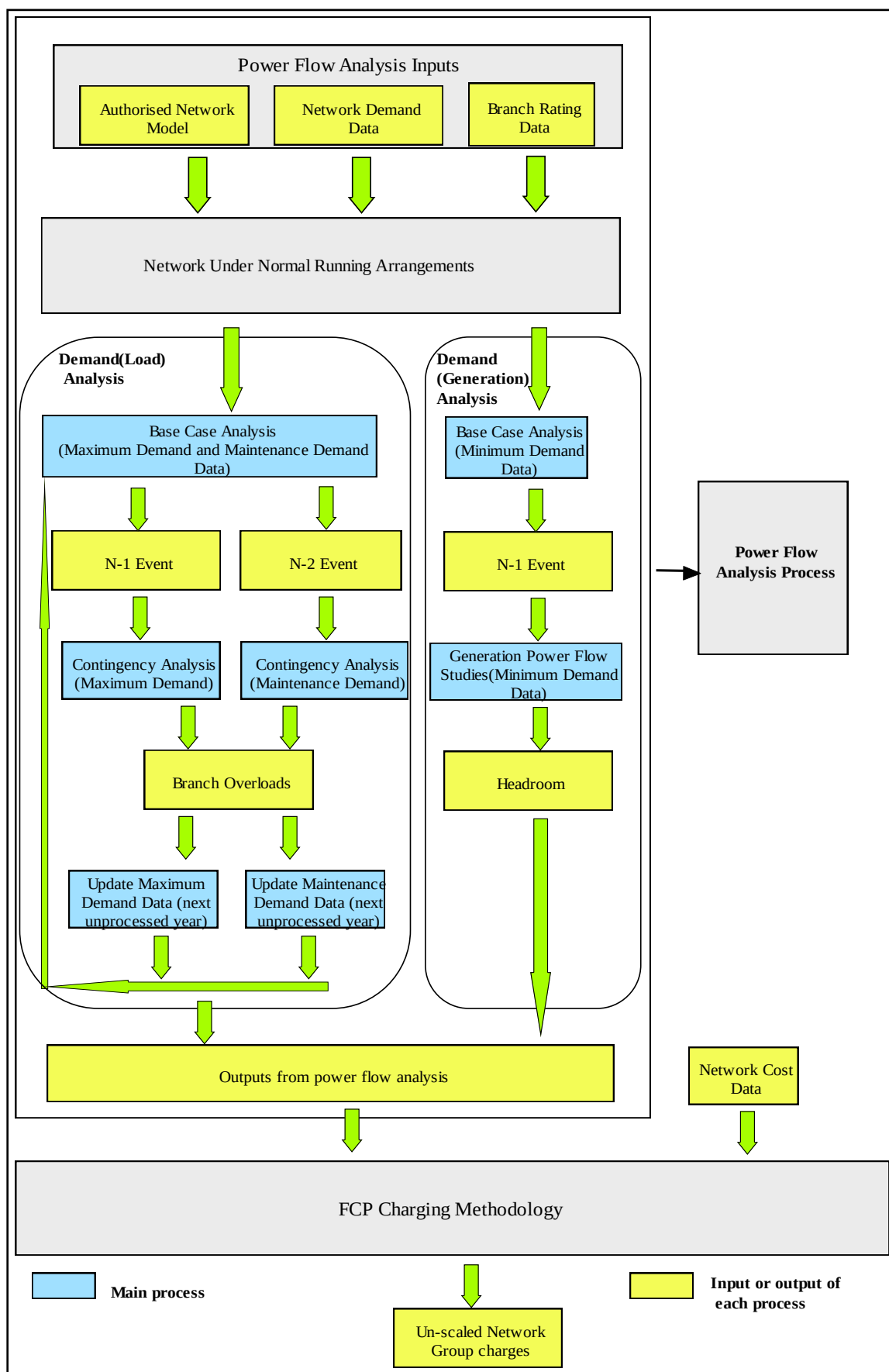
Figure 10 - Example network similar to Figure 7 showing that the addition of the Normally Open Point (NOP) has created two level 2 BSP Network Groups.



7. POWER FLOW ANALYSIS PROCESS

- 7.1 This section 7 describes the power flow analysis undertaken for pricing purposes. The purpose of power flow analysis is to determine when overloads occur on the Authorised Network Model caused by forecast changes in demand (load) in each Network Group using Contingency Analysis. Each overloaded chargeable Branch will then in turn be given a reinforcement cost which will be used in the calculation of Network Group incremental charges using the FCPLoad formula as shown in section 9 below (Calculation of Network Group Incremental Charges). The power flow is also known as Demand (Load) Analysis.:
- 7.2 Figure 10 shows a flow chart for the FCP methodology showing the overall processes and stages.

Figure 11 - Flowchart of the FCP pricing model.



Demand (Load) Analysis

- 7.3 This section examines the processes for identifying overloads and their respective timings by analysing the Authorised Network Model in succession over a 10-year period starting from the Regulatory Year for which the Use of System Charges are being calculated. During this analysis only changes in demand (load) are modelled over the 10-year period.

Contingency Analysis

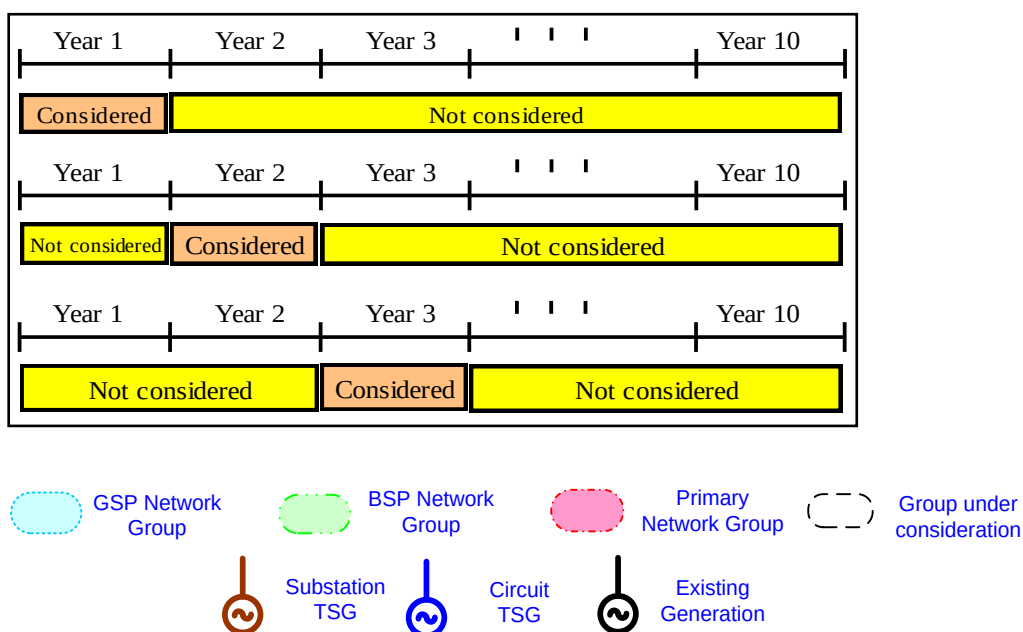
- 7.4 In line with planning standards for network security² Contingency Analysis is undertaken to identify the assets in each Network Group that will require reinforcement; this is achieved using AC load flow studies. The objective of the Contingency Analysis is to identify the Branches that require reinforcement and to determine the time (years) to reinforcement.
- 7.5 The Contingency Analysis is based on all credible outages that could affect the DNO Party's Distribution System. Both N-1 Events and where necessary, N-2 Events are modelled and the consequential network actions required to meet the security of supply requirements of ER P2/6 and the agreed level of security of supply to individual Connectees. For example, where appropriate, it may include constraints in distributed generation output, customer demand reductions, automatic switching schemes and manual switching. Such switching operations may include the transfer of demand or generation, as appropriate. For the N-1 Contingencies the model is set up using the Maximum Demand Data and appropriate Branch Ratings. For the N-2 Contingencies the N-2 Event is assumed to take place at the same time as a planned outage and therefore the Maintenance Demand Data and appropriate Branch Ratings are used. Only N-2 Events applicable to ER P2/6 demand class E3 shall be considered within the Contingency Analysis, where the assessment of demand class is performed based upon the in the Regulatory Year for which the Use of System Charges are being calculated.

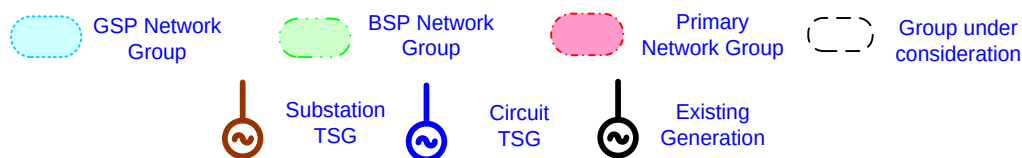
² Network security is a licence condition embodied in ER P 2/6

³ ER P2/6 specifies the normal level of system security for distribution networks, classified in ranges of group demand. ER P2/6 Class E specifies the security of supply requirements where the group demand is classified as over 300MW and up to 1500MW

- 7.6 The N-1 and N-2 Contingency Analyses are repeated for each year of the specified 10 year planning period as shown in Figure 11. The timing for each overloaded Branch is determined from these analyses as described in Figure 11 (see Demand (Load) Analysis block). The overloaded Branches are identified by running the appropriate N-1 or N-2 Contingency Analyses on the networks populated by Maximum Demand Data or Maintenance Demand Data, respectively. If any of these two analyses cause a Branch overload for the considered year u , the time to reinforcement of the Branch is set to $Y=u$. If a Branch overload is identified in both analyses the time to reinforcement is set to the earliest year the overload is found.
- 7.7 As the load flow analysis progresses through the 10-year planning period the same reinforcements will be identified and to avoid double counting of reinforcements only new Branch reinforcements each year are considered. It should be noted that the network model is static and hence not updated if a reinforcement is required.
- 7.8 The outputs from the Contingency Analysis will include all EHV network Branches which are overloaded, which Network Group they belong to, the time at which they were overloaded and the demand (load) that causes the overload.

Figure 12 - Reinforcements considered over the 10 year planning period.





8. CALCULATION OF REINFORCEMENT COSTS

- 8.1 The calculation of Network Group incremental charges for demand (load/) is based on the outputs obtained from the power flow analysis process which is discussed in the section 9 (Calculation of Network Group incremental charges) below (see Figure 10).
- 8.2 Using the results of the power flow analysis and reinforcement costs, Network Group incremental charges for demand (load/) can be calculated based on the formulae presented in section 9 (Reinforcement Cost Calculation Principles) below. The main principles for the calculation of reinforcement costs are given in section 8.3 (Reinforcement Cost Calculation Principles) below.

Reinforcement Cost Calculation Principles

- 8.3 These are general principles for the calculation of the reinforcement costs:
- (a) Each Branch within the Authorised Network Model should be considered as being one of three types:-
 - (i) Transformer Branches - which represent Branches at substations that provide transformation between different voltage levels.
 - (ii) Circuit Branches - which represent an interconnection (or part of an interconnection) between substations and which operate at a single voltage level.
 - (iii) Zero-cost Branches - these Branches exist in the network model but have zero reinforcement costs.
 - (b) Zero-cost Branches shall include, but not be limited to:-
 - (i) Branches that represent assets that are not part of the DNO Party's Distribution System for which marginal costs are being calculated e.g.

sections of the National Electricity Transmission System, adjacent Distribution Systems etc.

- (ii) Branches that represent Sole Use Assets.
- (iii) Branches that represent internal connections within substations, other than installed transformation (e.g. bus couplers, bus section circuit breakers etc.)
- (c) The cost of reinforcement for a Branch shall be constructed from typical unit costs appropriate to the categorisation of the Branch and the components represented.
- (d) The typical unit costs used to derive the cost of reinforcement for a Branch shall:
 - (i) reflect the modern equivalent asset value of reinforcing the particular asset;
 - (ii) include overheads directly related to the construction activity;
 - (iii) include building and civil engineering works, in unmade ground.
- (e) A cost of reinforcement shall be allocated to each Transformer Branch and Circuit Branch taking account where possible of:
 - (i) the voltage of operation of the Circuit (or in the case of Transformer Branches, the voltages of transformation);
 - (ii) the existing mix of overhead line and underground cable within Circuit Branches;
 - (iii) the requirements and costs of similar historic reinforcement projects.
- (f) The costs associated with substation plant and equipment (such as circuit breakers, switches, protection equipment, earthing devices etc.) shall be included within the cost of reinforcement and allocated appropriately across the Transformer Branches and Circuit Branches to which they relate.

- (g) The typical unit costs used to derive the cost of reinforcement for a Branch shall:
 - (i) reflect the modern equivalent asset value of reinforcing the particular asset;
 - (ii) include overheads directly related to the construction activity;
 - (iii) include building and civil engineering works, in unmade ground.

Branch Rating Data

- 8.4 Each Branch in the Authorised Network Model needs to be assigned a Branch Rating appropriate to each analysis scenario considered. Where a Branch represents a number of components (for instance, a number of sections of overhead line and/or underground cable) then the rating of that Branch is calculated by looking at the ratings of all the subcomponents and determining the lowest value. The rating of a transformer shall be the capability of the transformer to supply load at its secondary terminals.

9. CALCULATION OF NETWORK GROUP INCREMENTAL CHARGES

FCP load incremental charge

- 9.1 In each Network Group reinforcements within a 10-year horizon are identified. Reinforcements that are a part of lower voltage Network Groups are excluded. From Figure 78 it can be seen that:
- (a) In the GSP Network Group (Level 1) the Branches that are considered for reinforcement are only the EHV Branches connecting the GSPs to the BSPs, the transformers connected to the GSPs are transmission Branches and so not included in the EDCM. All of the other network Branches fall into the lower voltage Network Groups (Level 2 and Level 3).
 - (b) In the BSP Network Groups (Level 2) incremental charges are derived from the reinforcement costs of the BSP transformers and the outgoing Network Group Branches.

- (c) In the Primary Network Groups (Level 3) incremental charges are derived from the reinforcement costs related only to the Primary transformer as the 11kV circuits are not considered in the EDCM.

9.2 The following charging function is used to derive the Network Group incremental charge (£/kVA/annum) for demand (load):

$$FCP_{load} = \sum_j \frac{i \left(\frac{A_j}{C_l} \right) \left(\frac{D}{C_l} \right)^{\frac{2i}{g_l} - 1}}{1 - e^{-iT}}$$

Where:

FCP_{load} = FCP load incremental charge (£/kVA/annum)

j = index of Branch whose reinforcement is required in the planning period

i = discount rate, which is assumed to be the pre-tax cost of capital set by the Authority as part of the then most recent review of the charge restriction conditions applying under the DNO Party's Distribution Licence

A_j = total cost (£) of asset "j" reinforcement in the considered Network Group over 10-year period

l = index of the total load level at which reinforcement of Branch "j" is required

C_l = total demand (kVA) of the Network Group, in the Maximum Demand Scenario, in the year Y_l in which reinforcement of Branch "j" is required

D = total demand (kVA) in the Network Group in the first year of the 10-year horizon in the Maximum Demand scenario

g_l = annual average load growth rate corresponding to the year in which

the reinforcement is expected to be required (see below)

T = 10 years over which the reinforcement cost is recovered

- 9.3 The annual average load growth rate corresponding to the year in which the reinforcement is expected to be required generic Network Group load growth rate, g_l , is calculated by:

$$g_l = \frac{\ln\left(\frac{C_l}{D}\right)}{Y_l}$$

Where:

g_l = annual average load growth rate corresponding to the year in which the reinforcement is expected to be required

Y_l = number of years before the reinforcement of Branch “j” is required

C_l = total demand (kVA) of the Network Group, in the Maximum Demand Scenario, in the year Y_l in which reinforcement of Branch “j” is required

D = total demand (kVA) in the Network Group in the first year of the 10-year horizon in the Maximum Demand scenario

Hybrid groups

- 9.4 This scenario necessitates that a hypothetical, hybrid Network Group, which represents a composite of the ‘parent’ groups, is constructed for the purpose of setting incremental charges. The demand and generation incremental charges for a hybrid Network Group should be calculated by aggregating the incremental charges of all constituent Network Groups weighted by the demands supplied to the downstream Network Group.
- 9.5 Consider the following:

- (a) a Primary Substation (Level 3) Network Group, PRY, that is supplied from two separate BSP (Level 2) Network Groups, BSP1 and BSP2;
- (b) transformers T1 and T3 at PRY are supplied from BSP1 and transformer T2 is supplied from BSP2. The power flows through T1, T2 and T3 are D_{PRYT1}, D_{PRYT2} and D_{PRYT3} under Normal Running Arrangements; and
- (c) the incremental charge (Charge 1) associated with Network Group BSP1 is FCP_{BSP1} and the incremental charge associated with BSP2 is FCP_{BSP2}.

9.6 The incremental charge (Charge 1) for the hybrid ‘parent’ group supplying PRY is given by:

$$9.7 \quad FCP_{\text{hybrid}} = \frac{(FCP_{\text{BSP1}} * (D_{\text{PRYT1}} + D_{\text{PRYT3}})) + (FCP_{\text{BSP2}} * D_{\text{PRYT2}})}{D_{\text{PRYT1}} + D_{\text{PRYT2}} + D_{\text{PRYT3}}}$$

Where:

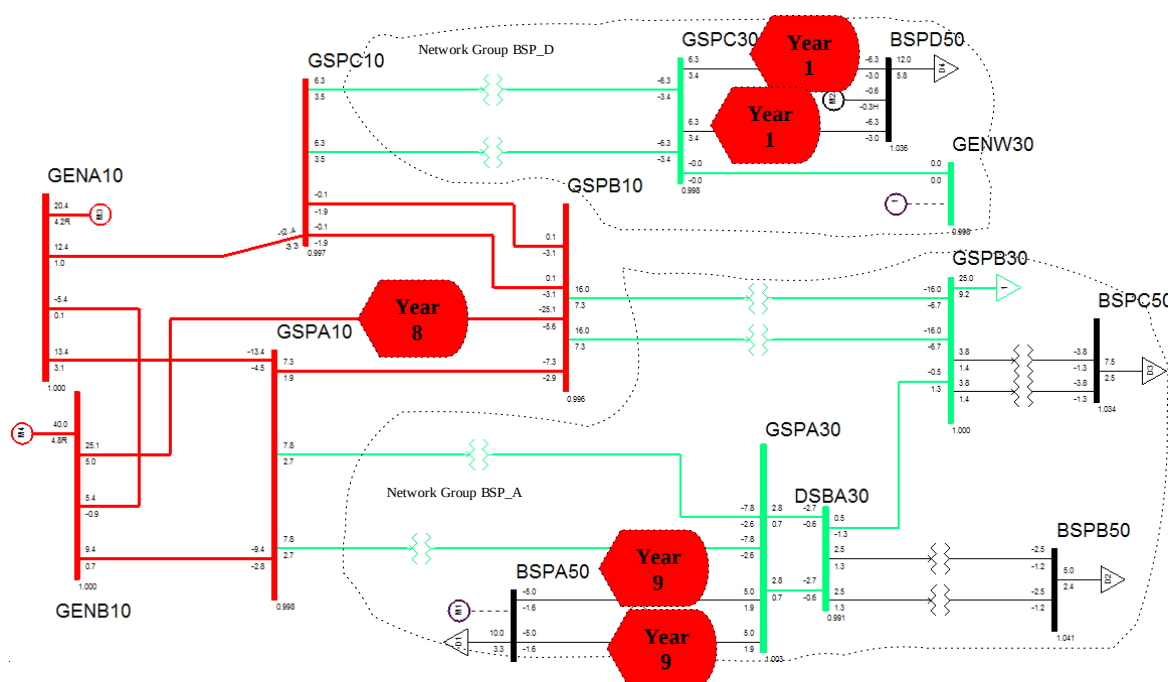
- FCP_{hybrid} = ‘hybrid’ parent group incremental charge
- FCP_{BSP1} = incremental charge associated with Network Group BSP1
- D_{PRYT1} = demand recorded at T1 at Primary Substation PRY
- D_{PRYT3} = demand recorded at T3 at Primary Substation PRY
- FCP_{BSP2} = incremental charge associated with Network Group BSP2
- D_{PRYT2} = demand recorded at T2 at Primary Substation PRY

9.8

Attachment 1 - Calculation of Network Group Load incremental charges – A Simple Example

1. A small network example is shown below (Figure 15) to illustrate the calculation of Network Group incremental charges for demand (load).
2. The shown network consists of a single GSP Network Group (Level 1 shown in red) that contains two BSP Network Groups (denoted as BSP_A and BSP_D shown in green) (Level 2). For the sake of simplicity and brevity the calculation is carried out assuming that the network is split only into Level 1 and Level 2 (ignoring Level 3) Network Groups. The calculation principles described in this example can be similarly 'extended' to Level 3 Network Groups.
3. There are five reinforcements identified for this small network through a power flow analysis discussed in section 7 (Power flow analysis process) of Annex 1. These reinforcements are: a 132 kV line between 'GSPB10' and 'GENB10' and two primary transformers in each Level 2 Network Group. The required reinforcements and the year when these would be required are shown in the figure below.

Figure 13 - Example of charging by Network Groups



4. The calculation of Network Group incremental charges is summarised in (Table 21) for demand connected to 132 kV and in Table 23 for demand connected within BSP_A and BSP_D. The calculation is based on the formula given in paragraph 1.16 of the Authority's Decision Document (ref: 90/09, Annex 2):

$$FCP = i \left(\frac{A}{C} \right) \left(\frac{D}{C} \right)^{\frac{2i}{g}-1} / (1 - e^{-iT}) = 0.134786 * \left(\frac{A}{C} \right) \left(\frac{D}{C} \right)^{\frac{2i}{g}-1}$$

Where:

i is a discount rate,

$T = 10$ years,

A is the Branch reinforcement cost (£),

C is demand (MVA) of the Network Group at which each reinforcement would be required,

D is initial demand (MVA) in the Network Group and

g is demand growth rate calculated from the formulae given in **Attachment 1 - Calculation of Network Group Load incremental charges – A Simple**

Example, specifically $\frac{\ln(\frac{C}{D})}{Y}$

where Y is the number of years into the future when reinforcement is required.

5. The implementation of the formula given above is described in a number of steps in Tables 21 and 22 below.
6. Both tables are split into two parts, the shaded one which contains information on:
- Network Group name;
 - Network Group incremental charge for reinforcements within the Network Group;
 - Network Group incremental charge for reinforcements in the parent Network Group;
 - Total Network Group incremental charge;

- C and D .

The second part (non-shaded) is a decomposition of the Network Group incremental charge with respect to each reinforcement, where a 'reinforcement share' in the Network Group incremental charge is calculated.

7. The Network Group incremental charge for Level 1 Network Group is 3.24 £/kVA/annum due to the cost of the 132 kV reinforcement of £4,125,000.
8. The Network Group incremental charges for Level 2 consist of the corresponding incremental charge due to reinforcements identified in the Network Group (BSP_A 1.28 £/kVA/annum, BSP_D 9.18 £/kVA/annum) and the incremental charge calculated for the corresponding higher level, which is 3.24 £/kVA/annum. The combined Network Group incremental charge for BSP_A is a sum of 1.28 £/kVA and 3.24 £/kVA/annum, which is 4.52 £/kVA/annum. Similarly, for Network Group BSP_D the combined Network Group incremental charge is 12.42 £/kVA/annum.

Table 22 – Network Group incremental charge for Level 1 Network Group.

Network Group	Network Group charge ⁴	Higher Level charge ⁴	Combine charge ⁴	Demand[MVA]	Incremental charge decomposition				
					Branch Cost - A[£]	Timing [years]	$\left(\frac{A}{C}\right)$	$\left(\frac{D}{C}\right)^{\frac{2i}{g}-1}$	Branch Share (footnote) [£/kVA/annum]
GSP	3.24	0	3.24	D=63.94 C=67.04 (Year 8)					
					4125000	8	61530	0.389	3.24

⁴ Network Group charge, Higher level Network Group charge and Combined Network Group charge are given in £/kVA/annum.

Table 23 - Network Group incremental charge for Level 2 Network Group.

Network Group	Network Group charge4	Higher Level charge4	Combined charge4	Demand [MVA]	Incremental charge decomposition				
BSP_A	1.28	3.24	4.52	D=50.6 C=52.6 (Year 9)	Branch Cost - A[£]	Timing [years]	$\left(\frac{A}{C}\right)$	$\left(\frac{D}{C}\right)^{\frac{2i}{g}-1}$	Branch Share [£/kVA/annum]
					727600	9	13832.7	0.345	0.64
					727600	9	13832.7	0.345	0.64
BSP_D	9.18	3.24	12.42	D=13.33 C=13.46 (Year 1)	Branch Cost - A[£]	Timing [years]	$\left(\frac{A}{C}\right)$	$\left(\frac{D}{C}\right)^{\frac{2i}{g}-1}$	Branch Share [£/kVA/annum]
					509200	1	37830.6	0.9	4.59
					509200	1	37830.6	0.9	4.59

Attachment 3 - Output Results

1. The final outputs of the work outlined in this Schedule are Network Group incremental charges for demand (load) . These are not however the final Use of System Charges and further calculations under EDCM are required to derive the final Use of System Charges.
2. The output data listed in the table below are the minimum necessary for the calculation of the final EDCM Customer Use of System Charges. To ‘link’ Network Groups and Nodes representing demand (load) additional ‘mapping’ tables might be required.
3. It should be pointed out that the other information used to derive the output data will be retained for the interests of transparency.

Table 24 – Output information required to calculate final EDCM Use of System Charge.

Item	Item Name	Details
1	Network Group ID	Unique identifier of the Network Group
2	Charge 1: Demand (load) Use of System Charge (£/kVA/annum)	Network Group incremental charge for demand (load)
4	Parent ID	Identifier of the higher voltage Network Group immediately associated with the Network Group described by Item 1 ⁵
5	Active Power (kW) of Demand (Load) for Maximum Demand Scenario.	The total kW demand (load) connected to the Network Group (negative value) in the Maximum Demand Scenario
6	Reactive Power (kVAr) of Demand (Load) for Maximum Demand Scenario	The total kVAr demand (load) connected to the Network Group in the Maximum Demand Scenario ⁶

⁵ Where there is no higher voltage Network Group associated with the Network Group described by Item 1 (i.e. it is a GSP level Network Group), then the Parent ID field should be left blank.

⁶ Where the current calculated for demand lags its voltage the reactive power shall be allocated the same sign as the active power. Where the current calculated for demand leads its voltage the reactive power shall be allocated the opposite sign to the active power.

9	Active Power (kW) of Demand (Generation) for Maximum Demand Scenario	The total kW demand (generation) connected to the Network Group (positive value) in the Maximum Demand Scenario
10	Reactive Power (kVAr) of Demand (Generation) for Maximum Demand Scenario	The total kVAr demand (generation) connected to the Network Group in the Maximum Demand Scenario ⁸

1. The demand (load) information that is provided as part of the output information (Active Power (kW) of Demand (Load) for Maximum Demand Scenario and Reactive Power (kVAr) of Demand (Load) for Maximum Demand Scenario) shall be determined by summation of the demands (load) modelled at all Nodes within the Network Group and any associated lower voltage Network Group(s).
2. The demand (generation) information that is provided as part of the output information (Active Power (kW) of Demand (Generation) for Maximum Demand Scenario and Reactive Power (kVAr) of Demand (Generation) for Maximum Demand Scenario) shall be determined by summation of the demands (generation) modelled at all Nodes within the Network Group and any associated lower voltage Network Group(s).

SCHEDULE 17 – EHV DISTRIBUTION CHARGING METHODOLOGY (FCP MODEL)

Annex 2 - Derivation of FCP charging formulae

The basis of the Forward Cost Pricing (FCP) methodology for demand is to set incremental charges so as to recover the expected reinforcement costs from the contributing demand over the 10-year period prior to the forecast time of reinforcement. The revenue is assumed to be invested at the discount rate. Costs and incremental charges are determined for each Network Group separately. The charging formulae below are first derived for the reinforcement of a single asset (Branch). The final incremental charge rates result from the reinforcement costs of several assets, the cost being apportioned between the Network Group in which the reinforcement is forecast and the Network Groups at lower voltage levels connected to this Network Group.

Demand charging formula

Consider an asset subject to a current demand D in kVA where D grows continuously at a rate of g :

$$D(t) = D \cdot \exp(g \cdot t). \quad (1)$$

Suppose reinforcement would be required when the demand reaches a capacity of C (kVA), i.e. $D(t)=C$. Then the time t till reinforcement is required is given by:

$$t = \ln(C/D)/g. \quad (2)$$

Assume a discount rate of i , then applying the discount rate continuously (rather than in annual increments) to asset cost A gives a present value of the asset of:

$$PV = A \cdot \exp(-i \cdot t). \quad (3)$$

The marginal change in PV with respect to the demand D is given by differentiating expression (3), applying chain rule and using expression (2):

$$\frac{dPV}{dD} = \frac{dPV}{dt} \frac{dt}{dD} = -i \cdot A \cdot \exp(-i \cdot t) \cdot \left[\frac{1}{g(C/D)} (-CD^{-2}) \right] = (i/g)(A/D) \exp(-i \cdot t). \quad (4)$$

To obtain an annual rate (£/kVA/annum) the marginal charge in £/kVA needs to be annuitised. There is no unique way of calculating the annuity factor as new payments are calculated each year. One solution is to assume NPV approach, that is, apply continuous discounting factor, and spread the incremental charge over the total time T between reinforcements (during which reinforcement incremental charges may be levied). The “annuity factor” α is then calculated as:

$$\alpha = \exp(-i \cdot t) / T, \quad (5)$$

and the annuitised marginal charge is obtained by multiplying (4) and (5):

$$p(t) = (i / g)(A / D) \exp(-2i \cdot t) / T \text{ £ / kVA / annum.} \quad (6)$$

The basic principle of the FCP approach is to ensure that the total revenue recovered over the 10 year period prior to reinforcement is equal to the cost of reinforcement. The total recovered revenue is calculated by multiplying the annuitised marginal charge by demand and revaluing to the time of reinforcement (i.e. applying the continuous “future value” factor):

$$\int_0^{T=10} p(t) \cdot D \cdot \exp(it) dt,$$

(7.1)

which gives upon substitution of expression (6):

$$\int_0^{T=10} (i / g)(A / D) \exp(-2i \cdot t) / T \cdot D \cdot \exp(it) dt = \frac{A}{gT} [1 - \exp(-10i)].$$

(7.2)

The total recovered cost (7.2) shall be equal to asset cost A, so the marginal charge (6) needs to be scaled by factor $[1 - \exp(-10i)] / gT$ first and then time t from expression (2) substituted giving the FCP demand formula:

$$FCP_{load} = i(A/D) \exp(-2it) / [1 - \exp(-10i)] = i(A/D) \exp[-2i \cdot \ln(C/D)^{1/g}] / [1 - \exp(-10i)] = i(A/C)(D/C)^{2i/g-1} / [1 - \exp(-10i)] \text{ £ / kVA / annum.}$$

In applying this formula to a reinforcement within a Network Group, C refers to the total kVA within the Network Group at which reinforcement would be required and similarly D refers to the current total kVA within the Network Group across which the cost is shared.

Each Network Group is studied over the planning period of 10 years and several reinforcements are likely to be required. The demand charging formula can then be written for the Network Group as:

$$FCP_{load} = \sum_j i \left(\frac{A_j}{C_l} \right) \left(\frac{D}{C_l} \right)^{\frac{2i}{g_l} - 1} / (1 - e^{-iT}) \text{ £ / kVA / annum ,} \quad (9)$$

where:

- j is index of Branch asset whose reinforcement is required in the planning period;
- i is the discount rate, which is assumed to be the pre-tax cost of capital set by the Authority as part of the then most recent review of the charge restriction conditions applying under the DNO Party's Distribution Licence;
- A_j is the total cost (£) of asset j reinforcement in the considered Network Group;
- l is index of the total load level at which reinforcement of asset j is required;
- C_l is total demand (kVA) of the Network Group in the year Y_l in which reinforcement of asset j is required;
- D is initial total demand (kVA) in the Network Group;
- g_l is demand growth rate calculated from $\frac{\ln(C_l / D)}{Y_l}$ where Y_l is the number of years into the future when reinforcement of asset j is required;
- T is the 10 year period over which the reinforcement cost is recovered.

SCHEDULE 18 – EHV CHARGING METHODOLOGY (LRIC MODEL)

1. INTRODUCTION

1.1 This Schedule 18 sets out one, of the two, EHV Distribution Charging Methodologies (EDCM). The other EDCM is set out in Schedule 17.

1.2 This Schedule 18 sets out the methods, principles, and assumptions underpinning the EDCM for the calculation of Use of System Charges by the following DNO Parties:

Eastern Power Networks plc;

Electricity North West Limited;

London Power Networks plc;

Northern Powergrid (Northeast) Limited;

Northern Powergrid (Yorkshire) plc;

South Eastern Power Networks plc;

Western Power Distribution (South Wales)plc; and

Western Power Distribution (South West)plc.

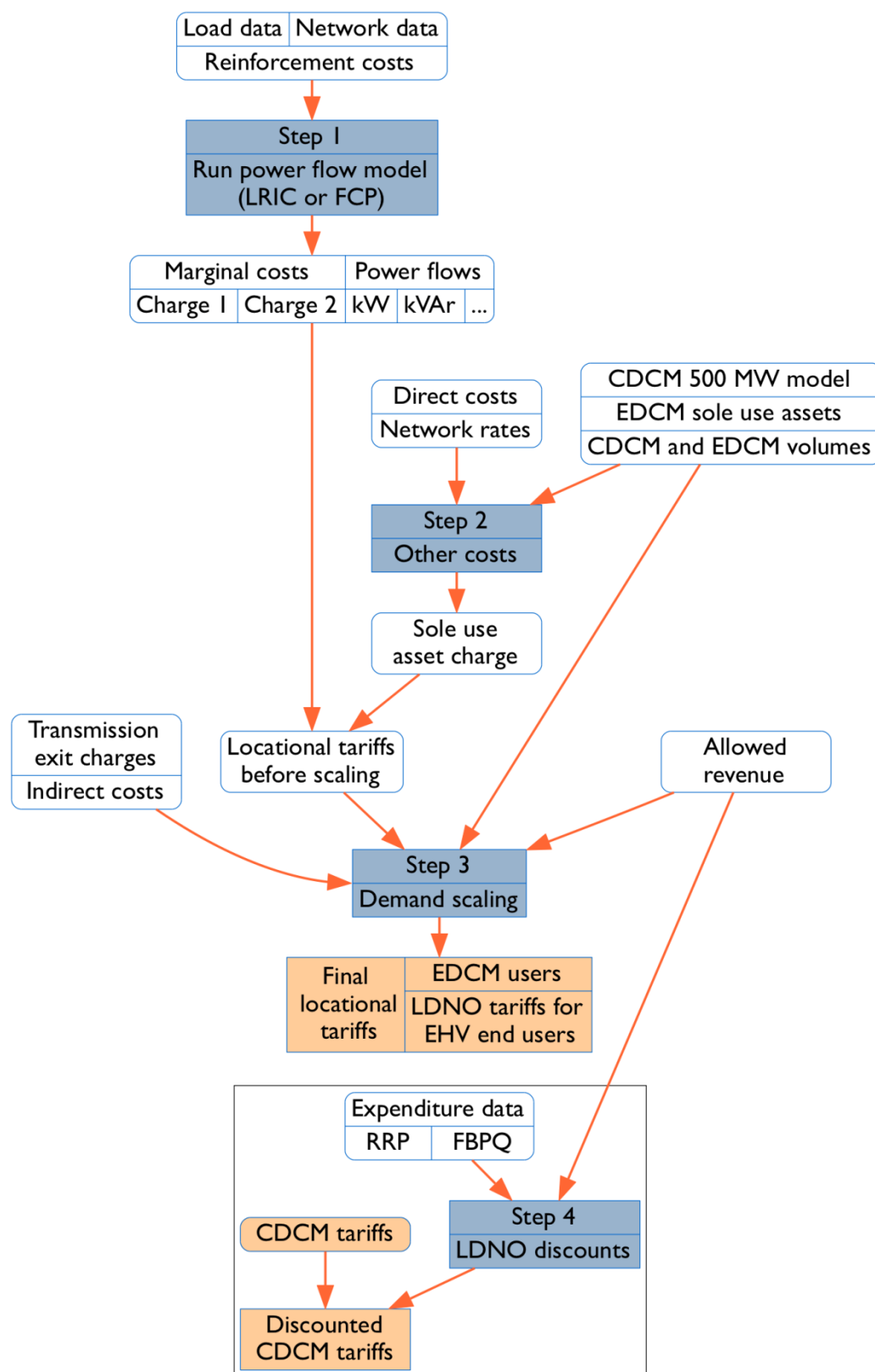
1.3 In order to comply with this methodology statement when setting distribution Use of System Charges the DNO Parties referred to above will populate:

- (a) the EDCM model version “L201” as issued by the Panel on 01 April 2013; and
- (b) the EDCM “Price Control Disaggregation” model (extended method M) version 1.0 as issued by the Panel on 27 June 2013.

Main steps

- 1.4 The EDCM involves four main steps.
- 1.5 Step 1 is the application of load flow techniques and the LRIC or FCP methodologies to determine an EDCM tariff element, known as Charge 1, which represents costs associated with demand-led reinforcement, estimated by reference to power flows in the maximum demand scenario.:
- 1.6 Step 2 involves the allocation of DNO Party costs to Connectees using appropriate cost drivers.
- 1.7 Step 3 adds a scaling element to charges which is related to Allowed Revenue.
- 1.8 Step 4 uses CDCM charges to determine the element of portfolio charges to be applied in the case of IDNO Parties who are supplied from the DNO Party’s network at voltages higher than the scope of CDCM charges.
- 1.9 Figure 14 provides a diagrammatic overview of the steps involved for import charges.

Figure 14 Diagrammatic overview of the EDCM for import



2. **LONG RUN INCREMENTAL COST PRICING ANALYSIS**

Introduction

- 2.1 This Schedule 18 sets out the principles and high-level detail that should be adopted as the common approach to EDCM Use of System Charging that is based on the Long Run Incremental Cost (LRIC) model.
- 2.2 The LRIC model calculates Nodal incremental costs. These costs represent the brought forward (or deferred) reinforcement costs caused by the addition of an increment of demand or generation at each network Node. The method models the impact changes in Connectees' behaviour have on network costs.
- 2.3 In particular, the LRIC model takes account of the effects a change in Connectee behaviour has on the network by using AC power flow analysis, which enables the calculation of the time needed before elements of the network require reinforcement and subsequently the net present value (NPV) of the future costs of reinforcement. The incremental cost is equal to the difference in the NPV of reinforcing under existing conditions and when an increment of new demand or generation is added.
- 2.4 To calculate Use of System Charges for EDCM Connectees (demand and generation), the common LRIC method consists of the following stages:

- (a) LRIC model:
 - (i) AC power flow analysis;
 - (ii) calculation of Branch incremental costs (in £/annum); and
 - (iii) calculation of Nodal incremental costs (including the consideration of the Maximum Demand Scenario and the Minimum Demand Scenario; in £/annum);
 - (iv) calculation of Nodal, Charge 1 (by taking account of the magnitude of the increment driving the incremental costs; in £/kVA/annum).
- (b) derivation of site-specific Use of System Charges (including the consideration of sole use asset charges, transmission exit charges and operating and maintenance costs); and
- (c) scaling to derive the final EHV Use of System Charges.

Power Flow Analysis

- 2.5 Power flow analysis calculates the effects of adding an increment of demand or generation to the DNO Party's Distribution System. In particular, it calculates the power flows passing over the various assets comprising the DNO Party's network under base and incremented conditions using maximum (typically during the winter period) and minimum (typically during the summer period) demand data.
- 2.6 The power flow analysis calculates the following values for each Node/Branch combination:
- (a) base power flows using Maximum Demand Data and Minimum Demand Data, and
 - (b) incremented power flows using Maximum Demand Data and Minimum Demand Data.
- 2.7 Power flow analysis uses a number of processes and assumptions as follows:

- (a) A representation of the entire EHV network captured using appropriate power flow modelling software (the Authorised Network Model)⁷. The modelled network should be based on the network expected to exist and be in operation in the Regulatory Year that Use of System Charges are being calculated for, based on the DNO Party's Long Term Development Statement.
- (b) AC power flows should be calculated for maximum and minimum demand base conditions and for maximum and minimum demand conditions plus an increment of demand or generation⁸. A 0.1MW Nodal increment should be used in relation to calculating the active demand and generation elements of the incremented power flows, assuming that the power factor is 0.95 for increments applied at Nodes where demand is located and unity for increments applied at Nodes where generation is located. Increments will be applied in the direction of demand for the analysis of maximum demand network conditions and in the direction of generation for the analysis of minimum demand conditions. Where both demand (load) and generation are located at a Node, separate incremental power flows shall be calculated using increments at 0.95 power factor and at unity power factor.
- (c) Nodal demand and generation data should be used, which is based on actual metered network usage data that is recovered from the DNO Party's Supervisory Control and Data Acquisition (SCADA) (or equivalent) system. In particular:
 - (i) **Demand Data** – for the maximum demand period, the model uses demands consistent with those used to assess reinforcement⁹. This includes diversity to allow a complete EHV network model to be run¹⁰. Minimum demands are taken as being a percentage of maximum

⁷ Guidance on creation of a suitable network model is provided in section 4 Authorised Network Model of Annex 1.

⁸ Guidance on the power-flow analysis required to consider these conditions is provided in sections 6.3 and 6.10 of Annex 1.

⁹ Guidance on the demand data required to represent the maximum demand period is provided in section 5.31 of Annex 1.

¹⁰ Guidance on the application of diversity to demand data is provided in section 5.11 of Annex 1.

demands¹¹. This percentage is derived for each Grid Supply Point (GSP) and applied to the demands supplied by that GSP;

- (ii) **Generation Data** - for the maximum demand period generation is zero unless it is deemed to contribute to network security in accordance with ER P2/612. The generation export used for the minimum demand period is the Maximum Export Capacity for each EDCM (Generation) Connectee, factored to reflect coincidence with other generation export. This factor is derived for each GSP and applied to EDCM (Generation) Connectees connected to that GSP. These are broadly similar to the assumptions that are used by the DNO Party when investment planning¹³;
- (iii) **Cleansing Data** - the DNO Party should cleanse demand and generation data so that it is representative of typical network usage. That is, anomalous power flows, which represent, for example, demand levels at a time when the network is experiencing an outage, should be removed from the data set and the effects of load management schemes should be taken account of¹⁴;
- (iv) **Growth Rate** - a single underlying network growth rate is used to assess the timing of future reinforcement for both demand and generation Connectees. It represents the long run growth of all DNO Parties' networks and is set to 1% growth per annum. To facilitate predictability and stability, the growth rate is used throughout the model, and (as with all assumptions) the DNO Party should keep this growth rate under review. As a minimum, the rate should be reviewed and reset when the charge restriction conditions in the DNO Party's Distribution Licence are reviewed every five years; and

¹¹ Guidance on the demand data required to represent the minimum demand period is provided in section 5.37 of Annex 1.

¹² Guidance on the generation data required to represent the maximum demand period is provided in section 5.31 of Annex 1.

¹³ Guidance on the generation data required to represent the minimum demand period is provided in section 5.37 (of Annex 1

¹⁴ Guidance on suitable cleansed demand data is provided in section 5.2 of Annex 1

- (v) **Security Factors** - a pair of Security Factors should be determined¹⁵ for each Branch using a full N-1 Contingency Analysis assuming maximum and minimum demand conditions¹⁶. These factors are used to determine the usable capacity of network Branches during maximum and minimum demand conditions. They are recalculated each time the network is changed or new load estimates used. Each N-1 Contingency will consider the consequential network actions and where appropriate constraints on Connectee demands (both generation and load) to meet the security of supply requirements of E/R P2/6.
- (d) The results of the power flow analysis are sense checked to identify where application of Security Factors to the incremented power flows leads to excessively large (and non-credible) estimations of the change in Branch utilisation. The following conditions are identified:
 - (i) low base power flows;
 - (ii) high Security Factors; and
 - (iii) where the difference between the base and incremented Branch power flows exceeds the change that could reasonably be expected to occur as a result of the application of an increment of demand or generation.
- (e) Where such cases are encountered a modified approach to the anticipated change in power flow in the Branch is used. Guidance on the sense checking of the power flow analysis results is provided in section 8.3 of Annex 1. This approach does not apply the Security Factor when considering the change in flow between the incremented and the base case power flow.

Calculation of Branch incremental costs

- 2.8 The incremental cost of reinforcing a Branch due to an increment at a Node is the difference in the net present value (NPV) of reinforcing the Branch under base and

¹⁵ Guidance on the derivation of Security Factors is provided in section 6.6 of Annex 1.

¹⁶ Guidance on the Contingency Analysis used in the derivation of Security Factors is provided in section 6.4 of Annex 1.

incremented conditions. An explanation of the derivation of the formulae used to calculate Branch incremental costs is provided in Annex 2.

2.9 The Branch incremental cost, denoted ΔC_i , is calculated using the following formulae:

$$\Delta C_i = [NPV(inc) - NPV(base)]_i \cdot AnnuityRate$$

$$NPV(inc) = \frac{CostOfReinforcementSolution}{[1 + DiscountRate]^{YearsToReinforcement(inc)}}$$

$$NPV(base) = \frac{CostOfReinforcementSolution}{[1 + DiscountRate]^{YearsToReinforcement(base)}}$$

$$YearsToReinforcement(base) = \frac{\log(BranchCapacity) - \log(BasePowerFlow(MVA))}{\log(1 + GrowthRate)}$$

$$YearsToReinforcement(inc) = \frac{\log(BranchCapacity) - \log(IncPowerFlow(MVA))}{\log(1 + GrowthRate)}$$

$$AnnuityRate = \frac{DiscountRate}{1 - \left[\frac{1}{(1 + DiscountRate)^{AnnuityPeriod}} \right]}$$

Branch Capacity is the MVA rating of the “critical” asset in the considered Branch divided by the corresponding Security Factor; a pair of Branch capacities is calculated for maximum demand and minimum demand conditions. Guidance on Branch ratings is provided in section 7.5 of Annex 1. Guidance on sense checking Security Factors prior to the calculation of Branch incremental costs is provided in section 8.3 of Annex 1.

Cost of Reinforcement Solution is the modern equivalent asset value (MEAV) of reinforcing the particular Branch, bearing in mind the requirements of similar historic projects. This cost is the same under both base and incremented conditions. The DNO Party should use the specifications and costs of similar, past reinforcement projects as a means for determining the requirements and costs of a particular future reinforcement project. Guidance on the reinforcement cost calculation principles is provided in section 7.4 of Annex 1.

Years To Reinforcement is the number of years into the future when reinforcement of the Branch will be required. This is calculated separately under base and incremented conditions.

DiscountRate is equal to the (pre-tax) cost of capital set by the Authority as part of the then most recent review of the charge restriction conditions applying under the DNO Party's Distribution Licence.

GrowthRate is the growth rate in per units of the power flow, currently set at 1%.

AnnuityPeriod is the period over which costs are annuitised. This period is set to 40 years and represents the typical life of an asset.

- 2.10 Separate assessment of the total Branch cost recovery associated with incremental costs that represent charges, PositiveCostRecovery, and the total Branch recovery associated with incremental costs that represent credits, NegativeCostRecovery, is done to eliminate over-recovery of both the charges and credits.
- 2.11 Two total Branch cost recoveries, namely PositiveCostRecovery and NegativeCostRecovery, are derived from the power-flow modelling and sense checked for each Branch individually. Guidance on sense checking of overall positive and negative Branch cost recoveries is provided in section 8.3 of Annex 1.
- 2.12 The positive Branch cost recovery for a particular Branch is calculated by adding together the cost recovery for the Branch at each Node where the incremental cost is positive (i.e. 'charge', determined by the product of the positive Branch incremental costs and the appropriate Nodal demands, or generation output, used in the modelled network).
- 2.13 Similarly, the negative Branch cost recovery is calculated for the Branch where each Node incremental cost is negative (i.e. 'credits', determined by the product of the negative Branch incremental costs and the appropriate Nodal demands, or generation output, used in the modelled network).
- 2.14 Both sense checks only consider Branch incremental costs associated with the period that drives reinforcement. Where either the positive or the negative (by absolute value) cost recovery for a particular Branch is greater than the actual reinforcement cost of the Branch (ActualReinforcementCost, as determined by the product of the Annuity Rate and the CostofReinforcementSolution), then it is considered that the Branch recovery of charges or credits is excessive.

- 2.15 In order to limit the level of positive Branch cost recovery (charges) to being no greater than the actual reinforcement cost of the Branch, a Positive Cost Recovery Factor, s_{Pi} , is applied to the positive Branch incremental costs associated with Branch i, when used in the calculation of Nodal incremental costs. Similarly, a Negative Cost Recovery Factor, s_{Ni} , is applied to the negative Branch incremental costs associated with Branch i in order to limit the level of negative Branch cost recovery (credits).
- 2.16 Where the positive cost recovery associated with Branch i (ie charges) is determined by the sense checking, to be excessive then:-

$$s_{Pi} = \text{ActualReinforcementCost}_i / \text{PositiveCostRecovery}_i$$

otherwise:-

$$s_{Pi} = 1$$

Where the negative cost recovery associated with Branch i (i.e. credits) is determined to be excessive, then:-

$$s_{Ni} = \text{ActualReinforcementCost}_i / \text{NegativeCostRecovery}_i$$

$$s_{Ni} = 1.$$

- 2.17 The EHV network includes single Connectees using sole-use assets that have been sized to their connection requirements. Costs for these assets should be excluded from the calculation of incremental costs. Replacement and operation and maintenance costs for these assets should also be excluded from the calculation of incremental costs, but may be incorporated into a Connectee's final Use of System Charge.

Calculation of Nodal incremental costs

- 2.18 Guidance on the calculation of Nodal incremental costs, is provided in section 8 (Output results) of Annex 1. The formulae used to calculate Nodal incremental costs are described in Annex 2.
- 2.19 A pair of incremental costs (one for the Maximum Demand Scenario and another for the Minimum Demand Scenario) is calculated for each Node by summing Branch

incremental costs that result from applying an increment at that Node. A peak Nodal incremental cost is calculated by summing Branch peak incremental costs, where maximum demand conditions drive Branch reinforcement. An off-peak Nodal incremental cost is calculated by summing Branch off-peak incremental costs, where minimum demand conditions drive Branch reinforcement. Only Branches that experience a change greater than both 1kVA and 0.01 % of Base Power Flow in the power that flows across them are used in the calculation of Nodal charges. The period that is deemed to drive reinforcement is the period with the highest absolute incremental cost.

2.20 The formulaic expression for Nodal incremental cost is given by:

$$IncrementalCostAtNode^{Peak} = \sum_{i \in \alpha} s_i \cdot \Delta C_i^{Peak}, \alpha = \{1, 2, \dots, B \mid |\Delta C_i^{Peak}| > |\Delta C_i^{Off-Peak}|\}$$

$$IncrementalCostAtNode^{Off-Peak} = \sum_{i \in \beta} s_i \cdot \Delta C_i^{Off-Peak}, \beta = \{1, 2, \dots, B \mid |\Delta C_i^{Peak}| < |\Delta C_i^{Off-Peak}|\}$$

where

$$\Delta C_i^{Peak} = [NPV(inc) - NPV(base)]_i^{Peak} \cdot AnnuityRate$$

$$\Delta C_i^{Off-Peak} = [NPV(inc) - NPV(base)]_i^{Off-Peak} \cdot AnnuityRate$$

ΔC_i^{Peak} and $\Delta C_i^{Off-Peak}$ denote the incremental cost of reinforcing Branch i , under maximum and minimum demand conditions respectively, due to an increment of demand or generation at the Node;

s_i denotes the Recovery Factor for Branch i ;

B is the total number of Branches in the network;

α and β are subsets of Branches where relevant conditions are satisfied.

Calculation of Nodal marginal charges for demand

2.21 Guidance on the calculation of Nodal marginal charges for demand sites is provided in section 8.12 (Demand Nodes) of Annex 1.

2.22 The Nodal incremental costs for demand sites are derived using Branch incremental costs produced by application of 0.1MW increments at 0.95 power factor, which is

equivalent to 0.10526MVA. The Nodal marginal charges for demand in (£/kVA/annum) are obtained by dividing the Nodal incremental cost for each period by the absolute value of the kVA increment:

$$\text{ChargeAtNode}^{\text{Peak}} = \text{IncrementalCostAtNode}^{\text{Peak}} / 105.26 \text{ (£/kVA/annum)}$$

- 2.23 A positive value of ChargeAtNodePeak represents a charge for demand sites at the Node, whereas a negative value represents a credit. This statement defines the sign convention of the Nodal marginal charges (as outlined in section 8 (Output results) of Annex 1 and Attachment 3 (Output results) to Annex 1. However, it should be noted that this does not describe the application of these charges in the calculation of final Use of System Charges (or credits in respect of final Use of System Charges).

Generation sites

- 2.24 Guidance on the calculation of Nodal marginal charges for generation sites is provided in section 8.13 (Generation Nodes) of Annex 1.
- 2.25 The Nodal incremental costs for generation sites are derived using Branch incremental costs produced by application of 0.1MW increments at unity power factor being equal to 0.1MVA. The Nodal marginal charges for generation are obtained by dividing the Nodal incremental cost for each period by the absolute value of the kVA increment:

$$\text{ChargeAtNode}^{\text{Peak}} = \text{IncrementalCostAtNode}^{\text{Peak}} / 100 \text{ (£/kVA/annum)}$$

- 2.26 A positive value of ChargeAtNodePeak represents a credit for generation sites at the Node, whereas a negative value represents a charge. This statement defines the sign convention of the Nodal marginal charges (as outlined in section 8 (Output results) of Annex 1 and Attachment 3 (Output results) to Annex 1. However, it should be noted that this does not describe the application of these charges in the calculation of final Use of System Charges (or credits in respect of final Use of System Charges).

Decomposition of Nodal marginal charges

- 2.27 Each Nodal marginal charge, derived from the Nodal incremental costs, is decomposed into two sub-elements, termed 'local' and 'remote', such that:-

$$\text{ChargeAtNode}^{\text{Peak}} = \text{LocalChargeAtNode}^{\text{Peak}} + \text{RemoteChargeAtNode}^{\text{Peak}}$$

2.28 The local element of each charge at a Node is derived from:-

- (a) the Branch incremental costs associated with Branches that are operating at the same nominal voltage as the voltage of the Node where the increment was applied; and
- (b) the Branch incremental costs associated with Branches that represent transformation from a higher voltage down to the same nominal voltage as the voltage of the Node where the increment was applied.

2.29 The remote element of each Nodal incremental cost is derived from the Branch incremental costs from all Branches other than those where the Branches are operating at the same nominal voltage as the voltage of the Node where the increment was applied, or where the Branches represent transformation from a higher voltage down to the same nominal voltage as the Node. In other words, all Branches that are not 'local' are 'remote'.

Outputs from LRIC Analysis

2.30 The LRIC methodology produces the following outputs:

- (a) Location (Node);
- (b) Demand Type (Generation or Load);
- (c) Local Charge 1: LocalChargeAtNodepeak (£/kVA/annum);
- (d) Remote Charge 1: RemoteChargeAtNodepeak (£/kVA/annum);
- (e) Active Power (kW) for the Maximum Demand Scenario;
- (f) Reactive Power (kVAr) for the Maximum Demand Scenario;

3. EDCM CHARGE COMPONENTS FOR CONNECTEES

- 3.1 This section sets out the different charge components that will apply to Connectees under the EDCM. Charge components are the outputs of the EDCM and make up the distribution use of system charges applied to Connectees.
- 3.2 In the EDCM, each set of charges comprises import rates, export rates, or both, as applicable to the Connectee. The DNO Party's Relevant Charging Statement includes information that enables a Supplier to determine which Designated EHV Property each set of charges applies to.
- 3.3 Demand charges under the EDCM comprise the following individual components:
- Import fixed charges.
- Import capacity charges.
- Exceeded import capacity charges.
- Unit rate charges for consumption at the time of the DNO Party's peak (super-red time band).
- 3.4 The EDCM charge components for import are listed in table 25.

Table 25 Charge components for import

Tariff component	Unit
Import fixed charge	p/day
Import capacity charge	p/kVA/day
Exceeded import capacity charge	p/kVA/day
Super-red import unit charge	p/kWh

- 3.5 Generation charges under the EDCM comprise the following individual components:
- Export fixed charges

Export capacity charges

Exceeded export capacity charges

Export super-red unit rate (credit)

3.6 The EDCM charge components for export are listed in table 26.

Table 26 Charge components for export

Charge component	Unit
Export fixed charge	p/day
Export capacity charge	p/kVA/day
Exceeded export capacity charge	p/kVA/day
Export super-red unit rate	p/kWh

3.7 The next section details the calculation of the elements that determine the charge components described above.

4. CALCULATION OF EDCM CHARGE COMPONENTS

4.1 EDCM charge components are derived from charge elements. This section describes the method for calculating each of these charge elements.

5. CHARGEABLE EXPORT CAPACITY FOR EXPORT CHARGES

5.1 The Chargeable Export Capacity for each Connectee is defined as the Maximum Export Capacity minus any capacity that is exempt from use of system charges in the charging year.

6. APPLICATION OF LRIC CHARGE 1

6.1 Each tariff in the model is linked to one LRIC location or point. Each LRIC point may have a local and remote charge 1 in £/kVA/year associated with it.

6.2 Some LRIC points might be designated as linked. Each set of linked points comprises a maximum of eight points. Where a tariff is associated with a point which is part of a set of linked points, the LRIC charge 1 used for that tariff are determined by calculating the applicable local and remote charge 1 as a weighted average of the local and network charge 1 respectively at each linked point (ignoring negative values) using the kVA modelled flow in the maximum demand run as weights. If all the weights are zero in any of these calculations then an unweighted average is used instead of the weighted average.

6.3 The import charges for the application of charge 1, is given by the formulas:

$$[\text{p/kWh super-red rate}] = (([\text{remote charge 1 } \text{£/kVA/year}] / \text{PF}) / [\text{number of hours in the super-red time band in a year}]) * 100$$

$$[\text{p/kVA/day capacity charge}] = ([\text{local charge 1 } \text{£/kVA/year}] / [\text{days in Charging Year}]) * 100$$

Where:

PF is the power factor of the flow at the point at which the customer is attached in the maximum demand scenario. This is calculated as - $[\text{Active power flow}] / (\text{SQRT}([\text{Active power flow}]^2 + [\text{Reactive power flow}]^2))$. If either the numerator or denominator in calculation of the power factor is zero, the PF is replaced with 1. If the active power flow is generation-dominated, then PF is replaced with 1.

6.4 If the Connectee is attached to a cluster of linked locations, the sums of active power flows and reactive power flows at each location are used to calculate PF.

6.5 Charge 1 is applied to export charges as a credit. The credit is expressed as a negative charge rate in p/kWh and is applied in respect of active power units exported during the DNO Party's super-red time band. The credit rate is set to zero for Connectees who are assigned an F Factor of zero. The credit rate is calculated as follows:

$$[\text{p/kWh super-red export rate}] = -100 * [\text{Proportion eligible for charge 1 credits}] * ([\text{local charge 1 } \text{£/kVA/year}] + [\text{remote charge 1 } \text{£/kVA/year}]) * ([\text{Chargeable export capacity}] / [\text{Maximum export capacity}]) / [\text{number of hours in the super-red time band}]$$

Where:

The proportion eligible for charge 1 credits is zero if the F factor that is assigned to the Connectee as described in the LRIC methodology is equal to zero, and 1 otherwise.

The super-red export rate is not applied to Connectees with zero Chargeable Export Capacity.

7. NO APPLICATION OF NEGATIVE CHARGES

- 7.1 Under LRIC, charge 1 can be negative at some locations. Any negative values of Charge 1 (both local and remote) are set to zero.

8. DEMAND SIDE MANAGEMENT (DSM) AND GENERATION SIDE MANAGEMENT (GSM)

- 8.1 Some EDCM Customers are subject to demand side management (DSM) or generation side management (GSM) agreements.
- 8.2 For Connectees with DSM agreements, let “chargeable capacity” be equal to the Maximum Import Capacity minus the capacity that is subject to restrictions under a DSM agreement. These restrictions would take into account any seasonal variations built into these agreements.
- 8.3 For Connectees with DSM agreements, DSM-adjusted local and remote (or parent and grandparent) elements of the LRIC charge are calculated as the product of the ratio of “chargeable capacity” to Maximum Import Capacity and the unadjusted elements of the LRIC charge. Where the Maximum Import Capacity is zero, this ratio is set to 1. The DSM-adjusted local element of the LRIC charge 1 is applied to the Maximum Import Capacity, and the DSM-adjusted remote (or parent and grandparent) element of the LRIC charge 1 is applied to units consumed during the super-red time band.
- 8.4 For Connectees with GSM agreements, no adjustments are made in the EDCM.

9. TRANSMISSION CONNECTION (EXIT) CHARGES FOR DEMAND

- 9.1 A separate transmission exit charge is applied to demand tariffs.
- 9.2 A single charging rate, in p/kW/day is calculated as follows:

Transmission exit charging rate p/kW/day = $100 / DC * NGET \text{ charge} / (\text{CDCM system maximum load} + \text{total EDCM peak time consumption})$

Where:

DC is the number of days in the Charging Year.

NGET charge is the DNO Party's forecast annual expenditure on transmission connection point charges in £.

CDCM system maximum load is the forecast system simultaneous maximum load from CDCM Connectees (in kW) from CDCM table 2506.

Total EDCM peak time consumption (in kW) calculated by multiplying the Maximum Import Capacity of each Connectee by the forecast peak-time kW divided by forecast maximum kVA of that Connectee (adjusted for losses to transmission and, if necessary, for Connectees connected for part of the Charging Year) and aggregating across all EDCM Customer demand.

The single p/kW/day charging rate is converted into a p/kVA/day import capacity based charge for each EDCM Connectees as follows:

Transmission exit charge p/kVA/day = [Transmission exit charging rate in p/kW/day] * [Forecast peak-time kW divided by kVA of that Connectee, adjusted for transmission losses and, if necessary for Connectees connected part of the year]

10. TRANSMISSION CONNECTION (EXIT) CREDITS FOR GENERATORS

10.1 A capacity-based credit related to transmission exit is applied to generation tariffs.

10.2 Transmission exit credits are paid to generators that have an agreement with the DNO, the terms of which require the generator, for the purposes of P2/6 compliance, to export power during supergrid transformer (SGT) outage conditions.

10.3 The rate in p/kVA/day for each generation customer would be calculated as follows:

Transmission exit credit p/kVA/day = -[Transmission exit charging rate in p/kW/day] *
 [Capacity eligible for credits in kW] / [Chargeable Export Capacity in kVA of that
 Connectee]

Where:

Transmission exit charging rate in p/kW/day is calculated as described for demand tariffs.

Capacity eligible for credits (in kW) is the capacity that is made available by the generator under the agreement with the DNO.

Chargeable Export Capacity (in kVA) is the forecast average value of the maximum export capacity of the generator over the charging year, less any capacity that is exempt from use of system charges in the charging year.

- 10.4 The generation transmission connection (exit) rate is not calculated for Connectees with zero Chargeable Export Capacity.
- 10.5 Transmission connection (exit) credits are applied to the Chargeable Export Capacity (in kVA)

11. REACTIVE POWER CHARGES

- 11.1 The EDCM does not include a separate charge component for any reactive power flows.

12. EXPORT CAPACITY CHARGES

- 12.1 The EDCM includes an export capacity charge.
- 12.2 First, an EDCM generation revenue target would be calculated as follows:
- 12.3 EDCM DG revenue target £/year = GL * [Total 2005-2010 EDCM generation capacity] / ([Total 2005-2010 EDCM generation capacity] + [Total 2005-2010 CDCM generation capacity]) + AGPa * [Total post-2010 EDCM generation capacity] / ([Total post-2010 EDCM generation capacity] + [Total post-2010 CDCM

generation capacity]) + (OM * ([Total Pre–2005 EDCM DG capacity] + [Total Post–2010 EDCM DG capacity]))

Where:

GL is the incentive revenue in the charging year in respect of generation connected between 2005 and 2010 calculated for the charging year as in paragraph 11.10 of the Special Conditions of the Electricity Distribution Licence (CRC11).

AGPa is the average of the values of GPa for the charging year and each of the two years immediately preceding the charging year. GPa is calculated for the charging year, and the two years immediately preceding the charging year, using a modified version of the formula in paragraph 11.6 of the Electricity Distribution Licence (CRC11). To calculate GPa, the term GPX is replaced by the term GPS in the formula in paragraph 11.6. Both GPX and GPS are defined in paragraph 11.7 of the same document.

Total Pre-2005 EDCM DG capacity is the aggregate maximum export capacity of all non-exempt EDCM generators that connected before 1 April 2005, adjusted for part-year connected generators. In the case of generators that have subsequently increased their maximum export capacity, the part of their capacity that was added after 1 April 2005 would be ignored.

Total 2005–2010 EDCM generation capacity is the sum of the maximum export capacities of all non-exempt EDCM generators that connected between 1 April 2005 and 31 March 2010, adjusted for part-year connected generators.

Total Post–2010 EDCM generation capacity is the sum of the maximum export capacities of all non-exempt EDCM generators that connected on or after 1 April 2010, adjusted for part-year connected generators. In the case of generators that originally connected before 1 April 2010 and have increased their maximum export capacity on or after 1 April 2010, the capacity that was added after 1 April 2010 should be included.

Total 2005–2010 CDCM generation capacity is the sum of the maximum export capacities of all non-exempt CDCM generators that connected between 1 April 2005 and 31 March 2010, adjusted for part-year connected generators.

Total Post–2010 CDCM generation capacity is the sum of the maximum export capacities of all non-exempt CDCM generators that connected on or after 1 April 2010, adjusted for part-year connected generators.

12.4 OM is an allowance in £/kW in respect of the operational and maintenance costs for assets that are deemed to have been installed for the purposes of connecting generators to the distribution network. The value of OM is set to £0.20/kW.

12.5 A fixed export capacity charge in p/kVA/day is calculated as follows:

Fixed export capacity charge in p/kVA/day = $(100 / DC) * [EDCM \text{ DG revenue target}] / [\text{Total EDCM generation capacity}]$

Where:

EDCM DG revenue target in £/year is calculated as described above

Total EDCM generation capacity (in kVA) is the aggregate Chargeable Export Capacity of all Connectees, adjusted, if necessary for Connectees connected part of the year.

12.6 The fixed export capacity charge in p/kVA/day is applied to the Chargeable Export Capacity of each EDCM Connectee.

13. ALLOCATION DRIVERS FOR OTHER CHARGE ELEMENTS IN THE EDCM

13.1 In addition to charges calculated using the FCP and LRIC methodologies and transmission connection (exit) charges, the EDCM includes charge elements relating to:

- the DNO Party's direct operating costs (this includes inspection and maintenance costs, operating expenditure relating to fault repairs and the cost of tree cutting);
- the DNO Party's indirect costs. (these are costs that are not directly related to network assets, such as business support costs);
- the DNO Party's network rates (these are business rates paid by DNO Parties); and

- the DNO Party's residual revenue.
- 13.2 The residual revenue is that part of the DNO Party's Allowed Revenue that has not been pre-allocated to demand charges using cost-based charge elements.
- 13.3 EDCM charge elements are determined using allocation drivers. The following allocation drivers are used in the EDCM:
- The value of assets that are for the sole use of a Connectee (sole use assets). This is relevant to import and export charges.
 - The value of site-specific shared network assets used by the Connectee. This is relevant to import charges only. The sum of historical consumption at the time of system peak and 50 per cent of Maximum Import Capacity. This is relevant to import charges only.
 - Chargeable Export Capacity. This is relevant to export charges only.
- 13.4 The methods used to determine the value of sole use assets and shared site-specific shared network assets are described below.

14. SOLE USE ASSETS

- 14.1 The value of a customer's sole use assets used is expressed in the form of a modern equivalent asset value (MEAV) in £.
- 14.2 Sole use assets are assets in which only the consumption or output associated with a single Connectee can directly alter the power flow in the asset, taking into consideration all possible credible running arrangements, i.e. all assets between the Connectee's Entry/Exit Point(s) and the Point(s) of Common Coupling with the general network are considered as sole use assets.
- 14.3 The Point of Common Coupling for a particular single Connectee is the point on the network where the power flow associated with the single Connectee under consideration, may under some (or all) possible arrangements interact with the power flows associated with other Connectees, taking into account all possible credible running arrangements.

- 14.4 Where a single site has both import and export charges, associated with import and export meter registrations, the sole use assets are allocated between the import and export proportionally to Maximum Import Capacity and Maximum Export Capacity respectively. Where any part of the Maximum Export Capacity associated with an export meter registration is exempt from use of system charges in the charging year, the value of sole use assets allocated to the export tariff is reduced by multiplying it by the ratio of the Chargeable Export Capacity to the Maximum Export Capacity.
- 14.5 Where an EDCM site was originally connected as a single Connected Installation, and has subsequently split into multiple Connected Installations, these sites continue to be considered as one site for the purposes of determining sole use assets. The sole use asset MEAV is allocated between these Connected Installations in proportion to their Maximum Import Capacities and Maximum Export Capacities.

15. SITE-SPECIFIC SHARED NETWORK ASSETS

- 15.1 A Connectee's notional site-specific shared network asset value is the value of network assets that are deemed to be used by that Connectee, other than sole use assets as defined earlier.
- 15.2 The value of notional site-specific shared assets used by each Connectee is expressed in the form of a modern equivalent asset value (MEAV) in £.
- 15.3 The value of shared network assets used by each demand Connectee is calculated as set out below.
- 15.4 Five levels are defined for the network's assets:
- Level 1 comprises 132 kV circuits.
 - Level 2 comprises substations with a primary voltage of 132 kV and a secondary voltage of 22 kV or more.
 - Level 3 comprises circuits of 22 kV or more but less than 132 kV.
 - Level 4 comprises substations with a primary voltage of 22 kV or more but less than 132 kV and a secondary voltage of less than 22 kV.

- Level 5 comprises substations with a primary voltage of 132 kV and a secondary voltage of less than 22 kV.
- 15.5 In some cases, it might be appropriate to treat 66 kV equipment as being equivalent to 132 kV equipment and allocate Connectees to categories accordingly.
- 15.6 EDCM Customers are split into 15 categories based on the parts of the EHV network they are deemed to use. This is based on the Point of Common Coupling. The Point of Common Coupling might be at a different voltage than the Connectee's connection, and might also be at a different voltage than the voltage of connection when the Connectee was connected.

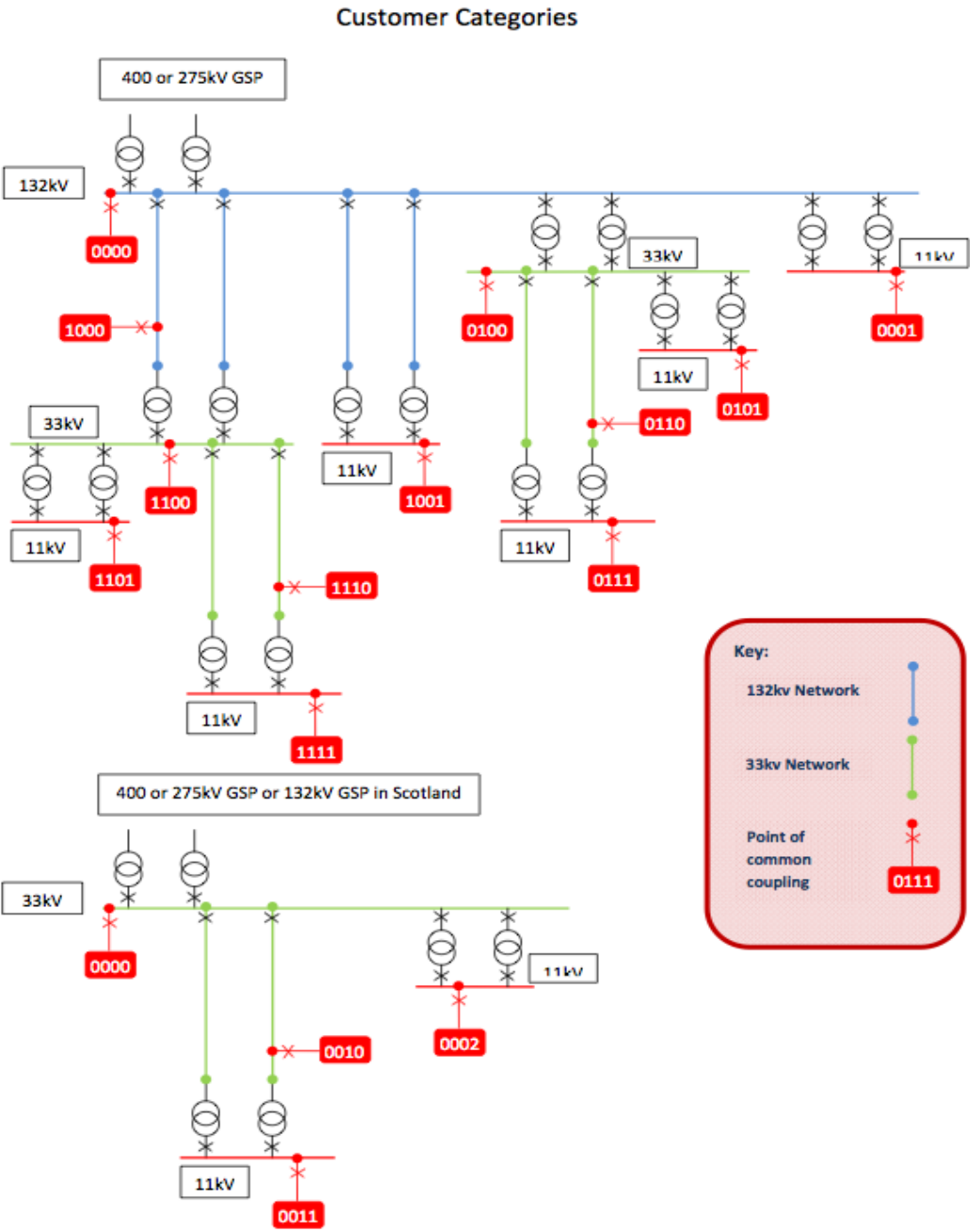
Table 27 Categorisation of EDCM Customers

Category	Definition
Category 0000	Point of Common Coupling at the GSP, whether the GSP is shared or not.
Category 1000	In England or Wales only, Point of Common Coupling at a voltage of 132 kV, unless the Connectee qualifies for category 0000.
Category 1100	Point of Common Coupling at 22 kV or more on the secondary side of a substation where the primary side is attached to a 132 kV circuit.
Category 0100	Point of Common Coupling at 22 kV or more, but less than 132 kV, on the secondary side of a substation where the primary side is attached at 132 kV to a co-located GSP with no use of any 132 kV circuits.
Category 1110	Point of Common Coupling at a voltage of 22 kV or more, but less than 132 kV, not at a substation, fed from a substation whose primary side is attached to a 132 kV distribution circuit.

Category 0110	Point of Common Coupling at a voltage of 22 kV or more, but less than 132 kV, not at a substation, fed from a substation whose primary side is attached at 132 kV to a co-located GSP with no use of any 132 kV circuits.
Category 0010	Point of Common Coupling at a voltage of 22 kV or more, but less than 132 kV, fed from a GSP with no intermediate transformation.
Category 0001	Point of Common Coupling at a voltage of less than 22 kV on the secondary side of a substation where the primary side is attached at 132 kV to a co-located GSP with no circuit.
Category 0002	Point of Common Coupling at a voltage of less than 22 kV on the secondary side of a substation where the primary side is attached at 22 kV or more but less than 132 kV, to a co-located GSP with no circuit.
Category 1001	Point of Common Coupling at a voltage of less than 22 kV on the secondary side of a substation whose primary side is attached to a 132 kV distribution circuit.
Category 0011	Point of Common Coupling at a voltage of less than 22 kV on the secondary side of a substation whose primary side is at a voltage of 22 kV or more, but less than 132 kV, fed from a GSP with no intermediate transformation.
Category 0111	Point of Common Coupling at a voltage of less than 22 kV on the secondary side of a substation whose primary side is at a voltage of 22 kV or more, but less than 132 kV, fed through a distribution circuit from a substation whose primary side is attached at 132 kV to a co-located GSP with no circuit.

Category 0101	Point of Common Coupling at a voltage of less than 22 kV on the secondary side of a substation whose primary side is at a voltage of 22 kV or more, but less than 132 kV, fed from the secondary side of a co-located substation whose primary side is attached at 132 kV to a co-located GSP with no circuit.
Category 1101	Point of Common Coupling at a voltage of less than 22 kV on the secondary side of a substation whose primary side is at a voltage of 22 kV or more, but less than 132 kV, fed from the secondary side of a co-located substation whose primary side is attached to a 132 kV distribution circuit.
Category 1111	Point of Common Coupling at a voltage of less than 22 kV on the secondary side of a substation whose primary side is at a voltage of 22 kV or more, but less than 132 kV, fed through a distribution circuit from a substation whose primary side is attached to a 132 kV distribution circuit.

- 15.7 All references to GSP in the table above relate to interconnections with the onshore National Electricity Transmission System.
- 15.8 The figure below provides examples of Connectees who might be placed in each of the categories described above.



15.9 The use of each network level by each EDCM Connectee is determined according the rules set out in the following table.

EDCM Customers in category	Level 1	Level 2	Level 3	Level 4	Level 5

Category 0000	Zero	Zero	Zero	Zero	Zero
Category 1000	Capacity kVA	Zero	Zero	Zero	Zero
Category 1100	Peak- time active kW	Capacity kVA	Zero	Zero	Zero
Category 0100	Zero	Capacity kVA	Zero	Zero	Zero
Category 1110	Peak- time active kW	Peak- time active kW	Capacity kVA	Zero	Zero
Category 0110	Zero	Peak- time active kW	Capacity kVA	Zero	Zero
Category 0010	Zero	Zero	Capacity kVA	Zero	Zero
Category 0001	Zero	Zero	Zero	Zero	Capacity kVA
Category 0002	Zero	Zero	Zero	Capacity kVA	Zero
Category 1001	Peak- time active	Zero	Zero	Zero	Capacity kVA

	kW				
Category 0011	Zero	Zero	Peak-time active kW	Capacity kVA	Zero
Category 0111	Zero	Peak-time active kW	Peak-time active kW	Capacity kVA	Zero
Category 0101	Zero	Peak-time active kW	Zero	Capacity kVA	Zero
Category 1101	Peak-time active kW	Peak-time active kW	Zero	Capacity kVA	Zero
Category 1111	Peak-time active kW	Peak-time active kW	Peak-time active kW	Capacity kVA	Zero

15.10 Category 0000 Connectees are deemed not to use any network assets other than sole use assets.

15.11 An average network asset value per kVA (in £/kVA) is calculated in respect of each network level. The average network asset value for the network level of connection is based on the Maximum Import Capacity of the Connectee, and for network levels above on consumption at peak time.

Average network asset value for capacity at level L (£/kVA) = $NARL * AE / (1 + DL)$

Average network asset value for demand at level L (£/kVA) = $NARL * D * LAF$

Where:

NAR L is the network asset rate at level L in £/kW based on the 500 MW model.

DL is the Diversity Allowance from the level exit to the GSP group (from CDCM table 2611).

D is the peak time active power consumption in (kW/kVA). This is calculated as the historical peak-time kW divided by historical maximum kVA.

LAF is the loss adjustment factor to transmission from the CDCM for the network level relevant to the EDCM Customer category of that Connectee. See table below for the correspondence between EDCM Customer categories and network levels.

AE is the active power equivalent of capacity adjusted to transmission (in kW/kVA). This is calculated by multiplying the power factor in the 500 MW model (0.95) by the loss adjustment factor to transmission for the network level relevant to that Connectee (as above).

Customer categories	Relevant network level for loss adjustment factors
0000	GSP (the loss adjustment factor is always 1 for this network level)
1000	132kV (level 1)
1100 and 0100	132kV/EHV (level 2)
1110, 0110 and 0010	EHV (level 3)
1111, 1101, 0101, 0111, 0011 and 0002	EHV/HV (level 4)
1001 and 0001	132kV/HV (level 5)

15.12 Again, separate site-specific asset values per kVA (in £/kVA) are calculated in respect of each network level. The asset value for the network level of connection is based on the Maximum Import Capacity of the Connectee, and for network levels above on consumption at peak time.

Site-specific asset value for capacity at level L (£/kVA) = NUL * Average network asset value for capacity at level L (£/kVA)

Notional asset value for demand at level L (£/kVA) = NUL * Average network asset value for demand at level L (£/kVA)

Where:

NUL is the network use factor for that Connectee at level L, representing the proportion of the average 500 MW model assets that the Connectee is deemed to use at that level. The methodology to calculate these network use factors is set out in Annex 2 of this Schedule.

Average notional asset value for capacity at level L is the voltage level average calculated as described earlier.

Average notional asset value for demand at level L is the voltage level average calculated as described earlier.

15.13 Network use factors for import charges of a mixed import-export site that is generation-dominated are set to default values. These default values are equal to the “collars” for each network level calculated as described in section on demand scaling. Generation-dominated sites are determined according to the rules set out in the LRIC methodology to determine whether a location is to be modelled as a generation site.

15.14 The total value of the site-specific shared assets required to serve each Connectee is calculated according to the formula:

$$TNA = NAC + (NAD * (1 - (\text{Hours in super-red for which not a customer} / \text{Annual hours in super-red})) * (\text{Days in year} / (\text{Days in year} - \text{Days for which not a customer})))$$

Where:

TNA is the total site-specific network assets in £/kVA required to serve a Connectee.

NAC is the site-specific asset value in £/kVA for capacity for that Connectee aggregated across all levels.

NAD is the site-specific asset value in £/kVA for demand for that Connectee aggregated across all levels.

15.15 Total site-specific shared assets is the aggregate value (in £) of all site-specific shared assets for EDCM Connectees. This is calculated by multiplying TNA by the Maximum Import Capacity (adjusted, if necessary, for Connectees connected for part of the Charging Year), and then aggregating across all EDCM Connectees.

16. CALCULATION OF THE EDCM DEMAND REVENUE TARGET

16.1 The EDCM demand revenue target is the share of the DNO Party's Allowed Revenue (excluding transmission exit charges and net revenue from EDCM generation) that will be recovered from EDCM Connectees through import charges.

16.2 This section describes the method used to calculate the EDCM demand revenue target.

16.3 A single contribution rate for network rates is calculated for all EDCM Connectees as follows:

Network rates contribution rate (per cent) = $NR / (\text{Total site-specific shared assets} + \text{Total EDCM sole use assets} + \text{EHV assets} + \text{HV and LV network assets} + \text{HV and LV service model assets})$

Where:

NR is the DNO Party's total expenditure on network rates.

Total site-specific shared assets is the aggregate value (in £) of all site-specific shared assets for EDCM (Load) Connectees.

Total EDCM sole use assets is the aggregate sole use asset MEAVs of all EDCM Connectees, excluding the value of sole use assets associated with exempt export capacity, adjusted for part-year connected Connectees. EHV assets are the aggregate EHV assets in the CDCM model.

HV and LV network assets from the CDCM model.

HV and LV service model assets from the CDCM model.

16.4 A single contribution rate for direct operating costs is calculated for all EDCM Connectees as follows:

Direct operating costs contribution rate (per cent) = $\text{DOC} / (\text{Total site-specific shared assets} + \text{Total EDCM sole use assets} + \text{EHV assets} + (\text{HV and LV network assets} + \text{HV and LV service model assets}) / 0.68)$

Where:

DOC is the DNO Party's total expenditure on direct operating costs.

Total site-specific shared assets is the aggregate value (in £) of all site-specific shared assets for EDCM Connectees.

Total EDCM sole use assets is the aggregate sole use asset MEAVs of all EDCM Connectees, excluding the value of sole use assets associated with exempt export capacity, adjusted for part-year connected Connectees. EHV assets are the aggregate EHV assets in the CDCM model.

HV and LV network assets from the CDCM model.

HV and LV service model assets from the CDCM model.

0.68 is the operating intensity factor.

16.5 A single contribution rate for indirect costs is calculated for all EDCM Connectees as follows:

Indirect costs contribution rate (per cent) = $\text{INDOC} / (\text{Total site-specific shared assets} + \text{Total EDCM sole use assets} + \text{EHV assets} + (\text{HV and LV network assets} + \text{HV and LV service model assets}) / 0.68)$

Where:

INDOC is the DNO Party's total expenditure on indirect costs.

Total site-specific shared assets is the aggregate value (in £) of all site-specific shared assets for EDCM Connectees.

Total EDCM sole use assets is the aggregate sole use asset MEAVs of all EDCM Connectees, excluding the value of sole use assets associated with exempt export capacity, adjusted for part-year connected Connectee. EHV assets are the aggregate EHV assets in the CDCM model.

HV and LV network assets from the CDCM model.

HV and LV service model assets from the CDCM model.

0.68 is the operating intensity factor.

Next, a residual revenue contribution rate is calculated as follows:

Residual revenue contribution rate (per cent) = $(AR - DOC - INDOC - NR - GCN) / (\text{Total site-specific shared assets} + \text{EHV assets} + \text{HV and LV network assets})$

Where:

AR is the DNO Party's total Allowed Revenue excluding transmission exit charges in £/year

DOC is the DNO Party's total expenditure on direct operating costs.

INDOC is the DNO Party's total expenditure on indirect costs.

NR is the DNO Party's total expenditure on network rates.

GCN is the total forecast net revenue in £/year from the application of EDCM export charges, including the EDCM generation fixed charge. This amount is estimated by applying the calculated EDCM export charges rounded to the relevant number of decimal points.

Total site-specific shared assets is the aggregate value (in £) of all site-specific shared assets for EDCM Connectees.

EHV assets are the aggregate EHV assets in the CDCM model.

HV and LV network assets from the CDCM model.

16.6 The contribution rates for network rates, direct costs, indirect costs and residual revenue is converted into a £/year import capacity based contribution and a demand sole use asset MEAV based contribution for each EDCM Connectee.

Import capacity based network rates contribution for each Connectee = $TNA * NR \text{ rate} * \text{import capacity}$

Import capacity based direct operating costs contribution for each Connectee = $TNA * DOC \text{ rate} * \text{import capacity}$

Import capacity based indirect costs contribution for each Connectee = $TNA * INDOC \text{ rate} * \text{import capacity}$

Import capacity based residual revenue contribution for each Connectee = $TNA * \text{residual revenue rate} * \text{import capacity}$

Where:

TNA is the total site-specific assets (£/kVA) for that EDCM Connectee.

NR rate is the network rates contribution rate in per cent.

DOC rate is the direct operating costs contribution rate in per cent.

INDOC rate is the indirect costs contribution rate in per cent.

Residual revenue rate is the residual revenue contribution rate in per cent.

Import capacity is the Maximum Import Capacity (adjusted, if necessary, if the Connectee is connected for part of the Charging Year) in kVA for that EDCM Connectee.

16.7 The demand sole use asset MEAV based contribution in £/year is calculated as follows:

Demand sole use asset based network rates contribution = $S * NR \text{ rate}$

Demand sole use asset based direct operating costs contribution = $S * DOC \text{ rate}$

Demand sole use asset based indirect costs contribution = $S * INDOC \text{ rate}$

Where

S is the MEAV of demand sole use assets of that EDCM Connectee (adjusted for Connectees connected for part of the Charging Year).

NR rate is the network rates contribution rate in per cent.

DOC rate is the direct operating costs contribution rate in per cent.

INDOC rate is the indirect costs contribution rate in per cent.

16.8 The target contributions from import capacity and sole use assets are aggregated across all EDCM Connectees.

16.9 The aggregate EDCM demand revenue target is calculated as the sum, across all EDCM demand, of the contributions based on import capacities and demand sole use assets.

17. FIXED CHARGES FOR IMPORT AND EXPORT

17.1 The contribution rates for network rates and direct operating costs are converted into a p/day fixed charge for the sole use assets of each EDCM Connectee as follows:

Import fixed charge on sole use assets in p/day = $100 / DC * SD * (NR \text{ contribution rate} + DOC \text{ contribution rate})$

Export fixed charge on sole use assets in p/day = $100 / DC * SG * (NR \text{ contribution rate} + DOC \text{ contribution rate})$

Where

DC is the number of days in the Charging Year.

SD is the MEAV of sole use assets allocated to demand of that EDCM Connectee.

SG is the MEAV of sole use assets allocated to generation of that EDCM Connectee excluding the value of sole use assets associated with exempt export capacity.

NR contribution rate is the network rates contribution rate in per cent.

DOC contribution rate is the direct operating costs contribution rate in per cent.

18. DEMAND SCALING

18.1 Demand scaling is the process by which import charges to EDCM Connectees are set so that the forecast notional recovery from the application of those import charges to EDCM Connectees matches the EDCM demand revenue target.

18.2 Demand scaling using the site-specific assets approach involves the following steps:

- Calculating adjusted site-specific shared asset values for each Connectee using network use factors that have been subjected to a cap and collar.
- Allocation of the direct operating cost and network rates elements in the EDCM demand revenue target to individual EDCM Connectees on the basis of adjusted site-specific assets and sole use assets. [a]
- Allocation of the indirect cost element in the EDCM demand revenue target to individual EDCM Connectees on the basis of their consumption at the time of the DNO Party's peak and 50 per cent of Maximum Import Capacity as a p/kVA/day charge. [b]
- Forecasting the notional recoveries from the application of LRIC charges to EDCM Connectee. [c]
- Allocation of 80 per cent of the difference between the EDCM demand revenue target and the sum of a, b and c above on the basis of adjusted site-specific assets.
- Allocation of 20 per cent of the difference between the EDCM demand revenue target and the sum of charges under a, b and c above on the basis of consumption at the time of peak and 50 per cent of Maximum Import Capacity as a p/kVA/day fixed adder.

18.3 Adjusted site-specific assets are calculated using network use factor that have been subjected to caps and collars.

18.4 A cap and a collar are calculated for each network level as follows:

- In ascending order, list the network use factors for all EDCM Connectees in all DNO Party areas relating to that network level, excluding all the factors that are either equal to zero or 1, or not used, based on the customer categories of each EDCM Connectee.
- Divide the list into two segments, one that contains factors that are lower than 1, and the other than contains the factors that are higher than 1.
- Take the list segment containing factors that are lower than 1. Starting from the lowest factor in this list segment, calculate the factor at the 15th percentile. This is the collar.
- Take the list segment containing factors higher than 1. Starting from the lowest factor in this segment, calculate the factor at the 85th percentile. This is the cap.

18.5 The same cap and collar would apply in all DNO Party areas to NUFs at that network level.

18.6 The caps and collars for each network level calculated using this methodology is set out in table 32 below. Illustrative charges for 2011/2012 have been calculated using these values.

Table 28 Network use factor caps and collars

Network levels	Collar	Cap
132 kV	0.273	2.246
132kV/EHV	0.677	1.558
EHV	0.332	3.290
EHV/HV	0.631	2.380
132kV/HV	0.697	2.768

18.7 The caps and collars in the table above would be fixed for three years, and would be used to calculate charges for the Charging Years 2012/2013 and 2013/2014. The caps and collars would be re-calculated for the subsequent three Charging Years using the averages of the network use factors for each tariff for the previous three years.

18.8 Table 29 below sets out the schedule for the calculation of caps and collars for each Charging Year.

Table 29 NUF cap and collar calculation timeline

Charging Year	NUFs used create the cap and collar
2011/2012 Submission	2011/2012 NUFs
2012/2013	2011/2012 NUFs
2013/2014	2011/2012 NUFs
2014/2015	Average of 2011/2012, 2012/2013, 2013/2014 NUFs
2015/2016	Average of 2011/2012, 2012/2013, 2013/2014 NUFs
2016/2017	Average of 2011/2012, 2012/2013, 2013/2014 NUFs
2017/2018	Average of 2014/2015, 2015/2016, 2016/2017 NUFs
2018/2019	Average of 2014/2015, 2015/2016, 2016/2017 NUFs
2019/2020	Average of 2014/2015, 2015/2016, 2016/2017 NUFs
2020/2021	Average of 2017/2018, 2018/2019, 2019/2020 NUFs
2021/2022	Average of 2017/2018, 2018/2019, 2019/2020 NUFs
2022/2023	Average of 2017/2018, 2018/2019, 2019/2020 NUFs

18.9 Separate adjusted site-specific asset values per kVA (in £/kVA) is calculated in respect of each network level. The asset value for the network level of connection is based on the Maximum Import Capacity of the EDCM Connectee, and for network levels above on consumption at peak time.

Adjusted site-specific asset value for capacity at level L (£/kVA) = $NU_{aL} \times \text{Average network asset value for capacity at level L (£/kVA)}$

Adjusted site-specific asset value for demand at level L (£/kVA) = $NU_{aL} \times \text{Average network asset value for demand at level L (£/kVA)}$

Where:

NUaL is the adjusted network use factor for that EDCM Connectee at level L after application of the cap and collar.

Average notional asset value for capacity at level L is the voltage level average calculated as described earlier.

Average notional asset value for demand at level L is the voltage level average calculated as described earlier.

18.10 The total value of the adjusted site-specific shared assets required to serve each EDCM Connectee is calculated according to the formula:

$$TNAa = NACa + (NADa * (1 - (\text{Hours in super-red for which not a customer} / \text{Annual hours in super-red})) * (\text{Days in year} / (\text{Days in year} - \text{Days for which not a customer})))$$

Where:

TNAa is the total adjusted site-specific network assets in £/kVA required to serve a EDCM Connectee.

NACa is the adjusted site-specific asset value in £/kVA for capacity for that EDCM Connectee aggregated across all levels.

NADa is the adjusted site-specific asset value in £/kVA for demand for that EDCM Connectee aggregated across all levels.

18.11 Total adjusted site-specific shared assets for all EDCM demand is the aggregate value (in £) of all adjusted site-specific shared assets for EDCM Connectees. This is calculated by multiplying TNAa by the Maximum Import Capacity (adjusted, if necessary, for Connectees connected for part of the Charging Year), and then aggregating across all EDCM demand.

18.12 The direct cost and network rates allocations to individual demand Connectees is determined in the same way as the contributions to the EDCM demand revenue target was calculated, except that adjusted site-specific assets are used.

18.13 A single asset based charging rate for network rates is calculated for all EDCM Connectee. This is calculated as follows:

Network rates charging rate (per cent) = EDCM NR contribution / (Total adjusted site-specific shared assets)

Where:

EDCM NR contribution is the sum of the import capacity based network rates contribution from each EDCM Connectee.

Total adjusted site-specific shared assets is the aggregate value (in £) of all adjusted site-specific shared assets for EDCM Connectees.

18.14 A single asset based charging rate for direct operating costs is calculated for all EDCM Connectees. This is calculated as follows:

Direct operating costs charging rate (per cent) = EDCM DOC contribution / (Total adjusted site-specific shared assets)

Where:

EDCM DOC contribution is the sum of the import capacity based direct costs contribution from each EDCM Connectee.

Total adjusted site-specific shared assets is the aggregate value (in £) of all adjusted site-specific shared assets for EDCM Connectees.

18.15 The charging rates for network rates and direct operating costs are converted into p/kVA/day import capacity based charges for each EDCM Connectee.

Network rates and direct costs charge in p/kVA/day = $(100 / DC) * TNAa * (NR \text{ rate} + DOC \text{ rate})$

Where:

DC is the number of days in the Charging Year.

TNAa is the total adjusted site-specific assets (£/kVA) for that EDCM Connectee.

NR rate is the network rates charge rate in per cent.

DOC rate is the direct operating costs charge rate in per cent.

18.16 A p/kVA/day charging rate for indirect costs for each EDCM Connectee is calculated on the basis of historical demand at the time of the DNO Party's peak and 50 per cent of Maximum Import Capacity of that Connectee.

Indirect cost charging rate in p/kVA/day = $100 / DC * (\text{Aggregate indirect cost contribution}) / \text{Volume for scaling}$

Where:

DC is the number of days in the Charging Year.

Volume for scaling is calculated as the sum of $(0.5 + \text{coincidence factor}) * \text{import capacity} * \text{LDNO factor}$ across all EDCM Connectees.

Coincidence factor is calculated as the forecast peak-time consumption in kW divided by Maximum Import Capacity in kVA of that Connectee (based on historical data) multiplied by $(1 - (\text{Hours in super-red for which not a customer} / \text{Annual hours in super-red})) * (\text{Days in year} / (\text{Days in year} - \text{Days for which not a customer}))$

Import capacity is the Maximum Import Capacity (adjusted if the Connectee is connected for part of the Charging Year) in kVA for that EDCM Connectee.

LDNO factor takes the value 0.5 if the EDCM Connectee is connected to an IDNO Party's network and 1 otherwise.

Aggregate indirect cost contribution is the sum of the import capacity based and sole use asset based indirect cost contribution from each EDCM Connectee.

18.17 The p/kVA/day charging rate for indirect costs is converted into an import capacity based charge for each EDCM Connectee as follows:

Import capacity based INDOC charge in p/kVA/day = $\text{Indirect cost charging rate} * (0.5 + \text{coincidence factor}) * \text{LDNO factor}$

Where:

Indirect cost charging rate is the Distribution System-wide p/kVA/day rate calculated as described in the previous paragraph.

Coincidence factor is calculated as the forecast peak-time consumption in kW divided by Maximum Import Capacity in kVA of that Connectee (based on historical data) multiplied by $(1 - (\text{Hours in super-red for which not a customer} / \text{Annual hours in super-red})) * (\text{Days in year} / (\text{Days in year} - \text{Days for which not a customer}))$

LDNO factor takes the value 0.5 if the EDCM Connectee is connected to an IDNO Party's network and 1 otherwise.

18.18 A single asset based residual revenue charging rate is calculated for all EDCM Connectees. This is calculated as follows:

Residual revenue charging rate (per cent) = $0.8 * (\text{EDCM demand revenue target} - \text{EDCM NR and DOC capacity contribution} - \text{Aggregate indirect cost contribution} - \text{SU recovery} - \text{LRIC recovery}) / \text{Total adjusted site-specific shared assets}$

Where:

EDCM NR and DOC capacity contribution is the sum of the import capacity based network rates and direct costs contribution from each EDCM Connectee.

Aggregate indirect cost contribution is the sum of the import capacity based and import sole use asset based indirect cost contribution from each EDCM Connectee.

SU recovery is the forecast notional recovery from the application of import fixed charges (before any rounding) for sole use assets relating to EDCM Connectees.

Total adjusted site-specific shared assets is the aggregate value (in £) of all adjusted site-specific shared assets for EDCM (Load) Connectees.

18.19 The asset based charging rate for residual revenue is converted into a p/kVA/day import capacity based residual revenue charge for each EDCM Connectee.

Asset based residual revenue charges in p/kVA/day = $(100 / \text{DC}) * \text{TNAa} * \text{Residual revenue rate}$

Where:

DC is the number of days in the Charging Year.

TNA is the total site-specific assets (£/kVA) for that EDCM Connectee.

Residual revenue rate is the residual revenue charging rate in per cent.

A fixed adder in p/kVA/day for the remaining 20 per cent of residual revenue is calculated as follows:

$$18.20 \quad \text{Single fixed adder in p/kVA/day} = 100 / \text{DC} * 0.2 * (\text{EDCM demand revenue target} - \text{EDCM NR and DOC capacity contribution} - \text{Aggregate indirect cost contribution} - \text{SU recovery} - \text{FCP/LRIC recovery}) / \text{Volume for scaling}$$

Where:

DC is the number of days in the Charging Year.

EDCM demand target is the EDCM demand revenue target calculated as described in the previous section.

EDCM NR and DOC capacity contribution is the sum of the import capacity based direct costs contribution from each EDCM Connectee (from annex 3).

Aggregate indirect cost contribution is the sum of the import capacity based and import sole use asset based indirect cost contribution from each EDCM Connectee

SU recovery is the forecast notional recovery from the application of import fixed charges (before any rounding) for sole use assets relating to EDCM Connectees.

LRIC recovery is the forecast notional recovery from the application of LRIC charges (before any rounding) to all EDCM Connectees only.

Volume for scaling is calculated as the sum of $(0.5 + \text{coincidence factor}) * \text{import capacity}$.

Coincidence factor is calculated as the forecast peak-time consumption in kW divided by maximum capacity in kVA of that Connectee (based on historical data) multiplied by $(1 - (\text{Hours in super-red for which not a customer} / \text{Annual hours in super-red})) * (\text{Days in year} / (\text{Days in year} - \text{Days for which not a customer}))$

Import capacity is the Maximum Import Capacity (adjusted if the Connectee is connected for part of the Charging Year) in kVA for that EDCM Connectee.

18.21 The fixed adder in p/kVA/day is converted into an import capacity based charge for each EDCM Connectee as follows:

Import capacity based fixed adder in p/kVA/day = Fixed adder * (0.5 + coincidence factor)

Where:

Fixed adder is the Distribution System-wide p/kVA/day fixed adder calculated as described in the previous paragraph.

Coincidence factor is calculated as the forecast peak-time consumption in kW divided by Maximum Import Capacity in kVA of that Connectee (based on historical data) multiplied by $(1 - (\text{Hours in super-red for which not a customer} / \text{Annual hours in super-red})) * (\text{Days in year} / (\text{Days in year} - \text{Days for which not a customer}))$.

19. APPLICATION OF EDCM CHARGES FOR EDCM CONNECTEES

19.1 The tariff application rules for the EDCM are the same as for the CDCM wherever possible. Each component of each tariff is rounded to the nearest value with no more than three decimal places in the case of unit rates expressed in p/kWh, and with no more than two decimal places in the case of fixed and capacity charges expressed in p/day and p/kVA/day respectively.

19.2 The part of EDCM portfolio tariffs (for IDNO Party networks and Distribution Licence exempt networks) that is based on CDCM tariffs will be billed like CDCM tariffs.

19.3 Final EDCM demand charges will have:

1. an import fixed charge on sole use assets (in p/day)
2. an import capacity charge in (p/kVA/day)
3. an import super-red unit rate charge (in p/kWh)
4. an exceeded import capacity charge (in p/kVA/day).

19.4 The import fixed charge on sole use assets in p/day is applied to each EDCM Connectee.

19.5 The final EDCM import capacity charge for each EDCM Connectee in p/kVA/day would be calculated as follows:

EDCM import capacity charge (p/kVA/day) = [LRIC p/kVA/day capacity charge] + [Transmission exit charge p/kVA/day] + [Network rates and direct costs charge in p/kVA/day] + [Indirect costs charge in p/kVA/day] + [Asset based residual revenue charges in p/kVA/day] + [Single fixed adder in p/kVA/day]

19.6 The final EDCM super-red unit rate in p/kWh is the LRIC super-red unit rate as calculated as described earlier in this document.

19.7 If the EDCM import capacity charge (p/kVA/day) calculated above is negative and the Connectee's average kW/kVA (adjusted for part year) is not equal to zero, the final EDCM super-red unit rate is adjusted as follows:

Adjusted LRIC super-red unit rate in p/kWh = [LRIC super-red rate in p/kWh] + ([EDCM import capacity charge (p/kVA/day)] * ([Days in the Charging Year] – [Days for which not a customer]) / [Average kW/kVA] / ([hours in the super-red time band] - [Hours in super-red for which not a customer]))

19.8 Finally, any remaining negative import super-red unit rates or import capacity charges are set to zero.

19.9 Final EDCM export charges will have:

1. An export fixed charge on sole use assets (in p/day)
 2. An export capacity charge (in p/kVA/day), which might include transmission exit credits to qualifying generators.
 3. An export super-red unit rate (in p/kWh)
 4. An exceeded export capacity charge (in p/kVA/day)
- 19.10 The export capacity charge (in p/kVA/day) is applied to the Chargeable Export Capacity of EDCM Connectees.
- 19.11 The export super-red unit rate (in p/kWh) is applied to active power units exported during the DNO Party's super-red time band.

20. EXCEEDED CAPACITY CHARGES

- 20.1 Where a Connectee uses additional capacity over and above the Maximum Import Capacity or Maximum Export Capacity without authorisation, the excess is classed as exceeded capacity.
- 20.2 For the purposes of determining capacity used, the following formula is used for each half hour:

$$\text{Import capacity used} = 2 * (\text{SQRT}(\text{AI}^2 + \text{MAX}(\text{RI}, \text{RE})^2))$$

Where:

AI = Import consumption in kWh

RI = Reactive import in kVArh

RE = Reactive export in kVArh

$$\text{Export capacity used} = 2 * (\text{SQRT}(\text{AE}^2 + \text{MAX}(\text{RI}, \text{RE})^2))$$

Where:

AE = Import consumption in kWh

RI = Reactive import in kVArh

RE = Reactive export in kVArh

- 20.3 For the purposes of calculating exceeded capacity for import charges, any reactive flows during half hours when there is no active power import would not be taken into account.
- 20.4 For the purposes of calculating exceeded capacity for export charges, any reactive flows during half hours when there is no active power export will not be taken into account.
- 20.5 Any reactive flows associated with a site which operates subject to grid code requirements for generation or sites providing voltage control at the request of the DNO Party would not be taken into account when calculating import or export capacity used.
- 20.6 For Connectees other than those that have an agreement with the DNO, the terms of which require them, for the purposes of P2/6 compliance, to export power during supergrid transformer (SGT) outage conditions, the exceeded portion of the export capacity is charged at the same rate as the capacity that is within the Maximum Export Capacity. This is charged for the duration of the month in which the breach occurs.
- 20.7 For Connectees other than those with DSM agreements, the exceeded portion of the import capacity is charged at the same rate as the capacity that is within the Maximum Import Capacity. This is charged for the duration of the month in which the breach occurs.
- 20.8 Sites subject to DSM arrangements would normally pay the DSM-adjusted capacity charge for capacity usage up to their Maximum Import Capacities.
- 20.9 If sites with DSM agreements were to exceed their maximum import capacities, the exceeded portion of the capacity will be charged at a different rate. This will be charged for the duration of the month in which the breach occurs. This charge for exceeded capacity (in p/kVA/day) would be determined as follows;

[Exceeded capacity charge in p/kVA/day] = [Import capacity charge p/kVA/day] + ([LRIC capacity charge p/kVA/day] + ([LRIC super-red rate p/kWh] * [Average kW/kVA adjusted

for part year] * [super-red hours] / ([days in Charging Year] – [Days for which not a customer])) * (1 - ([chargeable capacity]/ [Maximum Import Capacity]))

Where:

The LRIC super-red unit rate and LRIC capacity charges in the equation above are the charges before any adjustments for DSM have been made.

21. APPLICATION OF EDCM IMPORT CHARGE COMPONENTS

21.1 Table 30 summarises the method of application of import charge components.

Table 30 Application of EDCM import charge components

Tariff component	Unit	Application
Import fixed charge	p/day	Applied as a fixed charge.
Import capacity charge	p/kVA/day	Applied to the Maximum Import Capacity.
Exceeded import capacity charge	p/kVA/day	Applied to exceeded capacity for the duration of the month in which the breach occurs (except for sites which operates subject to grid code requirements for generation)
Import super-red unit rate	p/kWh	Applied to active power units consumed during the DNO Party's super-red time band.

21.2 Table 31 summarises the method of application of export charge components.

Table 31 Application of EDCM export charge components

Tariff component	Unit	Application
Export fixed charge	p/day	Applied as a fixed charge.

Tariff component	Unit	Application
Export capacity charge	p/kVA/day	Applied to the Chargeable Export Capacity.
Exceeded export capacity charge	p/kVA/day	Applied to exceeded capacity for the duration of the month in which the breach occurs (except for sites which operates subject to grid code requirements for generation)
Export super-red unit rate	p/kWh	Applied to active power units exported during the DNO Party's super-red time band.

22. CHARGES FOR NEW CONNECTEES

- 22.1 New Connectees could connect at any time between the publication of EDCM charges for the new Charging Year and the end of that Charging Year.
- 22.2 If the connection of such Connectees had been anticipated before the publication of charges, the DNO Party would have included forecast data relating to the new Connectee in both the power flow model and the EDCM tariff model. The resulting tariff is applied to the new Connectee, on a pro-rata basis if the price is produced during the Charging Year.
- 22.3 If prices need to be produced for new connections that had not been anticipated at the time of calculating EDCM charges for that Charging Year, the DNO Party will:
- Seek indicative load profile information from the new Connectee, failing that, make a reasonable estimate;
 - Run the power flow model after including the new Connectee to produce a full set of charges 1 and 2, including for the new Connectee;
 - Include the new Connectee's details, including marginal charges from (a) in the EDCM tariff model, to produce a full set of new charges;
 - Use the tariff relating to the new Connectee to calculate charges; and

- Charges relating to the current year for existing Connectees would not change as a result.

22.4 If a Connectee were to change their maximum import or export capacity at any time between the publication of EDCM charges for the Charging Year and the end of the Charging Year, the published tariff rates would continue to apply for the duration of the Charging Year.

23. DNO TO DNO CHARGES

23.1 In the case of DNO Party to DNO Party interconnections, the interconnections are categorised into four types:

- (a) The interconnector between the DNO Parties is normally closed (active), and there is an identifiable benefit from the existence of the interconnection to one DNO Party only. The other DNO Party does not benefit from the interconnection.
- (b) The interconnector is normally closed (active), and there is either an identifiable benefit to both DNO Parties, or no clear benefit to either DNO Party.
- (c) The interconnector is normally open, and the interconnection exists only to provide backup under certain conditions to either DNO Party.
- (d) All other interconnections between DNO Parties.

23.2 In all cases of type (a), the benefitting DNO Party will be treated as being equivalent to an EDCM Connectee connected to the other DNO Party's network. The DNO Party providing the benefit will calculate and apply EDCM import charges, except charges for sole use assets, as applicable to the other DNO Party. Export charges or credits will not apply.

23.3 In the case of type (b) interconnections, each DNO Party will treat the other as an EDCM Connectee. Normal EDCM import charges, except charges for sole use assets, will apply. Export charges or credits will not apply.

- 23.4 Type (c) interconnections are typically covered by special arrangements between DNO Parties. Use of system charges are agreed between DNO Parties and applied outside the EDCM model.
- 23.5 In every other case, each DNO Party applies import charges to the other as a normal EDCM Connectee, as with type (b) interconnections.

24. LDNO CHARGING

- 24.1 IDNO Parties with Distribution Systems that serve Connectees that fall within the scope of the CDCM would have their charges based on standard discount percentages applied to the CDCM all-the-way end user charges.

An IDNO Party with a Distribution System that qualifies as a CDCM “Designated Property” according to the definition set out in condition 50.10 of the Distribution Licences are eligible for portfolio discounts calculated using a price control disaggregation model (method M) consistent with the CDCM.

An IDNO Party with a Distribution Systems that qualifies as an EDCM “Designated EHV Property” according to the definition set out in condition 50A.11 of the Distribution Licences are eligible for discounts calculated using an “extended” price control disaggregation model (extended method M).

- 24.2 An IDNO Party with a Distribution System that qualifies as an EDCM “Designated EHV Property” could itself have Connectees who would fall under the scope of the EDCM. Since the EDCM is a locational charging method, the host DNO Party would calculate EDCM charges at the DNO Party’s boundary for each EDCM-like Connectee on the IDNO Party’s network. No discounts are calculated for such EDCM Connectees as the DNO Party’s charges are based only on the specific site’s equivalent use of the DNO Party’s network.
- 24.3 An IDNO Party with a Distribution System that qualifies as an EDCM “Designated EHV Property” could itself have Connectees who would fall under the scope of the EDCM. Since the EDCM is a locational charging method, the host DNO Party would calculate EDCM charges at the DNO Party’s boundary for each EDCM-like Connectee on the IDNO Party’s network. No discounts are calculated for such

EDCM Connectees as the DNO Party's charges are based only on the specific site's equivalent use of the DNO Party's network.

Under the EDCM, the DNO Party's network is divided into five network levels:

Level 1 comprises 132 kV circuits

Level 2 comprises substations with a primary voltage of 132 kV and a secondary voltage of 22 kV or more.

Level 3 comprises circuits of 22 kV or more, excluding circuits already categorised as being in Level 1.

Level 4 comprises substations with a primary voltage of 22 kV or more but less than 132 kV and a secondary voltage of less than 22 kV.

Level 5 comprises substations with a primary voltage of 132 kV and a secondary voltage of less than 22 kV.

- 24.4 The DNO Party may designate 66 kV circuits belonging to either network level 1 or 3 and substations with a primary voltage of 66 kV into level 2 or level 4 or level 5, depending on their network planning policies.
- 24.5 The network level of the boundary between the host DNO Party and the IDNO Party's Distribution System is determined by reference to the asset ownership boundary between the host DNO Party and the IDNO Party.
- 24.6 Where the IDNO Party's Distribution System only has one Connectee (whether a designated EHV property or not), the network level of the boundary between the host DNO Party and IDNO Party is determined by reference to the Point of Common Coupling. The Point of Common Coupling is determined in the same way as it is for an EDCM Connectee connected directly to the host DNO Party's network.
- 24.7 For EDCM Connectees, the Point of Common Coupling is the point on the network where the power flow associated with the single Connectee under consideration, may under some (or all) possible arrangements interact with the power flows associated with other Connectees, taking into account all possible credible running arrangements.

- 24.8 IDNO Party Distribution Systems are split into 15 categories based on the network level of the boundary between the host DNO Party and the IDNO Party, and whether or not higher network levels are used by the IDNO Party.

Table 32 Categorisation of designated EHV IDNO Parties

Category	Definition
Category 0000	Boundary at the GSP, whether the GSP is shared or not, with no use of any circuits.
Category 1000	In England or Wales only, boundary at a voltage of 132 kV, unless the Connectee qualifies for category 0000.
Category 1100	Boundary at 22 kV or more on the secondary side of a substation where the primary side is attached to a 132 kV circuit.
Category 0100	Boundary at 22 kV or more, but less than 132 kV, on the secondary side of a substation where the primary side is attached at 132 kV to a co-located GSP with no use of any 132 kV circuits.
Category 1110	Boundary at a voltage of 22 kV or more, but less than 132 kV, not at a substation, fed from a substation whose primary side is attached to a 132 kV distribution circuit.
Category 0110	Boundary at a voltage of 22 kV or more, but less than 132 kV, not at a substation, fed from a substation whose primary side is attached at 132 kV to a co-located GSP with no use of any 132 kV circuits.
Category 0010	Boundary at a voltage of 22 kV or more, but less than 132 kV, fed from a GSP with no intermediate transformation and no use of any 132 kV circuits.
Category 0001	Boundary at a voltage of less than 22 kV on the secondary side of a substation where the primary side is attached at 132 kV to a co-located GSP with no use of any 132 kV circuits.
Category 0002	Boundary at a voltage of less than 22 kV on the secondary side of a substation where the primary side is attached at 22 kV or more but less than 132 kV, to a co-located GSP with no use of any 132 kV circuits.

Category 1001	Boundary at a voltage of less than 22 kV on the secondary side of a substation whose primary side is attached to a 132 kV distribution circuit.
Category 0011	Boundary at a voltage of less than 22 kV on the secondary side of a substation whose primary side is at a voltage of 22 kV or more, but less than 132 kV, fed from a GSP with no intermediate transformation and no use of any 132 kV circuits.
Category 0111	Boundary at a voltage of less than 22 kV on the secondary side of a substation whose primary side is at a voltage of 22 kV or more, but less than 132 kV, fed through a distribution circuit from a substation whose primary side is attached at 132 kV to a co-located GSP with no use of any 132 kV circuits.
Category 0101	Boundary at a voltage of less than 22 kV on the secondary side of a substation whose primary side is at a voltage of 22 kV or more, but less than 132 kV, fed from the secondary side of a co-located substation whose primary side is attached at 132 kV to a co-located GSP with no use of any circuit.
Category 1101	Boundary at a voltage of less than 22 kV on the secondary side of a substation whose primary side is at a voltage of 22 kV or more but less than 132 kV, with no use of 33 kV circuit, fed from the secondary side of a co-located substation whose primary side is attached to a 132 kV distribution circuit.
Category 1111	Boundary at a voltage of less than 22 kV on the secondary side of a substation whose primary side is at a voltage of 22 kV or more, but less than 132 kV, fed through a distribution circuit from a substation whose primary side is attached to a 132 kV distribution circuit.

24.9 All references to GSP in the table above relate to interconnections with the main interconnected onshore transmission network.

25. THE EXTENDED “METHOD M” MODEL

25.1 The extended price control disaggregation model (the extended method M model) calculates discount percentages in a two-part process.

- 25.2 For the purposes of the first part of the process, the DNO Party's network is split into four levels: LV, HV/LV, HV and EHV.
- 25.3 The first part of the price control disaggregation involves the calculation of separate percentages by network level of each element of the DNO Party's Allowed Revenue: the operating cost, depreciation and return on RAV elements. These are aggregated over the period 2005/2006 to 2009/2010 (the DPCR4 period).
- 25.4 In order to determine the allocation to network levels of each element of price control revenue, the following cost allocation drivers are used:
- Data submitted by the DNO Party to the Authority using the format prescribed in the regulatory reporting pack (RRP) on units distributed and operating expenditure broken down by network level (typically relating to the year 2007/2008).
 - Data that each DNO Party considers appropriately represents the forecast of net capital expenditure and Connectee contributions for the period 2005/06–2014/15, broken down by network level.
 - Forecast data that each DNO Party considers appropriately represents the gross modern equivalent asset values (replacement costs) for various asset types.
- 25.5 Data from the RRP are used to distinguish between direct and indirect costs, with direct costs coded by network level. For the purpose of this calculation, capital expenditure is included, net of Connectee contributions, but negative figures are replaced with zero. This analysis provides direct costs percentage for each network level.
- 25.6 Indirect operating costs are allocated to network levels on the basis of an estimate of MEAV by network level.
- 25.7 The operating cost percentage for each level is a weighted average of the direct and indirect percentages. Estimated gross modern equivalent asset values used for this purpose are derived from asset counts and the DNO Party's unit cost forecasts wherever available. Transmission exit charges are excluded from the allocation because it does not seem reasonable to allocate these charges to different network levels.

- 25.8 Both the depreciation and return on capital elements of Allowed Revenue are allocated to network levels on the basis of net capital expenditure data derived from the DNO Party's estimates and forecasts. All figures are aggregated over the 10-year period from 2005/2006 to 2014/2015, taking in actual data or forecasts for each year as available.
- 25.9 For each network level, the relevant net capital expenditure is calculated by adding up total condition based replacement (proactive and reactive) replacement, combined in the case of LV, HV and EHV with connections spend minus Connectee contributions for connections at that voltage level, general reinforcement capital expenditure at that voltage level, and fault reinforcement capital expenditure at that voltage level.
- 25.10 Some of these categories allow HV substation and transformer costs to be identified. These costs (and no other costs) are allocated to the HV/LV network level. Some of the expenditure categories do not separately identify HV substation/transformer costs. For these categories costs are allocated to the HV/LV in the same proportion as for the other categories (where these costs are separately identified).
- 25.11 Generation-related capital expenditure is not included in the net capex attributable to each network level.
- 25.12 The allocation to each network level of each element of the DNO Party's Allowed Revenue is then aggregated by network level to create network level totals. These totals are then converted into network level percentages.
- 25.13 The network level percentages are used to allocate the DNO Party's Allowed Revenue less the net amount earned or lost by the licensee under price control financial incentive schemes less the DNO Party's total transmission exit charges. All three numbers relate to a single year (typically 2007/2008).
- 25.14 The Allowed Revenue allocations are then rescaled by the estimated number of units flowing through each network level, and normalised so that they sum to 100 per cent. The net amount earned or lost by the licensee under price control financial incentive schemes plus the DNO Party's total transmission exit charges (the unallocated part of the Allowed Revenue) is rescaled by the number of units flowing through the EHV network level. The result of this calculation is a set of percentages for each of the LV,

HV/LV, HV and EHV network levels, and one percentage for the DNO Party's unallocated revenue.

25.15 The second part of the price control disaggregation process is to split the percentage for the EHV network level in the above calculation into separate percentages for the following asset levels:

132 kV circuits (England and Wales only);

132kV/33kV substations (England and Wales only);

33 kV circuits; and

33kV/HV substations

25.16 For the purposes of calculating portfolio discounts for Connectees that fall within the scope of the CDCM, the 15 boundary categories between the DNO Party and the IDNO Party are grouped into five discount categories in England and Wales and three in Scotland:

- (a) Discount category 0000 - This applies to IDNO Party category 0000.
- (b) Discount category 132kV (in England and Wales only) - This applies to IDNO Party category 1000.
- (c) Discount category 132kV/EHV (in England and Wales only) - This applies to IDNO Party categories 1100 and 0100.
- (d) Discount category EHV - This applies to IDNO Party categories 1110, 0110 and 0010.
- (e) Discount category HVplus - This applies to IDNO Party categories 1111, 0001, 1001, 0002, 0011, 0111, 1101, 0101.

25.17 For each combination of an end user network level and a discount category, the relevant discount for demand end users is calculated as follows:

For discount categories 0000, 132kV/EHV and HVplus

Discount percentage = $P / (S + U)$

For discount category 132kV

Discount percentage = $(P + ([\text{percentage for 132kV}] * (1 - ([\text{network length split for 132kV}] * [\text{direct cost proportion}])))) / (S + U)$

For discount category EHV

Discount percentage = $(P + ([\text{percentage for EHV}] * (1 - ([\text{network length split for EHV}] * [\text{direct cost proportion}])))) / (S + U)$

Where:

Discount percentage is the discount applicable for each combination of discount and end user type.

P is the sum of the percentages for all network levels below the network level of the DNO Party – IDNO Party boundary up to and including the network level of the end user.

S the sum of the percentages for all network levels in the distribution network above and including the network level of the end user

U is the ratio of the sum of the DNO Party's total incentive revenue and the transmission exit charge, and the DNO Party's total Allowed Revenue including any incentive revenue and transmission exit charge.

Network length split is equal to 1 minus the ratio of the average length of circuits on relevant network level (EHV or 132kV) that is deemed to be provided by the IDNO Party to that provided by the host DNO Party. The values for the “network length split” for 132kV and EHV are currently set to 100 per cent.

Direct cost proportion is the percentage share of direct costs in the sum of direct costs and indirect costs (excluding IT and telecoms and property management costs) at EHV. Negative costs will be excluded from the calculation.

25.18 Whereas demand tariffs reflect costs at the network level of supply and at every level above that, generation tariffs only reflect costs above the network level of supply. For example, credits to HV generators do not include anything based on the costs of HV networks.

25.19 In each case, the discount is applied to all CDCM tariff components. Discount percentages are capped to 100 per cent.

26. PORTFOLIO EDCM TARIFFS FOR CONNECTEES IN THE EDCM

- 26.1 For Connectees on an IDNO Party's Distribution System that would be covered by the EDCM if they were on the DNO Party's network, the EDCM is applied to calculate a portfolio EDCM charge/credit for each such Connectee.
- 26.2 These EDCM portfolio charges would be calculated as if each EDCM Connectee on the IDNO Party's distribution system were notionally connected at the boundary between the DNO Party and the IDNO Party. Both EDCM import and export charges will apply.
- 26.3 For the purposes of calculating the boundary-equivalent portfolio EDCM tariffs, each EDCM Connectee on the IDNO Party's network would be assigned the demand Connectee category relating to the 15 IDNO Party boundary categories.
- 26.4 Such Connectees would attract charges (credits) in respect of any reinforcements caused (avoided) on the DNO Party's network only, i.e. any network Branches that are on the IDNO Party's network would be attributed a zero LRIC charge/credit.
- 26.5 The setting of final charges to Embedded Designated EHV Properties including the calculation of charges for assets used on the Embedded network will be established by the IDNO Party.
- 26.6 All EDCM charges would be calculated using "boundary equivalent" data provided by the IDNO Party to the host DNO Party for each Embedded Designated EHV Property. For the purposes of the EDCM, boundary equivalent data should be what the IDNO Party has allowed for at the DNO Party - IDNO Party boundary, for each EDCM Connectee, after taking into consideration the diversity and losses within the IDNO Party's network. Data relating to CDCM end users must be considered for the purposes of calculating boundary equivalent data in order to cater for the effect of diversity and losses.

- 26.7 The EDCM will include in the charges for Embedded Designated EHV Properties a fixed charge relating to any assets on the DNO Party's network that are for the sole use of an Embedded IDNO Party's network. These fixed charges would be calculated in the same way as it would be for EDCM Connectees connected directly to the host DNO Party's network.
- 26.8 In calculating charges for assets on the DNO Party's network that are for the sole use of an Embedded IDNO Party's distribution system, DNO Party's will charge only for the proportion of sole use assets deemed to be used by Embedded Designated EHV Properties. This proportion will be calculated, in respect of each Embedded Designated EHV Properties, as the ratio of the boundary equivalent capacity of that Connectee to the capacity at the IDNO Party - DNO Party boundary.
- 26.9 If there are no Embedded Designated EHV Properties on the IDNO Party's network, no sole use asset charges would apply.
- 26.10 Demand scaling would be applied as normal to any EDCM portfolio tariff in respect of an EDCM Connectee. For the purposes of scaling, all EDCM Connectees connected to the IDNO Party's network will be treated as notional EDCM Connectees connected to the DNO Party's network at the voltage level of the boundary.
- 26.11 For EDCM Connectees connected to the IDNO Party's network, the capacity-based charge for the DNO Party's indirect costs would be scaled down by a factor of 50 per cent.

27. OFFSHORE NETWORKS CHARGING

- 27.1 The DNO Party will treat offshore networks connected to the DNO Party as if they were EDCM Connectees.
- 27.2 The DNO Party will apply the EDCM to calculate an import charge and an export charge based on capacity at the boundary and power flow data metered at the boundary.
- 27.3 Any sole use assets specific to the offshore network are charged as a p/day sole use asset charge calculated as applicable to a normal EDCM Connectee.

27.4 Demand scaling will also be applied.

28. DNO PARTY TO UNLICENSED NETWORKS

- 28.1 Unlicensed networks have a choice. If they are part of the Total System under the Balancing and Settlement Code with the network open to supply competition, and if they are party to the DCUSA, and have accepted the obligations to provide the necessary data, they can, if they wish, be treated as IDNO Parties.
- 28.2 Otherwise, the DNO Party applies the EDCM to calculate an import charge and an export charge based on capacity and power flow data metered at the boundary. Any sole use assets specific to the unlicensed network are charged as a p/day sole use asset charge calculated as applicable to a normal EDCM Connectee.

29. DERIVATION OF ‘NETWORK USE FACTORS’

Step 1:

- 29.1 Powerflow analysis is used to determine the change in powerflow in each Branch (in MW) that is caused by a change in load (in MW) at each node in the EHV network model, that represents either EDCM demand or CDCM demand at the EHV/HV boundary.
- 29.2 In essence, a change in load of X MW is applied at the node under consideration and changes in powerflow in each network Branch are identified. If the change in powerflow in a particular Branch is Y MW, as a result in the change in load at the node under consideration, then the ‘Change In Branch Flow per Change In Demand’ is given by:-

Abs (Y/X) (MW Branch flow per MW of demand at node)

- 29.3 The effects of a change in demand at each node, upon the powerflows in Branches, are evaluated for each node in turn.
- 29.4 The method of evaluating the ‘Change in Branch Flow per Change in Demand’ shall be the Incremental Method, described below:

30. INCREMENTAL METHOD:

- 30.1 Establish the ‘base case’ powerflow in each Branch using a network model constructed with demand data used to represent the Maximum Demand Scenario analysed in the marginal cost calculation, using Maximum Demand Data that represents the regulatory year that use of system charges are being calculated for.
- 30.2 Apply a 0.1MW (at 0.95 lagging p.f.) increment to each node, in turn, in the EHV network model (at nodes that represent either an EDCM Connectee or CDCM demand at the EHV/HV boundary) and identify the change in powerflow (in MW) in all Branches where the change exceeds both 1kVA and 0.01% of the ‘base case’ powerflow in the Branch. The change in Branch flow corresponding to a 0.1MW increment at a node can be evaluated by actual application of an increment to the network model, or through the use of sensitivity coefficients. Prior to the application of the increment all the transformer tap positions, distributed generation outputs and switched shunt values are fixed to the values determined in the ‘base case’ powerflow to prevent change in their values when analysing the power flows with the increment applied.
- 30.3 This calculation is performed upon the Authorised Network Model and only considers normal running arrangements.

Step 2:

- 30.4 The ‘MW usage’ of each Branch by a given nodal demand is determined by multiplying the relevant value of ‘Change In Branch Flow per Change In Demand’ (derived in step 1) by the demand at the node (MW) as used in the Maximum Demand Scenario for the marginal cost calculation, using the Maximum Demand Data that represents the regulatory year that use of system charges are being calculated for. This will always be a positive quantity.

Step 3:

- 30.5 For each Branch, the ‘total MW usage’ of the Branch by all nodal demands is determined by summing the ‘MW usage of the Branch’ by each node (as determined in step 2).

Step 4:

- 30.6 Each nodal demand's proportionate usage of a Branch is determined as the ratio of 'MW usage' of the Branch by the nodal demand to the 'total MW usage' of the Branch. This ratio is multiplied by the annuitised MEAV of the Branch to create a £/annum usage of the Branch by the particular node.
- 30.7 Sole use assets are not to be included in the calculation of the MEAV of the Branches and consequently some Branches may have an MEAV of zero.

Step 5:

- 30.8 For each node, the £/annum 'usage' of Branches (calculated in Step 4) of the same voltage level, by the demand at the node, are summated to create a total £/annum for each voltage level for the nodal demand. The considered voltage levels correspond to those used in the CDCM and include voltage levels that represent transformation between two voltages. These voltage levels are '132kV', '132kV/EHV', 'EHV', 'EHV/HV' and '132kV/HV'.
- 30.9 For each node where EDCM demand is present, the total £/annum 'usage' of Branches of each voltage level, for the node, is divided by the demand at the node (in kW), as used in the Maximum Demand Scenario, to create a £/kW/annum total usage of Branches at each voltage level by the particular node. This shall be the numerator in the network use factor, for a particular voltage level, for the EDCM demand node.
- 30.10 For all nodes where CDCM demand is present, and the CDCM demand is considered to be 'dominant' at the node (CDCM demand shall be considered to be 'dominant' where the DNO Party estimates that the maximum demand associated with all CDCM demand at the node exceeds the maximum demand associated with all EDCM demand at the node), the £/annum 'usages' of Branches at each voltage level (calculated in Step 4) are summated to create a total £/annum 'usage' for all CDCM dominated nodes. The CDCM demand 'using' each voltage level is determined by summing the nodal demands of all CDCM dominated nodes that have non zero £/annum 'usages' at the particular voltage level. The average £/kW/annum network usage by CDCM dominated nodes is derived for each voltage level by dividing the total £/annum usage (at the voltage level by CDCM dominated nodes) by the total CDCM

demand 'using' the voltage level. This provides the denominators used for the network use factors.

- 30.11 The network use factor, at each voltage level, for each node where EDCM demand is present therefore is the £/kW/annum for the nodal demand at the appropriate voltage level, divided by the corresponding average £/kW/annum for the same voltage level determined for CDCM dominated nodes.

SCHEDULE 18 – EHV CHARGING METHODOLOGY (LRIC MODEL)

Annex 1 – Implementation Guide

1. SCOPE

- 1.1 This Annex describes the definitions, input and output data, and the power flow analysis process required to model the DNO Party's Distribution System to enable the LRIC methodology to be implemented as set out in the EDCM.

2. POWER SYSTEMS ANALYSIS

Power Flow Analysis Tools

- 2.1 The DNO Parties use a variety of software tools to model their respective Distribution Systems for the purposes of operating and planning their Distribution Systems.
- 2.2 The Authority and the DNO Parties have agreed that it is not appropriate to prescribe which software tool is used for the analysis of the Distribution Systems, as it is for each DNO Party to satisfy itself that it is using the appropriate tools for planning and operation of its Distribution System.
- 2.3 The DNO Parties routinely analyse their Distribution Systems using power system analysis tools to identify where limitations exist on the network; this information is used to plan reinforcement. The DNO Parties hold current representations of their Distribution Systems within their respective power system analysis tools for this analysis. The aim of using power flow analysis for pricing purposes is to replicate the reinforcement assessment process to determine the costs of future reinforcement of the DNO Party's Distribution System. Analysing the Distribution System at this level of granularity enables the creation of Nodal costs that can be used to convey cost messages at the Nodal level if desirable.

Power Flow Analysis for Incremental Costing

- 2.4 Planning of a Distribution System (to satisfy the requirements of the Act and the Distribution Licences) using a power system analysis tool requires the development of

a network model which represents the actual Distribution System and the application of a set of demand data that represent the demands that the network will be required to deliver whilst satisfying the nationally defined security standard, ER P2/6.

- 2.5 These following sections describe the definitions, input data, and the power flow analysis process required to model the DNO Party's Distribution System for incremental costing purposes. The calculation of reinforcement cost and the main outputs are discussed at the end of this Annex.

3. **DEFINITIONS**

- 3.1 In this Schedule 18, unless the context otherwise requires, the expressions below shall have the meanings set out below.

Term	Definition
Active Power	The product of the voltage, current and cosine of the phase angle between them, measured in watts.
Allowed Revenue	The amount of revenue that the DNO Party can earn on its regulated business in accordance the special conditions within the DNO Party's Distribution Licence.
Authorised Network Model	The model that represents the DNO Party's entire EHV network (from the GSP level down to and including the HV busbar at the EHV/HV transformation level), as described in Paragraph 2.7(a)and section 4 of this Annex 1.
Base Case Analysis	The analysis to determine the utilisation of the Authorised Network Model under Normal Running Arrangements. Note the Base Case Analysis is performed for each demand scenario (the Maximum Demand Scenario and the Minimum Demand Scenario).
Base Case Flows	The power flows in each Branch as determined under Base Case Analysis. Base Case Flowb is the power flow in

Branch b. Note a separate set of Base Case Flows is determined for each demand scenario (the Maximum Demand Scenario and the Minimum Demand Scenario).

Branch

A representation of an asset, collection of assets or part of an asset of the DNO Party's EHV network through which Active Power flows as a consequence of supply to or export from a Connectee or busbar on the DNO Party's HV or EHV networks. A Branch must only be connected between two Nodes. A Branch should conform to the following:

- there can be more than one Branch between the same two Nodes;
- a three winding transformer may be represented by three Branches (one Branch for each of the windings) configured in a star formation;
- the Active Power flowing out of one end of a Branch should equal the Active Power flowing into the other end of the Branch less any losses within the Branch;
- shunt reactors and capacitors are not Branches;
- earthing transformers, resistors and reactors are not Branches; and
- a Branch may constitute a collection of assets e.g. a circuit constituting overhead lines and cables. When combining assets into a Branch, there is a need to consider the reinforcement solution for the Branch in the next stages for the incremental costing calculation.

Branch Rating

The branch ratings selected for the Authorised Network Model should be derived by appropriate consideration of the time of day/ season/ general nature of load profile (i.e. continuous, cyclic etc.) represented within the model.

Bulk Supply Point (BSP)	A supply point on the DNO Party's Distribution System representing an EHV/EHV transformation level e.g. 132/33kV.
Charging Year	The financial year (12 month period ending on a 31st March) for which charges and credits are being calculated.
Circuit	The part of a Distribution System between two or more circuit breakers, switches and/or fuses inclusive. For the avoidance of doubt a circuit can contain a number of Branches and Nodes. A Circuit may include transformers, reactors, cables and overhead lines. Busbars are not considered as Circuits.
Circuit Branch	A categorisation, used in the derivation of Branch reinforcement costs, for Branches that represent an interconnection (or part of an interconnection) between substations and which operate at a single voltage level.
Connection Node	A Node which is a point of connection to one of the following: • an Entry Point or the Sole Use Assets connecting the Entry Point; or • an Exit Point or the Sole Use Assets connecting the Exit Point; or • the DNO Party's HV network; or • a Distribution System of another DNO Party or IDNO Party.
Contingency Analysis	The analysis to determine the effect on power flow on the Authorised Network Model under N-1 Contingencies. Note that Contingency Analysis is performed for each demand scenario (the Maximum Demand Scenario and the Minimum

Demand Scenario).

Diversity Allowance	The extent, expressed as a percentage, to which the sum of the maximum load across all assets in the modelled network level is expected to exceed the simultaneous maximum load for the network level as a whole.
Diversity Factor	A scaling factor calculated as the ratio of the maximum demand observed at a given location on the network and the aggregate of the individual maximum demands observed at multiple locations connected downstream (i.e. further from source) of the given location, taking account of losses. Such factors provide a means of recognising that the maximum demands observed at individual locations (e.g. substations at a given voltage level) on a section of network may not be coincident. Details of the calculation of Diversity Factors are set out in section 5.11 (Diversity Factors) of Annex 1.
EDCM	has the meaning given to that expression in Paragraph 1.
EDCM Connectee	means a Connectee whose Connected Installation is a Designated EHV Property as defined in Standard Conditions 50A.11 and 13B.6 of the DNO Party's Distribution Licence.
EHV	Extra High Voltage.
Embedded	means connected to an IDNO Party's Distribution System.
ER P2/6	Energy Network Association's Engineering Recommendation P2/6 which is the planning standard for security of supply to be used by the DNO Parties.
ETR 130	Energy Network Association's Engineering Technical Report 130 which is the Application Guide for assessing the capacity of Distribution Systems to which Generation Installations are connected.

Extra High Voltage (EHV)	Refers to voltages operating at 22kV or higher.
Generation Coincidence Factor	A factor which is calculated for each Grid Supply Point (or group of normally interconnected Grid Supply Points) and applied to Network Demand Data (Generation) in the Minimum Demand Scenario, to reflect the coincidence of generation export.
Grid Supply Point (GSP)	A point of supply from the National Electricity Transmission System to the DNO Party's Distribution System.
High Voltage (HV)	Refers to voltages operating above 1000 volts but lower than 22kV.
Incremented Flow Analysis	The analysis to determine the effects of a demand increment or decrement at a Node on each Branch of the Authorised Network Model under Normal Running Arrangements. Note the Incremented Flow Analysis is performed for each demand scenario (the Maximum Demand Scenario and the Minimum Demand Scenario).
Incremented Flows	The new power flows in each Branch as a consequence of the effect of a specified increment of demand at each Node. A separate set of Incremented Flows is produced for each demand scenario. The specified increment of demand at each Node may be different for each demand scenario. Incremented Flow _{nb} is the new power flow in Branch b as a result of a change of demand at Node n.
Iterative Approach	A numerical approach for the calculation of Incremented Flows. The approach is described in section 6.21 (Iterative Approach) of Annex 1.
kV	Kilovolt (1,000 Volts): a unit of voltage.

kVA	Kilo Volt Ampere: a unit of network capacity.
kVAr	Kilo Volt Ampere reactive: a unit of reactive power flow. The network capacity used by a flow of A kW and B kVAr is $\text{SQRT}(A^2+B^2)$ kVA.
kVArh	kVA reactive hour: a unit of total reactive power flow over a period of time. Reactive power meters usually register kVArh.
kW	Kilowatt (1,000 Watts): a unit of power flow.
kWh	Kilowatt hour: a unit of energy. Meters usually register kWh.
Long Term Development Statement (LTDS)	The Long Term Development Statement as detailed by Licence Condition 25 of the Distribution Licences.
LRIC	Has the meaning given to that expression in Paragraph 2.1.
LV	Nominal voltages of less than 1kV.
Maximum Contingency Flows	The maximum power flows in each Branch as determined under Contingency Analysis. Maximum Contingency Flowb is the maximum power flow in Branch b under all N-1 Contingencies for the demand scenario. Note a separate set of Maximum Contingency Flows is determined for each demand scenario (the Maximum Demand Scenario and the Minimum Demand Scenario).
Maximum Demand Data	The Network Demand Data that is applied to the Maximum Demand Scenario. The construction of Maximum Demand Data is described in section 5.31 (Maximum Demand Data for the Authorised Network Model) of Annex 1.
Maximum Demand	The analysis scenario of the Authorised Network Model

Scenario	populated with demands that reflect maximum loading conditions.
Minimum Demand Data	The Network Demand Data that is applied to the Minimum Demand Scenario. The construction of Minimum Demand Data is described in section 5.37 (Minimum Demand Data for the Authorised Network Model) of Annex 1.
Minimum Demand Scenario	The analysis scenario of the Authorised Network Model populated with demands that reflect minimum loading conditions.
MVA	Mega Volt Ampere (1,000 kVA): a unit of network capacity.
MW	Megawatt (1,000 kW): a unit of power flow.
MWh	Megawatt hour (1,000 kWh): a unit of energy. Energy trading is usually conducted in MWh.
N-1 Contingency	An N-1 Contingency considers an N-1 Event occurring on the Authorised Network Model and models the consequential network actions and where appropriate constraints on Connectee demands to ensure that the flow on each Branch is within its rated capacity and so is ER P2/6 compliant.
N-1 Event	An N-1 Event is a First Circuit Outage (FCO) as explained in ER P2/6. It signifies a fault or arranged outage on the network which would result in a section of the network defined by the relevant protection scheme to sectionalise and isolate the faulty section, or isolate the section to be worked on for maintenance, resulting in zero power flow in the affected network. N-1 Events should consider an outage of a complete Circuit and only consider faults or arranged outages occurring with the network initially running under Normal Running Arrangements.

National Electricity Transmission System	Has the meaning given to that expression in the CUSC
Negative Load Injection	Negative Load Injection is a negative value of load calculated and applied to a source substation within the network model to represent the effects of diversity between associated downstream demands upon the actual demand observed at the source substation.
Net Diversity Factor	A scaling factor that represents the diversity between the maximum demands observed at substations at different levels of a network, which may be derived by multiplying Diversity Factors representing the diversity between interim levels.
network	This is a reference to the DNO Party's Distribution System, or to a particular part of that Distribution System.
Network Demand Data	This is the load and generation which is used to populate the Authorised Network Model. Network Demand Data is constructed of Network Demand Data (Load) and Network Demand Data (Generation). A description of Network Demand Data is given in section 5 of (Network Demand Data) of Annex 1.
Network Demand Data (Generation)	Generation export applied within the Authorised Network Model at Nodes representing the Entry Point for each EDCM Connectee with an agreed Maximum Export Capacity, factored according to ER P2/6 or coincidence with other generation export, where appropriate.
Network Demand Data (Load)	The load applied within the Authorised Network Model at Nodes representing the Exit Point for each EDCM Connectee and/or the lower voltage busbars at each EHV/HV substation.

network level	The network is modelled as a stack of circuit and transformation levels between supplies at LV and the National Electricity Transmission System. A network level is any circuit or transformation level in that stack. An additional network level is used for transmission exit.
Node	A representation of a point on the DNO Party's EHV network that is a point of connection between a Branch and one or more of the following: • another Branch; or • an Entry Point or the Sole Use Assets connecting the Entry Point; or • an Exit Point or the Sole Use Assets connecting the Exit Point; or • the DNO Party's HV network; or • the Distribution System of another DNO Party or IDNO Party; or • the National Electricity Transmission System, and "Nodal" shall be construed accordingly.
Normal Running Arrangements	The DNO Party's network with no system outages i.e. with no planned outages (e.g. for maintenance) and no unplanned outages (e.g. subsequent to a fault).
Off-Peak Charge	The Nodal marginal charge (£/kVA/annum) calculated for the Minimum Demand Scenario. The calculation of this Nodal marginal charge is discussed in section 8 (Output results) of Annex 1.
Peak Charge	The Nodal marginal charge (£/kVA/annum) calculated for the Maximum Demand Scenario. The calculation of this Nodal marginal charge is discussed in section 8 (Output

results) of Annex 1.

Point of Common Coupling	The Point of Common Coupling for a particular single Connectee is the point on the network where the power flow associated with the single Connectee under consideration, may under some (or all) possible arrangements interact with the power flows associated with other Connectees, taking into account all possible credible running arrangements.
Power factor	The ratio of energy transported (kW) to network capacity used (kVA).
Portfolio tariff	A tariff for use of the network by another DNO/IDNO Party where charges are linked to flows out of/into the other DNO/IDNO Party's network from its Connectees or further nested networks.
Reactive Power	The product of the voltage and current and the sine of the phase angle between them, measured in units of voltamperes reactive.
Recovery Factor	A factor which is applied to the Branch incremental costs to limit the level of Branch cost recovery to being no greater than the actual reinforcement cost of the Branch.
Regulatory Year	Has the meaning given to that expression in the DNO Party's Distribution Licence.
RRP	Regulatory reporting pack, a dataset produced each year by each DNO Party for the Authority.
Scaling Factor	A factor which is calculated for each Grid Supply Point (or group of normally interconnected Grid Supply Points) to calculate the Network Demand Data (Load) element of the Minimum Demand Data.

Security Factor	These describe the change in utilisation of Branches between the Maximum Contingency Flows determined by Contingency Analysis and the Base Case Flows determined by Base Case Analysis. Section 6.6 (Security Factor Calculation) of Annex 1 describes how Security Factors are calculated.
Sensitivity Coefficients Approach	An analytical approach for the calculation of Incremented Flows, which approach is described in section 6.23 (Sensitivity Coefficients Approach) of Annex 1.
Seven Year Statement	This is the statement of that name required to be produced by the National Electricity Transmission System Operator under its Licence in respect of the whole of Great Britain. The statement includes information on demand, generation, plant margins, the characteristics of the existing and planned National Electricity Transmission System, its expected performance and capability now and in the future.
Sole Use Assets	Sole Use Assets are assets in which only the consumption or output associated with a single Connectee can directly alter the power flow in the asset, taking into consideration all possible credible running arrangements, i.e. all assets between the Connectee's Entry/Exit Point(s) and the Point(s) of Common Coupling with the general network.
System simultaneous maximum load	The maximum load for the GSP Group as a whole.
Transformer Branch	A categorisation used in the derivation of Branch reinforcement costs, for Branches that represent transformation between different voltage levels.
unit	Where the context permits, the word unit refers to kWh.
unit rate	A charging or payment rate based on units distributed or

units generated. Unit rates are expressed in p/kWh. Tariffs applied to multi-rate meters and/or using several time bands for charging have several unit rates.

4. NETWORK MODELLING

- 4.1 This section 4 describes the input data required to model the DNO Party's Distribution System for pricing purposes.

Authorised Network Model

- 4.2 This is the network model that represents the DNO Party's entire EHV network, from the GSP level down to and including the HV busbar at the EHV/HV transformation level and includes all authorised (i.e. sanctioned by the DNO Party) reinforcement, replacement, diversion and new connection works that are anticipated to be constructed and operational at the time of Maximum Demand in the year for which the Use of System Charges are being calculated.
- 4.3 Due to the timings difference between the publication of the LTDS and the creation and publication of Use of System Charges, the Authorised Network Model may contain revised assumptions to the LTDS information. Where a part of a single authorised network project is expected to be commissioned and operational in the year for which Use of System Charges are to be calculated then the DNO Party may, if appropriate, model the fully completed network project.
- 4.4 The Authorised Network Model may be constructed so that power flow analysis may be conducted separately upon individual Grid Supply Points (or groups of normally interconnected Grid Supply Points) provided that there is no transfer of demand, or interconnection, with adjacent Grid Supply Points considered in the analysis of contingency conditions.
- 4.5 A representation of the National Electricity Transmission System shall be included in the model. The complexity of the representation will be dependent on the level of interconnection of Grid Supply Points via the DNO Party's EHV network. The representation may be:

- (a) a simple generator infeed at the Grid Supply Point; or
 - (b) the use of equivalent circuits to model the interconnections of the Grid Supply Points via the National Electricity Transmission System; or
 - (c) a full replication of the National Electricity Transmission System electrically local to the DNO Party's Distribution System; or
 - (d) a full replication of the whole of the National Electricity Transmission System.
 - (e) The method of representation should be carefully selected in order to produce a suitable representation of the flows into the DNO Party's EHV network from the National Electricity Transmission System during both Normal Running Arrangements and N-1 Contingency scenarios.
- 4.6 Where there is a connection between the DNO Party's EHV network and an IDNO Party's EHV network (or another DNO Party's EHV network), these can be represented either by an Exit Point or an Entry Point in a similar manner to that of an EDCM Connectee. In the event that the IDNO Party's (or other DNO Party's) network derives its supply from several different connection points on the DNO Party's Distribution System it may become necessary to model some or all of the IDNO Party's (or other DNO Party's) network to ensure that the flows at the boundary are representative of those expected under Normal Running Arrangements and Contingency scenarios.
- 4.7 The Authorised Network Model can be modelled so that it takes into account every different section of a Circuit, including individual underground cables and overhead line sections, with each different type forming a separate Branch in the model connected between two Nodes. However, this approach can lead to known issues associated with the non-convergence to a power flow solution of models with large numbers of Nodes and large numbers of Branches with very small impedances. It is acceptable to model a single Branch to represent a composite of multiple subcomponents of cable and overhead line. The impedance of a composite Branch can be calculated from the types of subcomponent that make up the overall Circuit length. The rating of a composite Branch can be obtained by examining the rating of all the Branch subcomponents and the lowest rating will be used as the limiting section that overloads first. For underground cables the impedance/rating is dependent upon the

construction type of the cable, cross sectional area of the conductor, conductor material, whether the cable is laid directly in the ground or in ducts. Similarly, for overhead lines the impedance/ rating is dependent upon the construction type of the overhead line structures (to take account of the relative positions of the conductors), the conductor material/type and cross sectional area. This information can then be used to determine the Branch impedance and minimum component rating applied to the Branch in the network model.

- 4.8 As an example, if Figure 2 below represents the actual network, the approach described above to produce the EHV network model would reduce it to a Nodal model representation as shown in Figure 3 below.
- 4.9 Table 33 below shows an example of the data held relating to Figure 2 with the individual subsections being cross referenced to each Branch. Table 34 lists the parameters used for the Nodal model shown in Figure 3.

Figure 15 - An example of a section of network to be converted into a model.

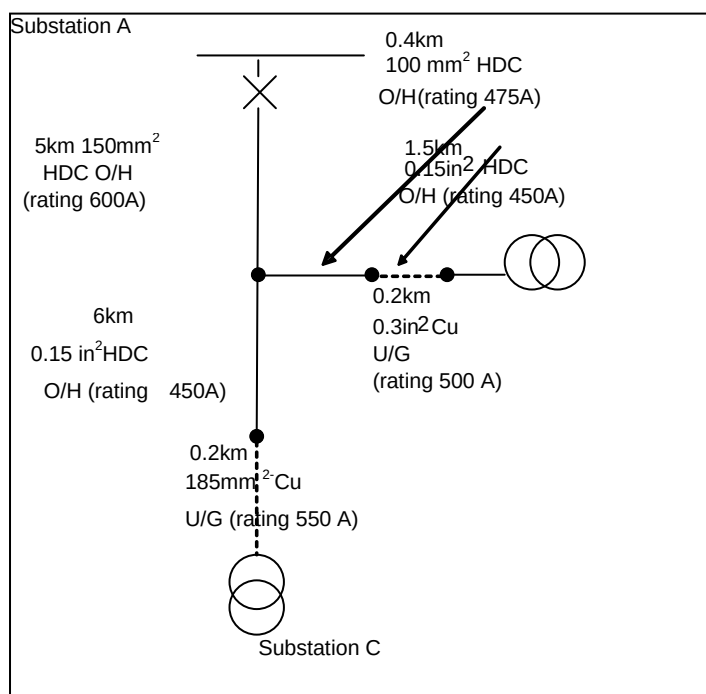


Figure 16 - The resultant Nodal model which represents the example network in Figure 2.

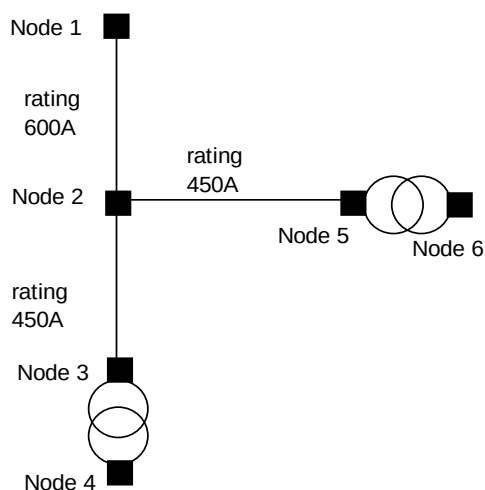


Table 33 - An example of the information held separately relating to Figure 2 which is used to provide the minimum composite branch rating.

Branch	Line Section	Type	Length	Rating	R(p.u.) 17	X(p.u.)
Node 1 to Node 2	1	150mm ² HDC O/H	5km	600A	0.001	0.01
Node 2 to Node 3	1	0.15in ² HDC O/H	6km	450A	0.0018	0.0054
Node 2 to Node 3	2	185mm ² Cu U/G	0.2km	550A	0.00003	0.0003
Node 2 to Node 5	1	100mm ² HDC O/H	0.4km	475A	0.00004	0.0004
Node 2 to Node 5	2	0.3in ² Cu U/G	0.2km	500A	0.00003	0.0001
Node 2 to Node 5	3	0.15in ² HDC O/H	1.5km	450A	0.00045	0.0013 5

¹⁷ For the sake of simplicity ratings, resistance and reactance values given above are assumed and may be used only for illustrative purposes such as the given example to calculate equivalent ratings and parameters for a composite Branch.

Table 34 - Parameters used for the Nodal model shown in Figure 3.

Branch	Line Section	Rating	R(p.u.)	X(p.u.)
Node 1 to Node 2	1	600A	0.001	0.01
Node 2 to Node 3	1	450A	0.00183	0.0057
Node 2 to Node 5	3	450A	0.00052	0.00185

5. NETWORK DEMAND DATA

5.1 This section 5 describes the input data required to model the DNO Party's Distribution System for pricing purposes.

Demand Data (Load)

5.2 The load demands in the model will be the estimated demand for the year for which prices are being produced. This estimated demand will be based on actual recorded network data collected by the DNO Party. The following Demand Data is required as the basis of populating the Authorised Network Model:

- (a) Maximum Demands at each Connection Node;
- (b) Maximum Demands at Grid Supply Points;
- (c) Minimum Demands at Grid Supply Points; and
- (d) Maximum Demands at Bulk Supply Points or other intermediate substations
(Only required if Method 1 or Method 3 Diversity calculations are being used).

5.3 The data will be based on the DNO Party's maximum load estimate for each substation as identified in the LTDS and represent the maximum load estimates at Grid Supply Point level as submitted by the DNO Party to the National Electricity Transmission System Operator for its Seven Year Statement. Due to the timings difference between the publication of the Long Term Development Statement and the creation and publication of Use of System Charges the Demand Data may contain revised assumptions to the Long Term Development Statement. Where new EDCM

Connectees and substations are included in the Authorised Network Model, their demands will be individually assessed and estimated by the DNO Party.

- 5.4 The load estimates in the Long Term Development Statements, are normally cleansed and validated ensuring:
- (a) the maximum loads that are recorded reflect Normal Running Arrangements;
 - (b) consideration of application of suitable weather correction, if appropriate; and
 - (c) that latent demand is accounted for in accordance with the guidance contained in ETR130.

Demand Data (Generation)

- 5.5 Generation in the model will be based on the Maximum Export Capacities for EDCM Connectees. For the Minimum Demand Scenario a Generation Coincidence Factor will be applied, where appropriate. An F factor as described in ER P2/6 may be required for the Maximum Demand Scenario. Where sufficient actual recorded network data exists, a generator's site-specific F factor may be calculated, as described in ETR 130.

Modelling of Connectees with both Load and Generation

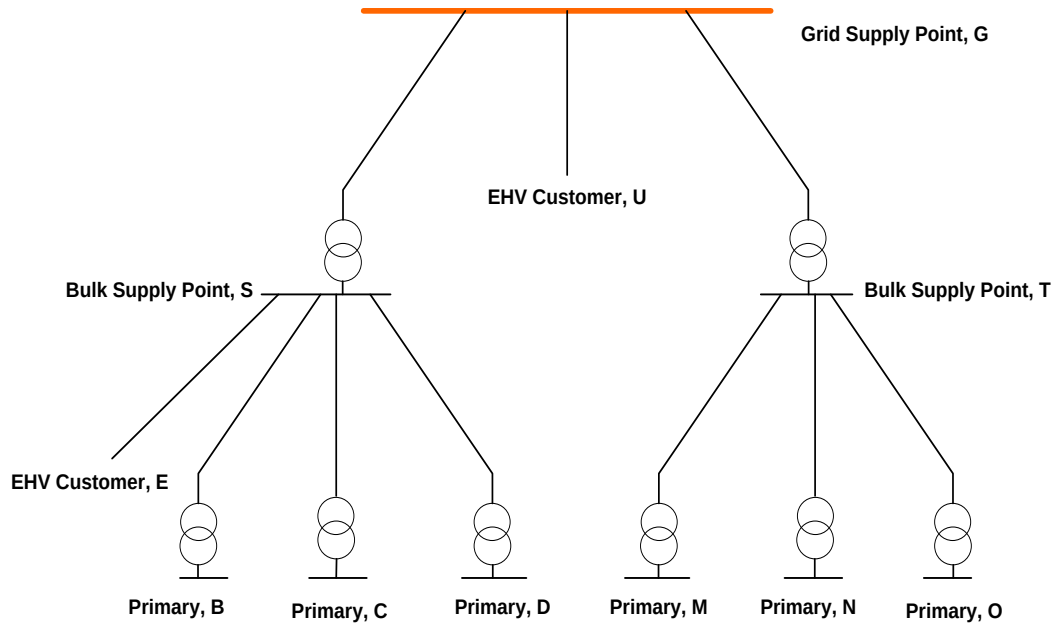
- 5.6 'Import/Export' Connectees (Connectees that have the ability to import electricity from, and export electricity to, the Distribution System) require special consideration so that only a single pair of Nodal marginal charges (Charge 1 and Charge 2) are calculated for each Connectee.
- 5.7 'Import/Export' Connectees are modelled as either a demand Connectee or a generation Connectee throughout both the Maximum Demand and Minimum Demand Scenarios - but not as both types of Connectees. The choice of model is based on whether the Connectee's dominant operating mode is that of a demand Connectee or a generation Connectee (determined by examination of the Connectee's Maximum Import Capacity and Maximum Export Capacity or kWh consumptions as appropriate). Thus, in both demand scenarios, the Connectee is treated solely as either a load Connectee or a generation Connectee according to their dominant behaviour.

- 5.8 In contrast, however, it may be noted that if two Connectees are connected to a single Node and one is a generation Connectee, the other a demand Connectee, then two sets of Nodal marginal charges would be produced - one for the demand, the other for the generation. This reflects the fact that the two individual Connectees can operate simultaneously in opposing modes, whereas this is clearly not possible for a single Import/Export Connectee.
- 5.9 Once the predominant operating mode has been determined for an Import/Export Connectee, the magnitudes of the demands to be applied in each scenario are determined by reference to the Network Demand Data (Load) and Demand Data (Generation) sections as appropriate.
- 5.10 The incremental costs for these Connectees are derived from increments applied with the appropriate power factor for the dominant behaviour of the Connectee (e.g. if the Connectee is considered to behave predominantly as a load Connectee, the power factor of the applied increment would be appropriate for a load i.e. 0.95).

Diversity Factors

- 5.11 The demands that are required to be populated in the Authorised Network Model need to be set so the modelled demand supplied through a GSP is equal to the Maximum Demand at the GSP as determined in the Network Demand Data (Load) section above. This may be achieved by using Diversity Factors to modify the Connection Node maximum demands or by the use of Negative Load Injections. The following describes acceptable methods to achieve this requirement.
- 5.12 To aid the description a simple network is shown in Figure 4 below which will provide a basis for the examples:

Figure 17 - Example model for the calculation of Diversity Factor.



Method 1 – Hierarchical Diversity Factors

- 5.13 Networks are typically built as a hierarchy. The typical hierarchy levels are primary substation, Bulk Supply Points and Grid Supply Points. There may also be other intermediate levels such as 132kV switching substations. A Diversity Factor can then be calculated for each required substation. The Diversity Factor is calculated as the maximum demand at that substation divided by the sum of the maximum demands of all points of the network at the next lower hierarchy served by that substation plus an allowance for losses in that part of the network.
- 5.14 In our example, for Bulk Supply Point, S (see Figure 4), supplying three primary substations, B, C and D, and an EDCM Connectee E, Diversity Factor is derived as:

$$DF_S = MD_S / (MD_B + MD_C + MD_D + MD_E + losses_{S \rightarrow})$$

where MD_S is the maximum demand at substation S, MD_B is the Maximum Demand at substation B, MD_C is the Maximum Demand at substation C, MD_D is the Maximum Demand at substation D, MD_E is the Maximum Demand at the EDCM Connectee E substation, while $losses_{S \rightarrow}$ incurs line losses in the downstream network supplied from Bulk Supply Point S as shown in Figure 4.

- 5.15 Similarly for Grid Supply Point, G, supplying two Bulk Supply Points, S and T, and an EDCM Connectee U, Diversity Factor is derived as:

$$DF_G = MD_G / (MD_S + MD_T + MD_U + losses_{G \rightarrow})$$

- 5.16 Diversity Factors are calculated separately for each substation at each level. In our example Diversity Factors would be calculated for substations S, T, and G.
- 5.17 A Net Diversity Factor is then applied to each Connection Node based on the product of Diversity Factors of all the substations that supply that Connection Node. In the example the following Net Diversity Factors would be applied to each of the Connection Nodes.

Table 35 - Calculation of Net Diversity Factors - Hierarchical Diversity Factors.

Connection Node	Maximum Demand	Net Diversity Factor	Demand to be applied to the Network Model
Primary, B	MD_B	$DF_G * DF_S$	$DF_G * DF_S * MD_B$
Primary, C	MD_C	$DF_G * DF_S$	$DF_G * DF_S * MD_C$
Primary, D	MD_D	$DF_G * DF_S$	$DF_G * DF_S * MD_D$
EDCM Connectee, E	MD_E	$DF_G * DF_S$	$DF_G * DF_S * MD_E$
Primary, M	MD_M	$DF_G * DF_T$	$DF_G * DF_T * MD_M$
Primary, N	MD_N	$DF_G * DF_T$	$DF_G * DF_T * MD_N$
Primary, O	MD_O	$DF_G * DF_T$	$DF_G * DF_T * MD_O$
EDCM Connectee, U	MD_U	DF_G	$DF_G * MD_U$

- 5.18 Diversity Factors are applied to both the Active Power and Reactive Power demands at each connection point thus ensuring the power factor of the demand remains unchanged.

Method 2 – Single Diversity Factors

- 5.19 Where a network has significant interconnection or is subject to regular rearrangement (e.g. primary substations being transferred between Bulk Supply Points) the use of a single Diversity Factor for all the demand supplied by a Grid Supply Point (or a set of interconnected Grid Supply Points) may be appropriate. The Diversity Factor for the GSP is calculated as the Maximum Demand at the GSP divided by the sum all the Maximum Demands of each Connection Node supplied from that GSP plus an allowance for losses.
- 5.20 Using the example shown in Figure 4 a single Diversity Factor for Grid Supply Point, G can be calculated as

$$DF_{G1} = MD_G / (MD_B + MD_C + MD_D + MD_E + MD_M + MD_N + MD_O + MD_U + losses)$$

where *losses* are network losses of the network shown in Figure 4.

- 5.21 The Net Diversity Factor in this method is equal to the calculated single Diversity Factor. In the example the following Net Diversity Factors would be applied to each of the Connection Nodes.

Table 36 - Calculation of Net Diversity Factors - Single Diversity Factors.

Demand point	Maximum Demand	Net Diversity Factor	Demand to be applied to the Network Model
Primary, B	MD_B	DF_{G1}	$DF_{G1} * MD_B$
Primary, C	MD_C	DF_{G1}	$DF_{G1} * MD_C$
Primary, D	MD_D	DF_{G1}	$DF_{G1} * MD_D$
EDCM Connectee, E	MD_E	DF_{G1}	$DF_{G1} * MD_E$
Primary, M	MD_M	DF_{G1}	$DF_{G1} * MD_M$
Primary, N	MD_N	DF_{G1}	$DF_{G1} * MD_N$
Primary, O	MD_O	DF_{G1}	$DF_{G1} * MD_O$
EDCM Connectee, U	MD_U	DF_{G1}	$DF_{G1} * MD_U$

- 5.22 Diversity Factors are applied to both the Active Power and Reactive Power demands at each connection point thus ensuring the power factor of the demand remains unchanged.

Method 3 – Negative Load Injections

- 5.23 A Negative Load Injection is a negative value of load calculated and applied to a source substation within the network model to represent the effects of diversity between associated downstream demands upon the actual demand observed at the source substation.
- 5.24 Negative Load Injections can be used to ensure that when the Maximum Demand is applied to each Connection Node then the modelled flow through the Grid Supply Point matches the Maximum Demand at the Grid Supply Point.
- 5.25 Negative Load Injections are applied at a substation to ensure that the demand at the substation equals the required Maximum Demand for that substation. Negative Load Injections are normally placed at Bulk Supply Points, other intermediate substations (such as 132kV switching Substation) and Grid Supply Points.
- 5.26 The amount of Negative Load Injection required to be applied at a substation is calculated as the maximum demand at that substation minus the sum of the maximum demands of all points of the network at the next lower hierarchy served by that substation plus an allowance for losses in that part of the network.
- 5.27 In our example, for Bulk Supply Point, S, supplying three Primary Substations, B, C and D, and an EDCM Connectee E, Negative Load Injection is derived as:

$$NLI_S = MD_S - (MD_B + MD_C + MD_D + MD_E + losses_{S \rightarrow})$$

- 5.28 Similarly for Grid Supply Point, G, supplying two Bulk Supply Points, S and T, and an EDCM Connectee U, Negative Load Injection is derived as

$$NLI_G = MD_G - (MD_S + MD_T + MD_U + losses_{G \rightarrow})$$

- 5.29 Note that the value of Negative Load Injection calculated is a negative number. This is modelled as a negative load (or generation) at the substation busbar so that the incoming flow matches the required maximum demand for that substation.

- 5.30 Negative Load Injections are applied as an Active Power injection only. No Reactive Power injection is applied.

Maximum Demand Data for the Authorised Network Model

Network Demand Data (Generation)

- 5.31 The Network Demand Data (Generation) element of the Maximum Demand Data will be constructed with generation output set at zero unless the generation can be considered to have a contribution to security of supply under ER P2/6, in which case the ER P2/6 level of export will be modelled.
- 5.32 The contribution of distributed generation to security of supply is dealt with in ER P2/6 through the application of F factors. Each Generation Installation is assigned an F factor and this represents the percentage of the generator's declared net capacity that can be considered when assessing network security. ER P2/6 also uses the term 'Persistence' to reduce the F factor for intermittent generation, as the time period (in hours) for which its contribution to security is being assessed increases. Table 2-4 of ER P2/6 recommends values of 'Persistence'; these values are dependent on the demand class being assessed. The value of 'Persistence' to be used for intermittent generation will be as stated in Table 2-4 of ER P2/6 for 'Other outage', using the maximum GSP (or GSP groups') demand instead of the demand class of the demand group.

Network Demand Data (Load)

- 5.33 The Network Demand Data (Load) element of the Maximum Demand Data will be constructed based on the Maximum Demands for each load point and either amended (Diversity Factors) or enhanced (Negative Load Injections) by the chosen diversity method (see section 5.11 (Diversity Factors) above).
- 5.34 The Diversity method is applied to the maximum demand load estimates for each load point to scale the modelled load in the Maximum Demand Data so that it reflects the Grid Supply Point maximum load estimates under Normal Running Arrangement.
- 5.35 The application of diversity in the derivation of this data needs to be carefully considered and aim to produce, where possible, within the constraints of a single set

of Network Demand Data, power flows that reflect typical flows under the Maximum Demand Scenario condition but also enable calculations to be undertaken upon an Authorised Network Model.

- 5.36 In considering the derivation of the Maximum Demand Data, it must be recognised that power flow analysis based on this Network Demand Data may not replicate the maximum power flow through individual assets that could be seen under all N-1 Contingency conditions, due to the limitations of analysis based upon a single set of Network Demand Data.

Minimum Demand Data for the Authorised Network Model

Network Demand Data (Generation)

- 5.37 The Network Demand Data (Generation) element of the Minimum Demand Data will be derived by application of a Generation Coincidence Factor to the Maximum Export Capacity of an Entry Point. There will be no adjustment for F factors.
- 5.38 Generation Coincidence Factors should be separately determined for each Grid Supply Point (or group of normally interconnected Grid Supply Points) using historic data. The Generation Coincidence Factor for each Grid Supply Point (or group of normally interconnected Grid Supply Points) will be applied to all generators, within the Authorised Network Model, that are supplied from the relevant Grid Supply Point (or group of normally interconnected Grid Supply Points).
- 5.39 The Generation Coincidence Factor for a Grid Supply Point (or group of Grid Supply Points) is equal to the maximum simultaneous MW generation output for all the EDCM (Generation) Connectees, within the Authorised Network Model, supplied from the Grid Supply Point (or group of Grid Supply Points), where suitable half hourly MW data is available, divided by the summated total of the Maximum Export Capacities of these generators.
- 5.40 Where Generation Coincidence Factors greater than 1 are determined for a Grid Supply Point (or group of normally interconnected Grid Supply Points), a Generation Coincidence Factor of 1 will be applied to all Generation Installations supplied from the relevant Grid Supply Point (or group of Grid Supply Points).

Network Demand Data (Load)

- 5.41 The Network Demand Data (Load) element of the Minimum Demand Data will be derived by application of a Scaling Factor to the Network Demand Data (Load) element of the Maximum Demand Data. Such Scaling Factors should be separately determined for each Grid Supply Point (or group of normally interconnected Grid Supply Points) using historic data. The Scaling Factors for each Grid Supply Point (or group of normally interconnected Grid Supply Points) will be applied to all loads taken from Exit Points supplied from the relevant Grid Supply Point (or group of normally interconnected Grid Supply Points).
- 5.42 The Scaling Factor for each Grid Supply Point (or group of normally interconnected Grid Supply Points) is calculated as:

$$\text{Scaling Factor}_G = \frac{\text{Minimum GSP Demand}_G}{\text{Maximum GSP Demand}_G}$$

Where:

Scaling Factor_G is the Scaling Factor for Grid Supply Point (or group of normally interconnected Grid Supply Points) G.

Maximum GSP Demand_G is the maximum demand at the Grid Supply Point (or group of normally interconnected Grid Supply Points) G as submitted by the DNO Party for inclusion in the National Electricity Transmission System Operator's Seven Year Statement.

Minimum GSP Demand_G is the minimum demand at the Grid Supply Point (or group of normally interconnected Grid Supply Points) G validated and cleansed with the same criteria as that used for the **Maximum GSP Demand_G**.

6. POWER FLOW ANALYSIS PROCESS

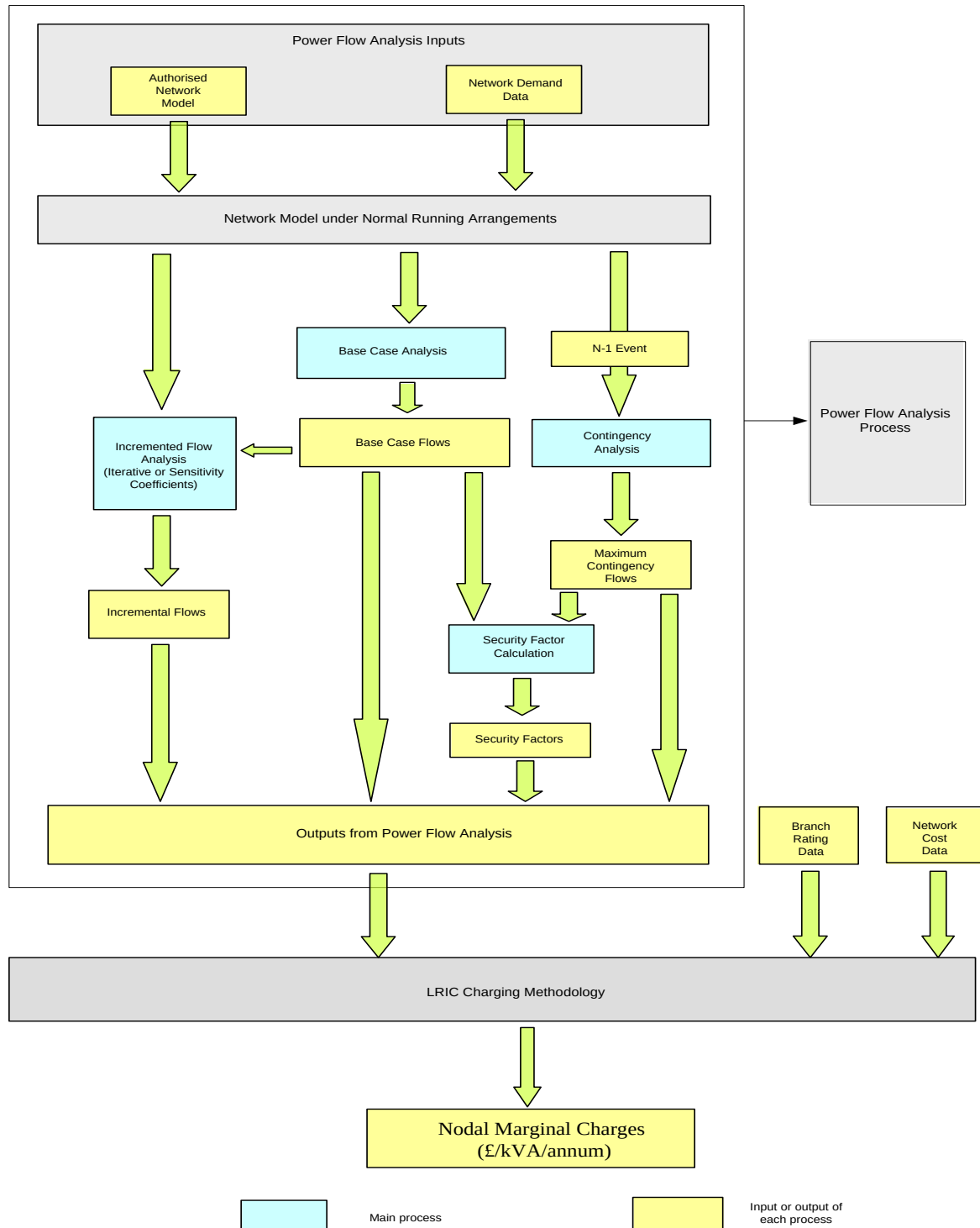
- 6.1 This section 6 describes the power flow analysis undertaken for pricing purposes. The purpose of the load flow analysis is to determine the utilisation of the network under Normal Running Arrangement (Base Case Analysis) and N-1 Contingency condition (Contingency Analysis). Furthermore, this analysis assesses the effect of the change in the utilisation of the network caused by a change in demand (load and/or

generation) at each Node. The Power Flow Analysis constitutes four main processes namely:

- (a) Base Case Analysis;
- (b) Contingency Analysis;
- (c) Security Factor calculation; and
- (d) Incremented Flow analysis.

6.2 The processes are performed separately for the two different demand scenarios. The main difference between the two scenarios is the Network Demand Data that is used, although the Branch Rating may also be different. One demand scenario uses Maximum Demand Data and the other uses Minimum Demand Data with appropriate Branch Rating data. These processes and their main inputs and outputs are shown diagrammatically in Figure 5.

Figure 18 - Flowchart of the LRIC pricing model.



Base Case Analysis

6.3 The Base Case Analysis is required to determine the utilisation of the network under Normal Running Arrangements. The main inputs to the Base Case Analysis are the Authorised Network Model and Network Demand Data. The output of the Base Case Analysis is the Base Case Flow in each Branch of the Authorised Network Model. The steps in this Base Case Analysis are:

- (a) Step 1 - the Authorised Network Model is populated with the relevant Network Demand Data for the scenario (i.e. Maximum Demand Data or Minimum Demand Data); and
- (b) Step 2 - the Authorised Network Model is analysed under Normal Running Arrangements to determine the power flows across each of the network Branches and the results are referred to as Base Case Flows.

Contingency Analysis

6.4 Contingency Analysis is required to determine the utilisation of the network where the network assets provide security of supply under N-1 Contingencies, as defined by ER P2/6. This analysis evaluates the change in utilisation of network assets from Base Case Analysis.

6.5 The main inputs to the Contingency Analysis are the Authorised Network Model, the Network Demand Data and the N-1 Contingencies. Each N-1 Contingency will include the N-1 Event and the consequential network actions required to meet the security of supply requirements of ER P2/6. For example, where appropriate, it may include constraints in distributed generation output, automatic switching schemes, manual switching and customer demand reductions. The output of the Contingency Analysis is the Maximum Contingency Flow in each Branch of the Authorised Network Model. The steps in this Contingency analysis are:

- (a) Step 1 - the Authorised Network Model is populated with the relevant Network Demand Data for the scenario (i.e. Maximum Demand Data or Minimum Demand Data);
- (b) Step 2 - each N-1 Contingency is applied to the populated Authorised Network Model in turn and the resultant network is analysed to determine the power flows across each of the network Branches and the results are referred to as Contingency Flows; and
- (c) Step 3 - when Step 2 has been completed for all N-1 Contingencies in both network demand scenarios the maximum flow in each Branch across all the N-1 Contingency analyses is determined and the results are referred to as Maximum Contingency Flows.

Security Factor Calculation

- 6.6 Security Factors represent the change in utilisation of a Branch between Normal Running Arrangements and worst case N-1 Contingency conditions.
- 6.7 The main inputs to the Security Factor Calculation are the Base Case Flows and the Maximum Contingency Flows. The output of the Security Factor Calculation is a Security Factor for each Branch of the Authorised Network Model for each scenario (the Maximum Demand Scenario and the Minimum Demand Scenario).
- 6.8 A Security Factor for each Branch under each scenario (the Maximum Demand Scenario and the Minimum Demand Scenario) is calculated as:

$$Security\ Factor_b = \frac{Maximum\ Contingency\ Flow_b}{Base\ Case\ Flow_b}$$

Where:

Security Factor_b is the Security Factor for Branch b.

Maximum Contingency Flow_b is the Maximum Contingency Flow for Branch b as determined by Contingency Analysis.

Base Case Flow_b is the Base Case Flow for Branch b as determined by Base Case Analysis.

- 6.9 Where *Maximum Contingency Flow_b* is less than *Base Case Flow_b* then a Security Factor of 1 will be used for Branch b, reflecting that the highest utilisation occurs under Normal Running Arrangements.

Incremented Flow Analysis

- 6.10 The Incremented Flow analysis seeks to determine the change in power flows in the Authorised Network Model arising from the addition of a 0.1MW demand increment at a given Node. This analysis is repeated for each Node where incremental costs are required in the Authorised Network Model and for each network demand scenario. The demand increments are applied to the Authorised Network Model populated with the relevant Network Demand Data.
- 6.11 The power factor and direction of the demand increments applied to the Authorised Network Model depend upon the network demand scenario considered and also the type of demand that is located at the Node where the increments are applied. This is summarised in the following table:

Table 37 - Application of increments.

Type of Demand at Node Being Incremented	Increment Applied			
	Maximum Demand Scenario		Minimum Demand Scenario	
	Power Factor	Direction	Power Factor	Direction
Demand (Load)	0.95	Load	0.95	Generation
Generation	Unity	Load	Unity	Generation

- 6.12 Increments applied at Nodes where demand (load) is located should be applied at 0.95 power factor under both the Maximum Demand Scenario and the Minimum Demand Scenario. In the Maximum Demand Scenario this increment should be applied in the direction of demand (load). In the Minimum Demand Scenario this increment should be applied in the direction of generation.
- 6.13 Increments applied at Nodes where generation is located should be applied at unity power factor under both scenarios. In the Maximum Demand Scenario this increment

should be applied in the direction of demand (load). In the Minimum Demand Scenario this increment should be applied in the direction of generation.

- 6.14 Where both demand (load) and generation are located at a given Node, Incremented Flow analysis will be required to be performed once with increments at 0.95 power factor at the Node and then again with separate application of increments at unity power factor at the Node.
- 6.15 The Incremented Flow analysis does not consider N-1 Contingencies. Security Factors derived from the Base Case Analysis and Contingency Analysis are used to determine the effect of N-1 Contingencies.
- 6.16 For each Node where increments are applied the difference between Incremented Flows and Base Case Flow need to be determined for each Branch. If the difference is greater than both 1kVA and 0.01% of the Branch Base Case Flow the Branch is further considered for the calculation of Nodal incremental costs. Power flow convergence criterion should be carefully selected to ensure that the power flow Nodal mismatches are smaller than the 1 kVA threshold.
- 6.17 The process is undertaken in Incremented Flow analysis for both the Maximum Demand Scenario and the Minimum Demand Scenario in turn. This is described below:

- (a) Step 1 - the Base Case Analysis is performed initially (see the Base Case Analysis section). The results of this analysis are Base Case Flows;
- (b) Step 2 - the power flows across each of the network Branches are determined for the condition where the relevant increment (see Table 37) is applied to a Node. The results are referred to as Incremented Flows;
- (c) Step 3 - the differences between the Incremented Flows and the Base Case Flows are evaluated. For those Branches where the difference is smaller than either 1kVA or 0.01% of the Base Case Flow then the Incremented Flow for that Branch is set to the Base Case Flow for that Branch; and
- (d) Step 4 - steps 2 and 3 are repeated for each Node in turn until they have been completed for each Node in the Authorised Network Model.

6.18 The results of Incremented Flow analysis are collated with the other outputs of the power flow analysis (see Figure 5).

Calculation of Incremented Flows

6.19 Incremented Flows may be calculated either by:

- (a) application of the relevant increment to a Node in the Authorised Network Model and using load flow solution techniques to determine the power flow through each Branch (the Iterative Approach); or
- (b) calculation of the power flow through each Branch, associated with the relevant increment to a Node, using sensitivity coefficients derived from the Base Case Analysis (the Sensitivity Coefficients Approach).

6.20 The method of calculation of the Incremented Flows should be selected such that the calculated Incremented Flows are a sufficiently accurate representation of the power flows arising from the addition of a 0.1MW demand increment at a Node. The method of calculation can be considered acceptable, where it is expected to produce Nodal incremental costs, derived from the Incremented Flows, that would vary by no greater than 5% from those that would be determined by use of the power flows arising from the addition of the demand increment.

Iterative Approach

- 6.21 The Iterative Approach determines the Incremented Flows required for the Incremented Flow analysis by applying the relevant single increment to each Node in turn to the Base Case and calculating the resultant Branch power flows using AC load flow solution techniques.
- 6.22 Prior to the application of the increment all the transformer tap positions, distributed generation outputs and switched shunt values are fixed to the values determined under Base Case Analysis to prevent change in their values when analysing the power flows with the increment applied.

Sensitivity Coefficients Approach

- 6.23 Sensitivity coefficients are a means of describing how the flow in a Branch of a network is affected by a small change of demand at a Node. There are two sensitivity coefficients for each Node-Branch combination namely:
- 6.23.1 Branch ij MVA power flow change with respect to a change of Active Power at the Node n , $\frac{\partial P_{ij}}{\partial P_n}$; and
- 6.23.2 Branch ij MVA power flow change with respect to a change of Reactive Power at a Node n , $\frac{\partial P_{ij}}{\partial Q_n}$.
- 6.24 Every Branch in the Authorised Network Model has a pair of coefficients (for real and reactive increments) for each Node on the network. Therefore, for a network with N Nodes and B Branches, there will be not more than $N*B$ sensitivity coefficients for real Nodal power increments and not more than $N*B$ sensitivity coefficients for reactive Nodal power increments.
- 6.25 This approach uses the standard output from the power flow analysis, i.e. for each Node n the following values: P_n P_i – active power injection at Node i , Q_i – reactive power injection at Node n , V_i – voltage magnitude at Node i and θ_n – θ_i – voltage angle at Node i . Then, for each Branch ij (between Node i and Node j) a set of sensitivity coefficients will be calculated using the set of equations here presented in matrix format (see matrix equation below):

$$A.x = b; \text{ and therefore}$$

$$\mathbf{x} = \mathbf{A}^{-1} \cdot \mathbf{b}$$

where $\mathbf{x}$ represents a vector of unknown sensitivity coefficients. $\mathbf{A}$ is the Jacobian Matrix which represent the first derivatives of active and reactive Nodal injections with respect to voltage angles and voltage magnitudes, respectively and $\mathbf{b}$ is the vector that shows the first derivatives of Branch power flow (MVA) with respect to Node voltage angles and magnitudes, respectively. It should be pointed that values of all derivatives in matrix $\mathbf{A}$ and vector $\mathbf{b}$ are calculated from the power flow solution obtained from Base Case Analysis. Sensitivity coefficients are calculated from the following equations:

$$\begin{bmatrix} \frac{\partial P_1}{\partial \theta_1} & \frac{\partial P_2}{\partial \theta_1} & \dots & \frac{\partial P_N}{\partial \theta_1} & \frac{\partial Q_1}{\partial \theta_1} & \frac{\partial Q_2}{\partial \theta_1} & \dots & \frac{\partial Q_N}{\partial \theta_1} \\ \frac{\partial P_1}{\partial \theta_2} & \frac{\partial P_2}{\partial \theta_2} & \dots & \frac{\partial P_N}{\partial \theta_2} & \frac{\partial Q_1}{\partial \theta_2} & \frac{\partial Q_2}{\partial \theta_2} & \dots & \frac{\partial Q_N}{\partial \theta_2} \\ \vdots & \vdots & & \vdots & \vdots & \vdots & & \vdots \\ \frac{\partial P_1}{\partial \theta_N} & \frac{\partial P_2}{\partial \theta_N} & \dots & \frac{\partial P_N}{\partial \theta_N} & \frac{\partial Q_1}{\partial \theta_N} & \frac{\partial Q_2}{\partial \theta_N} & \dots & \frac{\partial Q_N}{\partial \theta_N} \\ \hline \frac{\partial P_1}{\partial V_1} & \frac{\partial P_2}{\partial V_1} & \dots & \frac{\partial P_N}{\partial V_1} & \frac{\partial Q_1}{\partial V_1} & \frac{\partial Q_2}{\partial V_1} & \dots & \frac{\partial Q_N}{\partial V_1} \\ \frac{\partial P_1}{\partial V_2} & \frac{\partial P_2}{\partial V_2} & \dots & \frac{\partial P_N}{\partial V_2} & \frac{\partial Q_1}{\partial V_2} & \frac{\partial Q_2}{\partial V_2} & \dots & \frac{\partial Q_N}{\partial V_2} \\ \vdots & \vdots & & \vdots & \vdots & \vdots & & \vdots \\ \frac{\partial P_1}{\partial V_N} & \frac{\partial P_2}{\partial V_N} & \dots & \frac{\partial P_N}{\partial V_N} & \frac{\partial Q_1}{\partial V_N} & \frac{\partial Q_2}{\partial V_N} & \dots & \frac{\partial Q_N}{\partial V_N} \end{bmatrix} \times \begin{bmatrix} \frac{\partial P_{ij}}{\partial P_1} \\ \frac{\partial P_{ij}}{\partial P_2} \\ \vdots \\ \frac{\partial P_{ij}}{\partial P_N} \end{bmatrix} = \begin{bmatrix} \frac{\partial P_{ij}}{\partial \theta_1} \\ \frac{\partial P_{ij}}{\partial \theta_2} \\ \vdots \\ \frac{\partial P_{ij}}{\partial \theta_N} \\ \hline \frac{\partial P_{ij}}{\partial V_1} \\ \frac{\partial P_{ij}}{\partial V_2} \\ \vdots \\ \frac{\partial P_{ij}}{\partial V_N} \end{bmatrix}$$

6.26

where:

i, j are the sending and receiving ends of Branch ij ;

N is the total number of Nodes;

$\frac{\partial P_N}{\partial V_N}$ $\frac{\partial Q_N}{\partial V_N}$ are the first derivatives of Active Power and Reactive Power injections at Node N with respect to a voltage magnitude change at Node N , respectively;

$\frac{\partial P_N}{\partial \theta_N}$ $\frac{\partial Q_N}{\partial \theta_N}$ are the first derivatives of Active Power and Reactive Power injections at Node N with respect to a change of voltage angle at Node N, respectively;

$\frac{\partial P_{ij}}{\partial P_N}$ $\frac{\partial P_{ij}}{\partial Q_N}$ are the sensitivity coefficients of Branch *ij* MVA power flow with respect to Active Power and Reactive Power injection at Node N, respectively; and

$\frac{\partial P_{ij}}{\partial \theta_N}$ $\frac{\partial P_{ij}}{\partial V_N}$ are the first derivatives of Branch *ij* MVA power flow with respect to voltage angle and magnitude at Node N, respectively.

6.27 All elements of matrix A and vector b can be calculated from the power flow analysis outputs and the electrical parameters of the Authorised Network Model. The system of equations presented above is of a generic nature. It should be noted that, in its practical application:

- (a) Slack Node – is used to balance the Distribution System (network) Active Power and Reactive Power. The corresponding rows related to Active Power and Reactive Power for this particular Node are omitted from the Jacobian matrix and consequently the corresponding sensitivities $\frac{\partial P_{ij}}{\partial P_n}$, $\frac{\partial P_{ij}}{\partial Q_n}$ are set to zero for this Node; and
- (b) PV Nodes – are used to maintain target voltages. This means that the voltage magnitude changes are omitted from the power flow state vector for such Nodes. The corresponding rows for Reactive Power are therefore omitted from the Jacobian matrix and consequently the corresponding sensitivities $\frac{\partial P_{ij}}{\partial Q_n}$ are set to zero for such Nodes.

6.28 For the calculation of Incremented Flows, sensitivity coefficients (vector x) are calculated from the power flow solution determined in the Base Case Analysis. Once calculated, the sensitivity coefficients are used to calculate the new power flow in a Branch by multiplying the coefficient by the Nodal increment or decrement to

evaluate the change in power flows and adding this to the Base Case Flow of the Branch. The results are referred as Incremented Flows.

6.29 For an increment of 0.1 MW at 0.95 power factor (i.e. 0.1 MW and 0.0329 MVar):

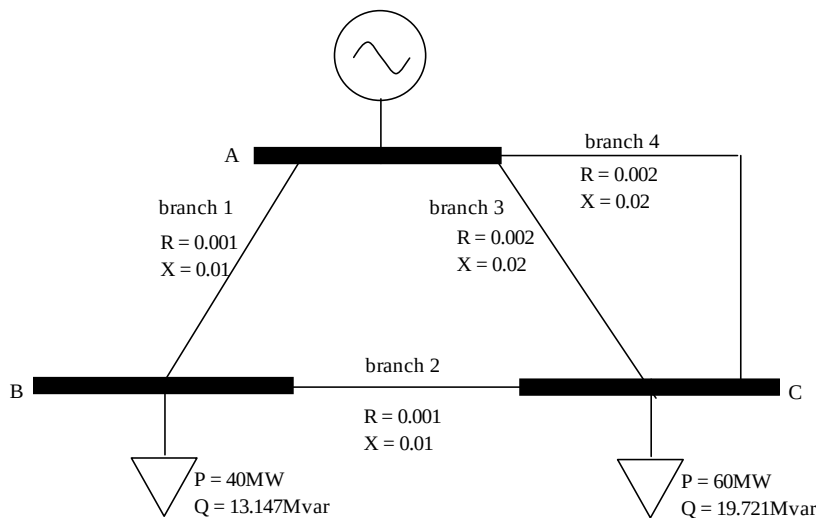
$$\text{Incremented Flow}_{n,ij} = \text{Base Case Flow}_{ij} + 0.1 * \frac{\partial P_{ij}}{\partial P_n} + 0.0329 * \frac{\partial P_{ij}}{\partial Q_n}$$

where, $\text{Incremented Flow}_{n,ij}$ is the new MVA power flow in Branch ij as a result of a change of demand at Node n , $\text{Base Case Flow}_{ij}$ is the MVA power flow in Branch ij as determined in the Base Case Analysis, $\frac{\partial P_{ij}}{\partial P_n}$ is the Active Power sensitivity coefficient for a Node n and Branch ij combination; and $\frac{\partial P_{ij}}{\partial Q_n}$ is the Reactive Power sensitivity coefficient for a Node n and Branch ij combination.

Outputs from Power Flow Analysis

6.30 To illustrate the outputs from the power flow analysis the example network is shown in Figure 6 and the power flow analysis results (from the application of 0.1MW increments, in the direction of demand (load), to Nodes in the Maximum Demand Scenario) is shown in Table 38.

Figure 19 - Example network.



6.31 Table 38 shows the Base Case Flow, Contingency Flow, Incremented Flow, the power factor of the applied demand increment and the Security Factor for each Branch per Node for Maximum Demand Scenarios.

6.32 Similar tables would need to be created for the following scenarios/increments:

- (a) Minimum Demand Scenario – applying 0.1 MW at 0.95 power factor in generation direction at each Node where demand is located;
- (b) Maximum Demand Scenario - applying 0.1 MW at unity power factor in demand direction at each Node where generation is located; and
- (c) Minimum Demand Scenario – applying 0.1 MW at unity power factor in generation direction at each Node where generation is located.

Table 38 - An example set of output results from Maximum Demand Scenario

Node where increments are applied	Power Factor Of Demand Increment	Branch	Base Case Flow(MV A)	Maximum Contingency Flow(MVA)	Security Factor	Incremented Flow(MV A)
			A	B	=B/A	
B	0.95	Branch 1	49.228	63.356	1.287	49.299
		Branch 2	7.024	42.179	6.005	6.989
		Branch 3	28.133	52.890	1.880	28.151
		Branch 4	28.133	52.890	1.880	28.151
C	0.95	Branch 1	49.228	63.356	1.287	49.263
		Branch 2	7.024	42.179	6.005	7.059
		Branch 3	28.133	52.890	1.880	28.168

		Branch 4	28.133	52.890	1.880	28.168

- 6.33 It should be noted that, where both demand (load) and generation are located at a given Node, two sets of results will be produced at the Node for each scenario (one set for application of increments at 0.95 power factor and another for increments applied at unity power factor).
- 6.34 For each Node where demand is incremented any Branch showing a power flow change greater than both 1kVA and 0.01% of the Branch Base Case Flow is listed in the table above, which also shows the Base Case Flow, Security Factor and Incremented Flow. The filtering of the flows against the above criteria may be carried out at this stage of the power flow analysis or alternatively included in the cost modelling element of the process for pricing. It should be noted that for each Node-Branch combination the Base Case Flows, Security Factors, Incremented Flows and Branch Ratings may be different.

7. CALCULATION OF NODAL INCREMENTAL COSTS

- 7.1 The calculation of Nodal incremental costs is based on the outputs obtained from the power flow analysis process (see Figure 5 in section 6, Power flow analysis process).
- 7.2 Using the results of the power flow analysis, Branch Rating data and reinforcement costs, the Nodal marginal charges can be calculated based on the procedure discussed in section 8 (Output results) below.
- 7.3 The main principles for the calculation of reinforcement costs are given in section 7.4 (Reinforcement Cost Calculation Principles) below, while the Branch Rating data is discussed in section 7.5 (Branch Rating Data) below.

Reinforcement Cost Calculation Principles

- 7.4 These are general principles for the calculation of the reinforcement costs:

- (a) each Branch within the Authorised Network Model should be considered as being one of three types:
 - (i) Transformer Branches - which represent Branches at substations that provide transformation between different voltage levels;
 - (ii) Circuit Branches - which represent an interconnection (or part of an interconnection) between substations and which operate at a single voltage level; or
 - (iii) Zero-cost Branches - these Branches exist in the network model but have zero reinforcement costs;
- (b) Zero-cost Branches will include, but not be limited to:
 - (i) Branches that represent assets that are not part of the DNO Party's Distribution System for which incremental costs are being calculated (e.g. sections of the National Electricity Transmission System, adjacent Distribution Systems etc.);
 - (ii) Branches that represent Sole Use Assets; and
 - (iii) Branches that represent internal connections within substations, other than installed transformation (e.g. bus couplers, bus section circuit breakers etc.);

a cost of reinforcement will be allocated to each Transformer Branch and Circuit Branch taking account where possible of:
- (c) the voltage of operation of the Circuit (or in the case of Transformer Branches, the voltages of transformation);

- (i) the existing mix of overhead line and underground cable within Circuit Branches; and
 - (ii) the requirements and costs of similar historic reinforcement projects.
 - (iii) the cost of reinforcement for a Branch will be constructed from typical unit costs appropriate to the categorisation of the Branch and the components represented.
- (d) the costs associated with substation plant and equipment (such as circuit breakers, switches, protection equipment, earthing devices etc.) will be included within the cost of reinforcement and allocated appropriately across the Transformer Branches and Circuit Branches to which they relate; and the typical unit costs used to derive the cost of reinforcement for a Branch will:
- (i) reflect the modern equivalent asset value of reinforcing the particular asset;
 - (ii) include overheads directly related to the construction activity; and
 - (iii) include building and civil engineering works, in unmade ground.

Branch Rating Data

- 7.5 Each Branch in the Authorised Network Model needs to be assigned a Branch Rating appropriate to each analysis scenario considered. Where a Branch represents a number of components (for instance, a number of sections of overhead line and/or underground cable) then the rating of that Branch is calculated by looking at the ratings of all the subcomponents and determining the lowest value. The rating of a transformer will be the capability of the transformer to supply load at its secondary terminals.

8. OUTPUT RESULTS

Basis of calculation of Peak and Off-Peak Nodal marginal charges

- 8.1 The outputs of the power flow analysis discussed in section 6 (Power flow analysis process) above, and the Branch Ratings and the reinforcement costs discussed in section 7 (Calculation of Nodal incremental costs) are further used to calculate Nodal

marginal charges. The main outputs of this process (shown as the LRIC Charging Methodology block in Figure 5) are Nodal marginal charges in £/kVA/annum for Maximum Demand (Peak Charge) and Minimum Demand Scenario (Off-Peak Charge).

8.2 These are the main characteristics of the calculation of Nodal marginal Peak and Off-Peak Charges:

- (a) For each Node where either demand or generation is located, Peak and Off-Peak Charges (a single pair of charges for the Node) are calculated using data from the analysis of the Maximum Demand Scenario and Minimum Demand Scenario, respectively. If both generation and demand are located at the same Node a pair of Peak/Off-Peak Charges is produced for each of them (a double pair of charges for the Node).
- (b) The first step in the calculation of Peak and Off-Peak Charges is the calculation of Branch incremental costs (ΔC_i) for each of two demand scenarios (ΔC_i^{peak} and $\Delta C_i^{off-peak}$) and for each applied increment. The formulae that should be used to calculate Branch incremental costs (ΔC_i) are given in Attachment 1 below.
- (c) Branch incremental costs (ΔC_i) could be either positive or negative. For example, if the applied increment at a Node causes larger incremented flows (MVA) than the Base Case Flows ($IncPowerFlow(MVA) > BasePowerFlow(MVA)$, see Attachment 1 below), $YearsToReinforcement(inc)$ would be smaller than $YearsToReinforcement(base)$ and consequently ΔC_i would be a positive value. The calculation of these times to reinforcement is described on a simple network example in Attachment 2 below.
- (d) Reinforcement of a Branch can be driven by either the Maximum Demand or the Minimum Demand Scenario. The period that is deemed to drive reinforcement, for each individual Branch, identified by application of increments at a given Node, is the period with the highest absolute value of associated Branch incremental cost. To decide which scenario drives the

Branch reinforcement, in each case, the corresponding absolute values of the Branch incremental costs should be compared.

Sense Checking Of Branch Incremental Costs

- 8.3 The overall recovery of charges (PositiveCostRecovery) for each Branch is individually examined and checked against the actual reinforcement cost for the Branch (ActualReinforcementCost) in order to assess whether the charge recovery for the Branch is excessive. Where excessive charge recovery in a Branch is identified a Positive Recovery Factor is applied to limit the recovery of charges in the Branch to the actual reinforcement cost.
- 8.4 The overall recovery of credits (NegativeCostRecovery) for each Branch is individually examined and checked against the actual reinforcement cost for the Branch (ActualReinforcementCost) in order to assess whether the recovery of credits for the Branch is excessive. Where excessive credit recovery in a Branch is identified a Negative Recovery Factor is applied to limit the total recovered credits to the actual reinforcement cost. The cost recovery in a particular Branch, associated with application of an increment at a Node where demand (load) is located, is:
- (a) the product of the Branch incremental cost, divided by the load increment, and the modelled load at the Node used in the Network Demand Data (Load) that represents the Maximum Demand Scenario - where the period that drives reinforcement is the Maximum Demand Scenario; or
 - (b) the product of the negative of the Branch incremental cost, divided by the load increment, and the modelled load at the Node used in the Network Demand Data (Load) that represents the Minimum Demand Scenario - where the period that drives reinforcement is the Minimum Demand Scenario.
- 8.5 The cost recovery in a particular Branch, associated with application of an increment at a Node where generation is located, is:
- (a) the product of the negative of the Branch incremental cost, divided by the generation increment, and the modelled generation output at the Node used in the Network Demand Data (Generation) that represents the Maximum Demand

Scenario - where the period that drives reinforcement is the Maximum Demand Scenario; or

- (b) the product of the Branch incremental cost, divided by the generation increment, and the modelled generation output at the Node used in the Network Demand Data (Generation) that represents the Minimum Demand Scenario - where the period that drives reinforcement is the Minimum Demand Scenario.

8.6 The positive cost recovery for a Branch is the summation of the cost recovery for the particular Branch across all Nodes where the Node's contribution is positive. This is expressed mathematically below:-

$$PositiveCost Recovery_i = \left(\sum_{k, \Delta C_i^k < 0} (-\Delta C_i^k) \cdot G_k^{peak} + \sum_{l, \Delta C_i^l > 0} (\Delta C_i^l) \cdot G_l^{off-peak} \right) / 100 + \left(\sum_{m, \Delta C_i^m > 0} (\Delta C_i^m) \cdot L_m^{peak} + \sum_{n, \Delta C_i^n < 0} (-\Delta C_i^n) \cdot L_n^{off-peak} \right) / 105.26$$

Where:

PositiveCostRecovery_i is the annual recovered 'positive' costs (i.e. charge) for Branch *i*,

k denotes Nodes where generation is located that produce Branch incremental costs for Branch *i*, where the period that drives reinforcement is the period represented by the Maximum Demand Scenario,

ΔC_i^k is the Branch incremental cost (£/annum) for Branch *i*, for generation Node "k" in the period represented by the Maximum Demand Scenario,

G_k^{peak} is the generator output (kVA) at Node "k" in the Network Demand Data (Generation) representing the Maximum Demand Scenario,

l denotes Nodes where generation is located that produce Branch incremental costs for Branch *i*, where the period that drives reinforcement is the period represented by the Minimum Demand Scenario,

ΔC_i^l is the Branch incremental cost (£/annum) for Branch *i*, for generation Node "l" in the period represented by the Minimum Demand Scenario,

$G_l^{off-peak}$ is the generator output (kVA) at Node “l” in the Network Demand Data (Generation) representing the Minimum Demand Scenario,

m denotes Nodes where demand (load) is located that produce Branch incremental costs for Branch i , where the period that drives reinforcement is the period represented by the Maximum Demand Scenario,

ΔC_i^m is the Branch incremental cost (£/annum) for Branch i , for generation Node “m” in the period represented by the Maximum Demand Scenario,

L_m^{peak} is the load (kVA) at Node “m” in the Network Demand Data (Load) representing the Maximum Demand Scenario,

n denotes Nodes where demand (load) is located that produce Branch incremental costs for Branch i , where the period that drives reinforcement is the period represented by the Minimum Demand Scenario,

ΔC_i^n is the Branch incremental cost (£/annum) for Branch i , for generation Node “n” in the period represented by the Minimum Demand Scenario,

$L_n^{off-peak}$ is the load (kVA) at Node “n” in the Network Demand Data (Load) representing the Maximum Demand Scenario load.

8.7 The negative cost recovery for a Branch is the summation of the cost recovery for the particular Branch across all Nodes where the Node’s contribution is negative. This is expressed mathematically below:-

$$NegativeCost Recovery_i = \left| \left(\sum_{k, \Delta C_i^k > 0} (-\Delta C_i^k) \cdot G_k^{peak} + \sum_{l, \Delta C_i^l < 0} (\Delta C_i^l) \cdot G_l^{off-peak} \right) / 100 + \left(\sum_{m, \Delta C_i^m < 0} (\Delta C_i^m) \cdot L_m^{peak} + \sum_{n, \Delta C_i^n > 0} (-\Delta C_i^n) \cdot L_n^{off-peak} \right) / 105.26 \right|$$

where NegativeCostRecovery_i is the annual recovered ‘negative’ costs (i.e. credit).

Each £/annum figure is negative and the absolute value of the total cost recovery is calculated. All quantities are defined in the paragraph above.

8.8 The actual reinforcement cost of a Branch is determined by:-

$$ActualReinforcementCost_i = AnnuityRate \cdot CostOfReinforcementSolution_i$$

Where:

ActualReinforcementCost_i is the annuitised reinforcement cost for Branch *I*;

AnnuityRate is the annuity rate used in the calculation of Branch incremental costs, as described in Attachment 1 below; and

CostOfReinforcementSolution_i is the reinforcement cost for Branch *i*, as used in the calculation of the Branch incremental cost.

8.9 A Positive Recovery Factor is determined for each Branch, as follows:

- (a) if *PositiveCostRecovery_i* is greater than *ActualReinforcementCost_i* for Branch *i*, the Positive Recovery Factor, s_{Pi} , is given by:

$$s_{Pi} = \text{ActualReinforcementCost}_i / \text{PositiveCostRecovery}_i$$

- (b) otherwise:

$$s_{Pi} = 1$$

8.10 A Negative Recovery Factor is calculated for each Branch in the following way:

- 8.10.1 if *NegativeCostRecovery_i* is greater than *ActualReinforcementCost_i* for Branch *i*, the Negative Recovery Factor, s_{Ni} , is given by:

$$s_{Ni} = \text{ActualReinforcementCost}_i / \text{NegativeCostRecovery}_i$$

- 8.10.2 otherwise:

$$s_{Ni} = 1$$

8.11 Two Recovery Factors are determined for each Branch. The Positive Recovery Factor for a particular Branch is applied to all positive Branch incremental costs associated with that Branch, when calculating Nodal incremental costs, irrespective of the period to which the Branch incremental costs relate. Similarly, the Negative Recovery Factor for a particular Branch is applied to all negative Branch incremental costs associated with that Branch, when Nodal incremental costs are calculated.

Demand Nodes

8.12 For Nodes where demand (load) is located:

- (a) Table 39 describes the comparison performed for Branch reinforcements identified by application of increments to a Node where demand (load) is located.
- (b) For the Maximum Demand Scenario the increment is applied in the demand (load) direction. If such an increase in demand (load) accelerates the reinforcement ($\Delta C_i^{peak} > 0$) the demand should be charged (Table 39, the first row, column 'Credit/Charge'). For the Minimum Demand Scenario the increment is applied in the generation direction (a reduction of demand). If such reduction of demand (load) would accelerate the reinforcement ($\Delta C_i^{off-peak} > 0$) then the demand charge takes the form of a credit (Table 39 the third row, column 'Credit/Charge').
- (c) It should be pointed out that each Branch incremental cost is considered in just one out of two charge periods (Peak or Off-Peak but not both) based on the scenario that drives the maximum absolute value of Branch incremental cost, as shown in Table 39. A calculation of Nodal incremental costs and Nodal marginal charges for a simple network example is given in Attachment 2 below.
- (d) To calculate the Peak Nodal incremental cost, a sum of all peak incremental costs ΔC_i^{peak} , each scaled by the appropriate Recovery Factor S_i , over all Branches where the Maximum Demand scenario drives reinforcements, associated with the application of an increment at the Node, should be determined. To calculate the Off-Peak Nodal incremental cost a sum of all off-peak incremental costs $\Delta C_i^{off-peak}$, each scaled by the appropriate Recovery Factor S_i , over all Branches where the Minimum Demand scenario drives the reinforcements, associated with the application of an increment at the Node, should be determined.
- (e) To calculate the £/kVA/annum Peak and Off-Peak Nodal marginal charges the obtained sums should be divided by the corresponding kVA increment (using 0.1 MW at 0.95 power factor). A calculation of Nodal incremental costs and

Nodal marginal charges for a simple network example is given in Attachment 2 below.

- (f) The Peak and Off-Peak Nodal marginal charges are the main output results that will be used for the calculation of the total Use of System Charges. The other outputs are discussed in Attachment 3 below.
- (g) The adopted sign convention with respect to Peak Charges and Off-Peak Charges (output values) is given in the last column of Table 39. It should be noted that the convention follows the sign of ΔC_i .

Table 39 - Scenarios that drive reinforcement and the rules for the calculation of Branch reinforcement charges/credits for a demand (load) located at a Node.

Increment Direction	Branch incremental cost comparison	Reinforcement cost scenario assigned to the Branch	Sign of ΔC_i	Accelerate / Delay Reinforcement	Charge /Credit £/kVA/annum	Output Convention
Demand Increase	$abs(\Delta C_i^{peak}) > abs(\Delta C_i^{off-peak})$	Maximum Demand (Peak)	$\Delta C_i^{peak} > 0$	Accelerate	Peak Charge	Positive
Demand Increase	$abs(\Delta C_i^{peak}) < abs(\Delta C_i^{off-peak})$	Maximum Demand (Peak)	$\Delta C_i^{peak} < 0$	Delay	Peak Credit	Negative
Demand Reduction	$abs(\Delta C_i^{peak}) < abs(\Delta C_i^{off-peak})$	Minimum Demand (Off-Peak)	$\Delta C_i^{off-peak} > 0$	Accelerate	Off-Peak Credit	Positive
Demand Reduction	$abs(\Delta C_i^{peak}) > abs(\Delta C_i^{off-peak})$	Minimum Demand (Off-Peak)	$\Delta C_i^{off-peak} < 0$	Delay	Off-Peak Charge	Negative

Generation Nodes

8.13 For Nodes where generation is located:

- (a) To decide which scenario drives the Branch reinforcement for a Node where a generator is located Table 40 should be used.
- (b) For the Maximum Demand Scenario the increment is applied in the demand direction (a reduction of generation). If such reduction of generation delays the reinforcement ($\Delta C_i^{peak} < 0$) the generator should be charged (the second row, column 'Credit/Charge'). For the Minimum Demand Scenario the increment is applied in the generation direction (an increase in generation). If such increase

in generation delays the reinforcement ($\Delta C_i^{off-peak} < 0$) the generator should be credited (the fourth row, column ‘Credit/Charge’).

- (c) It should be pointed out that each Branch incremental cost is included in one of two charge periods (Peak or Off-Peak but not both) based on the scenario that drives the maximum absolute value of Branch incremental cost as shown in Table 40.
- (d) To calculate the Peak Nodal incremental cost a sum of Peak incremental cost ΔC_i^{peak} , each scaled by the appropriate Recovery Factor S_i , over all Branches where the Maximum Demand scenario drives reinforcements, associated with the application of an increment at the Node, should be determined. To calculate the Off-Peak Nodal incremental cost a sum of off-peak incremental cost $\Delta C_i^{off-peak}$, each scaled by the appropriate Recovery Factor S_i , over all Branches where the Minimum Demand scenario drives the reinforcement, associated with the application of an increment at the Node, should be determined.
- (e) To calculate the £/kVA/annum Peak Off-Peak Nodal marginal charges the obtained sums should be divided by the corresponding kVA increment (using 0.1 MW at unity power factor). The last column given in Table 40 indicates the sign convention adopted for the output values. It should be noted that the convention follows the sign of ΔC_i .

Table 40 - Scenarios that drive reinforcement and the rules for the calculation of Branch reinforcement charges/credits for a generation located at a Node.

Increment Direction	Branch incremental cost comparison	Reinforcement cost scenario assigned to the Branch	Sign of ΔC_i	Accelerate / Delay Reinforcement	Charge /Credit £/kVA / annum	Output Convention
Generation Reduction	$abs(\Delta C_i^{peak}) > abs(\Delta C_i^{off-peak})$	Maximum Demand (Peak)	$\Delta C_i^{peak} > 0$	Accelerate	Peak Credit	Positive
Generation	$abs(\Delta C_i^{peak}) > abs(\Delta C_i^{off-peak})$	Maximum Demand	$\Delta C_i^{peak} < 0$	Delay	Peak Charge	Negative

Reduction		(Peak)			e	
Generation Increase	$abs(\Delta C_i^{peak}) < abs(\Delta C_i^{off-peak})$	Minimum Demand (Off-Peak)	$\Delta C_i^{off-peak} > 0$	Accelerate	Off-Peak Charge	Positive
Generation Increase	$abs(\Delta C_i^{peak}) < abs(\Delta C_i^{off-peak})$	Minimum Demand (Off-Peak)	$\Delta C_i^{off-peak} < 0$	Delay	Off-Peak Credit	Negative

Decomposition of Nodal Incremental Costs

8.14 Each charge at a Node is decomposed into two sub-elements, termed ‘local’ and ‘remote’ such that:

$$ChargeAtNode^{Peak} = LocalChargeAtNode^{Peak} + RemoteChargeAtNode^{Peak}$$

$$ChargeAtNode^{Off-Peak} = LocalChargeAtNode^{Off-Peak} + RemoteChargeAtNode^{Off-Peak}$$

8.15 These sub-elements use the voltage of each Branch as a proxy to determine whether a particular Branch incremental cost should be regarded as an incremental cost associated with an asset close to the Node where the increment was applied, or whether incremental cost should be regarded as being associated with an asset that is remote from the Node.

8.16 The local element of each Nodal incremental cost is derived by summing the Branch incremental costs associated with:

- (a) Branches that are operating at the same nominal voltage as the voltage of the Node where the increment was applied; and
- (b) Branches that represent, transformation from a higher voltage down to the same nominal voltage as the voltage of the Node where the increment was applied.

8.17 The remote element of each Nodal incremental cost is derived from the Branch incremental costs from all Branches other than those where the Branches are operating at the same nominal voltage as the voltage of the Node where the increment was applied, or where the Branches represent transformation from a higher voltage

down to the same nominal voltage as the Node where the increment was applied. In other words, all Branches that are not 'local' are 'remote'.

Individual Connectees Connected To Multiple Nodes

- 8.18 Where individual Connectees are connected to more than one Node within the Authorised Network Model (for example sites with multiple Exit Points or Entry Points) they should be considered as a single entity in the calculation of final Use of System Charges. Such Connectees are treated as being connected to a 'Hybrid Customer' Node.
- 8.19 'Hybrid Customer' Nodes will, for either Demand (load) or Demand (generation) as appropriate for each individual Connectee:
- (a) combine the (Charge 1) charges associated with each of the Nodes through the use of a weighted average based on the proportion of the Connectee's demand observed at each of the Nodes in the Maximum Demand Scenario, under Normal Running Arrangements;
 - (b) combine the (Charge 2) charges associated with each of the Nodes through the use of a weighted average based on the proportion of the Connectee's demand observed at each of the Nodes in the Minimum Demand Scenario, under Normal Running Arrangements; and
 - (c) aggregate Active Power and Reactive Power data for either Demand (Load) or Demand (Generation) as appropriate, relating to all relevant Nodes (Items 5 to 8 of Table 46 in Attachment 3 below).
- 8.20 Where 'Hybrid Customer' Nodes are created, the Active Power and Reactive Power data in the output information for each of the Nodes to which the Connectee is connected will be set to zero so as not to double-count the aggregate demand data stated at the 'Hybrid Customer' Node.
- 8.21 An example of the creation of a 'Hybrid Customer' Node is given below for a single Demand (load) Connectee connected to two Nodes, designated Node A and Node B. The 'Hybrid Customer' Node, representing this Connectee, would have the following output data:

Charge 1 hybrid =

$$((\text{Chrg1A} \times \text{MaxDemA}) + (\text{Chrg1B} \times \text{MaxDemB})) / (\text{MaxDemA} + \text{MaxDemB})$$

Charge 2 hybrid =

$$((\text{Chrg2A} \times \text{MinDemA}) + (\text{Chrg2B} \times \text{MinDemB})) / (\text{MinDemA} + \text{MinDemB})$$

Max. demand data hybrid = $\text{MaxDemA} + \text{MaxDemB}$

Min. demand data hybrid = $\text{MinDemA} + \text{MinDemB}$

Where

Chrg1A = Charge 1 value (corresponding to the Maximum Demand Scenario) at Node A

Chrg2A = Charge 2 value (corresponding to the Minimum Demand Scenario) at Node A

MaxDemA = the demand in the Maximum Demand Scenario at Node A

MinDemA = the demand in the Minimum Demand Scenario at Node A

and equivalent terms are defined for Node B.

Attachment 1 - Calculation of Branch Incremental Cost

1. Branch incremental cost ΔC_i is calculated using the outputs of power flow analysis discussed in the Outputs from Power Flow Analysis section and the following formulae for both Maximum and Minimum Demand Scenario:

$$\Delta C_i = \frac{[NetPresentValue(inc) - NetPresentValue(base)]}{AnnuityRate}$$

$$NetPresentValue(inc) = \frac{CostOfReinforcementSolution}{[1 + DiscountRate]^{YearsToReinforcement(inc)}}$$

$$NetPresentValue(base) = \frac{CostOfReinforcementSolution}{[1 + DiscountRate]^{YearsToReinforcement(base)}}$$

CostofReinforcementSolution is the modern equivalent asset value (MEAV) of reinforcing the particular asset, bearing in mind the requirements of similar historic projects¹⁸. This cost is the same under both base and incremental conditions and it should be annualised using the following annuity rate:

$$AnnuityRate = \frac{DiscountRate}{1 - \left[\frac{1}{[1 + DiscountRate]^{AnnuityPeriod}} \right]}$$

DiscountRate is equal to the (pre-tax) cost of capital set by the Authority as part of the then most recent review of the charge restriction conditions applying under the DNO Party's Distribution Licence.

AnnuityPeriod is the period over which costs are annualised. This period is set to 40 years and represents the typical life of an asset.

¹⁸ Distributors should use the specifications and costs of similar, past reinforcement projects as a means for determining the requirements and costs of a particular future reinforcement project.

2. Power flows and Branch capacities calculated by the power flow analysis under base and incremental conditions are fed into the following formulae to calculate the time to reinforcement for each asset under base and incremental conditions.

$$\begin{aligned} & \text{YearsToReinforcement}(\text{base}) \\ &= \frac{\log(\text{BranchCapacity}) - \log(\text{BasePowerFlow(MVA)})}{\log(1 + \text{GrowthRate})} \end{aligned}$$

$$\begin{aligned} & \text{YearsToReinforcement}(\text{inc}) \\ &= \frac{\log(\text{BranchCapacity}) - \log(\text{IncPowerFlow(MVA)})}{\log(1 + \text{GrowthRate})} \end{aligned}$$

Branch Capacity is the MVA rating of the “critical” asset in the considered Branch divided by the corresponding Security Factor; a pair of Branch capacities is calculated for maximum demand and minimum demand conditions.

3. A single underlying network growth rate is used to assess the timing of future reinforcement for demand and generation charges. It represents the long run growth of all DNO Parties’ Distribution Systems and is set to 1% growth per annum.
4. A pair of incremental costs (base and incremental) is calculated for each Branch using the procedure described in this attachment and power flows obtained from Maximum Demand Scenario and Minimum Demand Scenario.
5. Sense checking of the results produced by application of the Security Factor to the Incremented Flow should be undertaken prior to the calculation of Branch incremental cost, to identify where this approach leads to an estimation of excessively large (and non-credible) changes in Branch utilisation. Where such cases are encountered a more reasonable approximation to the anticipated change in power flow in the Branch should be used in the derivation of the Branch incremental cost.
6. It is recommended that a more reasonable approximation to the Branch power flow under incremented conditions should be applied where:-
 - the Base Case Flow (MVA) for a particular Branch is less than a ‘low base case powerflow’ threshold. This threshold should be defined by examination of the outputs from the power flow analysis, though a threshold of 0.5MVA is suggested as a reasonable ‘typical’ value; or

- the Security factor for a particular Branch is greater than 6; or
- the absolute value of Flow_Increment > k * Nodal_Increment/ Security Factor

Where:-

Flow_Increment = Incremented Flow (MVA) – Base Case Flow(MVA)

Nodal_Increment = the size of increment applied to the Node in the Incremented Flow Analysis (in MVA); and

k is a factor to take account of losses etc., determined by examining the maximum value of Flow Increment observed in the results from the Incremented Flow Analysis, such that:

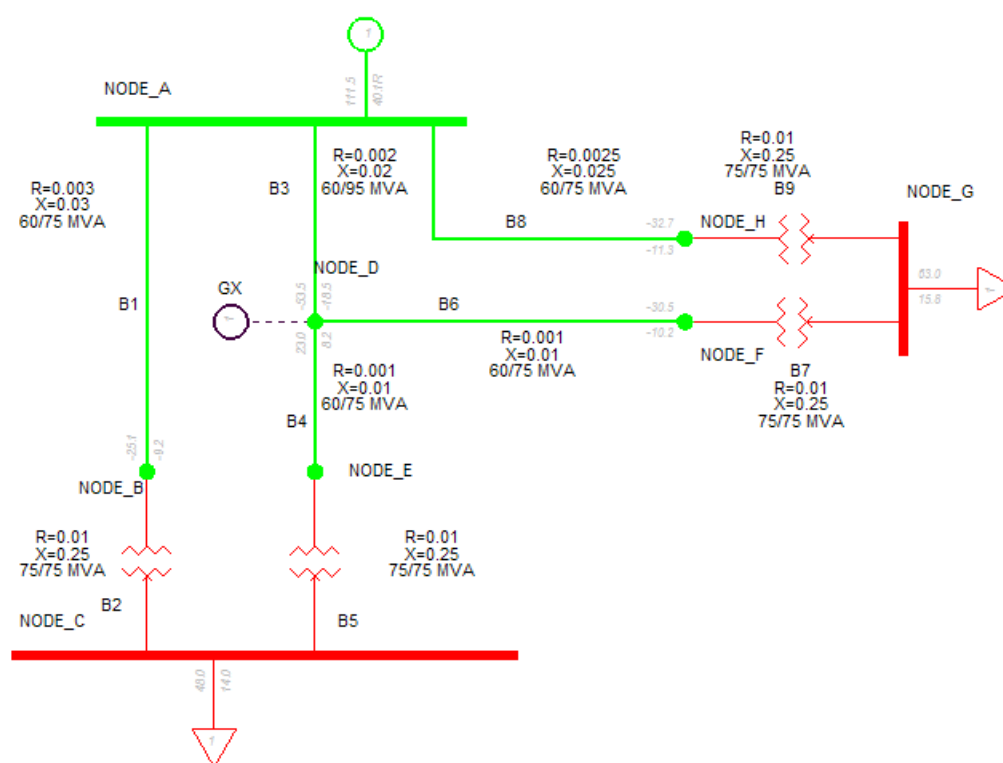
$$k = \left[\text{Max.of} \left(\frac{|\text{Flow\_Increment}|}{\text{Nodal\_Increment}} \right) \right] + 0.5$$

7. Where it is identified that a more reasonable approximation to Branch power flow under incremented conditions should be used, the inputs used in the calculation of 'Years To Reinforcement(inc) are adjusted so that they reflect the utilisation of the Branch that would be determined if a power flow equal to ((Base Case Flow * Security Factor) + Flow Increment) were to be compared to the actual Branch rating.

Attachment 2 - Calculation of Peak and Off-Peak Charges – A simple example

1. The attachment outlines the calculation of Peak and Off-peak Nodal marginal charges for a simple example shown in Figure 7. The Branch parameters (resistances and reactances), and Branch Ratings (Winter/Summer) given in Figure 7 should be used only for illustrative purposes.
2. The network example shown in Figure 7 represents a single supply point, which supplies two network substations under Normal Running Arrangements. Node A represents a supply point and is modelled as a slack bus.

Figure 20 - Branch reactances, resistances and ratings.



3. Both the Maximum Demand Scenario and Minimum Demand Scenario are analysed in this example.

Base Case Analysis

4. The network model populated with the Maximum Demand Data is represented by a load of 48MW and 14MVAR modelled at Node C and a load of 63MW and 15.8MVAR modelled at Node G. The generator connected to Node D does not export any MW/MVAR to the network. The Base Case Flows are shown in Figure 8.

5. The network model is populated with the Minimum Demand Data by the application of an appropriate Scaling Factor to demand (load) connected to the Nodes. The generator connected to Node exports 5.0 MW and 2.0 MVAR in the network The Base Case Flows are shown in Figure 9.

Figure 21 - Base Case Flows- Maximum Demand Scenario.

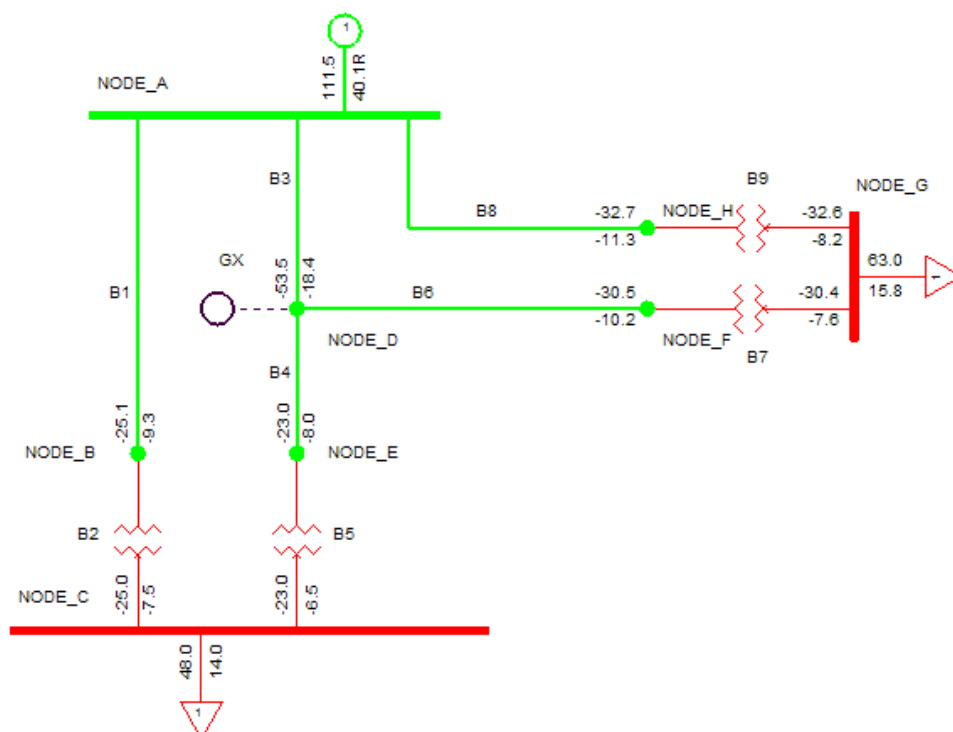
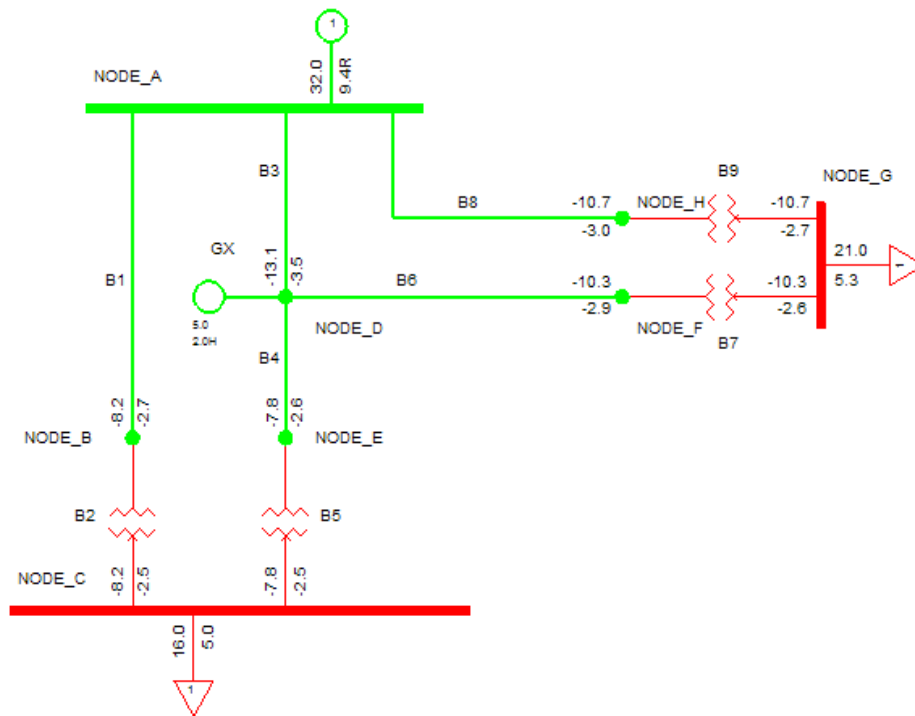


Figure 22 - Base Case Flows- Minimum Demand Scenario.

Contingency Analysis

6. The Contingency Analysis focuses on three contingencies only. The post-contingent flows are given in **Figure 10**, **Figure 11**, and **Figure 12** for the Maximum Demand Scenario and in **Figure 13**, **Figure 14**, and **Figure 15** for the Minimum Demand Scenario. The dashed line shows the Branches that are subject to the outage.

Figure 23 - Maximum Demand Scenario - Contingency Case 1.

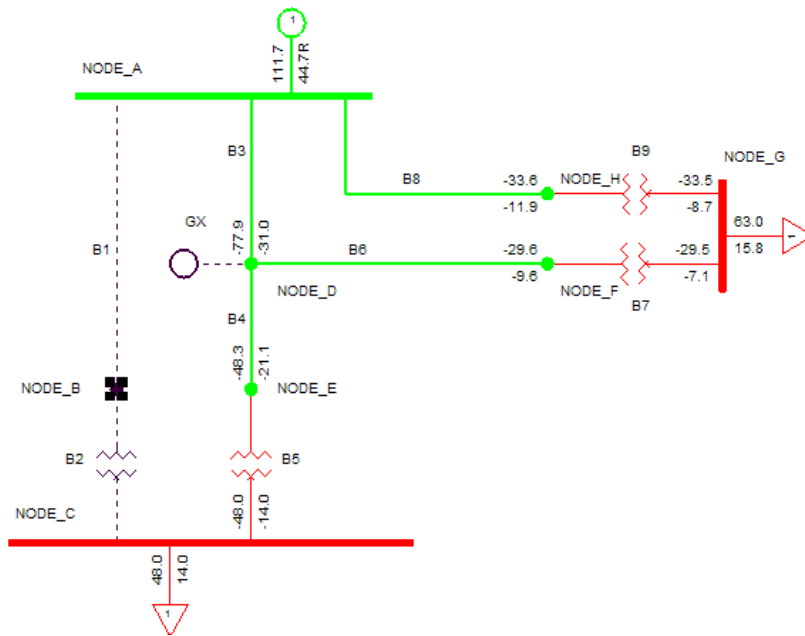


Figure 24 - Maximum Demand Scenario - Contingency Case 2.

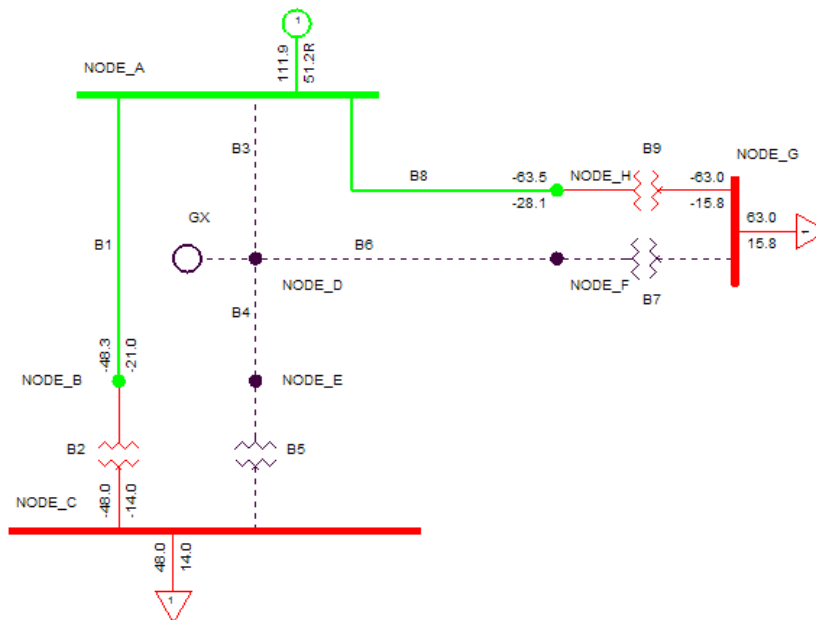


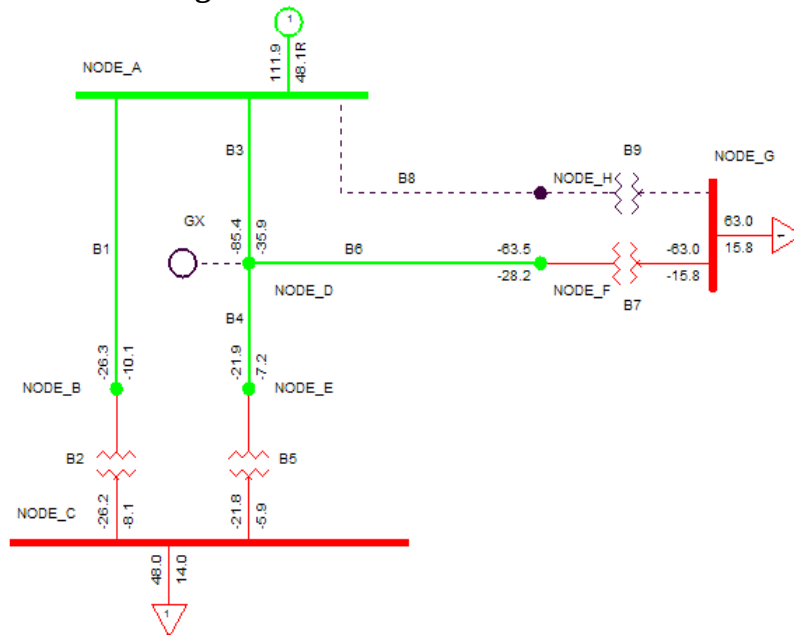
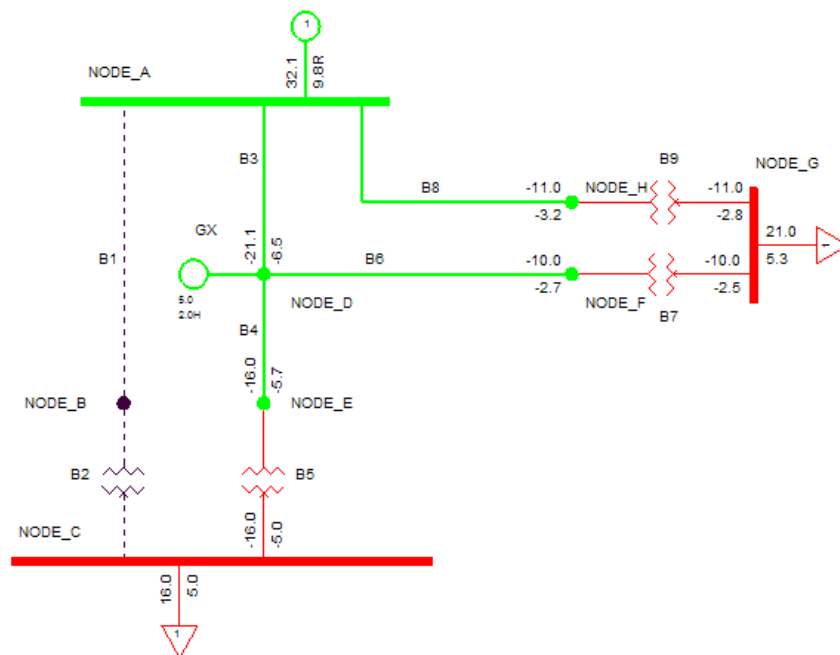
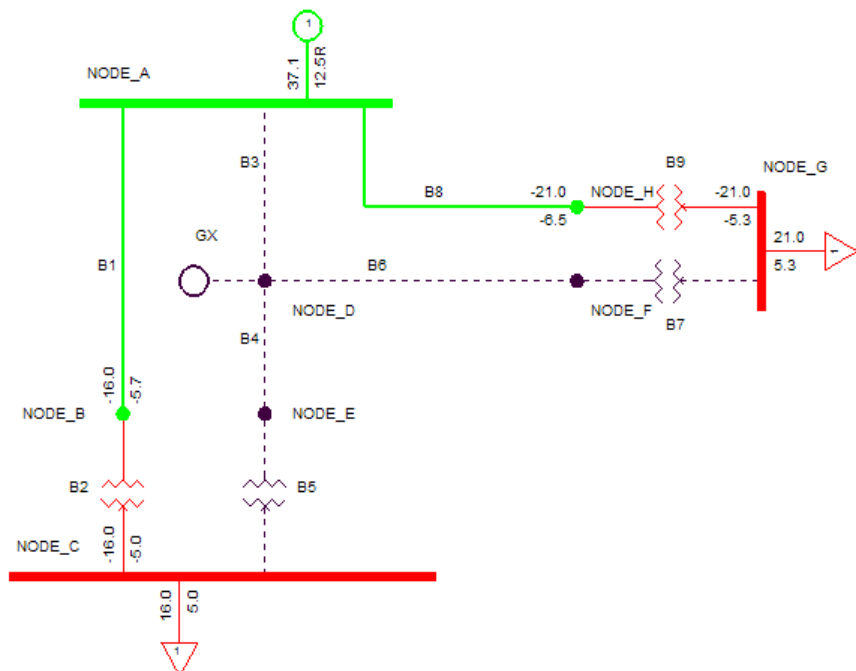
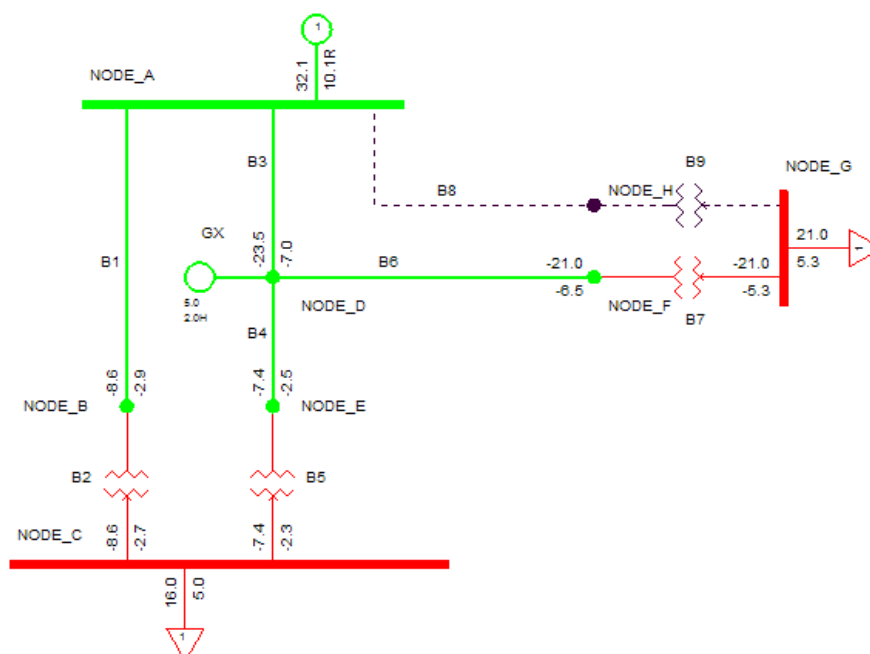
Figure 25 - Maximum Demand Scenario - Contingency Case 3.

Figure 26 - Minimum Demand Scenario - Contingency Case 1.**Figure 27 - Minimum Demand Scenario - Contingency Case 2****Figure 28 - Minimum Demand Scenario - Contingency Case 3.**



7. The calculation of Security Factors is summarised in Table 41 and Table 42 for the Maximum Demand Scenario and Minimum Demand Scenario, respectively. Each table contains information (for all Branches and both Maximum Demand and Minimum Demand Scenario) related to:
- Base Case Flows.
 - Maximum Contingency Flow.
 - Security Factor which is a ratio of Maximum Contingency Flow and Base Case Flow.
 - Contingency Case referring to the contingency case that causes the Maximum Contingency Flow.
 - Branch Winter/Summer Rating.
 - Branch Capacity which is a ratio of the corresponding Branch Rating and Security Factor.
 - Years to Reinforcement (base) - which is a year when the corresponding Branch will reach its Branch Capacity assuming annual Branch flow growth of 1% based on an exponential growth function. For, example Branch B5 will reach its Branch Capacity after 35.49 years for Maximum Demand Scenario because:

- $34.70 = 24.38 * (1 + 0.01)^{35.49}$

- **Table 41 - Calculation of Maximum Contingency Flow, Security Factors and Years to Reinforcement (Base Case) - Maximum Demand Scenario.**

Branch	Base Case Flows (MVA)	Maximum Contingency Flow(MVA)	Security Factor	Contingency Case	Winter Rating (MVA)	Branch Capacity (MVA)	Years to Reinforcement (base)
B5	24.38	52.69	2.16	1	75.00	34.70	35.49
B9	34.60	69.42	2.01	2	75.00	37.38	7.78
B1	26.85	53.01	1.97	2	75.00	37.99	34.88
B3	56.87	93.46	1.64	3	95.00	57.81	1.64
B8	34.72	70.03	2.02	2	75.00	37.19	6.89
B2	26.77	52.66	1.97	2	75.00	38.13	35.54
B4	24.40	52.83	2.16	1	75.00	34.64	35.22
B6	32.20	69.66	2.16	3	75.00	34.66	7.42
B7	32.16	69.46	2.16	3	75.00	34.73	7.72

Table 42 - Calculation of Maximum Contingency Flow, Security Factors and Years to Reinforcement (Base Case) - Minimum Demand Scenario.

Branch	Base Case Flows (MVA)	Maximum Contingency Flow(MVA)	Security Factor	Contingency Case	Summer Rating (MVA)	Branch Capacity (MVA)	Years to Reinforcement (base)
B5	8.25	17.02	2.06	1	75.00	36.35	149.04
B9	11.12	22.04	1.98	2	75.00	37.86	123.10

B1	8.65	17.06	1.97	2	60.00	30.41	126.39
B3	13.62	24.58	1.80	3	60.00	33.25	89.70
B8	11.13	22.08	1.98	2	60.00	30.25	100.45
B2	8.64	17.02	1.97	2	75.00	38.05	149.04
B4	8.25	17.03	2.06	1	60.00	29.07	126.54
B6	10.72	22.05	2.06	3	60.00	29.16	100.58
B7	10.71	22.04	2.06	3	75.00	36.46	123.09

Incremented Flow Analysis

8. The Incremented Flow Analysis needs to be carried out once the Branch Capacity and Security Factors are determined. For the network example used in this attachment six power flow studies are required to determine the Incremented Flows. These studies are listed in the following table.

Table 43 - Incremented Flow Analysis – Studies

Study	Type of Demand at Node Being Incremented	Increment Applied			
		Maximum Demand Scenario		Minimum Demand Scenario	
		Power Factor	Direction	Power Factor	Direction
1-2	Node G Demand	0.95	Load	0.95	Generation
3-4	Node C Demand	0.95	Load	0.95	Generation
5-6	Node D Generation	Unity	Load	Unity	Generation

9. For example, two studies are required to assess the impact of the increments applied to Node G. For Maximum Demand Scenario an increment of 0.1 MW at 0.95 power factor would be applied in the load direction, while for Minimum Demand Scenario the same increment would be applied but in the generation direction. The Incremented Flows for both studies are shown below (Figure 16 and Figure 17).

Figure 29 - Node G incremented power flow analysis for Maximum Demand Scenario.

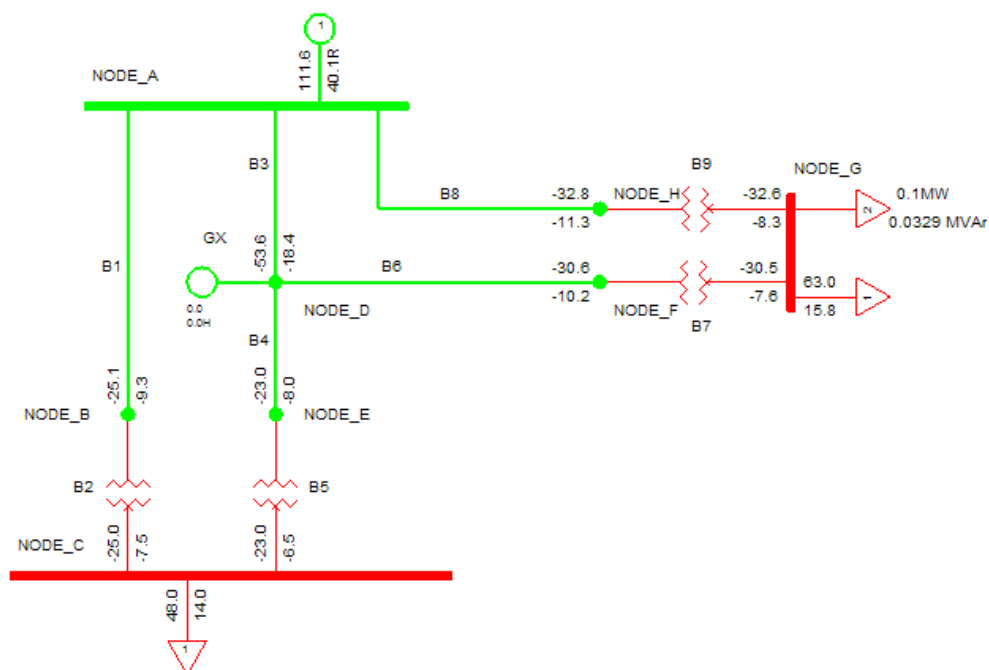
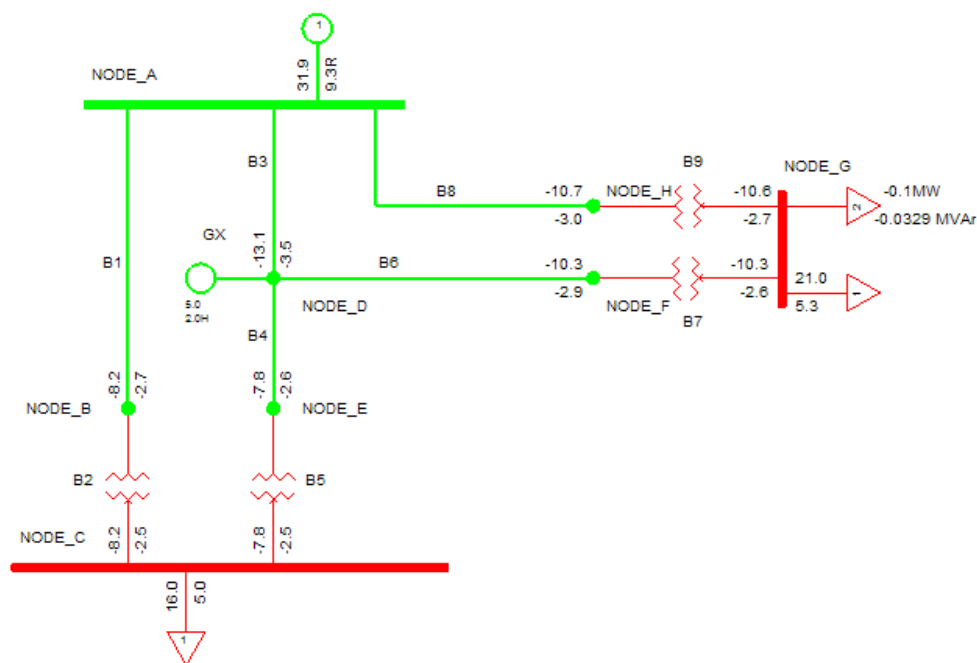


Figure 30 - Node G incremented power flow analysis for Minimum Demand Scenario.



10. Using the following Table 44 of Branch reinforcement cost and the algorithm in Attachment 1, Branch incremental cost is calculated for both Maximum and Minimum Demand Scenarios. The critical scenario that drives the Branch reinforcement is then identified as the scenario with the highest absolute value of associated Branch incremental cost. For example, for Branch i , if $|\Delta C_i^{peak}| > |\Delta C_i^{off-peak}|$, the scenario that drives the reinforcement of the Branch is Peak; otherwise it is Off-Peak.

Table 44 - Branch Reinforcement Cost

Branch	Reinforcement Cost (£)
B1	1156250
B2	946500
B3	2312000
B4	1156250
B5	946500
B6	2312000

B7	946500
B8	1156250
B9	946500

11. Summaries of the Incremented Flow Analysis and the Branch incremental cost calculation are given in Table 45. The following columns are given in the table:

- (1) Generation/Demand identifier.
- (2) Node where the corresponding increment was applied.
- (3) Branch ID – only for Branches which kVA flow increment is larger than 1 kVA and 0.01% of the Base Case Flow.
- (4) Base Case Flow (MVA) of the Branch for the scenario that drives reinforcement of the Branch. The scenario (either Maximum Demand Scenario-Peak, or Minimum Demand Scenario -Off-Peak) that drives reinforcement of the Branch is the one with the highest absolute value of associated Branch incremental cost.
- (5) Branch Capacity (MVA) of the Branch (see previous section – Contingency Analysis).
- (6) Branch Incremented Flows (MVA) for the scenario that drive reinforcement of the Branch.
- (7) Years to Reinforcement (base) in years - is the time to reinforcement of the Branch calculated under Base Case conditions as discussed in the previous section (see previous section – Contingency Analysis).
- (8) Years to Reinforcement (inc) in years - is the time to reinforcement of the Branch calculated under incremental conditions as discussed in Attachment 1 above.
- (9) A product of Net Present Value (base) and annuity rate for the scenario that drives reinforcement of the Branch.

- (10) A product of Net Present Value (inc) and annuity rate for the scenario that drives reinforcement of the Branch.
- (11) Branch incremental cost ΔC_i is the difference between the values given in the columns 10 and 9.
- (12) The last column identifies the scenario that drives the reinforcement of the Branch.
12. Using the information provided in Table 45 the Peak Nodal incremental cost and Off-Peak Nodal incremental cost for the generator connected to Node D can be calculated:
- The Peak Nodal incremental cost is the sum of 294.87, -1278.73 and -328.68 which gives the total of -1312.54 £/annum.
 - The Off-Peak Nodal incremental cost is the sum of all Off-Peak Branch incremental costs which is -18.77 £/annum.
13. For the demand located at Node C the corresponding costs are the sum of all Peak Branch incremental costs which based on Table 45 the Peak Nodal incremental cost and Off-Peak Nodal incremental cost for the generator connected to Node D can be calculated: Table 45 gives 2777.8 £/annum; and the sum of all Off-Peak Branch incremental costs which gives -10.52 £/annum.
14. The Nodal marginal charges are obtained by dividing the Nodal incremental cost by the magnitude (in kVA) of the load or generation increment, as appropriate.

Table 45 - Incremented flow analysis

Gen /De m	At No de	Bra nch	Base Case Flow (MVA)	Asset Capaci ty (MVA)	Increme nted Flow (MVA)	Years to Reinf. (base)	Years to Reinf. (inc)	NPV*Ann uity Rate (base) (£/annum)	NPV*Ann uity Rate (inc) (£/annum)	ΔC_i (£/ann um)	Peak Off-peak
Gen	No de D	B5	24.38	34.70	24.54	35.48	34.83	6576.14	6871.01	294.87	Peak
Gen		B9	34.6	37.38	34.44	7.77	8.24	41784.75	40506.03	- 1278.73	Peak
Gen		B1	26.85	37.99	26.69	34.87	35.47	8366.34	8037.65	- 328.68	Peak
Gen		B3	13.62	33.25	13.53	89.69	90.35	431.65	412.88	-18.77	Off-peak
De m	No de C	B5	24.38	34.70	24.60	35.48	34.58	6576.14	6984.45	408.32	Peak
De m		B9	34.6	37.38	34.44	7.77	8.24	41784.75	40506.03	- 1278.73	Peak
De m		B1	26.85	37.99	26.74	34.87	35.29	8366.34	8139.17	- 227.17	Peak
De m		B3	13.62	33.25	13.57	89.69	90.06	431.65	421.13	-10.52	Off-peak
De m		B8	34.72	37.18	34.56	6.89	7.35	54128.66	52477.83	- 1650.84	Peak
De m		B2	26.77	38.13	26.66	35.54	35.95	6551.07	6372.66	- 178.41	Peak
De m		B4	24.4	34.64	24.63	35.22	34.27	8177.67	8708.68	531.01	Peak
De m		B6	32.2	34.67	32.37	7.42	6.89	104456.61	108210.81	3754.20	Peak

De m		B7	32.16	34.73	32.32	7.71	7.21	41946.47	43365.89	1419.4 2	Peak
De m	No de G	B5	24.38	34.70	24.35	35.48	35.61	6576.14	6522.07	-54.07	Peak
De m		B9	34.6	37.38	34.69	7.77	7.51	41784.75	42519.02	734.26	Peak
De m		B1	26.85	37.99	26.77	34.87	35.17	8366.34	8200.59	- 165.74	Peak
De m		B3	13.62	33.25	13.56	89.69	90.13	431.65	419.05	-12.59	Off- peak
De m		B8	11.13	30.24	11.11	100.47	100.65	105.15	103.89	-1.26	Off- peak
De m		B4	24.4	34.64	24.35	35.22	35.42	8177.67	8065.96	- 111.72	Peak
De m		B6	10.72	29.17	10.70	100.60	100.79	208.35	205.76	-2.59	Off- Peak
De m		B7	32.16	34.73	32.25	7.71	7.43	41946.47	42739.94	793.47	Peak

ATTACHMENT 3 - OUTPUT RESULTS

1. The final output of the work outlined in this Schedule 18 are Peak and marginal charges in £/kVA/annum. This is not however the final EDCM Use of System Charge and further calculations under EDCM are required to derive this final charge.
2. The output data listed in the table below are the minimum necessary for the calculation of the final EDCM Use of System Charges. For each Node where demand or generation is located a single pair of charges is required. For a Node where both demand and generation are located a double pair of charges is required (there will be two entries where 'Node ID' would be the same but all other values would be different).
3. The outputs from the Power Flow Analysis, the Branch Rating Data and the network cost data (see Figure 5) will also be retained in the interests of transparency.

Table 46 - Output information required to calculate final EHV charge

Item Name	Details
Location ID	Unique identifier of the Node.
Demand Type ID	Identifier for the type of demand (either 'Demand' or 'Generation')
Local Charge 1: Local Element of Peak Charge (£/kVA/annum)	See the Output results Section. A positive value of Peak Charge represents a charge to demand (load) at the Node (or a credit to generation), whilst a negative value represents a credit to demand (load) at the Node (or a charge to generation)
Remote Charge 1: Remote Element of Peak Charge (£/kVA/annum)	See the Output results Section. A positive value of Peak Charge represents a charge to demand (load) at the Node (or a credit to generation), whilst a negative value represents a credit to demand (load) at the Node (or a charge to generation)
Active power (kW) for Maximum Demand Scenario.	For a Node where demand (load) is located this would be the total kW demand (load) connected to the Node (negative value) in the Maximum Demand Scenario. For a

	Node where a generator is located this would be the total kW generation connected to the Node (positive value) in the Maximum Demand Scenario.
Reactive power (kVAr) for Maximum Demand Scenario.	For a Node where demand (load) is located this would be the total kVAr demand (load) connected to the Node in the Maximum Demand Scenario. For a Node where a generator is located this would be the total kVAr generation connected to the Node in the Maximum Demand Scenario. ¹⁹

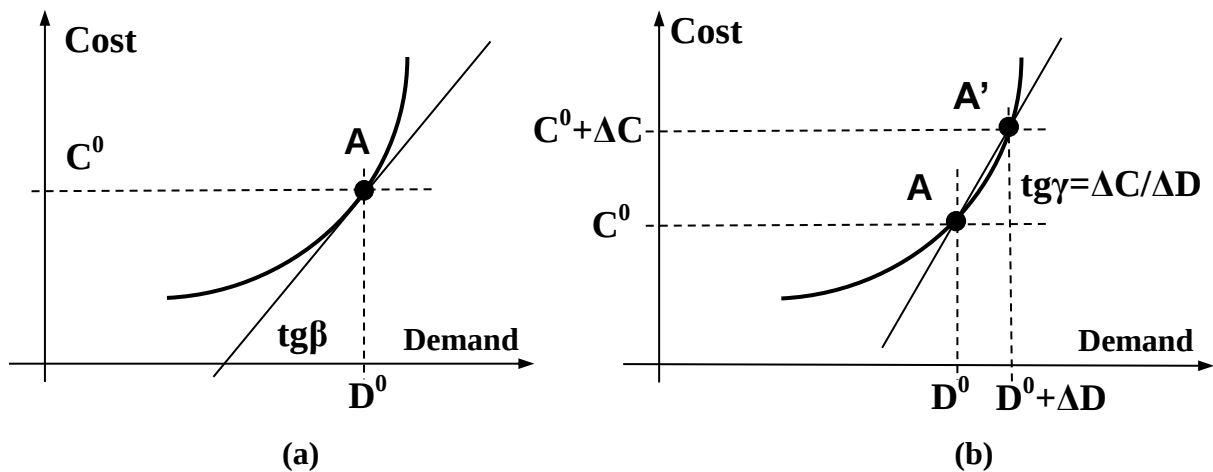
¹⁹ Where the current calculated for demand lags its voltage the reactive power shall be allocated the same sign as the active power. Where the current calculated for demand leads its voltage the reactive power shall be allocated the opposite sign to the active power.

SCHEDULE 18 – EHV CHARGING METHODOLOGY (LRIC MODEL)

Annex 2 – Derivation of the LRIC charging formula

The essential concept of the LRIC charging model is one of marginal pricing which is applicable to competitive markets. At the equilibrium point of supply and demand the clearing price in £/unit, being the cost (£) of producing another unit of output, is the economically efficient price because producers and consumers know this cost and can adjust their behaviour. The concept is illustratively shown in Figure 18 through definitions of *marginal* and *incremental* costs. Assuming a non-linear cost-demand curve, where demand can be either load or generation, marginal cost is the first derivative at the point (D^0, C^0) and it is denoted as $tg\beta$ in Figure 18(a). Marginal cost is calculated analytically when the non-linear cost-demand relationship is known and is in explicit form. In many instances, and in particular when the non-linear relationship is very complex or specified implicitly, it is preferable to calculate the first derivative in a numerical way using finite increments, which gives the incremental cost – Figure 18(b). Given the current point (D^0, C^0) , demand is incremented by ΔD first, new cost $(C^0 + \Delta C)$ is calculated from the cost curve next and the ratio of ΔC to ΔD gives the incremental cost $tg\gamma$. The smaller the increment ΔD , the closer the incremental cost to the marginal cost is.

Figure 31 - Concept of marginal (a) and incremental costs (b)



The LRIC cost model is specified on a Branch-by-Branch basis, that is, a cost expression is associated with each Branch of the network. The Branch cost is the annuitised NPV reinforcement cost, or in mathematical terms:

$$BranchCost_i = NPV_i \cdot AnnuityRate = \frac{CostOfReinforcementSolution_i}{(1 + DiscountRate)^{YearsToReinforcement_i}} \cdot AnnuityRate \text{ £ / annum},$$

where i is index of Branch, NPV_i is present value of the Branch cost

$CostOfReinforcementSolution_i$ discounted at rate $DiscountRate$ specified by regulator, $YearsToReinforcement_i()$ is time in future when reinforcement of Branch i will be required if the power flow grows at the given rate, and $AnnuityRate$ is the standard annuity factor calculated from the discount rate and annuity period. It needs to be stressed that the only quantity that depends on Connectees' demands (both load and generation) is time to reinforcement $YearsToReinforcement_i()$, the others are constants.

Branch marginal cost is the first derivative of the Branch cost (1) with respect to demand (either load or generation) connected at any Node k . As $YearsToReinforcement_i()$, in expression (1) is a function of the power flow in Branch i , which is in turn a function of all demands D_k , $k=1,2,\dots$, the chain rule needs to be applied to derive expression (1):

$$BranchMarginalCost_i^k = \frac{\partial BranchCost_i}{\partial D_k} = \frac{\partial BranchCost_i}{\partial YearsToReinforcement_i} \frac{\partial YearsToReinforcement_i}{\partial flow_i} \frac{\partial flow_i}{\partial D_k} \text{ £ / kVA / annum},$$

where D_k is demand at Node k and $flow_i$ is power flow in Branch i . The corresponding incremental cost is, in a similar way, given by expression:

$$BranchIncrementalCost_i^k = \frac{\Delta BranchCost_i}{\Delta D_k} = \frac{\Delta BranchCost_i}{\Delta YearsToReinforcement_i} \frac{\Delta YearsToReinforcement_i}{\Delta flow_i} \frac{\Delta flow_i}{\Delta D_k} \text{ £ / kVA / annum}.$$

It is also possible to apply an alternative approach to calculate Branch incremental cost. The finite differences are applied to $BranchCost_i$ and $YearsToReinforcement_i()$, and the first derivative to $flow_i$

$$BranchIncrementalCost_i^k = \frac{\Delta BranchCost_i}{\Delta D_k} = \frac{\Delta BranchCost_i}{\Delta YearsToReinforcement_i} \cdot \frac{\Delta YearsToReinforcement_i}{\Delta flow_i} \cdot \frac{\partial flow_i}{\partial D_k} \text{ £ / kVA / annum ,}$$

where partial derivative $\partial flow_i / \partial D_k$ is calculated analytically.

The main algorithmic steps to calculate Branch incremental cost (3) or (4) are given below:

1. (Base Power Flow) Set all demands (i.e. loads and generations) to the base values and calculate base power flow in the considered Branch $BasePowerFlow_i(MVA)$ using the full AC powerflow model.
2. (Base Branch Cost) From the base power flow $BasePowerFlow_i(MVA)$, Branch i capacity (MVA) and assumed exponential power flow growth calculate base time to reinforcement $YearsToReinforcement_i(base)$ and then base Branch cost $BranchCost_i(base)$ in £/annum with the aid of expression (1).
- 3.1 (Incremented Power Flow - expression (3)) Increment demand at Node k by ΔD_k and recalculate power flows using the AC power flow model. This gives incremented power flow in the considered Branch $IncPowerFlow_i(MVA)$.
- 3.2 (Incremented Power Flow - expression (4)) Calculate analytically from the AC powerflow model sensitivity coefficient $s_i^k = \partial flow_i / \partial D_k$ giving the linearised relationship between power flow in Branch i and demand at Node k . The incremented power flow in the considered Branch is:

$$IncPowerFlow_i(MVA) = BasePowerFlow_i(MVA) + s_i^k \cdot \Delta D_k . \quad (5)$$

4. (Incremented Branch Cost) from the incremented power flow $IncPowerFlow_i(MVA)$, Branch i capacity (MVA) and assumed exponential power flow growth calculate incremented time to reinforcement $YearsToReinforcement_i(inc)$ and then incremented Branch cost $BranchCost_i(inc)$ in £/annum with the aid of expression (1).

5. (Branch Incremental Cost) Branch incremental cost in £/annum is finally calculated as:

$$BranchIncrementalCost_i^k = BranchCost_i(inc) - BranchCost_i(base) \text{ £ / annum,} \quad (6)$$

Demand Connectees (both load and generation) use several Branches to offtake their load or inject the generation. These Branches can be identified by the magnitude of the incremented power flow $\Delta flow_i (=IncPowerFlow_i(MVA) - BasePowerFlow_i(MVA))$. The Branch incremental costs of these Branches need to be summated in order to calculate the incremental cost for a Connectee connected at any Node. More specifically, assuming a single operating regime is studied, the LRIC charging formula for the demand Connectee (either load or generation) connected at Node k becomes:

$$NodalIncrementalCost_k = \sum_i BranchIncrementalCost_i^k \text{ £ / annum,} \quad (7)$$

where summation goes over “relevant” network Branches, that is, Branches which are used by the considered Connectee.

Finally, Nodal marginal charges are derived by dividing the Nodal incremental cost by the assumed demand increment:

$$ChargeAtNode_k = \frac{NodalIncrementalCost_k}{\Delta D_k} \text{ £ / kVA / annum,}$$

where ΔD_k is assumed demand increment at Node k.

SCHEDULE 19 – PORTFOLIO BILLING

1. APPLICATION OF THIS SCHEDULE

- 1.1 Notwithstanding Clause 36.3, this Schedule applies to, and is binding between, each DNO Party (for the one part) and each EDNO (for the second part).
- 1.2 This Schedule sets out the process for determining the data by reference to which the Use of System Charges payable by the EDNO to the DNO Party are to be calculated.
- 1.3 In this Schedule, an “**Embedded Distribution Network Operator**” or “**EDNO**” is, in respect of each DNO Party:
- (a) any IDNO Party; or
 - (b) any DNO Party acting outside of that DNO Party’s Distribution Services Area,
 - (c) which (in each case) has a Distribution System within a GSP Group associated with that DNO Party.
- 1.4 In this Schedule, a reference to the EDNO’s “**Connectees**” shall only be a reference to those Connectees to the Distribution Systems referred to in Paragraph 1.3 (and shall not include any Connectees to other Distribution Systems of the EDNO).
- 1.5 The Use of System Charges calculated in accordance with this Schedule shall be payable by the EDNO in accordance with Clause 44, and shall be subject to Clause 43.7 and paragraph 2 of Schedule 4 (as if the references to the User in those Clauses and that Schedule were to the EDNO).

2. NHH DATA

- 2.1 In order to calculate the Use of System Charges attributable to the EDNO’s non-half-hourly-settled Connectees, the DNO Party will use the data provided to it by the SVAA pursuant to section S and BSCP508 of the BSC.

- 2.2 Where a subsequent Settlement Run indicates that, as a result of such Settlement Run, the Use of System Charges are different from those previously billed, the DNO Party shall calculate such difference and the interest thereon, and shall submit an invoice for

- 2.3 such difference and interest as soon as is reasonably practicable after such Settlement Run. Such interest shall be calculated in accordance with the provisions of Schedule 3 (as if the invoice under Paragraph 2.1 was an Initial Account, and as if the invoice under this Paragraph 2.2 was a Reconciliation Account under Clause 20.4).
- 2.4 The DNO Party shall identify to the EDNO the amount of each such invoice which relates to each Settlement Run, broken down by Settlement Code.

3. HH DATA

- 3.1 In order to calculate the Use of System Charges attributable to the EDNO's half-hourly-settled Connectees, the DNO Party will use data contained in the report provided by the EDNO pursuant to Paragraph 3.2 (subject to any revisions to reflect errors in such reports identified by the DNO Party pursuant to Paragraph 5).
- 3.2 The EDNO shall provide a report to the DNO Party, on or before the 15th day of each month, based on the amounts invoiced to Supplier/DG Parties by the EDNO pursuant to Clause 21 in respect of its Connectees, including all relevant data not previously reported to the DNO Party (and any adjustments to data previously reported).
- 3.3 The report shall contain the following data items in the following sequence for each invoice raised in respect of a half-hourly-settled Connectee:
- (a) the Market Domain I.D. of the EDNO;
 - (b) the GSP Group code of the DNO Party;
 - (c) the invoice reference number;
 - (d) the name or other reference identifying the EDNO Distribution System;
 - (e) a list of the MPANs covered by the invoice;
 - (f) the month(s) of consumption covered by the invoice;
 - (g) the Line Loss Factor Class Id (as defined in the MRA) for each MPAN covered by the invoice;
 - (h) the fixed charge units (in days) for each MPAN covered by the invoice;

- (i) the DNO Party's unit rate 1 (red) units (in kWh) for each MPAN covered by the invoice;
- (j) the DNO Party's unit rate 2 (amber) units (in kWh) for each MPAN covered by the invoice;
- (k) the DNO Party's unit rate 1 (black) units (in kWh) for each MPAN covered by the invoice;
- (l) the DNO Party's unit rate 2 (yellow) units (in kWh) for each MPAN covered by the invoice;
- (m) the DNO Party's unit rate 3 (green) units (in kWh) for each MPAN covered by the invoice;
- (n) the chargeable agreed capacity (in kVA) for each MPAN covered by the invoice;
- (o) the chargeable excess capacity (in kVA) for each MPAN covered by the invoice; and
- (p) the chargeable reactive power units (in kVArh) for each MPAN covered by the invoice.

3.4 The report referred to in Paragraph 3.3 shall be provided in Excel 2003 format with each data item in a separate column. Where there are no half-hourly-settled Connectees, the EDNO shall submit a nil return.

4. MPAN REPORT

4.1 On or before the 15th day of each month, the EDNO shall send to the DNO Party a list of the EDNO's MPANs for half-hourly settled Connectees, together with the following information (in separate columns) for each such MPAN (as at the start of that month):

- (a) its trading status;
- (b) the date from which such trading status has been effective;
- (c) its energisation status; and
- (d) the date from which such energisation status has been effective.

5. AUDIT

- 5.1 Upon not less than 15 Working Days' prior written notice, the DNO Party shall have the right to inspect and audit the consumption data and billing records of the EDNO relating to invoices referred to in Paragraph 3. The EDNO shall ensure that all such data and billing records are maintained in accordance with customary recordkeeping and accounting standards.
- 5.2 The DNO Party shall only be entitled to exercise such right for the sole purpose of verifying the accuracy and completeness of the reports provided under Paragraph 3, and shall only use the data obtained for that purpose.
- 5.3 The EDNO will allow the duly authorised representatives and auditors of the DNO Party who are to undertake any inspection or audit in accordance with this Paragraph 5 all reasonable assistance and adequate facilities for the proper exercise of such inspection or audit.

6. LINE LOSS FACTOR CLASS

- 6.1 The DNO Party shall use the EDNO's Line Loss Factor Class Id (as defined in the MRA) description in the Market Domain Data (as defined in the BSC) to enable the DNO Party to identify the voltage of connection of the EDNO's Connectee and the voltage of connection of the EDNO's Distribution System, and shall notify the EDNO which of the DNO Party's charges will be applied by the DNO Party in respect of each Connectee for the purposes of the Use of System Charges the DNO Party levies on the EDNO.
- 6.2 Where the EDNO introduces new Line Loss Factor Class Ids or changes the use of existing Line Loss Factor Class Ids, it shall (within 15 Working Days of the same

being published in the Market Domain Data) notify the DNO Party of the new or changed Line Loss Factor Class Id.

- 6.3 Where the EDNO has introduced new or changed Line Loss Factor Class Ids, the EDNO shall notify the DNO Party which of the DNO Party's charges the EDNO believes should apply in respect of the affected Connectees. The DNO Party shall nevertheless apply the charges as it considers appropriate, but any dispute regarding invoices shall be determined in accordance with Schedule 4.
- 6.4 Where the DNO Party alters the way in which it translates the EDNO's Line Loss Factor Class Ids into the DNO Party's charges, the DNO Party shall advise the EDNO of the change within 15 Working Days after such change.

7. NOTICES

- 7.1 The EDNO shall provide all reports and other information that it is required to provide to the DNO Party in accordance with this Schedule by email to an address specified to the EDNO by the DNO Party, as varied from time to time.

SCHEDULE 20 – PRODUCTION OF THE ANNUAL REVIEW PACK

1. INTRODUCTION

- 1.1 The “Annual Review Pack” or “ARP” is a document to be completed by each DNO Party giving indicative (when first published in accordance with Clause 35B) and final (when updated in accordance with Clause 35B) Use of System Charges to apply pursuant to the Charging Methodology set out in Schedule 16 (the “CDCM”). The pack shall contain detail of historical and forecast CDCM inputs, and a forecast of use of system tariffs for the next 5 years, in accordance with Paragraph 2. The template to be used for the pack shall be ARP model version 101 as issued by the Panel on 01 November 2012.

2. CONTENT OF THE ARP

- 2.1 The Annual Review Pack issued by each DNO Party will contain the following:
- (a) historical CDCM input information for a minimum period of 3 years, and a 5-year forecast of the CDCM inputs, which will (in each case) be provided in a spreadsheet format and contain the CDCM input sheets in a format that can be directly copied into the CDCM model;
 - (b) CDCM tariffs and typical bills for each tariff in each year of the 5-year period covered by the Annual Review Pack;
 - (c) functionality to allow users the ability to update the forecast CDCM inputs and view the resultant impact on Use of System Charges and typical bills;
 - (d) a 5-year forecast of the retail prices index (RPI), and a link between that forecast and any of the CDCM inputs which the DNO Party believes relate to RPI, so that users are able to update the RPI forecast in such a way that it automatically updates the relevant CDCM inputs;
 - (e) a commentary on the forecast for each CDCM input via individual comments;

- (f) details of the expected time bands (as referred to in the CDCM model) that will be used in each of the 5 years covered by the Annual Review Pack; and
- (g) details of the historic data over the previous 3 years used in calculating the average values for load characteristics (load factors, coincidence factors, and the estimated proportion of units recorded in each relevant time pattern regime that fall within each distribution time band) and peaking probabilities.

3. GENERAL

3.1 The forecast CDCM input data will be provided by DNO Parties based on their own perception of how the CDCM input data may change over the 5-year period covered by the Annual Review Pack. The format of the annual review pack will be common, but the actual forecast will be specific to each DNO Party to allow that DNO Party flexibility to express its own views and to provide a realistic forecast.

3.2 It is acknowledged that:

- (a) in populating the Annual Review Pack, each DNO Party will make a number of assumptions;
- (b) the information set out in each Annual Review Pack is illustrative in nature, and is only intended as an indication of an expectation at a point in time; and
- (c) actual Use of System Charges may differ significantly from the indicative tariffs set out in the Annual Review Packs, including where there are material changes in the data and assumptions underlying the forecasts,

and, accordingly, although each DNO Party shall endeavour to ensure the accuracy of the information provided in the Annual Review Pack, no DNO Party (or its officers, employees or agents) will be liable for the accuracy of the information contained in the Annual Review Packs.

SCHEDULE 21-PORTFOLIO BILLING FOR NESTED NETWORKS

1. APPLICATION OF THIS SCHEDULE

- 1.1 Notwithstanding Clause 36.3, unless the Primary NDNO notifies the Secondary NDNO otherwise, this Schedule applies to, and is binding between, each Primary NDNO (for the one part) and each Secondary NDNO (for the second part).
- 1.2 This Schedule sets out the process for determining the data by reference to which the Use of System Charges payable by the Secondary NDNO to the Primary NDNO are to be calculated in respect of Nested Networks.
- 1.3 In this Schedule, unless the context otherwise requires:
- “**Embedded Network**” means the Distribution System of an EDNO (as defined in Schedule 19 (Portfolio Billing)).
- (a) “**NDNO**” means any DNO/IDNO Party whose Distribution System forms part of a Nested Network.
- (b) “**Nested Network**” means, where there are one or more Distribution Systems connected downstream of an Embedded Network, the Embedded Network and each of those Distribution Systems.
- (c) “**Primary NDNO**” means any NDNO that has installed assets that change the network level (as defined in Schedule 16 (Common Distribution Charging Methodology)).
- (d) “**Secondary NDNO**” means any NDNO whose Distribution System forms part of a Nested Network connected downstream from the Primary NDNO.
- 1.4 In this Schedule, a reference to the Secondary NDNO’s “Connectees” shall only be a reference to those Connectees to the Distribution Systems referred to in Paragraph 1.3 (e) (and shall not include any Connectees to other Distribution Systems of the Secondary NDNO).

- 1.5 The Use of System Charges calculated in accordance with this Schedule shall be payable by the Secondary NDNO in accordance with Clause 44, and shall be subject to Clause 43.7 and paragraph 2 of Schedule 4 (as if the references to the User in those Clauses and that Schedule were to the Secondary NDNO and references to the Company in those Clauses and that Schedule were to the Primary NDNO).

2. NHH DATA

- 2.1 In order to calculate the Use of System Charges attributable to a Secondary NDNO's non half-hourly-settled Connectees, the Primary NDNO will use data contained in the report provided by the Secondary NDNO pursuant to Paragraph 2.3 (subject to any revisions to reflect errors in such reports identified by the Primary NDNO pursuant to Paragraph 5).
- 2.2 The Secondary NDNO shall provide a report to each Primary NDNO, within 5 Working Days of receiving relevant consumption data for the non-half-hourly Connectees on the Secondary NDNO's Distribution System that are connected (either directly or indirectly via another NDNO's Distribution System) to the Primary NDNO's Distribution System, including all relevant data not previously reported to the Primary NDNO (and any adjustments to data previously reported).
- 2.3 The report shall be derived from the Use of System Charge received from the DNO Party as a consequence of the data provided to the DNO Party under paragraph 2 of Schedule 19 and shall contain the following data items in the following sequence in respect of non-half-hourly Connectees:

- (a) the Market Domain I.D. of the Secondary NDNO;
- (b) the GSP Group code of the DNO Party;
- (c) the name or other reference identifying the Secondary NDNO Distribution System;
- (d) the month of consumption covered by the report;
- (e) the voltage at which the Secondary NDNO's Distribution System is connected to the Primary NDNO's Distribution System (or any other Distribution System forming part of the same Nested Network); and
- (f) for each Settlement Run the:
 - (i) Settlement Class (comprising Line Loss Factor Class Id, Profile Class, Standard Settlement Configuration Id and the Time Pattern Regime);
 - (ii) Settlement Class MSiD Count (for each Primary NDNO); and
 - (iii) Settlement Class Unit Count (this being the average number of units for that Settlement Class multiplied by the Settlement Class MSiD Count for each Primary NDNO);

and where there are no billable non-half-hourly Connectees a nil return shall be provided.

- 2.4 The report referred to in Paragraph 2.3 shall be provided in Excel 2003 format with each data item in a separate column.

3. HH DATA

- 3.1 In order to calculate the Use of System Charges attributable to a Secondary NDNO's half-hourly-settled Connectees, the Primary NDNO will use data contained in the report provided by the Secondary NDNO pursuant to Paragraph 3.2 (subject to any revisions to reflect errors in such reports identified by the Primary NDNO pursuant to Paragraph 5).
- 3.2 The Secondary NDNO shall provide a report, in the same data format as that referred to in paragraph 3.3 of Schedule 19, to each Primary NDNO, on or before the 15th day of each month, based on the amounts invoiced to Supplier/DG Parties by the Secondary NDNO pursuant to Clause 21 in respect of its Connectees on the Secondary NDNO's Distribution System that are connected (either directly or

indirectly via another NDNO's Distribution System) to the Primary NDNO's Distribution System, including all relevant data not previously reported to the Primary NDNO (and any adjustments to data previously reported).

- 3.3 The report referred to in Paragraph 3.2 shall be provided in Excel 2003 format with each data item in a separate column.

4. MPAN REPORT

- 4.1 On or before the 15th day of each month, the Secondary NDNO shall send to the Primary EDNO a list of the Secondary NDNO's MPANs for half-hourly settled Connectees, together with (in a separate column) the trading status, energisation status and their effective from dates for each MPAN as at the start of that month.

5. AUDIT

- 5.1 Upon not less than 15 Working Days' prior written notice, the Primary NDNO shall have the right to inspect and audit the consumption data and billing records of the Secondary NDNO relating to the invoices referred to in Paragraph 2 and Paragraph 3. The Secondary NDNO shall ensure that all such data and billing records are maintained in accordance with customary record keeping and accounting standards.
- 5.2 The Primary NDNO shall only be entitled to exercise such right for the sole purpose of verifying the accuracy and completeness of the reports provided under Paragraph 2 and Paragraph 3 and shall only use the data obtained for that purpose.
- 5.3 The Secondary NDNO will allow the duly authorised representatives and auditors of the Primary NDNO who are to undertake any inspection or audit in accordance with this Paragraph 5, all reasonable assistance and adequate facilities for the proper exercise of such inspection or audit.

6. LINE LOSS FACTOR CLASS

- 6.1 The Primary EDNO shall use the Secondary NDNO's Line Loss Factor Class Id (as defined in the MRA) description in Market Domain Data (as defined in the BSC) to enable the Primary NDNO to identify the voltage of connection of the Secondary

NDNO's Connectees and shall use the report outlined in Paragraph 2.3 to identify the voltage of the connection of the Secondary NDNO's Distribution System to the Primary NDNO's Distribution System, and shall notify the Secondary NDNO which of the Primary NDNO's charges will be applied by the Primary NDNO in respect of each Connectee for the purposes of the Use of System Charges the Primary NDNO levies on the Secondary NDNO.

- 6.2 Where the Secondary NDNO introduces new Line Loss Factor Class Ids or changes the use of existing Line Loss Factor Class Ids, it shall (within 15 Working Days of the same being published in the Market Domain Data) notify the Primary NDNO of the new or changed Line Loss Factor Class Id.
- 6.3 Where the Secondary NDNO has introduced new or changed Line Loss Factor Class Ids, the Secondary NDNO shall notify the Primary NDNO which of the Primary NDNO's charges the Secondary NDNO believes should apply in respect of the affected Connectees. The Primary NDNO shall nevertheless apply the charges as it considers appropriate, but any dispute regarding invoices shall be determined in accordance with Schedule 4.

7. **NOTICES**

- 7.1 The Secondary NDNO shall provide all reports and other information that it is required to provide to the Primary NDNO in accordance with this Schedule by email to an address specified to the Secondary NDNO by the Primary NDNO, as varied from time to time.

SCHEDULE 22 – COMMON CONNECTION CHARGING METHODOLOGY

Introduction

1. This Schedule 22 sets out the Common Connection Charging Methodology (CCCM). The CCCM is the whole of this Schedule 22 excluding only this introductory section.
2. Each DNO Party is obliged by Standard Licence Condition 13 to have a connection charging methodology in force (each a **Connection Charging Methodology**). Each DNO Party is obliged by Standard Licence Condition 13 to include the CCCM within its Connection Charging Methodology.
3. The DNO Party will include within the document containing its Connection Charging Methodology other matters which are outside the scope of the CCCM.
4. The CCCM is split into two sections numbered ‘1’ and ‘2’, and refers to other sections of the document in which the CCCM is to be included. When each DNO Party includes the CCCM within the document containing its Connection Charging Methodology, the DNO Party shall replace such section numbering and cross-references with the section numbers and cross-references appropriate for its document.
5. Modifications to this Schedule 22 are governed by the provisions of this Agreement.
6. The glossary forming part of the CCCM contains definitions of terms and acronyms used in the CCCM. In the case of any conflict between the defined terms and acronyms set out in the CCCM (on the one hand) and the definitions and rules of interpretation set out in Clause 1 of this Agreement (on the other), the defined terms and acronyms set out in the CCCM shall prevail for the purposes of the CCCM.

Common Connection Charging Methodology

Section 1 – Common Connection Charging Methodology

This Section sets out the Common Connection Charging Methodology that is implemented to ensure a consistent approach in the way your Connection Charge is calculated.

1.

Minimum Scheme

1.1 The Minimum Scheme is the Scheme with the lowest overall capital cost (as estimated by us), solely to provide the Required Capacity. The Minimum Scheme will be subject to:

- accepted industry standards, including the requirements of the Distribution Code;
- the status and configuration of the Relevant Section of Network (RSN);
- the standard sizes and types of equipment currently used by us on our Distribution System which shall be reasonable in all the circumstances;
- maintaining our ability to minimise regulatory penalties associated with the Interruptions Incentive Scheme and the Guaranteed Standards of Performance; and
- where the Customer is an LDNO, maintaining the Customer's ability to minimise regulatory penalties associated with the Guaranteed Standards of Performance.
- and shall be consistent with our statutory and licence obligations including the requirement to develop, maintain and operate an efficient, co-ordinated and economical electricity Distribution System.

1.2 We will make available our design policies and standards as appropriate.

1.3 Subject to paragraphs 1.4 and 1.7 below, we will calculate the Connection Charge based on the estimated costs of the Minimum Scheme.

1.4 In certain circumstances we may decide to design an Enhanced Scheme. This will include one or more of the following:

- additional assets not required as part of the Minimum Scheme;

- assets of a larger capacity than required by the Minimum Scheme;
 - assets of a different specification than required by the Minimum Scheme.
- 1.5 If we decide to design an Enhanced Scheme, then, the Connection Charge that will apply will be the lower of the Connection Charge associated with the Minimum Scheme and the Connection Charge associated with the Enhanced Scheme.
- 1.6 The Connection Charge associated with the Enhanced Scheme will be calculated subject to the exclusion of costs of any additional assets not necessary for the provision of your connection.
- 1.7 We may recover the reasonable costs incurred, both direct and indirect, in providing a connection and may, where allowed by our Licence, apply a margin on some of those costs. The factors taken into account by us to calculate the Connection Charge will include, but are not limited to:
- industry standards governing the Distribution System;
 - the Required Capacity;
 - available capacity of the existing Distribution System;
 - whether any necessary extension or Reinforcement of the existing Distribution System is by underground cable or overhead lines;
 - whether any diversionary work is required as a result of the development and the required disconnection of any assets;
 - the length of cable or line required;
 - type of ground requiring excavation, the type and extent of reinstatement necessary (including New Roads and Street Works Act requirements and any other relevant legislation), and the need for road, bridge crossings etc;
 - any Electrical Plant and civil costs required, allowing for any civil works undertaken by you with our agreement;
 - the requirement to work outside of normal working hours;

- the costs of undertaking the design;
- the costs of securing wayleaves/easements for plant, cables or lines including any consents;
- the costs of securing suitable substation sites including any necessary Land Rights;
- any overhead line surveys required;
- the costs of public enquiries and environmental impact studies;
- charges for any other costs associated with the work on Sites of Special Scientific Interest (SSSI), railway lines etc; and
- any variations in respect of the actual costs that were reasonably incurred as specified in the Connection Offer.

Cost Allocation

1.8 The costs to be charged to you as a Connection Charge may be split into three categories:

- Costs for providing the connection which are to be paid in full by you (see paragraphs 1.10 to 1.15);
- Costs for providing the connection which are to be apportioned between you and us (see paragraphs 1.16 to 1.28; and
- Costs to be paid by you in respect of works that have previously been constructed or are committed and are used to provide the connection (see paragraph 1.29).

1.9 Some costs may be borne in full by us and will not be included in your Connection Charge (see paragraphs 1.30 to 1.32).

Costs to be paid in full by you

1.10 The costs of providing Extension Assets are charged in full to you.

- 1.11 Where you have requirements for additional security or the characteristics of your load requires us to install assets in excess of the Minimum Scheme then you will pay the costs in excess of the Minimum Scheme in full. Where you have requested a three-phase connection and/or a supply voltage that is not necessary to meet the Required Capacity, and the local Distribution System is not of the requested number of phases and/or voltage, then you will pay in full the cost of Reinforcement of the Distribution System to your specified number of phases and/or voltage.
- 1.12 The costs of the future operation and maintenance of any additional assets requested by you (over and above those associated with the Minimum Scheme) will be payable in full. This would normally be levied as a one-off charge representing the net present value of the future operation and maintenance costs and calculated as a percentage (specified in Section [6]) of the additional capital cost of the Scheme. See Example 3 for an illustration of where you request additional security.
- 1.13 Work required to reconfigure the Distribution System to meet your requirements where no additional Network or Fault Level Capacity is made available shall be charged in full to you. See Example 8B.
- 1.14 Where the Extension Assets would normally require the extension of existing switchgear equipment and this is not possible, the cost of the full replacement of the switchgear (using the nearest standard size) will be charged to you, provided that there is no Reinforcement of the Distribution System (see paragraph 1.20).
- 1.15 For generation connections only, Reinforcement costs in excess of the high-cost project threshold of £200/kW shall be charged to you in full as a Connection Charge.

Costs to be apportioned between you and us

- 1.16 Reinforcement is defined as assets installed that add capacity (network or fault level) to the existing shared use Distribution System. The costs of Reinforcement shall be apportioned between you and us. The methods used to apportion the costs of Reinforcement are set out in paragraphs 1.23 – 1.28. There are five exceptions to this rule. Where an exception applies Reinforcement will be treated as Extension Assets and costs will not be apportioned. These exceptions are described below and the application of exceptions 1, 2, 4, and 5 is demonstrated in the Examples.

1.17 Exception 1: Where the Reinforcement is:

- down stream of the POC; and
- over and above the Minimum Scheme; and
- provided at our request; and
- provided by connecting two points on the existing Distribution System; and
- there is little or no prospect of the capacity created being required within the next five years,
- then the apportionment rules will not apply. You will pay the costs associated with the Minimum Scheme and we will pay the costs over and above the Minimum Scheme. See Example 2B.

1.18 Exception 2: Where the Reinforcement is in excess of the Minimum Scheme and is at your request, the Reinforcement will be treated as Extension Assets and the apportionment rules will not apply. The costs in excess of the Minimum Scheme will be borne in full by you (see paragraphs 1.11 and 1.12 above).

1.19 Exception 3: Where the Reinforcement is provided to accommodate a Temporary Connection the Reinforcement will be treated as Extension Assets and the apportionment rules will not apply. The costs associated with the Temporary Connection will be borne in full by you. Temporary Connections are defined as connections that are only required for a period of up to five years, but exclude connections to provide the initial connection to a development, where the Reinforcement will subsequently be required for the permanent connection.

1.20 Exception 4: Where the replacement of switchgear results in an increase in fault level capacity and:

- that increase is solely as a result of the fault level rating of the standard switchgear equipment used by us being higher than that of the existing switchgear; and

- that increase in fault level capacity is not needed to accommodate your connection.

then, unless the switchgear adds network capacity and the Security CAF applies, the switchgear replacement will be treated as Extension Assets and the apportionment rules will not apply. You will pay the full cost of the switchgear replacement. See Example 7B.

1.21 Exception 5: Where the Reinforcement:

- is provided by connecting two points on the existing distribution system; and
- is providing connection is to a development with a number of Entry/ Exit Points,

then the additional network length (measured from suitable points close to the site boundaries which would allow for a clear demarcation of Contestable and Non-Contestable Work) required to provide connectivity within the development will be considered to be Extension Assets and the apportionment rules will not apply. You will pay the full cost of the additional network length. See Example 8A.

1.22 For avoidance of doubt, where the costs of Reinforcement are borne in full by you and any capacity created is used to accommodate new or increased connections within five years, the ECCR will apply (see paragraphs 1.35 - 1.38).

1.23 The costs of Reinforcement will be apportioned using one of two Cost Apportionment Factors (CAFs), dependent upon which factor is driving the requirement for Reinforcement:

- The ‘Security CAF’; and
- The ‘Fault Level CAF’.

1.24 The following definitions are used in the application of the CAFs.

Existing Capacity	For existing Customers their Existing Capacity will be either:- (e) the Maximum Capacity used in the calculation of their use of system charges; or

	(f) for Customers who are not charged for use of system on the basis of their Maximum Capacity the lower of: No. of phases x nominal phase-neutral voltage (kV) x fuse rating (A); and The rating of the service equipment.
Fault Level Contribution from Connection	is the assessment of the Fault Level contribution from the equipment to be connected taking account of its impact at the appropriate point on the Distribution System. Where an existing Customer requests a change to a connection then the “Fault Level Contribution from Connection” is defined as the incremental increase in Fault Level caused by the Customer.
New Fault Level Capacity	is the Fault Level rating, following Reinforcement, of the equipment installed after taking account of any restrictions imposed by the local network Fault Level capacity. For the avoidance of doubt this rule will be used for all equipment types and voltages.
New Network Capacity	is the secure capacity of the Relevant Section of Network following Reinforcement. This is our assessment of the resultant capacity and will be considered in respect of thermal capacity, voltage drop and upstream restrictions and compliance with our relevant design, planning and security of supply policies. The equipment ratings to be used are the appropriate operational rating at the time of the most onerous operational conditions taking account of seasonal ratings and demand.
Relevant Section of Network (RSN)	is that part or parts of the Distribution System that can be used to supply you in both normal and abnormal running arrangements. There may be more than one RSN, e.g. at different voltage levels.
Required Capacity	is the Maximum Capacity agreed with the Customer. In the case of multiple connections (e.g. a housing development) it may be adjusted after consideration of the effects of diversity. Where an existing Customer requests an increase in capacity then it is the increase above their Existing Capacity.

- 1.25 The ‘Security CAF’ is applied, where the costs are driven by either thermal capacity or voltage (or both) as assessed against the relevant standard. This rule determines

the proportion of the Reinforcement costs that should be paid by you as detailed below.

$$\text{Security CAF} = \frac{\text{Required Capacity}}{\text{New Network Capacity}} \times 100\% \quad (\text{max } 100\%)$$

- 1.26 The ‘Fault Level CAF’ is applied, where the costs are driven by Fault Level restrictions. This rule determines the proportion of the Reinforcement costs that should be paid by you as detailed below.

$$\text{Fault Level CAF} = 3 \times \frac{\text{Fault Level Contribution from Connection}}{\text{New Fault Level Capacity}} \times 100\% \quad (\text{max } 100\%)$$

- 1.27 For clarity, where you require an augmentation to an existing connection, both the Security and Fault Level CAFs will be based on the increase in Required Capacity and increase in Fault Level Contribution from the connection respectively. Any related increases within the previous three year period will be taken into account in determining the increase in the Required Capacity or increase in the Fault Level Contribution from the connection to be applied within the CAF.
- 1.28 On some Schemes there may be interaction between the two rules. In such cases, the ‘Security’ CAF will be applied to costs that are driven by the security requirement. The ‘Fault Level CAF’ will be applied to costs that are driven by Fault Level requirements. See the Examples for illustrations on the application of the CAFs.

Recovery of costs for previous works

- 1.29 Where, in order to provide your connection;
- we propose to utilise existing Distribution System assets that were previously installed to provide a connection to another Customer, and
 - the other Customer has paid us (either in part or in full) a Connection Charge for those assets

you may be required to make a payment towards them. The ECCR prescribes the circumstances where such payment is required. Charges for such works only apply

where the new connection is provided within five years of the original Distribution System assets being provided.

Costs to be paid in full by us

1.30 We will fully fund Reinforcement carried out greater than one voltage level above the voltage at the POC to the existing Distribution System.

1.31 Where another LDNO with a distribution network that is connected to our Distribution System requires an increase in capacity to its distribution network, the voltage at the POC for assessing the one voltage rule will be:

- In the case of a new extension to the network of the other LDNO, the voltage of connection at which the Extension Assets will connect to the other LDNO's network; or
- In the case of additional capacity required in respect of a Customer connected to the existing assets of the LDNO, the voltage at which the Customer connects to the LDNO's network; or
- In the case of additional capacity required to meet general load growth on the LDNO's network then the Reinforcement costs will be borne by us. The LDNO will be required to provide justification in such circumstances.

1.32 The table below illustrates the application of the one voltage rule in relation to Reinforcement. You will be required to contribute towards the cost of any Reinforcement provided at one voltage level above the POC, up to and including the cost of circuit breakers provided at that voltage.

England & Wales

	Voltage at the POC			
Voltage of Scheme Assets	LV (below 1000V)	HV (above 1kV but less than 22kV)	EHV (above 22kV but less than 72kV)	132kV

132kV Network	We fund	We fund1	Apportioned	Apportioned
132kV/ EHV Substation	We fund	EHV circuit breakers only Apportioned	Apportioned	Not applicable
EHV Network	We fund	Apportioned	Apportioned	Not applicable
132kV/ HV Substation	HV circuit breakers only Apportioned	Apportioned	Not applicable	Not applicable
EHV/HV Substation	HV circuit breakers only Apportioned	Apportioned	Not applicable	Not applicable
HV Network	Apportioned	Apportioned	Not applicable	Not applicable
HV/ LV Substation	Apportioned	Not applicable	Not applicable	Not applicable
LV Network	Apportioned	Not applicable	Not applicable	Not applicable

Except where there is direct transformation from 132kV to HV when the costs are apportioned.

Scotland

	Voltage at the POC		
Voltage of Scheme Assets	LV (below 1000V)	HV (above 1kV but less than 22kV)	EHV (above 22kV but less than 72kV)
EHV Network	We fund	Apportioned	Apportioned
EHV/HV Substation	HV circuit breakers only Apportioned	Apportioned	Not applicable
HV Network	Apportioned	Apportioned	Not applicable

HV/ LV Substation	Apportioned	Not applicable	Not applicable
LV Network	Apportioned	Not applicable	Not applicable

Recovered Equipment and Deferral of Asset Replacement

- 1.33 You will not receive any credit for the value of any equipment recovered by us as a result of the connection.
- 1.34 You will not receive any credit for the value of any deferral of asset renewal expenditure by us.

Rebates

- 1.35 For Distribution System assets where you have paid in full, then you may be entitled to a future rebate of charges should another Customer connect to those assets. These circumstances are detailed in the ECCR.
- 1.36 For Distribution System assets where you have paid in proportion to your Required Capacity, then you are not entitled to a future rebate of charges should another customer connect to those assets.
- 1.37 Your entitlement to receive payments under paragraph 1.35 only applies to connections made within five years from the first provision of the connection.
- 1.38 These provisions do not apply where we have adopted the assets from an ICP as we have not incurred the relevant expenses nor has an initial contributor made payment to us in accordance with Regulations 5 and 5(b) of the ECCR.

Speculative Developments

- 1.39 Developments which have one or more of the following characteristics may be considered as speculative:-
- their detailed electrical load requirements are not known;

- the development is phased over a period of time and the timing of the phases is unclear;
- the capacity requested caters for future expansion rather than the immediate requirements of (an) end user(s);
- the capacity requested caters for future speculative phases of a development rather than the initial phase(s) of the development; or
- the infrastructure only is being provided, with no connections for end users requested.

1.40 Where we are asked to provide a connection to a speculative development then the cost of the work including any Reinforcement is charged in full and the CAFs do not apply. Additional charge to reflect ongoing operation, repair and maintenance costs may also be levied.

1.41 We may, at our sole discretion, allow capacity to be reserved on the infrastructure provided to service the speculative development on the commercial terms agreed between you and us in respect of the development.

Connection Alterations

1.42 Where you request an alteration to your connection arrangements, including a change in the supply voltage, the costs are charged in full to you. For the avoidance of doubt increases in the Required Capacity are dealt with in accordance with the [previous] Sections.

National Grid Electricity Transmission (NGET) Charges to us

1.43 We have an obligation under the CUSC to discuss certain requests for connection or changes in connection with NGET. Such requests are typically for large electrical demand or generation projects. Under certain circumstances, as determined by NGET, they may apply charges to assess the potential impact on the transmission system of a request or the combined effect of a number of requests and these will be included in the Connection Charge, or through a separate mechanism agreed between you and us.

- 1.44 Subsequent to such assessment NGET may also require works to be undertaken on the GB Transmission System as a condition of the connection being permitted. In the event of NGET applying charges for these works or where they require security in respect of the works, we will reflect such costs in our charges to you.

Land Rights

- 1.45 Where Land Rights are required from a third party, the cost of acquiring those rights will be included in either the Connection Charge to you or through a separate mechanism agreed between you and us.
- 1.46 If the Land Rights that we require cannot be obtained by negotiation, we may, following discussion with you, exercise our powers of compulsory purchase (Section 10 and Schedule 3 of the Act) or apply to the Secretary of State or the Scottish Government in Scotland for a ‘necessary wayleave’ (paragraphs 6-8 of Schedule 4 of the Act). If we do so, the costs that we incur, including those of the Lands Tribunal/ Lands Tribunal for Scotland (which determine issues of compensation) will be charged to you. The Lands Tribunal may award compensation to the landowner and/or anyone who holds an interest in the land and this will be included in the Connection Charge or through a separate mechanism agreed between you and us.

Unmetered Supplies

- 1.47 For some street lighting and other installations, we may allow items of equipment to be connected to our Distribution System without a meter. This is subject to the equipment having a low and predictable pattern of consumption and meeting the requirements of The Electricity (Unmetered Supply) Regulations 2001.
- 1.48 Where we agree that a meter is not required the provision of such a connection is dependent on the owner entering into an unmetered Connection Agreement and providing and maintaining an auditable inventory, in a format agreed with us, so that an accurate estimate of the consumption can be produced.
- 1.49 Where certain criteria are met the provision of services for unmetered connections may be made via a time-based connection service charge, e.g. Rent-a-Jointer Services.

This is subject to us entering into a contract with you for the provision of such services.

1.50 You may elect to appoint an accredited ICP to carry out the Contestable Work for unmetered connections. The ICP will be allowed to carry out live jointing on low voltage, single phase, underground service cables more than one metre from the distributing main. Where you use an ICP a triangular arrangement must first be established:

- You will enter into an agreement with the ICP to carry out and complete the Contestable Work;
- We will enter into an Adoption Agreement with you and/or your appointed agent as appropriate;
- We will enter into an enabling agreement with the ICP to allow the ICP to work on the Distribution System (this may be the same document as the Adoption Agreement).

Capacity Ramping for LDNOs

1.51 For an LDNO the Required Capacity (expressed in kVA) is the Maximum Capacity to be provided at the boundary between the LDNO's distribution network and our Distribution System. This value will be agreed with us and stated in the Bilateral Connection Agreement for the relevant embedded network.

1.52 When a connection is provided to an LDNO the take-up of capacity may grow over a period of time as the site develops and individual customers are connected. In such circumstances the Bilateral Connection Agreement shall include a phased Required Capacity based on the Development Phase.

1.53 During the Development Phase a review may be undertaken annually on the anniversary of the Energisation of the embedded network. Any unused capacity identified in such review may be released for use by other customers and the Maximum Capacity reduced to an agreed level within the Bilateral Connection Agreement.

- 1.54 The Required Capacity agreed with us as being required at the end of the Development Phase shall be used to determine the Required Capacity for determination of the Cost Apportionment Factors where applicable.
- 1.55 Should additional capacity subsequently be required, the LDNO may incur additional Connection Charges for any Reinforcement based on the increase in capacity.

Disconnection and De-Energisation

- 1.56 If we either Disconnect or De-energise your Entry/ Exit Point
- at the request of your Supplier; or
 - due to a failure of your Supplier to comply with the terms of the DCUSA
- then the cost of such disconnection or De-energisation will be borne by your Supplier.
- 1.57 If we either Disconnect or De-energise your Entry/ Exit Point
- at your request; or
 - due to a failure by you to comply with the terms of your Connection Agreement,
- then the cost of such disconnection or De-energisation will be borne by you.
- 1.58 On termination of your Connection Agreement, we retain the right to remove our Electrical Plant and Electric Lines and charge you if we do so. Apparatus which is not cost effective for us to recover (e.g. Electric Lines laid underground) will normally be made safe and left at the Premises, but if you require us to remove them, the cost of removal will be payable by you. All such apparatus will remain our property unless otherwise agreed in writing.

Adoption Payments

- 1.59 Where we adopt assets installed by an ICP we will not make any adoption payment in respect of those assets.

Competition in Connection

- 1.60 Where you choose to have any Contestable Work undertaken by an ICP, we levy CIC Charges associated with the design approval, inspection and adoption of the Contestable Works as set out in Section [6] and Section [7].

Worked Examples Illustrating the Application of the Connection Charging

Methodology

The following Examples are to illustrate the application of the Connection Charging Methodology and are not intended to provide an accurate estimate of the charges which a person would become liable in respect of the provision of a connection. The Examples do not necessarily represent the Minimum Scheme for a specific connection application.

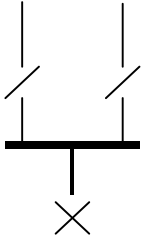
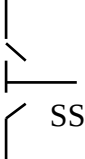
The figures quoted in the Examples are illustrative. Section [7] of this statement provides our charges and indicative costs to undertake various activities.

The Examples illustrate where we undertake both the Contestable and Non-Contestable Work. These costs will include the determination of the POC and assessment and design costs, though these may not be explicitly identified in the Examples.

Where Contestable Work is undertaken by an ICP, we will apply CIC Charges for services associated with the Contestable Works which would cover activities including design approval, inspection and monitoring. The CIC Charges shown in the Examples are for illustration only. For the avoidance of doubt, in each Example, where an ICP undertakes the Contestable Work, our Connection Charge will include the cost of the Non-Contestable Work and the CIC Charges but exclude the cost of Contestable Work.

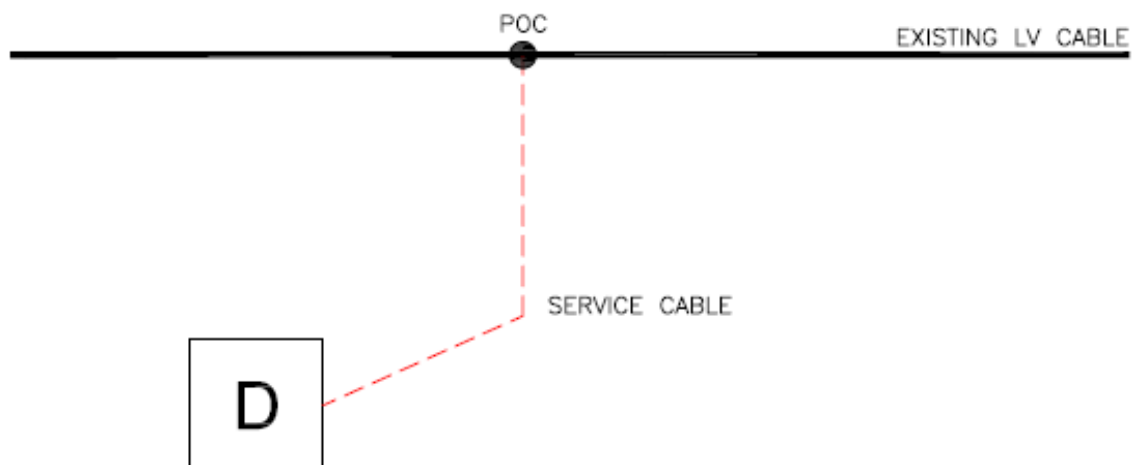
The Examples are generic and standard for all LDNOs. The actual designs are subject to our design policies.

Key to Illustrations

	Circuit Breaker (any voltage)
	Switch
	Transformer
	Joint on cable
	High voltage ring main unit
	Existing cable
	Proposed cable
	Normal Open Point (NOP)
	Generator Customer
	Demand Customer
	Point of Connection (POC)
	Sub Station

Example 1: A new connection to a domestic premise

A Customer requests a LV single phase connection to a new house. The Premises can be connected to an existing LV main cable in the street.



The Connection Charge for this Scheme is calculated as follows:

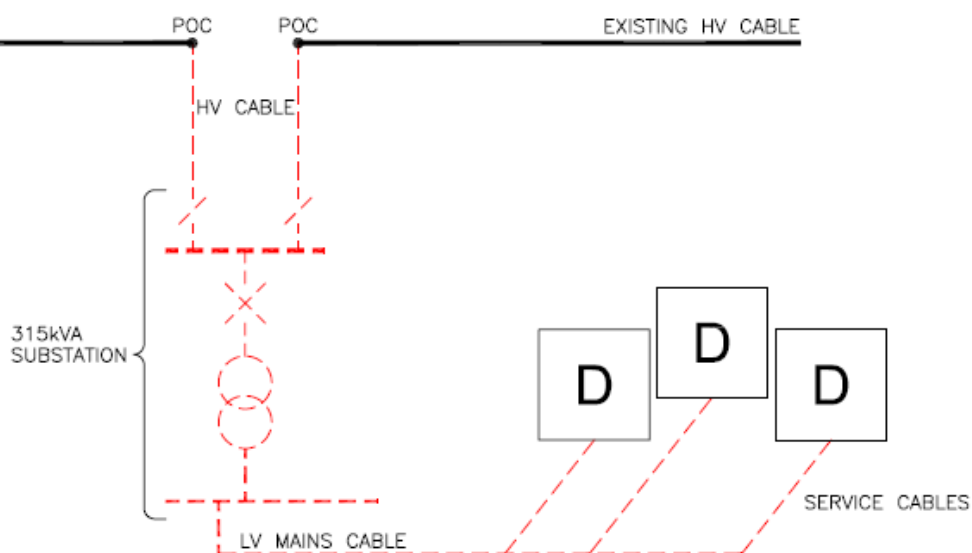
Extension Assets:

	Cost	Apportionment	Customer Contribution
Contestable Work			
15m service cable, excavation in footpath for joint hole to Customer laid duct, backfill and termination	£700	n/a	£700
Non-Contestable Work			
Single service breech joint	£400	n/a	£400
Total Extension Asset Cost			£1,100
CIC Charges			£100

Total Connection Charge = £1,100

Example 2A: New connections on a domestic housing development

A housing developer requests connections for 200 domestic Premises. The Required Capacity to supply the 200 homes is 250kVA. A new distribution substation will be established to provide the Required Capacity of the site. The Minimum Scheme requires the substation to be looped into the existing HV network.



The Connection Charge for this Scheme is calculated as follows:

Extension Assets:

	Cost	Apportionment	Customer Contribution
Contestable Work			
Provision and installation 100m HV cable	£11,000	n/a	£11,000
315kVA substation	£24,000	n/a	£24,000
LV mains, service cables and terminations	£170,000	n/a	£170,000
Non-Contestable Work			
Two HV cable joints	£2,000	n/a	£2,000
Total Extension Asset Cost			£207,000

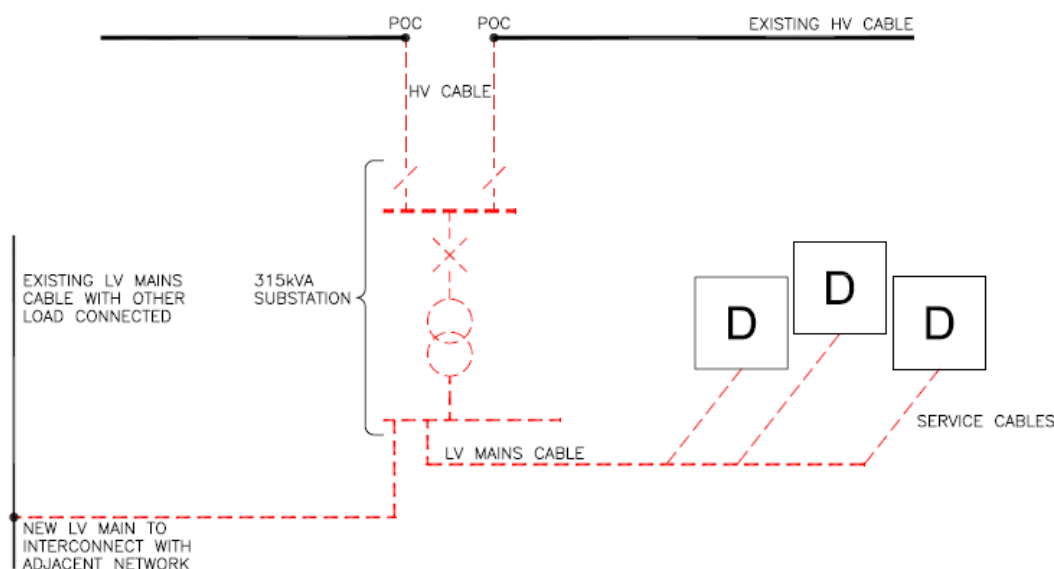
CIC Charges			£1,500

Total Connection Charge = £207,000

Example 2B: New connections on a domestic housing development with interconnection.

This Example demonstrates the application of two of the exceptions to the apportionment rules, Exception 1 (paragraph 1.17) and Exception 2 (paragraph 1.18).

As in Example 2A, a housing developer requests connections for 200 domestic Premises. The Required Capacity to supply the 200 homes is 250kVA. A new distribution substation will be established to provide the Required Capacity of the site. The Minimum Scheme requires the substation to be looped into the existing HV network. However, in this Example there is an option to provide an additional LV cable to interconnect the distribution substation with the existing LV network. This option is over and above the Minimum Scheme.



Interconnecting into the existing LV network will increase the capacity of the existing Distribution System. Therefore, the assets that connect the HV and LV network would normally be considered to be Reinforcement. These assets (as shown on the diagram above) include the HV cable, the 315kVA substation and the interconnecting LV main. They exclude the LV mains and service cables from the 315kVA substation to the Customer's development. However, whether these assets are to be considered Reinforcement or Extension Assets depends upon who requested the LV interconnection and whether any capacity created is likely to be used. One of three scenarios will apply –

a) The LV interconnection is requested by the Customer (Exception 2).

In this case the Reinforcement is over and above the Minimum Scheme and requested by the Customer. Therefore, Exception 2 applies and all assets (including the interconnecting LV

cable) will be treated as Extension Assets and their costs will be borne in full by the Customer. As the interconnecting LV main and associated LV joint are over and above the Minimum Scheme, a charge for their future operation and maintenance will be made.

The Connection Charge for this Scheme is calculated as follows:

Extension Assets:

	Cost	Apportionment	Customer Contribution
Contestable Works			
Provision and installation 100m 11kV cable (from existing HV network to substation)	£11,000	n/a	£11,000
315kVA substation	£24,000	n/a	£24,000
LV mains, service cables and terminations (from substation to the Customer's development)	£170,000	n/a	£170,000
Interconnecting LV Cable (from substation to existing LV network)	£10,000	n/a	£10,000
Non-Contestable Works			
Two HV cable joints	£2,000	n/a	£2,000
LV cable joint	£1000	n/a	£1,000
Difference between Minimum and the actual Scheme is £11,000. Operation & Maintenance @20%* of £11,000		n/a	£2,200
Total Extension Asset Cost	£218,000		£220,200
CIC Charges			£1,500

Total Connection Charge = £220,200

*Note, the 20% Operation and Maintenance figure is illustrative.

(b) The LV interconnection is requested by us in order to create additional network capacity (No exception).

In this case, the assets connecting the existing HV and LV network add capacity to the existing network and none of the exceptions described in paragraphs 1.17-1.21 apply.

Therefore they will be treated as Reinforcement. The costs of the Reinforcement assets that form part of the Minimum Scheme (the HV cable and associated HV joints; the 315kVA substation) will be apportioned. The interconnecting LV cable and associated LV joint are considered to be Reinforcement but, as they are over and above the Minimum Scheme and requested by us, the costs will be borne in full by us.

Reinforcement:

The RSN is that part or parts of the Distribution System that can be used to supply the Customer in both normal and abnormal running arrangements which, in this case, is the distribution substation and the HV Cables.

Security CAF calculation: the numerator in the CAF calculation is based upon the Required Capacity of the Customer, which is 250kVA. The denominator is based on the New Network Capacity following Reinforcement, which is 315kVA, i.e. the secure capacity of the distribution substation and HV cables.

The Connection Charge for this Scheme is calculated as follows:

Reinforcement:

	Cost	Apportionment	Customer Contribution
Non-Contestable Work			
Provision and installation 100m 11kV cable (from existing HV network to substation)	£11,000	250/315 =79.4%	£8,730
315 kVA substation	£24,000	as above	£19,048
Two HV cable joints	£2,000	as above	£1,587
Interconnecting LV Cable (from substation to existing LV network)	£10,000	In excess of Minimum Scheme	£0

LV Cable Joint	£1,000	In excess of Minimum Scheme	£0
Total Reinforcement Cost	£48,000		£29,365

Extension Assets:

	Cost	Apportionment	Customer Contribution
Contestable Work			
LV mains, service cables and terminations (from the substation to the Customer's development)	£170,000	n/a	£170,000
Total Extension Asset Cost	£170,000		£170,000
CIC Charges			£1,500

Total Connection Charge = £29,365 + £170,000 = £199,365

(c) The LV interconnection is requested by us but there is little prospect of the capacity created being used (Exception 1).

In this case all the requirements of Exception 1 (paragraph 1.17) are met so the assets that connect the existing HV and LV Distribution System will be treated as Extension Assets and their costs will not be apportioned. The Customer will pay the costs associated with the Minimum Scheme in full. The interconnecting LV cable and associated LV joint as they are over and above the Minimum Scheme and requested by us, therefore the costs will be borne in full by us

The Connection Charge for this Scheme is calculated as follows:

Extension Assets:

	Cost	Apportionment	Customer

			Contribution
Contestable Works			
Provision and installation 100m 11kV cable (from existing HV network to substation)	£11,000	n/a	£11,000
315 kVA substation	£24,000	n/a	£24,000
LV mains, service cables and terminations (from substation to the Customer's development)	£170,000	n/a	£170,000
Non-Contestable Works			
Two HV cable joints	£2,000	n/a	£2,000
Interconnecting LV Cable (from substation to existing LV network)	£10,000	In excess of Minimum Scheme	£0
LV Cable Joint	£1000	In excess of Minimum Scheme	£0
Total Extension Asset Cost	£218,000		£207,000
CIC Charges			£1,500

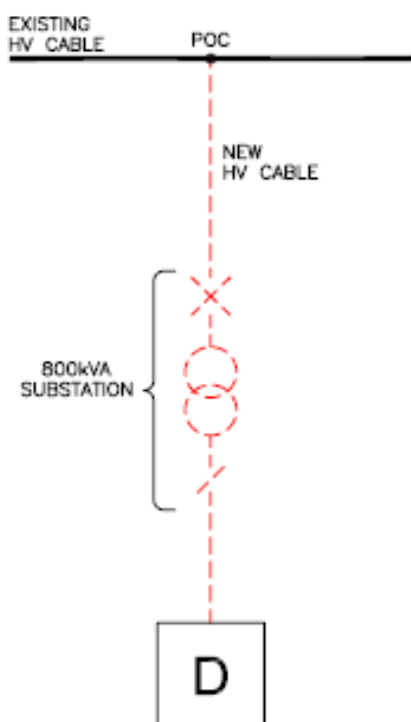
Total Connection Charge = £207,000

Example 3: A new connection to a commercial Premises

A Customer requests a new LV three phase 600kVA connection to commercial Premises.

Four scenarios for connection are considered below. The Minimum Scheme will be dependent on the specific circumstances as set out in paragraphs 1.1 to 1.7.

- (a) Where the Minimum Scheme is a new 800kVA substation teed onto the existing HV network.



The Connection Charge for this Scheme is calculated as follows:

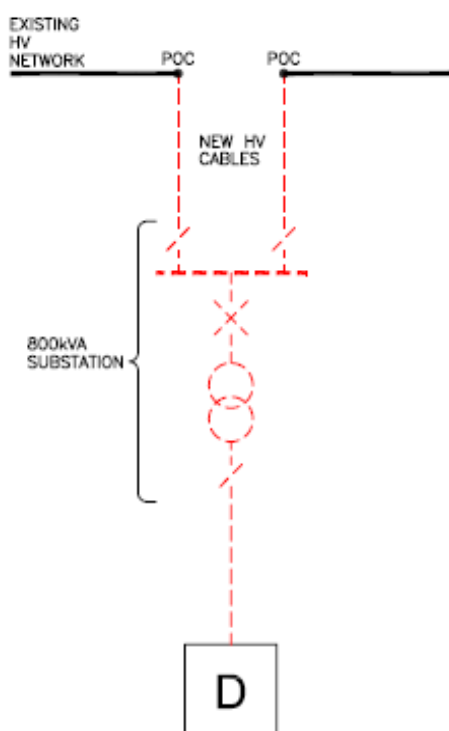
Extension Assets:

	Cost	Apportionment	Customer Contribution
Contestable Work			
Provision and installation of 150m of HV cable	£30,000	n/a	£30,000
800kVA substation	£17,000	n/a	£17,000

Provision and installation LV cabling	£4,400	n/a	£4,400
Metering panel	£800	n/a	£800
Non-Contestable Work			
HV joint to network	£1,900	n/a	£1,900
Total Extension Asset Cost	£54,100		£54,100
CIC Charges			£1,500

Total Connection Charge = £54,100

In each of the following scenarios the Customer is connected with a looped connection, as illustrated in the following diagram.



- (b) The Minimum Scheme is as for scenario a) above but the Customer requests an enhanced connection arrangement where the substation is looped into existing HV network.

The Connection Charge for this Scheme is calculated as follows:

Extension Assets:

	Cost	Apportionment	Customer Contribution
Contestable Work			
Provision and installation of 300m of HV cable	£35,000	n/a	£35,000
800kVA substation	£20,000	n/a	£20,000
Provision and installation LV cabling	£4,400	n/a	£4,400
Metering panel	£800	n/a	£800
Non-Contestable Work			
HV joints to network	£2,900	n/a	£2,900
Total Extension Asset Cost	£63,100		£63,100
Difference between Minimum and the actual Scheme is £9,000. Operation & Maintenance @20%* of £9,000			£1,800
Total Extension Asset Cost			£64,900
CIC Charges			£1,500

Total Connection Charge = £64,900

*Note, the 20% Operation and Maintenance figure is illustrative.

- (c) The Minimum Scheme is as for scenario a) above but we request an Enhanced Scheme where the substation is looped into the existing HV network.

The Connection Charge for this Scheme is calculated as follows:

Extension Assets:

	Cost	Apportionment	Customer Contribution
Contestable Work			
Provision and installation of 300m of HV cable	£35,000	Minimum Scheme	£30,000
800kVA substation	£20,000	Minimum Scheme	£17,000
Provision and installation LV cabling	£4,400	n/a	£4,400
Metering panel	£800	n/a	£800
Non-Contestable Work			
HV joints to network	£2,900	Minimum Scheme	£1,900
Total Extension Asset Cost	£63,100		£54,100
CIC Charges			£1,500

Total Connection Charge = £54,100

(d) The Minimum Scheme is a new 800kVA substation looped into existing HV network.

The Connection Charge for this Scheme is calculated as follows:

Extension Assets:

	Cost	Apportionment	Customer Contribution
Contestable Work			
Provision and installation of 300m of HV cable looped to network, HV Ring Main Unit, 800kVA transformer	£35,000	n/a	£35,000

800kVA substation	£20,000	n/a	£20,000
Provision and installation LV cabling	£4,400	n/a	£4,400
Metering panel	£800	n/a	£800
Non-Contestable Work			
HV joints to network	£2,900	n/a	£2,900
Total Extension Asset Cost	£63,100		£63,100
CIC Charges			£1,500

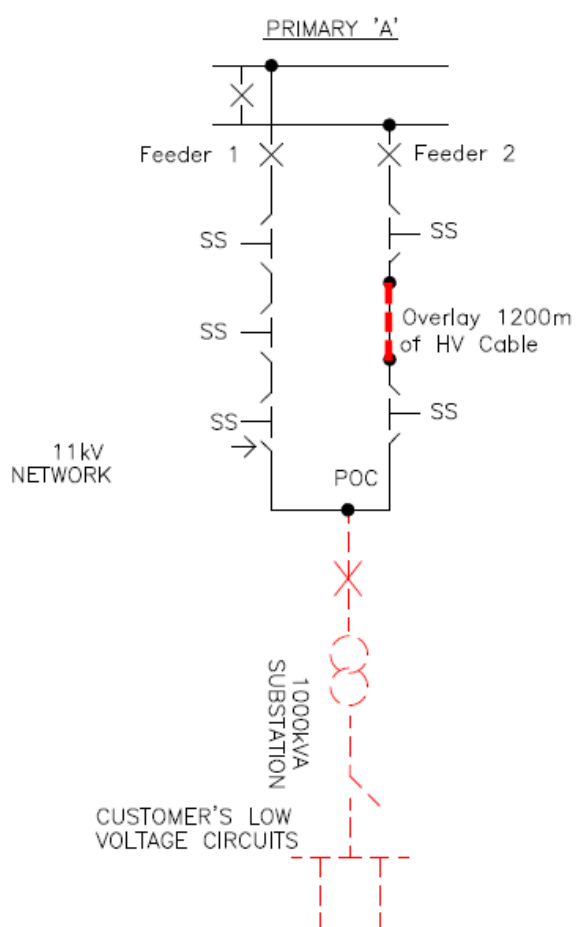
Total Connection Charge = £63,100

Example 4: Additional load application for commercial Premises (requiring a new connection from the HV network)

A Customer requests to increase the Maximum Capacity of their existing LV connection from 200kVA to 850kVA; an increase of 650kVA (the Required Capacity).

As the Customer's existing LV connection is unable to deliver the Required Capacity a new connection will be required from the local HV network. The Minimum Scheme is to overlay part of the nearest HV circuit (Feeder 2) which only has spare capacity of 200kVA. The Reinforcement to make the capacity available requires 1200m of existing HV cable to be overlaid with a larger capacity cable.

Following the Reinforcement the New Network Capacity will be 8000kVA. (i.e. after Reinforcement, in this particular case, the section of cable with the lowest rating in the ring represented by Feeder 1 and Feeder 2 is rated at 8000kVA).



Reinforcement:

The RSN is the two feeder ring comprising Feeder 1 and Feeder 2.

Security CAF calculation: As this request is from an existing customer the numerator in the CAF calculation is based upon the increment of capacity requested, i.e. 650kVA (850kVA – 200kVA). The denominator is based upon the New Network Capacity following the Reinforcement.

Fault Level CAF calculation: This Scheme does not have any significant Fault Level contribution to the existing shared use distribution network and the Fault Level CAF is therefore not applicable here.

The Connection Charge for this Scheme is calculated as follows:

Reinforcement:

	Cost	Apportionment	Customer Contribution
Non Contestable Work			
Overlay 1200m of HV cable	£120,000	$650 / 8000 \times 100\% = 8.1\%$	£9,750
HV Jointing	£4,800	As above	£390
Total Reinforcement Cost	£124,800		£10,140

Extension Assets:

	Cost	Apportionment	Customer Contribution
Contestable Work			
Provision and installation HV cable	£29,000	n/a	£29,000
1000kVA substation	£20,000	n/a	£20,000
Termination of Customer's LV cables	£1,400	n/a	£1,400

LV Metering panel	£800	n/a	£800
Non-Contestable Work			
HV Jointing	£1,600	n/a	£1,600
Total Extension Asset Cost	£52,800		£52,800
CIC Charges			£1,100

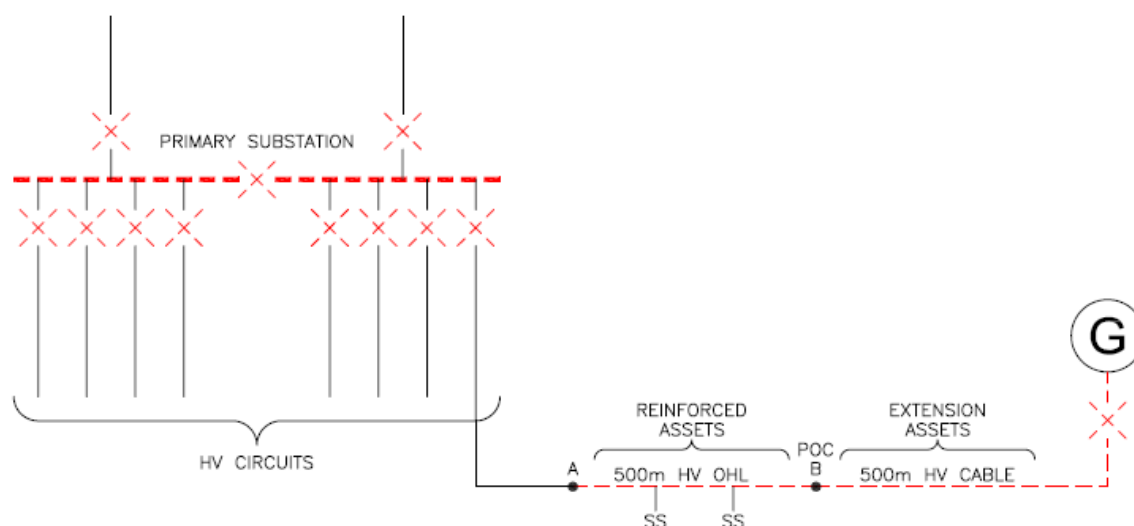
Total Connection Charge = £10,140 + £52,800 = £62,940

Example 5: Connection of a new embedded generator that requires Reinforcement involving Security and Fault Level CAFs.

A Customer requests a connection to a generator with a Required Capacity for export purposes of 3MVA. The Fault Level contribution at the primary substation from the generation connection is 10MVA.

The POC is to the existing HV network at point B and it is proposed to install 500m of HV underground cable from the POC to the Customer's installation.

The connection requires the Reinforcement of 500m of HV overhead line between points A and B and replacement of the existing 11 panel HV switchboard at the primary substation which will increase its fault level rating from 150MVA to 350MVA. However, this will be limited by the fault level rating of the local network of 250MVA.



Reinforcement:

The RSN is the HV network from the primary substation to Point B.

Security CAF calculation: the numerator in the CAF calculation is based upon the Required Capacity of the Customer, i.e. 3MVA. The denominator is based on the New Network Capacity following Reinforcement, which is 7.6MVA, i.e. after Reinforcement, in this particular case, the section of cable with the lowest rating.

Fault Level CAF calculation: The numerator in the CAF calculation is based upon the Fault Level contribution from the Customer's new generator connection, in this Example 10MVA.

The denominator is based upon the New Fault Level Capacity, which is the lower of the Fault Level capacity of the new HV switchboard, 350MVA or of the local system, 250MVA in this Example.

The Connection Charge for this Scheme is calculated as follows:

Reinforcement:

	Cost	Apportionment	Customer Contribution
Non Contestable Work			
Re-conductor of 500m of HV overhead line	£49,000	$3/7.6 \times 100\% = 39.5\%$ Security CAF	£19,342
Replacement of existing 11 panel 11kV switchgear	£540,000	$3 \times (10/250) \times 100\% = 12.0\%$ Fault Level CAF	£64,800
Total Reinforcement Cost	£589,000		£84,142

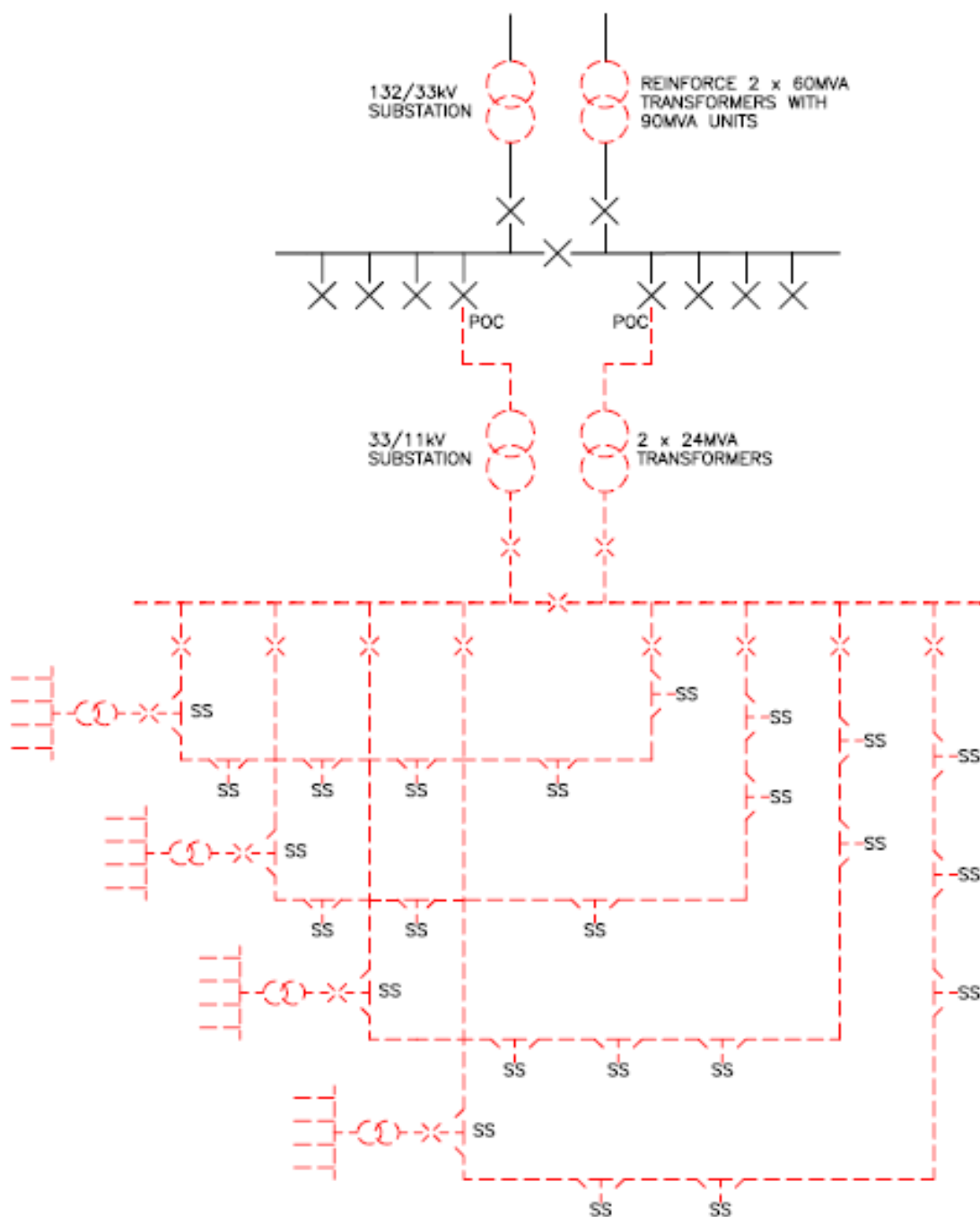
Extension Assets:

	Cost	Apportionment	Customer Contribution
Contestable Work			
Installation of 500m HV cable	£47,000	n/a	£47,000
HV circuit breaker at Customer's substation	£10,000	n/a	£10,000
Non-Contestable Work			
HV pole top termination	£1,400	n/a	£1,400
Total Extension Asset Cost	£58,400		£58,400
CIC Charges			£1,100

Total Connection Charge = £84,142 + £58,400 = £142,542

Example 6: Connection of Mixed Housing and Commercial Development

The Customer requests 18MVA for a new mixed housing & commercial development site which comprises of 7,000 plots and a mixture of small commercial Premises. The POC on the network will be at the two existing 33kV circuit breakers located at the 132/33kV substation approximately 600m from the site boundary. In order to accommodate the Required Capacity it will be necessary to reinforce the two 60MVA, 132/33kV, transformers with 90MVA transformers. It will then be necessary to extend the network and establish a 2 by 24MVA transformer 33/11kV substation on site with an extendable HV board in this new substation. The HV board will comprise of 2 incomer, 1 bus section and 8 outgoing circuit breakers. From this substation there will be 3km of HV cable required to supply 24 substations. From each of these 24 substations there will be associated LV cable and services as required.



Reinforcement:

The RSN for the Reinforcement is the existing 132/33kV substation

Security CAF calculation: the numerator in the CAF calculation is based upon the Required Capacity of the Customer, i.e. 18MVA. The denominator is based on the New Network Capacity following Reinforcement, i.e. 90MVA.

Fault Level CAF calculation: This Scheme does not have any significant Fault Level contribution to the existing shared use distribution network and Fault Level CAF is therefore not applicable here.

The Connection Charge for this Scheme is calculated as follows:

Reinforcement:

	Cost	Apportionment	Customer Contribution
Non Contestable Work			
Replace two 60MVA, 132/33kV transformers with two 90MVA transformers.	£1,500,000	18/90 X 100% = 20.0%	£300,000
Total Reinforcement Cost			£300,000

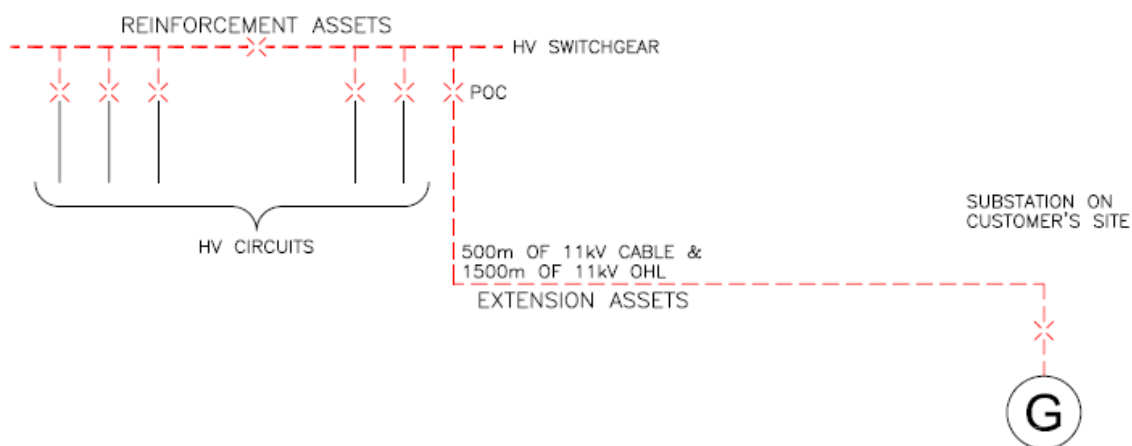
Extension Assets:

	Cost	Apportionment	Customer Contribution
Contestable Work			
600m of 2 by 33kV cable	£180,000	n/a	£180,000
3000m of HV circuits, 24 HV/LV substations, LV cable and services	£7,000,000	n/a	£7,000,000
2 by 24MVA transformer substation	£2,000,000	n/a	£2,000,000
Non-Contestable Work			
Terminate two 33kV cables on to two existing 33kV circuit breakers.	£25,000	n/a	£25,000
Total Extension Asset Cost	£9,205,000		£9,205,000
CIC Charges			£15,000

Total Connection Charge = £9,205,000 + £300,000 = £9,505,000

Example 7A: New 3MVA Generation Connection, Fault Level Triggered Reinforcement

A Customer wishes to connect a new generator with a Required Capacity for export purposes of 3MVA. The connection of the generator requires the installation of 500m of 11kV cable and 1500m of overhead line between a new circuit breaker, added to the 11kV extensible switchgear panel at an existing primary substation and a new substation at the Customer's Premises. The 24MVA Fault Level contribution from the generator necessitates Reinforcement works to replace the 11kV switchgear at the existing primary substation with switchgear of a higher fault level rating.



Reinforcement:

Fault Level CAF calculation: The numerator in the CAF calculation is based upon the Fault Level contribution from the Customer's new generator connection, in this Example 24MVA. The denominator is based upon the New Fault Level Capacity, in this Example the Fault Level capacity of the new 11kV switchboard, 315MVA.

The Connection Charge for this Scheme is calculated as follows:

Reinforcement:

	Cost	Apportionment	Customer Contribution

Non Contestable Work			
Replacement HV switchboard (excluding Customer's sole use circuit breaker)	£450,000	$3 \times (24/315) \times 100\% = 22.9\%$	£102,857
Total Reinforcement Cost	£450,000		£102,857

Extension Assets:

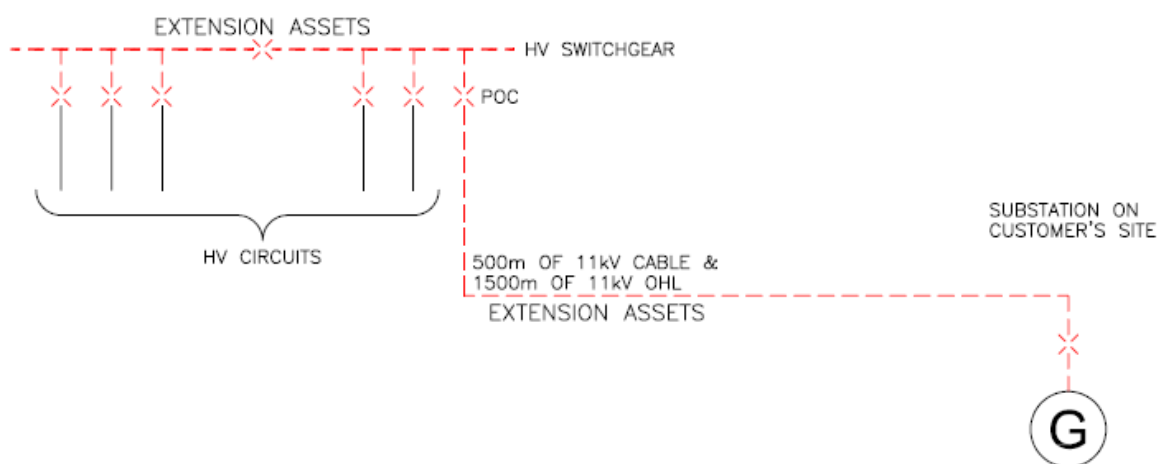
	Cost	Apportionment	Customer Contribution
Non-Contestable Work			
HV circuit breaker at primary substation	£25,000	n/a	£25,000
Contestable Work			
Installation of a 500m HV cable	£40,000	n/a	£40,000
Installation of a 1500m HV overhead line	£35,000	n/a	£35,000
HV circuit breaker at Customer substation	£25,000	n/a	£25,000
Total Extension Asset Cost	£100,000		£125,000
CIC Charges			£1,100

Total Connection Charge = £102,857 + £125,000 = £227,857

Example 7B: New 3MVA Generation Connection, Switchgear Extension Not Possible

This example demonstrates the application of Exception 4 (paragraph 1.20).

A Customer requests to connect a new generator with a Required Capacity for export purposes of 3MVA. The connection of the generator requires the installation of the works as provided in Example 7A above. In this scenario, however, there is no Fault Level issue but, as the connection cannot be facilitated by an extension of the existing switchgear equipment in our primary substation, a full replacement of the existing switchgear installation is required. As no capacity is added to the existing shared use distribution network, the Customer will be required to fund the full cost of the switchgear installation replacement.



The existing switchgear had fault level rating of 250MVA. The company no longer uses switchgear with a fault level rating of 250MVA, so uses the closest equivalent switchgear used by it as standard, which has a slightly higher rating. Whilst the replacement switchgear increases the fault level capacity and could be considered Reinforcement, in this case this is due solely to the fault level rating of the standard equipment used by the company being higher than the fault level rating of the existing switchgear. The increase in fault level capacity is not required to connect the customer. Therefore, Exception 4 (Paragraph 1.20) applies and the switchgear will be considered to be Extension Assets and its costs will be charged in full to the customer.

The Connection Charge for this Scheme is calculated as follows:

Extension Assets:

	Cost	Apportionment	Customer Contribution
Contestable Work			
Installation of a 500m HV cable	£40,000	n/a	£40,000
Installation of a 1500m HV overhead line	£35,000	n/a	£35,000
HV circuit breaker at Customer substation	£25,000	n/a	£25,000
Non-Contestable Work			
Replacement 11kV switchboard	450,000	n/a	450,000
New Extension Asset circuit breaker	£25,000	n/a	£25,000
Total Extension Asset Cost	£575,000		£575,000
CIC Charges			£1,100

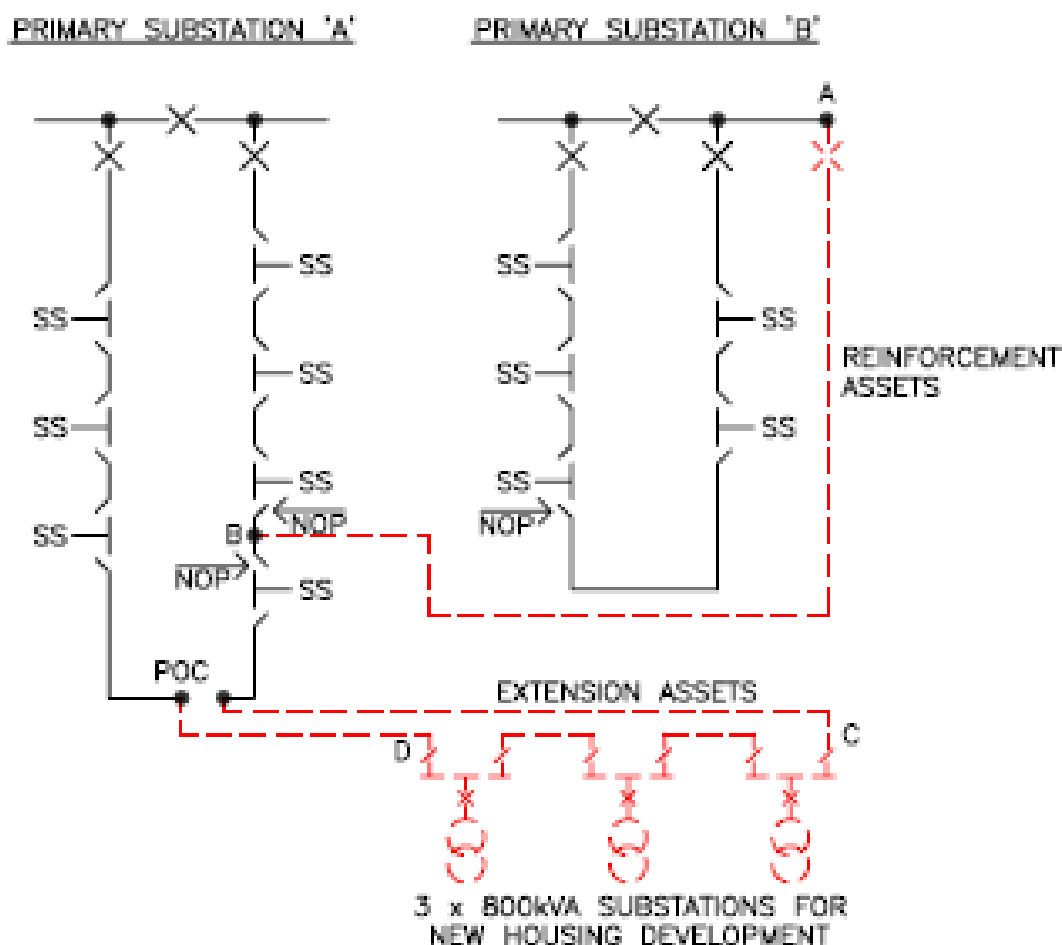
Total Connection Charge = £575,000

Example 8A: Connection of housing development with network Reinforcement

A new housing development has a Required Capacity of 2MVA to serve 900 plots. The local 11kV feeder has a network capacity of 7.7MVA based upon the limitation of the existing 400 Amp circuit breakers at Primary Substation A. The existing load on the circuit is 7.6MVA. It is therefore not possible to connect the new load to this circuit without Reinforcement works. To reinforce the circuit it is proposed to install a new circuit breaker at Primary Substation B and install a new 11kV feeder (also rated at 7.7MVA) to the local 11kV circuit. The new 11kV feeder is used to split the existing circuit from a two to a three feeder network. The newly installed cable between point A and B is 1300m long. The newly installed cable to connect the development from the POC is 1200m.

This Reinforcement will allow a POC to be taken from the local 11kV circuit to supply the new development. Three 800kVA distribution substations are established onsite. The above work represents the Minimum Scheme to provide services to the new site.

The figure below shows the proposed Reinforcement and POC to the 11kV network:



Reinforcement:

The RSN for the Reinforcement

For the Reinforcement CAF the RSN is considered to be the three feeder 11kV network comprising the two feeders from Primary Substation A and the new feeder from Primary Substation B as this new feeder is capable of feeding either of the existing circuits. The numerator in the CAF calculation is based upon the Required Capacity of the new development, i.e. 2MVA. In this case, the New Network Capacity (under N -1 conditions) following the Reinforcement works is equal to $(3 - 1) \times 7.7\text{MVA} = 15.4\text{MVA}$

Fault Level CAF calculation: This Scheme does not have any significant Fault Level contribution to the existing shared use distribution network and Fault Level CAF is therefore not applicable here.

The Connection Charge for this Scheme is calculated as follows:

Reinforcement:

	Cost	Apportionment	Customer Contribution
Non Contestable Work			
1300m of 11kV Cable	£130,000	2/15.4 x 100% = 13.0%	£16,883
11kV Circuit Breaker at Primary Substation B	£45,000	As above	£5,844
11kV jointing at Point B	£3,000	As above	£390
Total Reinforcement Cost	£178,000		£23,117

Extension Assets:

	Cost	Apportionment	Customer Contribution
Contestable Work			
1200m of 11kV Cable	£120,000	n/a	£120,000
3 by 800kVA distribution substations	£150,000	n/a	£150,000
On site LV mains and services	£330,000	n/a	£330,000
Non-Contestable Work			
2 by 11kV closing joints	£5,000	n/a	£5,000
Total Extension Asset Cost	£605,000		£605,000
CIC Charges			£3,500

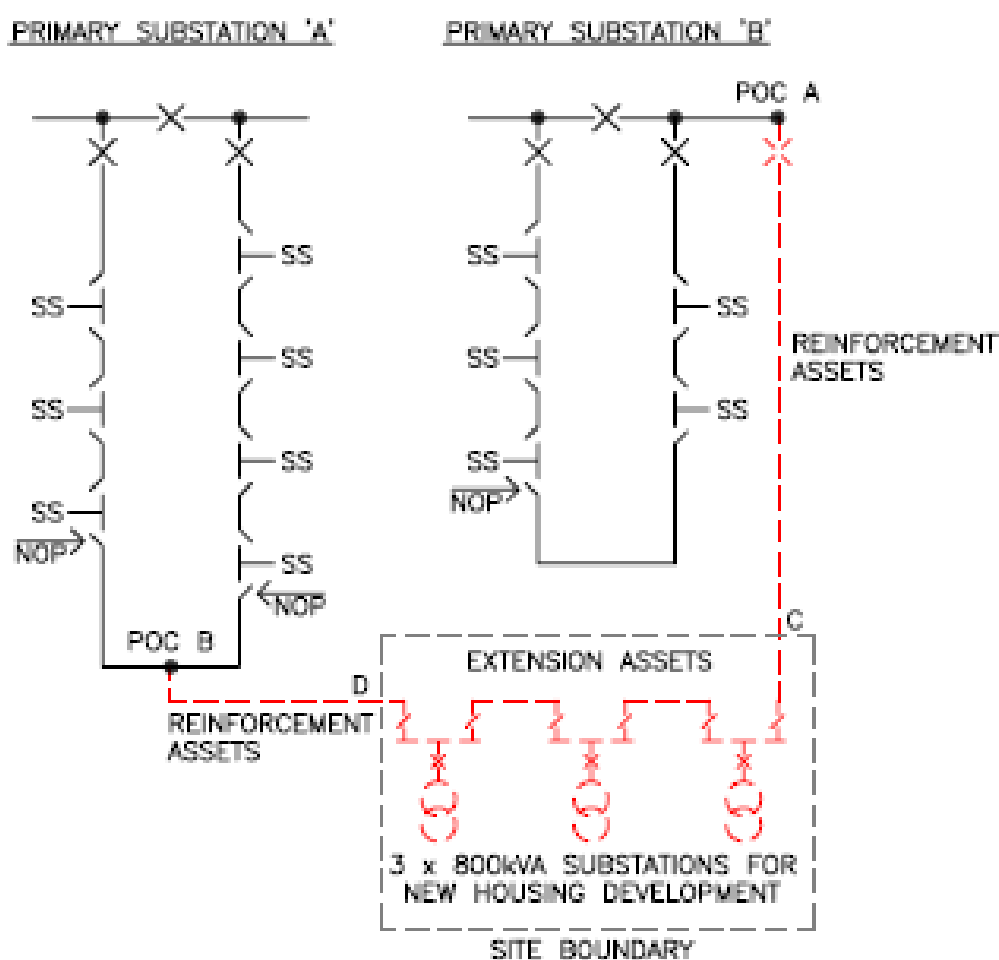
Total Connection Charge = £23,117 + £605, 000 = £628,117

Example 8B: Connection of housing development

This example demonstrates the application of Exception 5 (paragraph 1.21)

In this variation of the previous Example the site is closer to Primary Substation B and the Minimum Scheme is to connect the new load to the new 11kV feeder from Primary Substation B and provide interconnection to an existing 11kV feeder from Primary Substation A. In this Example 600m of 11kV cable on site (between Points C and D) is required to provide connectivity within the development and is considered to be Extension Assets.

The figure below shows the proposed network.



The assets connecting POC A and POC B add capacity to the existing network, so would normally be treated as Reinforcement. These comprise –

- the assets between the Customer's site and POC A (POC A to point C);

- the assets between the Customer's site and POC B (POC B to point D); and
- the 600m of 11kV cable on site.

The three 800kVA substations are not considered to provide connection between POC A and POC B. The 600m of 11kV cable on site is additional network length to provide connectivity between multiple exit points on the Customer's site. Therefore, Exception 5 applies and the 600m of 11kV cable on site will be treated as Extension Assets and its costs will be charged in full to the customer. No exceptions apply to the assets between POC A and point C and POC B and point D. Therefore, these will be treated as Reinforcement and their costs will be apportioned.

Reinforcement:

The RSN for the Reinforcement

The RSN is considered to be the three feeder 11kV network comprising the two feeders from Primary Substation A and the new feeder from Primary Substation B as any of these can be used to supply the Customer in normal and outage conditions. As in the above example the numerator in the CAF calculation is based upon the Required Capacity of the new development, i.e. 2MVA. In this case, however the work to provide the connection will increase the capacity of the existing shared use Distribution System from 7.7MVA to 15.4MVA. The New Network Capacity (under N -1 conditions) following the Reinforcement works is equal to $(3 - 1) \times 7.7\text{MVA} = 15.4\text{MVA}$

Fault Level CAF calculation: This Scheme does not have any significant Fault Level contribution to the existing shared use Distribution System and Fault Level CAF is therefore not applicable here.

The Connection Charge for this Scheme is calculated as follows:

Reinforcement:

	Cost	Apportionment	Customer Contribution
Non Contestable Works			

1 new 11kV Circuit Breaker tailed out from primary substation A	£45,000	$2/15.4 \times 100\% = 13.0\%$	£5,844
2 by 11kV closing joints	£5,000	As above	£649
700m of 11kV cable from primary A to site	£70,000	As above	£9,091
600m of 11kV cable from POC B to site	£60,000	As above	£7,792
Total Reinforcement Cost	£180,000		£23,376

Extension Assets:

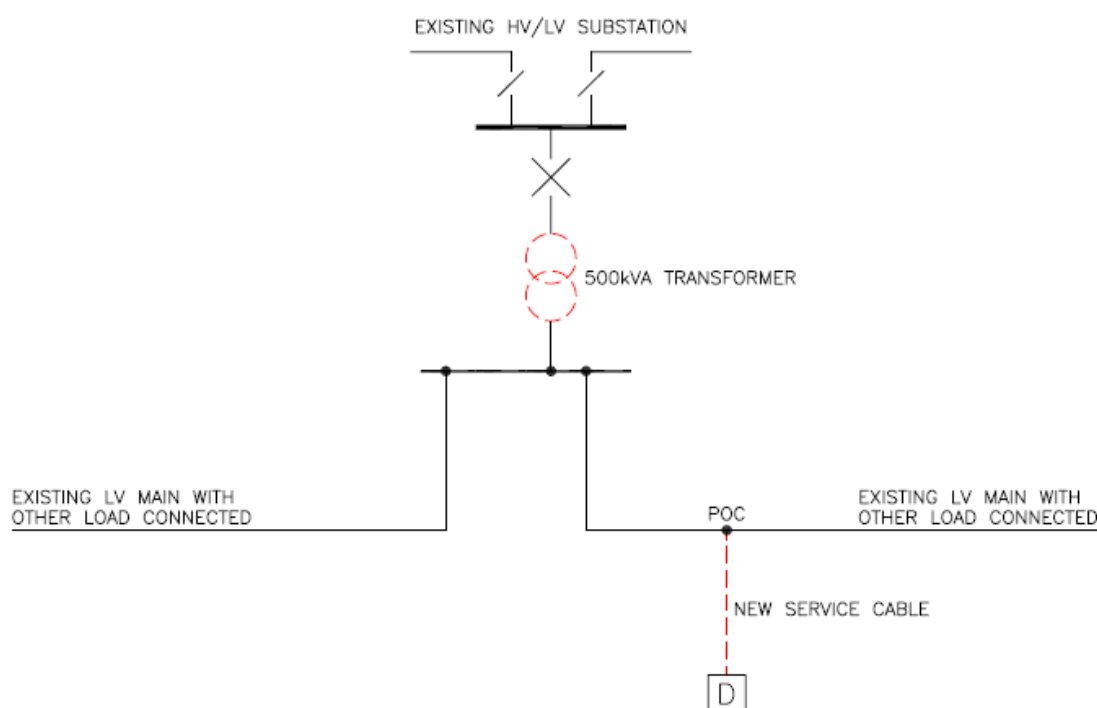
	Cost	Apportionment	Customer Contribution
Contestable Works			
600m of 11kV cable on site	£60,000	n/a	£60,000
3 by 800KVA unit Substation	£150,000	n/a	£150,000
On site LV mains and services	£330,000	n/a	£330,000
Non-Contestable Work			
2 by 11kV cable box terminations	£2,000	n/a	£2,000
Total Extension Asset Cost	£542,000		£542,000
CIC Charges			£3,500

Total Connection Charge = £23,376 + £542, 000 = £565,376

Example 9: Minimum Scheme

A Customer requests a new 100kVA connection. There is sufficient spare capacity on the adjacent LV main but the existing 300kVA transformer at the local 11kV/LV substation is fully loaded.

The Minimum Scheme is to provide a new service cable and to replace the 300kVA transformer at the local substation with a 500kVA transformer.



Reinforcement:

The RSN for the Reinforcement is the HV/LV transformer

Security CAF calculation: the numerator in the CAF calculation is based upon the Required Capacity of the Customer, i.e. 100kVA. The denominator is based on the New Network Capacity following Reinforcement, i.e. 500kVA.

Fault Level CAF calculation: This scheme does not have any significant Fault Level contribution to the existing shared use distribution network and Fault Level CAF is therefore not applicable here.

The Connection Charge for this Scheme is calculated as follows:

Reinforcement:

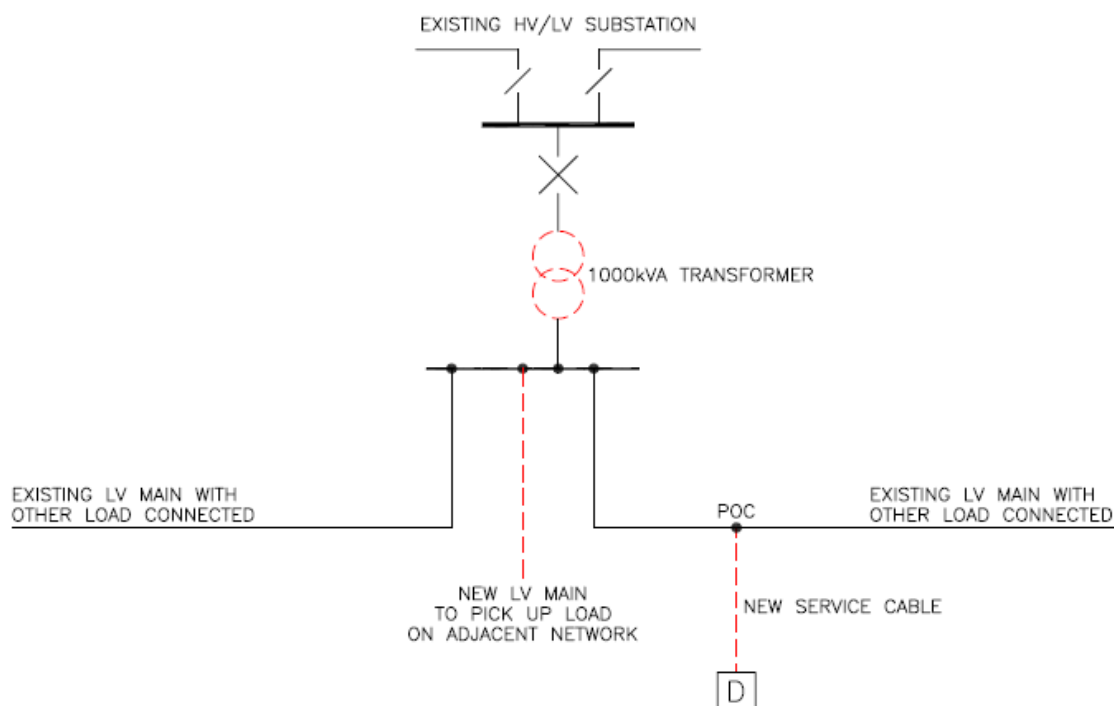
	Cost	Apportionment	Customer Contribution
Non Contestable Work			
Replacement 500kVA transformer	£10,000	$100/500 \times 100\% = 20.0\%$	£2,000
Total Reinforcement Cost	£10,000		£2,000

Extension Assets:

	Cost	Apportionment	Customer Contribution
Contestable Work			
Provision and installation of LV service cable	£1,500	n/a	£1,500
Non-Contestable Work			
LV joints to network	£500	n/a	£500
Total Extension Asset Cost	£2,000		£2,000
CIC Charges			£200

Total Connection Charge = £2,000 + £2,000 = £4,000

- (e) However the DNO wishes to carry out an Enhanced Scheme to install a 1000kVA transformer at the local substation and install a new LV main that will connect to and pick up load from an adjacent LV network.



The RSN for the Reinforcement is the HV/LV transformer

Security CAF calculation: the numerator in the CAF calculation is based upon the Required Capacity of the Customer, i.e. 100kVA. The denominator is based on the New Network Capacity following Reinforcement, i.e. 1000kVA.

Fault Level CAF calculation: This scheme does not have any significant Fault Level contribution to the existing shared use distribution network and Fault Level CAF is therefore not applicable here.

Reinforcement:

	Cost	Apportionment	Customer Contribution
Non Contestable Work			
Replacement 1000kVA transformer	£15,000	$100/1000 \times 100\% = 10.0\%$	£1,500
Total Reinforcement Cost	£15,000		£1,500

Extension Assets:

	Cost	Apportionment	Customer Contribution
Contestable Work			
Provision and installation of LV service cable	£1,500	n/a	£1,500
Non-Contestable Work			
LV joints to network	£500	n/a	£500
Total Extension Asset Cost	£2,000		£2,000
CIC Charges			£200

Total Connection Charge = £1,500 + £2,000 = £3,500

The cost of the new LV mains will be met by us and does not form part of the Connection Charge.

- (f) In this instance the Connection Charge resulting from the Enhanced Scheme is lower than that resulting from the Minimum Scheme and the Customer would benefit from the lower Connection Charge and pay £3,500 (paragraph 1.5 refers).

If, however under the proposed DNO Scheme the transformer cost was £25,000 then the resultant Connection Charge would be considered as follows:

Reinforcement:

	Cost	Apportionment	Customer Contribution
Non Contestable Work			
Replacement 1000kVA transformer	£25,000	100/1000 x	£2,500

		100% = 10.0%	
Total Reinforcement Cost	£25,000		£2,500

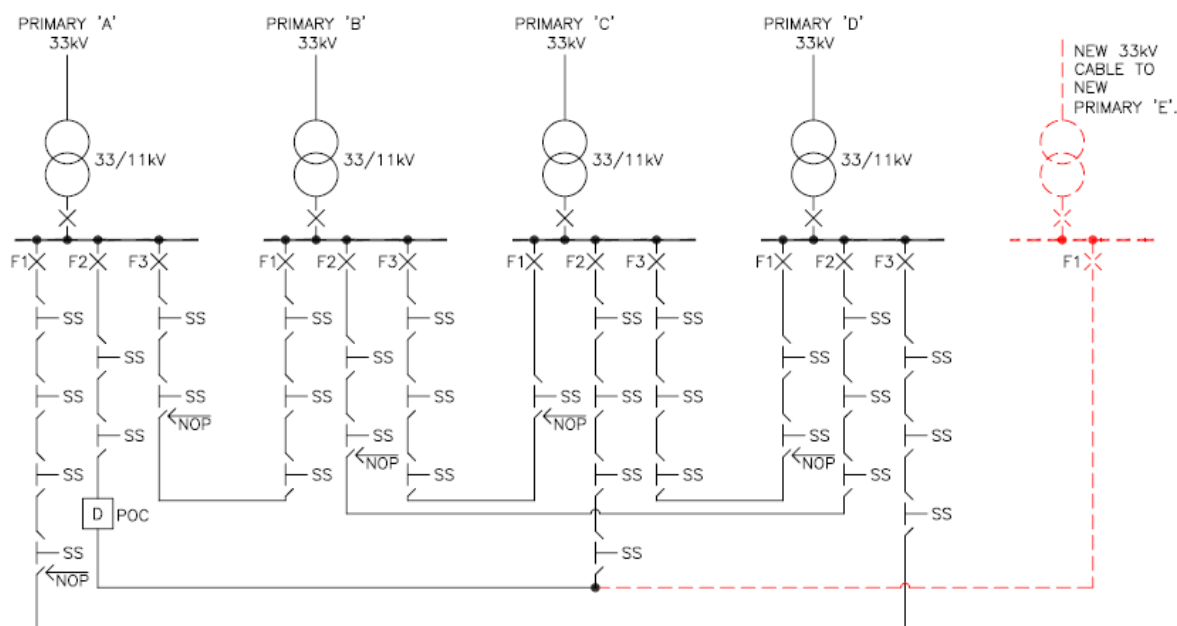
Extension Assets:

	Cost	Apportionment	Customer Contribution
Contestable Work			
Provision and installation of LV service cable	£1,500	n/a	£1,500
Non-Contestable Work			
LV joints to network	£500	n/a	£500
Total Extension Asset Cost	£2,000		£2,000
CIC Charges			£200

Total Connection Charge = £2,500 + £2,000 = £4,500 but in this instance the Customer contribution will be capped at the contribution that would have been due under the Minimum Scheme, i.e. £4,000 (paragraph 1.5 refers).

Example 10: A new connection application for commercial Premises on a meshed 11kV distribution system requiring Reinforcement.

A Customer requests a new connection to a commercial premise requiring a 4MVA HV metered connection. The local 11kV network is of a meshed design whereby the 11kV network is supplied from single 33/11kV primary transformers via 33kV radial feeds as shown below.



The existing network consists of four 10MVA primary transformer substations and associated 11kV switchgear. A new connection of 4MVA has been requested in the vicinity of F2 from Primary A.

The existing relevant primary transformer group is loaded to its secure capacity so the primary transformer group will require Reinforcement to enable the new connection to progress.

To provide the Required Capacity, the 11kV network will be reinforced by the installation of a new primary substation connected to the nearest 33kV circuit. The new primary substation (Primary E) will contain a 10MVA transformer, associated 11kV switchgear and a new 11kV (7.7 MVA) cable installed to interconnect into the existing 11kV network (from F2 at Primary A to F2 at Primary C).

Reinforcement:

Security CAF calculation: In this example there are two different security CAFs applied. This is because the RSN is different when considering the new network capacity in respect of different elements of the Reinforcement works.

The RSN for the Reinforcement comprising the 11kV Cable Works:

For the 11kV cable assets the RSN is considered to be the three feeder 11kV network from Primary A (Feeder 2), Primary C (Feeder 2) and Primary E (Feeder 1). In this case the New Network Capacity (under N -1 conditions) following the Reinforcement works is equal to

$$(3 - 1) \times 7.7\text{MVA} = 15.4\text{MVA}$$

This is due to the fact that following the Reinforcement work both of the existing circuits; Primary A, Feeder 2 and Primary C, Feeder 2 can be loaded to their full capacity and will have the newly installed clean feeder from Primary E to act as a back feed to meet the requirements of P2/6.

The security CAF for these assets will therefore be $4/15.4 \times 100\% = 26.0\%$

The RSN for the Reinforcement comprising the Primary substation assets:

In this instance the RSN is the three primary transformers (Primary A, C and E) within the group that can be used to supply the customer in normal and abnormal conditions. The New Network Capacity of this RSN (under N -1 conditions) following the Reinforcement works is equal to 17.7MVA. (10MVA from either Primary A or Primary C and 7.7MVA from Primary E which is limited by the single 11kV cable connected to it.

The security CAF for these assets will therefore be $4/17.7 \times 100\% = 22.6\%$

Fault Level CAF calculation: This Scheme does not have any significant Fault Level contribution to the existing shared use distribution network and Fault Level CAF is therefore not applicable here.

The Connection Charge for this Scheme is calculated as follows:

Reinforcement:

	Cost	Apportionment	Customer Contribution
Non Contestable Works			
500m 11kV cable from new primary substation E	£50,000	4/15.4 X 100% = 26.0%	£12,987
1 by 11kV closing joints	£4,000	As above	£1,039
11kV switchgear at new Primary E	£80,000	4/17.7 X 100% = 22.6%	£18,079
Primary transformer	£600,000	As above	£135,593
2.5km of 33kV cable installation	£500,000	As above	£112,994
33kV Circuit Breaker	£70,000	As above	£15,819
33kV Terminations	£10,000	As above	£2,260
Total Reinforcement Cost	£1,314,000		£298,771

Extension Assets:

	Cost	Apportionment	Customer Contribution
Contestable Work			
HV ring main unit	£20,000	n/a	£20,000
HV metering unit	£10,000	n/a	£10,000
500m of 11kV cable	£100,000	n/a	£100,000
Non-Contestable Work			
2 by 11kV closing joints	£5,000	n/a	£5,000

Total Extension Asset Cost	£135,000		£135,000
CIC Charges			£3,500

Total Customer Contribution = £298,771 + £135,000 = £433,771

Section 2 – Glossary of Terms

Act	the Electricity Act 1989 (as amended)
Adoption Agreement	is an agreement for us to adopt the Contestable Work, subject to the satisfaction of certain conditions. This agreement, amongst other things, addresses a number of fundamental principles: • The transfer of title from the asset owner (normally the Customer or the ICP) to us; • The quality and safety of the adopted asset; • Any required sureties; • The transfer of Land Rights; • The procedure for us to Energise the assets installed by the ICP during the works; • The payment of any residual Connection Charges or fees; • Planning permissions and compliance with street works legislation; and • Defect correction processes, where applicable. The parties to the Adoption Agreement may vary depending on the circumstances and may be between:- • us and you • us and your appointed ICP • us, you and your appointed ICP
Bilateral Connection Agreement	an agreement between us and another LDNO setting out the terms and conditions under which an embedded network shall be entitled to be and remain connected to the Distribution System
Business Day	any day other than a Saturday, a Sunday, Christmas Day, Good Friday or a day which is a bank holiday within the meaning of the Banking and Financial Dealings Act 1971 and will be from 9:00am to 5:00pm (GMT or BST as applicable).

CIC Charges	are the charges detailed in parts D, E, G, H, I, and J of Section [7] of this document.
Connection Agreement	The owner/ occupier of the Premises to which the connection is to be provided will be required to enter into a Connection Agreement with us. The Connection Agreement will set out the terms upon which they will be, and remain, connected to our Distribution System. The Connection Agreement will normally be provided on our behalf by the owner/occupier's chosen Supplier for the Premises as part of their application for a supply of electricity. However, in some cases for larger connections, or where non-standard conditions exist, we will provide a site-specific Connection Agreement, which replaces any Connection Agreement put in place via the Supplier, as part of the connection process. This particular Connection Agreement will only take effect upon completion of the connection and will set out, in more detail, our rights and obligations to one another. Additionally, it may contain the technical detail of the installation being connected to the Distribution System and will require the owner/occupier of the Premises to comply with the provisions of the Distribution Code.
Connection Charge	the payment to be made by the applicant to us for the provision of the connection.
CUSC	the Connection and Use of System Code which constitutes the contractual framework for connection to, and use of, the GB Transmission System.
Customer	the person requesting the connection.
DCUSA	the Distribution Connection and Use of System Agreement designated as such by the Authority under condition 22 of the Licence
De-energise	to deliberately prevent the flow of electricity to or from an Exit/ Entry Point for any purpose other than a system outage on the our Distribution System (and cognate expressions shall be construed accordingly).
Development Phase	the three year period, unless otherwise agreed with us, commencing on the date of Energisation of an embedded network over which the development is constructed.
Disconnect	means to permanently De-energise an Exit/ Entry Point by the removal of all or part of our equipment (and cognate expressions

	shall be construed accordingly.
Distributed Generation Connections Guide	The guide produced by us as required by our Licence which provides guidance on the connection process for distributed generation.
Distribution Code	covers, amongst other matters, all material technical aspects relating to: • connection to, and the operation and use of a LDNO's Distribution System; and • the operation of electrical lines and electrical plant or apparatus connected to an LDNO's Distribution System. A copy of the Distribution Code can be downloaded from the Distribution Code website at www.dcode.org.uk.
Distribution System	the system (as defined in the Licence) consisting (wholly or mainly) of electric lines owned or operated by us and used for the distribution of electricity.
ECCR	the Electricity (Connection Charges) Regulations 2002 (SI 2002/93) as amended from time to time.
EHV	more than 22kV but not more than 72kV
Electric Lines	means any line which is used for carrying electricity to or from an Exit/ Entry Point and includes, unless the context otherwise requires: any support for such line, that is to say, any structure, pole or other thing in, on, by or from which any such line is or may be supported, carried or suspended; (d) any apparatus connected to such line for the purpose of carrying electricity; and (e) any wire, cable, tube, pipe or other similar thing (including its casing or coating) which surrounds or supports, or is surrounded or supported by, or is installed in close proximity to, or is supported, carried or suspended in association with, any such line.
Electric Plant	means any plant, equipment, apparatus or appliance used for or for purposes connected with the distribution of electricity (including any metering equipment) other than an Electric Line.

Energise	to deliberately allow the flow of electricity to or from an Exit/ Entry Point where such a flow of electricity has never previously existed (and cognate expressions shall be construed accordingly).
Enhanced Scheme	is defined in paragraph 1.4.
Entry/ Exit Point	A point at which electricity, whether metered or unmetered, enter or exit our Distribution System.
Existing Capacity	is defined in paragraph 1.24.
Extension Assets	are assets installed to connect a party or parties to the existing distribution network but which exclude Reinforcement assets.
Fault Level	the maximum prospective current or power that will flow into a short circuit at a point on the network, usually expressed in MVA or kA.
Fault Level Contribution from Connection	is defined in paragraph 1.24.
GB Transmission System	the system consisting (wholly or mainly) of high voltage electric wires owned or operated by transmission licensees within Great Britain.
Guaranteed Standards of Performance	standards of service backed by a guarantee and set out in the Electricity (Standards or Performance) Regulations 2005 (as amended).
HV	more than 1kV but not more than 22kV
Independent Connections Provider (ICP)	a person with sufficient accreditation to carry out all or part of the Contestable Work.
Interruptions Incentive Scheme	the scheme which provides incentives on us to deliver a good level of performance in respect of customer interruptions and customer minutes lost.
Land Rights	all such rights in, under or over Land as are necessary for the construction, installation, operation, repair, maintenance, renewal or use of the Contestable Work or Non-Contestable Work.
Licensed Distribution Network Operator (LDNO)	the holder of a Licence to distribute electricity.

LV	not more than 1kV
Maximum Capacity	means in relation to any connection the maximum amount of electricity, as agreed with us and expressed in kW or kVA, that can be imported from or exported onto our Distribution System.
Meter Point Administration Number (MPAN)	is a 21 digit reference to uniquely identify Exit/ Entry Point, such as individual domestic residences.
Minimum Scheme	is defined in paragraphs 1.1 to 1.7.
New Fault Level Capacity	is defined in paragraph 1.24.
New Network Capacity	is defined in paragraph 1.24.
NGET	National Grid Electricity Transmission plc
Point of Connection (POC)	is the point (or points) of physical connection to our existing Distribution System.
Premises	means any land, building or structure
Reinforcement	is defined in paragraphs 1.16 to 1.21.
Relevant Section of Network	is defined in paragraph 1.24.
Rent-a-Jointer Services	the service relating to hiring of resource from us to facilitate the provision of unmetered connections.
Required Capacity	is defined in paragraph 1.24.
Scheme	our network design to provide the connection.
Speculative Developments	is defined in paragraph 1.39.
Supplier	a person who holds a Supply Licence.
Supply Licence	a licence granted under section 6(1)(d) of the Act.
Supply Number	a unique identifier of those Entry/ Exit Points on the Distribution System which are used for the purposes of either taking a supply of electricity or for the connection of a distributed generator, and which forms the basis of the metering point record on the

	Company's registration system.
Temporary Connections	is defined in paragraph 1.19.
Validity Period	The period for which a connection Offer or POC Offer is open for acceptance.
Voltage of Connection	is the voltage at the POC between the existing distribution network and the assets used to provide the connection. For clarity, this is not necessarily the voltage of supply to the Customer
Working Day	Any day other than a Saturday, a Sunday, Christmas Day, Good Friday or a day which is a bank holiday within the meaning of the Banking and Financial Dealings Act 1971.

SCHEDULE 23 – REVENUE PROTECTION CODE OF PRACTICE

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1. INTERPRETING THIS DOCUMENT

- 1.1 This Code of Practice is a Schedule to the Distribution Connection and Use of System Agreement (the **DCUSA**) established under the licences of the Distributors.
- 1.2 The Distributors and the Suppliers are obliged (by Clause 32 of the DCUSA) to either:
 - (a) comply with the respective obligations of Distributors and Suppliers under this Code of Practice; or
 - (b) procure that external Revenue Protection Agents comply with their respective obligations as Distributors and Suppliers under this Code of Practice.
- 1.3 A Distributor may act as a Supplier's external Revenue Protection Agent pursuant to Clause 32.3 of the DCUSA, in which case the Distributor's obligation (in its capacity as the Supplier's Revenue Protection Agent) is to meet the obligations of the Supplier under this Code of Practice (and to otherwise perform the role of the Supplier's Revenue Protection Agent under this Code of Practice).
- 1.4 A Party may contract with an external Revenue Protection Agent outside of the DCUSA. Such a Party may do so by referring (or otherwise given effect) to the obligations of such Party under this Code of Practice. In such circumstances, the external Revenue Protection Agent's obligation is to meet the obligations of the Party (whether as Distributor or Supplier) under this Code of Practice (and to otherwise perform the role of that Party's Revenue Protection Agent under this Code of Practice).
- 1.5 This document is generally divided into sections headed "**OBLIGATIONS**", "**BEST PRACTICE**" and "**REFERENCES**", which are to be interpreted as follows:

- (a) sections marked “**OBLIGATIONS**” detail actions which must be taken by the relevant Party. Failure to take these actions constitutes a breach of this Code of Practice (and therefore of the DCUSA or of the other agreement by which this Code of Practice is given effect);
 - (b) sections marked “**BEST PRACTICE**” set out a suggested course of action for achieving the Obligations. They confer no obligation, and Parties may choose whether they follow the course of action set out or another course of action entirely. They are therefore provided for information only and denote one way in which the Obligations may be achieved; and
 - (c) sections marked “**REFERENCES**” provide information on requirements outside of this Code of Practice that are relevant to its subject matter. Failure to adhere to any of the requirements described is not a breach of this Code of Practice itself, but may lead to a Party being in breach of their obligations elsewhere. They are provided for information only. All of the appendices to this Code of Practice are intended as “References”.
- 1.6 Some sections of this Code of Practice are not marked as “Obligations”, “Best Practice” or “References”. These sections do not confer any obligation on the Parties, but are included so as to support and provide context to the Obligations (and the Obligations should be read accordingly).
- 1.7 Any reference to days, months, years throughout this document should be interpreted as calendar days, calendar months and calendar years unless otherwise stated.

2. **DEFINITIONS**

- 2.1 In this Code of Practice, and without prejudice to the provisions of paragraph 2.2, the following words or expressions shall have the meanings set out opposite them.

Disconnect	means to disconnect a premises as referred to in the Electricity Act, and includes ‘De-energisation’ (as defined in Clause 1 of the DCUSA).
Distributor	means a holder of a distribution licence under the Electricity Act (and, in respect of Theft in Conveyance from a Premises, is the owner and/or operator of the Distribution System to which such Premises are connected).
Electricity Act	means the Electricity Act 1989.
Party	means the Distributor or the Supplier.
Perpetrator	means the person who has committed the Theft of Electricity.
Premises	includes any land, building or structure.
Relevant Costs	has the meaning given to that expression in Clause 3.3(b).
Revenue Protection Agent	means a person undertaking any of the revenue protection activities described in this Code of Practice on behalf of a Party (whether as an internal or external provider)
Supplier	means a holder of a supply licence under the Electricity Act (and, in respect of Theft of Electricity for use at a Premises, is the electricity supplier Registered for the Metering Point or Metering System relating to the supply of electricity to those Premises).
Theft in Conveyance	means the abstraction of electricity (regardless of where such abstraction takes place) for use otherwise than at a Premises for which there is a Metering Point or

Metering System that is Registered by a Supplier.

Theft of Electricity

includes (but is not limited to) Theft in Conveyance, the circumstances described in paragraph 4 of schedule 6 to the Electricity Act, and the circumstances described in paragraph 11 of schedule 7 to the Electricity Act.

Value

means, in respect of stolen electricity, the amount which could reasonably be expected to have been payable for the electricity had it been supplied under a deemed supply contract.

Vulnerable Customer

means a Customer who is (or who lives at the Premises with another occupant who is) of Pensionable Age (as defined in the Supply Licences) or disabled or chronically sick.

- 2.2 Any other words or expressions used in this Code of Practice (excluding headings or any parts thereof) which bear initial capital letters are to be interpreted in accordance with Clause 1 of the DCUSA.

3. INTRODUCTION

Objectives of the Code

- 3.1 This Code of Practice outlines the relationships between Distributors and Suppliers in respect of Theft of Electricity. It sets out the minimum service standards that Distributors and Suppliers require from their Revenue Protection Agents. It documents how Parties should communicate with one another where Theft of Electricity is suspected and/or identified. It also specifies how unrecorded units of electricity arising as a result of Theft of Electricity are to be assessed and how they should be recorded. The Code describes how Parties shall deal with Customers who are suspected of, or are identified as having undertaken, Theft of Electricity in order to ensure consistency of treatment between Parties and their appointed agents.

3.2 This Code of Practice does not deal with:

- (a) theft or fraud other than Theft of Electricity;
- (b) the recovery of bad debts;
- (c) the abstraction of electricity beyond the point at which it is recorded for Settlement purposes under the BSC (either from networks that are not owned and/or operated by Distributors or from a Customer Installation), and such abstraction shall not constitute Theft of Electricity.

High Level Principles

3.3 Working within the statutory and regulatory framework, the following principles have been identified:

- (a) **Make safe.** Where any activities are undertaken in accordance with this Code of Practice safety is paramount.
- (b) **Costs should be borne by those that steal.** Parties should use reasonable endeavours to pursue the Perpetrator, and to recover from the Perpetrator (or other beneficiary) the Value of the electricity stolen, the costs of repairing or replacing any equipment as a result of the Theft of Electricity (including any equipment installed to prevent Theft of Electricity) and the costs of any associated investigation (such Value and costs together being the “**Relevant Costs**”).
- (c) **Seek to identify and prevent theft.** Parties should ensure that effective measures are in place to prevent and deter Theft of Electricity.
- (d) **Collect and report trend data.** Trend data and management information relating to types of Theft of Electricity should be shared throughout the industry in a standard format.

- (e) **Collect and report data associated to the Theft of Electricity.** Data relating to the Theft of Electricity should be shared throughout the industry in a standard format. Once data is collected, it is important that it is then collated in to usable reports and provided back to the industry.
- (f) **Enable theft reporting.** Parties should have mechanisms in place to enable any third party to report suspected Theft of Electricity.
- (g) **Ensure that Customers are treated in an appropriate manner.** It is recommended that Parties should adopt industry best practice for the management of Customer relationships, and in particular the needs of Vulnerable Customers.
- (h) **Investigation by competent individuals.** Theft of Electricity should only be investigated by a person possessing appropriate skill, experience and authorisation.
- (i) **Standardisation.** Minimum standards should be established for the delivery of a Revenue Protection Service and create a common approach to the treatment of Customers and of Perpetrators.

4. **RESPONSIBILITIES OF PARTIES**

OBLIGATION

The Distributor shall investigate and resolve all cases of Theft in Conveyance. Where such theft is identified, the Distributor shall seek to recover the Relevant Costs from the Perpetrator.

The Supplier shall investigate and resolve all cases of Theft of Electricity other than Theft in Conveyance. Where theft is identified, the Supplier shall seek to recover the Relevant Costs from the Perpetrator, and shall (to the extent possible under the BSC) arrange for the stolen electricity to be entered into Settlement.

Where there is Theft of Electricity and the Customer Installation is unsafe, the Supplier or its agent shall notify the Distributor in a prompt and appropriate manner, of the unsafe situation

and any actions taken.

Suppliers and Distributors shall (and shall ensure that their agents shall) act on reports made to them regarding Theft of Electricity for which they have responsibility in accordance with this Code of Practice, and take the appropriate steps required of them in respect of such Theft of Electricity (whether required of them under this Code of Practice, the Relevant Instruments or general laws).

BEST PRACTICE

Distributor

The Distributor should cooperate with Suppliers to identify and prevent Theft of Electricity.

The Distributor should aim to educate the public, staff and the community about the dangers of interference with meters and electrical equipment, and the need to report any suspected or damaged equipment to the responsible Party.

Supplier

The Supplier should cooperate with Distributor to identify and prevent Theft of Electricity.

The Supplier should aim to educate the public, staff and the community about the dangers of interference with meters and electrical equipment, and the need to report any suspected or damaged equipment to the responsible Party.

The Supplier's approach to making a police complaint (or not) in respect of Theft of Electricity, shall be detailed in the Supplier's revenue protection policy.

The Supplier's right (whether statutory or contractual) to Disconnect a Premises at which Theft of Electricity has occurred is at the discretion of the Supplier, and the Supplier's approach should be detailed in the Supplier's revenue protection policy.

The Supplier should keep the Perpetrator and the Customer for the relevant Premises informed as to whether the Relevant Costs shall be recovered.

REFERENCE

The Distributor has the right to Disconnect a Premises under paragraph 5 or 6(2) of schedule 6 to the Electricity Act.

The Supplier has the right to Disconnect a Premises under paragraph 5 or 6(3) of schedule 6 to the Electricity Act, or paragraph 11 of schedule 7 to the Electricity Act.

The Electricity Safety, Quality and Continuity Regulations 2002 (including regulation 29), the Connection Agreement for the Connected Installation, and Clauses 25 and 41 of the DCUSA set out the rights and obligations of Distributors in respect of Disconnections (including Clause 25.9.2 in situations where safety is at risk and Clause 25.9.4 where an accident or emergency threatens personal injury or damage to property).

See Appendices 1 and 2 to this Code of Practice for further information.

5. **INFORMATION SOURCES**

OBLIGATION

Parties shall have an appropriate reporting process in place to enable individuals to inform them of suspected interference. This should include a telephone number for reporting such information, which should be widely publicised.

BEST PRACTICE

Suppliers should monitor Customer data and identify trends in Customer behaviour which enable them to proactively investigate and prevent Theft of Electricity.

Each Party should instruct its Revenue Protection Agents to proactively undertake cold calls on such Party's behalf as a means of deterring Theft of Electricity for which such Party is responsible.

6. INFORMATION EXCHANGE BETWEEN PARTIES

6.1 Provision of Information from Distributors to Suppliers

OBLIGATION

Where the Distributor is providing information to the Supplier (or other equipment owner) in accordance with standard licence condition 27.3 of the Distribution Licence, the Distributor shall provide such information not later than the next Working Day after becoming aware of the same.

When the Distributor carries out Disconnection on the grounds of safety due to damage or interference arising as a result of Theft of Electricity, the Distributor shall inform the Supplier of such Disconnection as soon as reasonably practicable (especially where Vulnerable Customers are affected), and in all cases not later than the next Working Day following such Disconnection.

If the Distributor (or its Revenue Protection Agent) becomes aware of any suspected or actual incidence of Theft of Electricity which is not Theft in Conveyance, the Distributor shall ensure that the Supplier is notified of such incidence and provided with all relevant information known to the Distributor (or its Revenue Protection Agent) promptly and in all cases not later than the next Working Day after becoming aware of the same. Neither the Distributor (nor its Revenue Protection Agent) shall undertake any future visits or attempt to remedy the situation unless requested and authorised by the Supplier.

REFERENCE

Standard licence condition 27.3 of the Distribution Licence obliges Distributors to notify the Supplier (or relevant equipment owner) where the Distributor has reason to believe that there has been damage to any electrical plant or electric line or damage to or interference with any metering equipment belonging to such person.

Clause 25.10 of the DCUSA obliges the Distributor to notify the Supplier as soon as is reasonably practicable (and no later than the end of the next Working Day when MPAS is available) when the Metering Point or Metering System has been De-Energised if any of the

circumstances specified in clause 25.9 apply (which include safety, security and interference issues amongst others).

Clause 30.12 of the DCUSA obliges the Distributor to notify the Supplier in a prompt and appropriate manner where the Distributor carries out any remedial work in relation to damage or interference.

6.2 Provision of information by Suppliers to Distributors

OBLIGATION

Where the Supplier is providing information to the Distributor under Clause 30.5 and/or 30.9 of the DCUSA in respect of incidents arising as a result of Theft of Electricity, the Supplier shall provide such information not later than the next Working Day after becoming aware of the same.

REFERENCE

Clause 30.5 of the DCUSA obliges the Supplier to notify the Distributor of an incident that is likely to cause danger or require urgent attention in relation to the distribution of electricity, or to affect the security, availability and quality of service of the Distributor's Distribution System.

Clause 30.9 of the DCUSA obliges the Supplier to notify the Distributor of incidents of damage or interference.

Clause 30.11 of the DCUSA obliges the Supplier to notify the Distributor of its policy relating to damage or interference, which may include substitution of alternative meters, the provision of prepayment meters or De-energisation Works.

6.3 Provision of Information by the Supplier to its Revenue Protection Agent

OBLIGATION

The Supplier shall provide its Revenue Protection Agent with the relevant information required for investigation of a case (where known), including: Customer name; address; MPAN, reason for suspicion; any known or suspected vulnerability status; or any known or suspected potential hazards.

BEST PRACTICE

Category A issues should be notified by telephone followed by the DTC Data Flow D0238.

Category B and C issues should be notified by the DTC Data Flow D0238.

Where the investigation is initiated by telephone this should be followed up by the DTC Data Flow D0238.

Section 7.2 of this Code of Practice defines Category A, B and C issues, and sets out the timescales applicable to each.

6.4 Provision of information by a Revenue Protection Agent to the Supplier**OBLIGATION**

Provision of Information regarding Theft of Electricity (other than Theft in Conveyance) to a Supplier to whom the Revenue Protection Agent does not provide a service

The Supplier by whom the Revenue Protection Agent was appointed shall ensure that any safety issues that have been identified are appropriately dealt with, and that the Revenue Protection Agent informs the relevant Supplier of the situation as soon as is reasonably practical (and not later than the next Working Day after becoming aware of the same). The Supplier shall then evaluate the situation and initiate the appropriate action, which may be instructing its own Revenue Protection Agent to investigate the matter in accordance with section 7.2 below (Priorities and Timescales).

Provision of Information regarding Theft of Electricity (other than Theft in Conveyance) to a

Supplier to whom the Revenue Protection Agent is providing a service

The Revenue Protection Agent shall prepare (on behalf of the Supplier) a report regarding the incident and send it to the Supplier giving relevant information as soon as is reasonably practical and not later than the next Working Day after the investigation is completed. Where the Supplier's Revenue Protection Agent has carried out a Disconnection, the Revenue Protection Agent shall notify the Supplier immediately and advise the method of Disconnection, and whether the Customer is a Vulnerable Customer.

BEST PRACTICE

Appendix 5 contains a list of the information items which a Revenue Protection Agent should provide to the Supplier.

6.5 Provision of information by a Revenue Protection Agent to the Distributor

OBLIGATION

Provision of Information regarding Theft in Conveyance to a Distributor to whom the Revenue Protection Agent does not provide a service

The Distributor by whom the Revenue Protection Agent was appointed shall ensure that any safety issues that have been identified are appropriately dealt with, and that the Revenue Protection Agent informs the relevant Distributor of the incident as soon as is reasonably practical (and not later than the next Working Day after becoming aware of the same).

Provision of Information regarding Theft in Conveyance to a Distributor to whom the Revenue Protection Agent is providing a service

The Revenue Protection Agent shall prepare (on behalf of the Distributor) a report regarding the incident and send it to the Distributor giving relevant information as soon as is reasonably practical and not later than the next Working Day after the investigation is completed.

6.6 **Provision of Information by the Distributor to its Revenue Protection Agent**

OBLIGATION

A Distributor shall provide its Revenue Protection Agent with the relevant information required for investigation of a case (where known), including: Customer name; address; MPAN, reason for suspicion; any known vulnerability status; or any known potential hazards.

The Distributor shall also ensure that the Revenue Protection Agent is provided with up-to-date contact details that can be given to the Customer during a site visit.

[REFERENCE

An instruction to investigate the matter from the Distributor to its Revenue Protection Agent will be given in accordance with section 7.2 below (Priorities and Timescales).

The Distributor may Disconnect on safety grounds in accordance with section 17 of the Electricity Act 1989 and/or The Electricity Safety, Quality and Continuity Regulations 2002.]

6.7 **Exchange of information between Suppliers**

BEST PRACTICE

In the event of a change of Supplier part way through a live Theft of Electricity investigation, the outgoing Supplier should endeavour to provide the incoming Supplier with information relevant to that investigation.

6.8 **Data Protection Requirements**

BEST PRACTICE

Any information transfer pursuant to this Code Of Practice should be made in compliance with relevant data protection legislation, and the relevant Party's data protection policies and procedures. Guidance on a list of data items which Parties can potentially transfer between themselves is set out in section 1.1.1 of the Privacy Impact Assessment produced in respect of this Code Of Practice and available via www.dcusa.co.uk.

7. **PROCEDURES FOR INVESTIGATION**

7.1 **Process to be followed**

A diagram showing the process to be followed is attached at Appendix 8.

7.2 **Priorities and Timescales**

OBLIGATION			
Category Determination	On receipt of information Parties must assess whether or not there is a serious safety concern.		
	Category A	Category B	Category C
Description	Serious safety concern.	Evidence of Theft of Electricity, but no particular safety concern.	Information giving cause for suspicion that Theft of Electricity is taking (or has taken) place.
Likely source of information	Employees and third parties who have gained access to the Premises.	Employees and third parties who have gained access to the Premises.	Employees and third parties who have not gained access

			to the Premises.
Action to be taken	Distributor to be notified by Supplier if there is a dangerous situation the Distributor needs to rectify. Supplier to notify its Revenue Protection Agent on the day the issue is brought to Supplier's attention. Where possible, Supplier's Revenue Protection Agent to attend the Premises at same time as Distributor (where applicable).	Supplier to screen the information received and, where further action is needed, refer case to its Revenue Protection Agent as soon as reasonably practical.	Supplier to screen the information received and, where further action is needed, refer case to its Revenue Protection Agent as soon as reasonably practical.
Response Times	Supplier's Revenue Protection Agent to use reasonable endeavours to visit the Premises at the same time as the Distributor (where applicable) and in any event within 8 hours, and resolve within 20 Working Days.	Supplier's Revenue Protection Agent to visit the Premises within 20 Working Days, and resolve within 40 Working Days.	Supplier's Revenue Protection Agent to visit the Premises within 30 Working Days, and to resolve within 90 Working Days.
Examples	Bridge in place. Consumer Tails removed from Meter and inserted	Silver paper around meter (gas lighter used). Hole in meter casing.	Discrepancies and data anomalies.

	into cut out. Meter smashed, inner workings exposed. <i>In all the above, the supply would need still to be on for it to be a serious safety concern.</i>	Burn marks on wall behind meter.	Low payments. Low consumption. Comments made by Customer that give rise to suspicion.

In the absence of allocation of priority by the Supplier, or where the information is not through the normal notification procedure, the Revenue Protection Agent shall allocate priority in discussion with the Supplier. The Revenue Protection Agent may suggest a re-allocation of the priority but this must be confirmed with the Supplier.

For the purposes of this section 7.2:

- “visit” means use reasonable endeavours to gain access to the Premises; and
- “resolve” means gain access to the Premises, investigate and take action in appropriate timescales, but does not include assessment of unrecorded units (which shall be carried out as soon as reasonably practicable) nor the provision of any optional services.

The time periods shall commence once the Revenue Protection Agent has received instruction to visit. It is acknowledged that longer timescales shall have to apply where access to a Premises is delayed by circumstances outside of the Supplier’s control (including where a warrant is needed to obtain access).

REFERENCE

The rights and obligations of Distributors in respect of Disconnections are set out in the “Reference” section of section 4 above.

Sections 9 and 10 of this Code of Practice provide further information regarding visits and

investigations.

8. QUALIFICATION OF STAFF

OBLIGATION

Each Party shall ensure that its Revenue Protection Agents employ individuals possessing skill, experience, qualification and authorisation appropriate to the task they are undertaking.

REFERENCE

Condition 13 of the Supply Licence sets out the requirements for a Supplier's representative to possess the skills necessary to perform the required function.

Condition 9 of the Distribution Licence sets out the requirements for a Distributor's representative to possess the skills necessary to perform the required function.

Clause 25 of the DCUSA requires individuals undertaking De-energisation or Re-energisation to be approved and competent in accordance with Schedule 5 to the DCUSA.

The Parties have obligations with respect to compliance with the Meter Operator Code of Practice under Clause 27 of the DCUSA.

9. VISIT PROCEDURE/GAINING ENTRY

BEST PRACTICE

Investigative visits

Each Party should (where required to investigate) ensure that its Revenue Protection Agent visits the Premises without prior notification, provides appropriate identification for themselves and states on whose behalf they are calling, and requests entry to inspect the Premises. Circumstances, as determined by the nature of the report and/or known local factors,

should determine how many staff are involved and whether police accompaniment may be requested (for instance if a breach of the peace is considered likely).

Care should be taken when recording what is said by the Customer or others present at the Premises, especially where a Vulnerable Customer has been identified. In particular:

- Care should be taken in the treatment of people who have a visual impairment, hearing impairment, physical or learning disabilities, a mental health condition or are under 18 years of age. Such persons should not be interviewed alone - if necessary an 'appropriate adult' should be present.
- Where, as part of any contact with the Customer, it is identified that the Customer has difficulty (or claims to have difficulty) in understanding English, an interpreter may be required. Parties should establish policy guidance for staff for such situations and ensure that they are aware of this guidance. Where it is identified that the Customer is a user of British Sign Language, Parties should make all reasonable efforts to communicate with the Customer through the use of sign language, or alternatively in writing.

On leaving a Premises, when contact with the Customer has been made, the Revenue Protection Agent should leave a letter at the Premises as set out in section 14 below.

Need for a Warrant

Where access to the Premises has not been gained after reasonable attempts have been made, the Party should seek to obtain a warrant to enter the Premises.

REFERENCE

Warrants to enter Premises are granted under the Rights of Entry (Gas and Electricity Boards) Act 1954 and pursuant to schedule 6 of the Electricity Act (see paragraphs 8 and 10).

10. VISIT PREPARATION

BEST PRACTICE

Parties and their agents should gather and consider all the relevant information required for the investigation prior to attending a Premises.

The nature of the information obtained may indicate that a warrant should be obtained in advance to facilitate access to the Premises.

Where all relevant information is not available to a Party in advance of a visit, it shall be the responsibility of the Party to attempt to obtain such information during or subsequent to the visit.

11. CONDUCT OF INVESTIGATIONS

OBLIGATION

In this section “Relevant Offence” means Theft of Electricity that amounts to an offence under schedule 6 or schedule 7 to the Electricity Act, and “Statutory Powers” means a Party’s powers under schedule 6 or schedule 7 to the Electricity Act to Disconnect and/or remove a meter as a result of a Relevant Offence.

Each Party shall ensure that:

- its Statutory Powers are only exercised where it (or its Revenue Protection Agent) reasonably believes that there is sufficient evidence to prove (on the balance of probabilities) that a Relevant Offence has been committed;
- its Statutory Powers are only exercised where it (or its Revenue Protection Agent) reasonably believes that there is sufficient evidence to prove (on the balance of probabilities) that the Relevant Offence was committed by the current occupier (or owner) of the Premises; and
- neither it (nor its Revenue Protection Agent) misleads Customers about the scope of the Party’s Statutory Powers.

12. COLLECTION AND RETENTION OF EVIDENCE (TO INCLUDE HANDLING OF CASE MATERIALS)

OBLIGATION

Where a Distributor (or its Revenue Protection Agent) suspects that Theft in Conveyance has occurred, that Party (or such agent) shall collect and retain such evidence as it reasonably considers necessary to demonstrate that Theft in Conveyance has occurred.

Where a Supplier (or its Revenue Protection Agent) suspects that that Theft of Electricity (other than Theft in Conveyance) has occurred, that Party (or such agent) shall collect and retain such evidence as it reasonably considers necessary to demonstrate that such Theft of Electricity has occurred.

Each Party shall clearly explain to the Customer the reason why evidence is being collected and the basis on which the Party is acting.

BEST PRACTICE

No inference should be made that the Customer is the Perpetrator.

Best practice for the collection and retention of evidence is further described in Appendix 3.

REFERENCE

Section 14 of this Code of Practice sets out the information which should be left with the Customer during a visit to a Premises.

Schedule 6 paragraph 6, and schedule 7 paragraph 11 of the Electricity Act set out the authorisations that need to be sought before disposing of or destroying meters that have been removed on suspicion of Theft of Electricity.

Condition 12 of the Supply Licences obliges the Supplier to take all reasonable steps to inspect meters every 2 years.

The standard of proof for criminal prosecution is proof beyond reasonable doubt. However, a lower standard (on the balance of probabilities) is sufficient for the responsible Party to bring civil proceedings to recover the Relevant Costs.

13. TREATMENT OF VULNERABLE CUSTOMERS

OBLIGATION

Each Party shall use reasonable endeavours to safeguard the personal welfare of Vulnerable Customers in respect of the activities set out in this Code of Practice.

If a Customer account is flagged as being on the ‘Priority Services Register’, this shall be notified to the Revenue Protection Agents so that (if Theft of Electricity is suspected or confirmed) appropriate actions are taken. Any additional ‘vulnerable person flags’ shall be notified to the Revenue Protection Agents and the Revenue Protection Agents shall have regard to the Supplier’s Revenue Protection Policy when investigating Theft of Electricity.

Each Party shall take reasonable steps to ascertain who in the household might be a Vulnerable Customer, and then make a judgement regarding the action that needs to be taken in the light of this information.

BEST PRACTICE

In many cases, a prepayment meter may need to be installed and in some cases alternative means of collecting charges may be considered by the Supplier.

If there is repeated Theft of Electricity, there may be no alternative other than to Disconnect the supply.

REFERENCE

Condition 10 of the Distribution Licences and Condition 26 of the Supply Licences oblige Distributors and Suppliers (respectively) to have regard to the interests of individuals who are

blind partially sighted, deaf or hearing impaired, disabled, chronically sick or of pensionable age. This includes establishing and maintaining a 'Priority Services Register'.

In addition, most Suppliers have 'vulnerable person flags' on customer accounts.

14. INFORMATION TO CUSTOMERS

OBLIGATION

On arrival at the Premises, the Revenue Protection Agent shall inform the Customer of the Party which the Revenue Protection Agent is representing, and act in accordance with that Party's policy on site attendance.

On leaving the Premises, the Revenue Protection Agent shall leave the following information for the Customer:

- the contact details for the Party which the Revenue Protection Agent is representing;
- the outcome of the visit (e.g. sufficient evidence of Theft of Electricity has occurred, and whether or not there has been a Disconnection);
- a statement explaining the statutory basis for any action taken (i.e. specific reference to legislation);
- who the Customer needs to contact in order to get their supply re-instated (where relevant);
- what the Customer can expect next / what they should do (e.g. contact the Supplier/Distributor, await to hear from the Supplier/Distributor etc);
- what the Customer should do if they are unhappy with the outcome (e.g. contact the Supplier/Distributor in the first instance, and other options available under the Supplier's/Distributor's normal redress processes);
- informing the Customer that if they are not able to resolve the issue with the Supplier/Distributor in 8 weeks they can contact the energy ombudsman scheme; and
- contact details for further independent sources of help and advice (e.g. Consumer Focus; Consumer Direct; Citizen's Advice Bureau; Social Services).

- Parties shall ensure that the responsible Party is informed as appropriate as to the Relevant Costs to be recovered from the Perpetrator in relation to Theft of Electricity; and
- Customers are informed, following a make safe, Disconnection of who to contact in order to find out how to get the supply reinstated.

Where a Customer is not present at the Premises, written documentation shall be left at the Premises in a sealed and addressed envelope.

Where it is not possible for a Party or its agent to leave the written information, as described above, with the Customer on leaving the Premises, this must be done so as soon as possible thereafter.

15. OUTCOME OF INVESTIGATION

15.1 Theft of Electricity suspected but not confirmed

BEST PRACTICE

Following an investigation, where Theft of Electricity is suspected but cannot be confirmed, there are a number of actions which may be taken. These include:

- exchange of the meter;
- fitting of security measures e.g. anti tamper labels;
- revisits; and
- consumption monitoring.

Where investigation has recovered no evidence of Theft of Electricity, and Theft of Electricity is no longer suspected, the investigation should be closed and no further action should be taken.

15.2 Theft of Electricity Confirmed

OBLIGATION

Where Theft of Electricity is confirmed, Parties shall seek to identify the Perpetrator. In most cases the Customer shall be the Perpetrator, but this may not be the case.

Where Theft of Electricity is confirmed, appropriate steps shall be undertaken to stop the Theft of Electricity continuing.

BEST PRACTICE

Where Theft of Electricity has been confirmed, appropriate steps undertaken to remedy the situation may include one or more of the following:

- Disconnection;
- exchange of meter;
- assessment of Value of unrecorded units, and of Relevant Costs;
- assessment of the ability of the Perpetrator (or other beneficiary) to pay the Relevant Costs;
- using reasonable efforts to receive the Relevant Costs from the Perpetrator (or other beneficiary);
- prosecution of the Perpetrator; and
- request of a security deposit against future supply.

Where the meter installation has been physically tampered with and rectification work is necessary, this should be undertaken as soon as reasonable practicable. It may be necessary to temporarily de- energise supply pending the completion of remedial works.

Parties should make reasonable efforts to identify the person against whom charges should be levied. Wherever possible the assessment of charges should be completed on site with the aim of agreeing the assessment with the Customer or their representative. The aim should be to secure payments on site. Where this is not possible, an interim assessment of unrecorded units and charges should be completed and the final assessment completed and issued to the Perpetrator (or other beneficiary).

15.3 Assessment of Unrecorded Units

OBLIGATION

Each Party must ensure that the assessment of unrecorded units, following confirmation of Theft of Electricity, is carried out in a systematic, reasonable, consistent and transparent way.

BEST PRACTICE

No one single method is necessarily appropriate in all cases, but it is recommended that Parties follow the order as set out in Appendix 7 to this Code of Practice.

15.4 Remediating the matter

BEST PRACTICE

Providing it is safe to do so, each Party (and its Revenue Protection Agent) should consider all available options for the maintenance of supply, including fitting a prepayment meter and payment by instalments.

In determining the Relevant Costs, Parties should only seek to recover their direct and reasonably foreseeable costs associated with a particular incident. Such costs should not be a penalty but could, for example include the specific investigation costs associated with determining that a Theft of Electricity has taken place or a genuine pre-estimate of the loss incurred by the Party.

REFERENCE

Following Disconnection of a Premises pursuant to paragraph 6 of schedule 6 to the Electricity Act, the Distributor or Supplier (as applicable) is only obliged to restore the supply

where the Perpetrator is no longer in occupation or the Theft of Electricity has been remedied.

Appendix 2 provides commentary on the interpretation of when the Consumer has remedied the matter.

15.5 Negotiation of Payment: Determining the Relevant Costs

BEST PRACTICE

Relevant Costs may include the Value of electricity taken, the cost of remedial work, the cost of damage to equipment and the cost of investigation. Invoices should take into account statutory requirements in regards to VAT, Climate Change Levy and bill presentation.

REFERENCE

Distributors have the ability (in accordance with Schedule 6, paragraph 4 of the Act) to bill the consumer for the Value of electricity taken.

15.6 Demand for Payment of Relevant Costs

BEST PRACTICE

Where a Supplier or Distributor has the process to safely take payment at a Premises and the Perpetrator (or other beneficiary) is in agreement, then monies can be taken and receipted on site. Where this is not possible, taking into account Consumers' ability to pay, Parties should seek to agree terms for payment arrangements at the earliest opportunity.

This information should allow the Party to complete the assessment and come to an agreement with the Perpetrator (or other beneficiary) as to the best method of recovering any outstanding Relevant Costs.

15.7 Assess ability to pay and agree payment arrangements

OBLIGATION

Parties shall ensure that where a debt in respect of Relevant Costs arises, the following shall apply:

- they have appropriate credit management policies and guidelines, including clear guidance and training for staff;
- they allow for debtors to be dealt with on a case-by-case basis; and
- they put in place appropriate controls to ensure that staff incentives do not drive inappropriate behaviour.

BEST PRACTICE

Parties should:

- make it easy for debtors to raise concerns;
- proactively explore payment amount and appropriate payment methods;
- set repayment rates taking into account ability to pay;
- ensure all available information is obtained and taken into consideration, including the Perpetrator's (or other beneficiary's) circumstances identified on the visit;
- ensure the debtor understands the arrangement which shall include: how much they are repaying each week; when the debt shall be repaid; and what to do if they experience difficulties;(for pre-payment meter Customers) explain how the debt shall be recovered e.g. regardless of usage for time based debt recovery; and
- monitor arrangements after they have been set up (e.g. broken or failed arrangements to understand whether inappropriate rates are being set).

The OFT has also issued guidance for debt collectors on how to deal fairly with debtors. It is expected that Parties shall take due note of the OFT guidance as part of their contractual or policy arrangements (or both) with debt collection agencies.

REFERENCE

Suppliers are obliged under Condition 27 of the Supply Licences to take all reasonable steps to ascertain the Customer's ability to pay and to take this into account when calculating instalments.

15.8 Disconnection for safety reasons**BEST PRACTICE**

A Party should not (and should ensure that its Revenue Protection Agents do not) Disconnect a Premises where to do so would Disconnect other Premises that are not associated with the Theft of Electricity incident unless there is a serious safety concern.

Where a Party Disconnects a Premises, it should be clear and record on what authority it is exercising its powers.

REFERENCE

See section 11 of this Code of Practice in respect of Disconnections made in reliance on statutory powers relating directly to an offence under the Electricity Act.

In addition, however, a Party (particularly a Distributor) may have wider powers to Disconnect Premises that arise as an indirect result of Theft of Electricity – particularly on the grounds of safety (under the Electricity Safety, Quality and Continuity Regulations 2002, the Connection Agreement for the Connected Installation, and/or Clause 25 of the DCUSA).

Ultimately it will be a matter for a Party to decide what action may legally be taken in the event of safety concerns. Where a Party Disconnects a premises it must ensure that it has a clear legal basis for doing so (and therefore must satisfy all the relevant conditions which apply to the use of powers to Disconnect the supply).

15.9 Maintenance of records

OBLIGATION

Each Party shall maintain appropriate records in relation to its activities in relation to Theft of Electricity in accordance with the requirements set out in Appendix 4.

BEST PRACTICE

Notes of visits to Premises should be written up within 1 Working Day of the visit. It is recommended that Parties develop processes to keep records of a standard which are aligned with a criminal prosecution. This is because where repeated incidents occur it may be appropriate to report all incidents to the police, particularly where safety or large volumes of electricity theft has or have been a significant factor.

15.10 Prosecution**BEST PRACTICE**

Where there is sufficient evidence, a Party should consider pursuing criminal prosecution and/or civil proceedings.

In the following cases, criminal procedures and/or civil proceedings are strongly recommended: repeat offenders; electrical contractors; employees of an organisation involved in the electricity distribution or supply market; commercial Customers, cases involving extensive theft, and cases involving damage or endangerment to life or property.

The presentation of evidence, especially oral presentation, should be covered by appropriate training of staff.

The Party should provide its staff to attend court and act as witnesses as appropriate.

15.11 Re-visits

BEST PRACTICE

Parties may wish to undertake revisits in certain circumstances. These include:

- High risk Premises (i.e. where there has been previous history of interference or suspected interference. However, this should be at Suppliers' discretion, as information may be held which indicates that a re-visit is not needed. The Revenue Protection Agent shall report the result of the revisit as soon as reasonably practicable and not later than 5 Working Days).
- Where the supply at a Premises has been Disconnected and not Reconnected during the same visit.
- Where the supply at a Premises has been Disconnected and Reconnection has not occurred or is not planned.
- Where the Party is responsible for detecting theft, and has evidence that re-offending may have occurred or where other information is held that indicates this may be the case, then the Party shall arrange for further visits to properties.

15.12 Reports**OBLIGATION**

The Supplier shall provide a monthly report to each Distributor setting out each of the cases of Theft of Electricity investigated, identifying those where Theft of Electricity was confirmed and the volume of units associated with each such case.

BEST PRACTICE

The information set out in Appendix 6 should be collated by Suppliers, as the Authority may request such information.

16. RESOLVING DISPUTES

- 16.1 Where a Party has evidence of another Party being non-compliant with this Code of Practice, the escalation procedure detailed in Clause 58 of the DCUSA shall apply.

APPENDICES

- 1. RELEVANT STATUTORY AND REGULATORY PROVISIONS**
- 2. DISCONTINUATION OF SUPPLY**
- 3. COLLECTION AND RETENTION OF EVIDENCE**
- 4. RECORD KEEPING**
- 5. INFORMATION TO BE PROVIDED BY THE RP SERVICES**
- 6. REPORTING**
- 7. ASSESSMENT OF UNRECORDED UNITS**
- 8. PROCESS DIAGRAM**

These Appendices are intended to enable Parties to gain a broad understanding of matters related to Theft of Electricity, and to identify where statutory rights and obligations are set out. The information set out in these Appendices is intended for guidance only and should not be relied upon. Parties should take their own legal advice where interpretation of statutory and regulatory provisions is needed.

APPENDIX 1 - RELEVANT STATUTORY AND REGULATORY PROVISIONS

GENERAL LEGISLATION THAT CAN BE APPLIED TO ENERGY THEFT

Act	Section	Offence	Example Application
Theft Act 1968	Section 13 - Abstracting of Electricity Section 2 - interprets the term 'dishonestly'	To dishonestly use without due authority, or dishonestly cause to be wasted or diverted, any electricity.	General definition for theft of electricity
Fraud Act 2006	Section 11 – Obtaining services dishonestly	A person is guilty of an offence if he obtains services for himself or another by a dishonest act, and when he obtains them, he knows that they are being made available on the basis that payment has been, is being or will be made for or in respect for them, but intends that payment will not be made, or will not be made in full.	Not coming forward when moving into a property. User of fraudulent PPM key devices.
Criminal Damage Act 1971	Section 1 – Causing criminal damage	Without lawful excuse to destroy or damage any property belonging to another intending to destroy or damage any such property or being reckless as to whether any such property would be destroyed.	Damage caused by interference, particularly if deliberate.
Criminal Law Act 1977	Section 1 –The offence of conspiracy	If a person agrees with another person or persons a course of conduct which, if carried out as per the intentions, would constitute commission of an offence by	Devices such as the fraudulent PPM key. Generally need to prove complete chain from manufacture to use.

		one or more parties to the agreement (or would do so but for the existence of facts which render the commission of the offence or any of the offences impossible), that person is guilty of conspiracy to commit the offence or offences in question.	
Accessories and Abettors Act 1861	Section 8 – Abettors in misdemeanours	Any person who shall aid, abet, counsel or procure the commission of any indictable offence shall be liable to be tried, indicted, and punished as a principal offender.	Devices such as the fraudulent PPM key. Generally need to prove complete chain from manufacture to use.

LEGISLATION AND LICENCE CONDITIONS RELATING SPECIFICALLY TO THEFT AND INTERFERENCE

This Section is subdivided as to requirements in

- Primary legislation (Statute Law)
- Licence Conditions (Supply and Distribution)

Electricity Act 1989

Section	Obligation/Right/Offence	Who	Notes
Section 16 - Duties of electricity distributors	(1) An electricity distributor is under a duty: (a) to make a connection between a distribution system of his and any premises, when required to do so by: (i) the owner or occupier of the premises; or (ii) an authorised supplier acting with the consent of the owner or occupier of the premises, for the purpose of enabling electricity to be	Distributor	Obligation to connect a supply

	conveyed to or from the premises; (b) to make a connection between a distribution system of his and any distribution system of another authorised distributor, when required to do so by that authorised distributor for the purpose of enabling electricity to be conveyed to or from that other system.		
Schedule 6 - Paragraph 4, Supplies of electricity illegally taken	(1) Where any person takes a supply of electricity which is in the course of being conveyed by an electricity distributor, the distributor shall be entitled to recover from that person the value of the electricity so taken. (2) Where: (a) any person at premises at which a connection has been restored in contravention of paragraph 5(1) of Schedule 6 to the Electricity Act 1989 takes a supply of electricity which has been conveyed to those premises by an electricity distributor; and (b) the supply is taken otherwise than in pursuance of a contract made with an authorised supplier, or of a contract deemed to have been made with an electricity supplier by virtue of paragraph 3 of Schedule 6 to the Electricity Act 1989 or paragraph 23 (former tariff customers) of Schedule 7 to the Utilities Act 2000, the distributor shall be entitled to recover from that person the value of the electricity so taken. (3) Each electricity distributor shall make, and from time to time revise, a scheme providing for the manner in which, and the persons by whom, the quantity of electricity taken in such circumstances as are mentioned in sub-paragraph (1) or (2) above is to be determined for the purposes of that sub-paragraph.	Distributor	Right to recover costs for electricity illegally taken during conveyance

	(4) Sub-paragraphs (9) and (10) of paragraph 3 of Schedule 6 to the Electricity Act 1989 shall apply in relation to a scheme under this paragraph as they apply in relation to a scheme under that paragraph. (5) In this paragraph “value”, in relation to any electricity taken in such circumstances as are mentioned in sub-paragraph (1) or (2), means the amount which, if the electricity had been taken in such circumstances as are mentioned in sub-paragraph (2) of paragraph 3 of Schedule 6 to the Electricity Act 1989, could reasonably be expected to have been payable in respect of the electricity under a contract deemed to have been made by virtue of that sub-paragraph.		
Schedule 6 - Paragraph 5, Restoration of connection without consent	(1) Where, otherwise than in the exercise of a power conferred by regulations under section 29 of the Electricity Act 1989 (Regulations relating to supply and safety), premises have been disconnected by an electricity supplier or an electricity distributor, no person shall, without the consent of the supplier or, as the case may be, the distributor, restore the connection. (2) A person who acts in contravention of this paragraph shall be liable on summary conviction to a fine not exceeding level 3 on the standard scale. (3) A connection restored in contravention of this paragraph may be disconnected by the distributor to whose distribution system the connection is made or, if the original disconnection was carried out by an electricity supplier, by that supplier.	Supplier / Distributor	Offence to re-connect a disconnected supply
Schedule 6 - Paragraph 6, Damage to electrical plant etc.	(1) A person who intentionally or by culpable negligence damages or allows to be damaged: (a) any electric line or electrical plant provided by an electricity distributor; or (b) any electricity meter provided by an electricity supplier,	Supplier / Distributor	Offence to damage equipment (+ culpable negligence), right to disconnect, no obligation to reconnect

	shall be liable on summary conviction to a fine not exceeding level 3 on the standard scale. (2) Where an offence has been committed under sub-paragraph (1) by the occupier of any premises (or by the owner of the premises if they are unoccupied when the offence is committed) in relation to any electric line or electrical plant provided by an electricity distributor for making or maintaining a connection to the premises, the distributor may disconnect the premises. (3) Where an offence has been committed under sub-paragraph (1) above in relation to an electricity meter provided by an electricity supplier which is situated on any premises, by the occupier (or by the owner of the premises if they are unoccupied when the offence is committed), the supplier may disconnect the premises and may remove the meter. (4) A meter removed under sub-paragraph (3) above shall be kept safely by the supplier until the Authority authorises its destruction or disposal. (5) The distributor or supplier shall not be under any obligation to reconnect (and in the case of a supplier to restore the supply to) any premises disconnected under sub-paragraph (2) or (3) above until: (a) the offender is no longer the occupier or, as the case may be, the owner of the premises; or (b) the matter in consequence of which the premises were disconnected has been remedied.		
Schedule 6 - Paragraph 7, Entry during continuance of connection or supply	(1) Any officer or other person authorised by an electricity distributor may at all reasonable times enter any premises to which the distributor is maintaining a connection, for the purpose of inspecting any electric line or electrical plant provided by him. (2) Any officer or other person authorised by an electricity supplier may at all reasonable	Supplier / Distributor	Rights of entry for inspection, installation etc

	times enter any premises to which electricity is being supplied by him for the purpose of: (a) ascertaining the register of any electricity meter and, in the case of a pre-payment meter, removing any money or tokens belonging to the supplier; (b) removing, inspecting or re-installing any electricity meter or installing any substitute meter. (3) The supplier shall provide a substitute meter while a meter is removed under subparagraph (2)(b) above. (4) Where an electricity supplier is authorised by paragraph 2(1) of Schedule 6 to install a pre-payment meter on any premises, any officer or other person authorised by the supplier may at all reasonable times enter the premises for the purpose of installing such a meter. (5) A power of entry for the purpose of removing or installing an electricity meter may not be exercised unless at least two working days' notice has been given to the occupier (or the owner of the premises if they are unoccupied).		
Schedule 6 - Paragraph 8, Entry on discontinuance of supply or connection	(1) Where an electricity supplier or an electricity distributor is authorised by paragraph 6(2) or (3) of Schedule 6 above or paragraph 11(3) of Schedule 7 to the Electricity Act 1989: (a) to disconnect any premises; or (b) to remove an electricity meter, any officer or other person authorised by the supplier or distributor may at all reasonable times enter the premises for the purpose of disconnecting the premises or removing the meter. (2) Where: (a) an electricity distributor is authorised by any provision of the Electricity Act 1989 (other than one mentioned in	Supplier / Distributor	Rights of entry for disconnection

	sub-paragraph (1) above) or of regulations made under it to disconnect any premises; (b) a person occupying premises which are connected to a distribution system of an electricity distributor ceases to require a connection; or (c) a person entering into occupation of any premises connected to a distribution system of an electricity distributor does not require such a connection, any officer or other person authorised by the distributor may at all reasonable times enter the premises for the purpose of disconnecting the premises or removing any electrical plant or electric line provided by the distributor. (3) Where: (a) an electricity supplier is authorised by any provision of the Electricity Act 1989 (other than one mentioned in sub-paragraph (1) above), or of regulations made under it, to disconnect any premises or to discontinue the supply to any premises; (b) a person occupying premises which are supplied with electricity by an electricity supplier ceases to require such a supply; or (c) a person entering into occupation of any premises previously supplied with electricity by an electricity supplier does not require such a supply; any officer or other person authorised by the supplier may at all reasonable times enter the premises for the purpose of disconnecting the premises or removing any electricity meter provided by the supplier. (4) A power of entry under sub-paragraph (2) or (3) above may not be exercised unless at least two working day's notice has been given to the occupier (or to the owner of the premises if they are unoccupied).		
Schedule 6 - Paragraph 9, Entry for replacing, repairing or altering lines	(1) Any officer or other person authorised by an electricity distributor may at all reasonable times enter any premises for the purpose of: (a) placing a new electric line or any new electrical plant in the place of or in addition to any existing line or plant	Distributor	Rights of entry to make repairs

or plant	which has already been lawfully placed; or (b) repairing or altering any such existing line or plant. (2) A power of entry under sub-paragraph (1) above may not be exercised unless at least five working days' notice has been given to the occupier of any premises (or to the owner of the premises if they are unoccupied). (3) In the case of emergency arising from faults in an electric line or any electrical plant entry may be made under sub-paragraph (1) above without the notice required by sub-paragraph (2) above, but notice shall then be given as soon as possible after the occurrence of the emergency.		
Schedule 6 - Paragraph 10, Provisions as to powers of entry	(1) The Rights of Entry (Gas and Electricity Boards) Act 1954 (entry under a justice's warrant) shall apply in relation to the powers of entry conferred by this Schedule 6. (2) Any reference in this Schedule 6 to an officer or other person authorised by an electricity supplier or an electricity distributor includes a reference to a person who, in accordance with a written authority given by the supplier or distributor to an agent of the supplier or distributor, is authorised by the agent on behalf of the supplier or distributor. (3) Where in pursuance of any power of entry conferred by this Schedule, entry is made on any premises by a person authorised to do so: (a) that person shall ensure that the premises are left no less secure by reason of the entry; and (b) the supplier or distributor shall make good, or pay compensation for, any damage caused by that person (or by any other person accompanying him under sub-paragraph (5) below) in entering the premises, in taking any action on the premises or in making them secure. (4) A person may only exercise a power of entry conferred by this Schedule 6 on production of some duly authenticated document showing his authority.	Supplier / Distributor	General provisions on rights of entry

	(5) Any person exercising a power of entry conferred by this Schedule may be accompanied by such other persons as may be necessary or expedient for the purpose for which the entry is made or for the purposes of sub-paragraph (3)(a) or (b) above. (6) A person who intentionally obstructs a person exercising powers of entry conferred by this Schedule shall be liable on conviction to a fine.		
Schedule 7 - Paragraph 1(5), Consumption to be ascertained by appropriate meter	1(5) If the customer refuses or fails to take his supply through an appropriate meter provided and installed in accordance with sub-paragraphs (2) and (3) of paragraph 1 of Schedule 7, the supplier may refuse to give or may discontinue the supply.	Supplier	Right to discontinue supply if not taken through an appropriate meter
Schedule 7 - Paragraph 10, Meters to be kept in proper order	(1) A customer of an authorised supplier shall at all times, at his own expense, keep any meter provided by him in proper order for correctly registering the quantity of electricity supplied to him; and in default of his doing so the supplier may discontinue the supply of electricity through that meter. (2) An authorised supplier shall at all times, at his own expense, keep any meter provided by him to any customer in proper order for correctly registering the quantity of electricity supplied and, in the case of pre-payment meters, for operating properly on receipt of the necessary payment. (2A) Section 23 (Determination of Disputes) of the Electricity Act 1989 shall apply in relation to any dispute arising under this paragraph between an electricity supplier and a customer. (3) ... (4) Sub-paragraphs (2) and (3) above are without prejudice to any remedy the supplier may have against the customer for failure to take proper care of the meter.	Supplier / Customer	Obligation to keep metering in proper order

Schedule 7 - Paragraph 11, Interference with meters	(1) If any person intentionally or by culpable negligence: (a) alters the register of any meter used for measuring the quantity of electricity supplied to any premises by an authorised supplier; or (b) prevents any such meter from duly registering the quantity of electricity supplied, he shall be liable on summary conviction to a fine not exceeding level 3 on the standard scale. (2) Where any person is prosecuted for an offence under sub-paragraph (1) above, the possession by him of artificial means for causing an alteration of the register of the meter or, as the case may be, the prevention of the meter from duly registering shall, if the meter was in his custody or under his control, be prima facie evidence (or in Scotland sufficient evidence) that the alteration or prevention was intentionally caused by him. (3) Where an offence under sub-paragraph (1) above has been committed, the supplier may discontinue the supply of electricity to the premises until the matter has been remedied and remove the meter in respect of which the offence was committed. (4) Where an authorised supplier removes a meter under sub-paragraph (3) above, he shall keep it safely until the Director authorises him to destroy or otherwise dispose of it.	Supplier	Offence to damage metering (+ culpable negligence), right to disconnect

Electricity Distribution Licence

Standard Licence Condition	Details	Notes
SLC 27.1 and 27.2	Where in the course of providing services to any Authorised supplier of electricity to premises directly connected to the licensee's Distribution System, the licensee has reason to believe that there has been: (a) damage to any electrical plant,	Report damage to Authorised Supplier

	electric line, or Metering Equipment through which such premises are supplied; or (b) interference with the Metering Equipment through which such premises are supplied so as to alter its register or prevent it from duly registering the quantity of electricity supplied, then the licensee must inform the Authorised Supplier in question of the relevant incident as soon as is reasonably practicable.	
SLC27.3 and 27.4	Where any electrical plant, electric line, or Metering Equipment that is connected to the licensee's Distribution System is owned by a person other than the licensee ("the relevant owner") and the licensee has reason to believe that there has been: (a) damage to that electrical plant, electric line, or Metering Equipment; or (b) interference with the Metering Equipment so as to alter its register or prevent it from duly registering the quantity of electricity supplied, then the licensee must inform the relevant owner about the incident in question as soon as is reasonably practicable, except if it has reason to believe that the damage or interference was caused by the relevant owner.	Report damage to relevant owner

Electricity Supply Licence

Standard Licence Condition	Details	Notes
SLC 12.1	The licensee must take and must ensure that its agents take all reasonable steps to detect and prevent: (a) the theft or abstraction of electricity at premises supplied by it; (b) damage to any electrical plant, electric line or Metering Equipment through which such premises are supplied with electricity; and (c) interference with any Metering Equipment through which such premises are supplied with electricity.	Obligation to detect and prevent theft
SLC 12.14	Unless the Authority otherwise consents, the licensee must take all reasonable steps to ensure that it inspects, at least once every two years, any Non-	Obligation to inspect metering

	Half-Hourly Meter in respect of premises at which it has at all times during that period been the Relevant Electricity Supplier.	
LC 12.16	An inspection under paragraph 12.14 must include: (a) taking a meter reading; and (b) a visual inspection of any Metering Equipment for the purpose of assessing whether: (i) there has been damage to the Metering Equipment or to any electrical plant or electric line; (ii) there has been interference with the Non-Half-Hourly Meter to alter its register or prevent it from duly registering the quantity of electricity supplied; or (iii) the Non-Half-Hourly Meter has deteriorated in any way that might affect its safety or proper functioning.	Obligation to inspect metering
SLC 13.1	The licensee must take all reasonable steps to ensure that each Representative who visits a Customer's premises on the licensee's behalf: (a) possesses the skills necessary to perform the required function; (b) can be readily identified as a Representative of the licensee by a member of the public; (c) uses any password that the licensee has agreed with the Customer; (d) is a fit and proper person to visit and enter the Customer's premises; and (e) is able to inform the Customer, on request, of a contact point for any help and advice that he may require in relation to the supply of electricity.	Obligation to ensure representatives have necessary skills
SLC 26.1	If a Domestic Customer who is of Pensionable Age, disabled or chronically sick requests it and it is appropriate and reasonably practicable for the licensee to do so, the licensee must, free of charge: (a) agree a password with the customer that can be used by any person acting on the licensee's behalf or on behalf of the Relevant Distributor to enable that customer to identify that person; (b) send each Bill or statement of account in relation to the supply of electricity to the customer's premises to any other person that the customer nominates, if that person agrees to receive them;	Obligation regarding treatment of vulnerable customers

	(c) if the customer informs the licensee that no person occupying his premises is able to read the Electricity Meter there, arrange to read that meter at least once each quarter and inform the customer of that reading; and (d) if Charges for the Supply of Electricity are recovered through a Prepayment Meter and the customer cannot readily make payments through that meter because of infirmity, arrange to move that meter so that the customer can access it.	
SLC 26.2	When asked to do so by, or by someone acting on behalf of, a blind or partially sighted Domestic Customer, the licensee must, by means that are readily accessible to such customers, provide information free of charge about any Bill or statement of account relating to the supply of electricity or any other service provided to the customer by the licensee.	Obligation regarding treatment of vulnerable customers
SLC 26.3	The licensee must provide facilities, free of charge, which enable any Domestic Customer who: (a) is blind or partially sighted; or (b) is deaf or hearing-impaired and in possession of appropriate equipment, to ask or complain about any Bill or statement of account relating to the supply of electricity or any other service provided to that customer by the licensee.	Obligation regarding treatment of vulnerable customers
SLC 26.4	The licensee must establish and maintain a Priority Services Register which lists all of the licensee's Domestic Customers who: (a) are of Pensionable Age, disabled or chronically sick; and (b) have either: (i) asked in person for their name to be added to the Priority Services Register; or (ii) had a person ask on their behalf for their name to be added to it.	Obligation to maintain a priority services register
SLC 26.7	The licensee must give the Relevant Distributor the following information insofar as it is relevant to the performance of that distributor's obligations under the Distribution Licence: (a) details relating to any person who has agreed a password with the licensee,	Obligation to provide distributor with access to details of the chronically sick or disabled

	including what that password is; and (b) details relating to any person who the licensee knows or has reason to believe requires advance notice of any interruption to the supply of electricity to his premises because of his chronic sickness or disability.	
SLC 27.5	The licensee must offer each of the services set out in paragraph 27.6 when it becomes aware or has reason to believe that a Domestic Customer is having or will have difficulty paying all or part of the Charges for the Supply of Electricity.	Obligation relating to customers in payment difficulty
SLC 27.6	The services referred to in paragraph 27.5 above are: (a) the facility for a Domestic Customer to pay Charges for the Supply of Electricity: (i) by using, where available, a means by which payments may be deducted at source from a social security benefit received by that customer; (ii) by regular instalments calculated in accordance with paragraph 27.8 of this SLC and paid through a means other than a Prepayment Meter; and (iii) by using a Prepayment Meter, where it is safe and reasonably practicable in all the circumstances of the case for the Domestic Customer to do so and where any instalments to be paid are calculated in accordance with paragraph 27.8; and (b) the provision of information about how the Domestic Customer could reduce the Charges for the Supply of Electricity that he must pay by using the electricity supplied to his premises more efficiently.	Obligation relating to customers in payment difficulty
SLC 27.9	The licensee must not Disconnect a Domestic Premises at which the Domestic Customer has not paid Charges for the Supply of Electricity unless it has first taken all reasonable steps to recover those charges by means of the service referred to in sub-paragraph 27.6(a)(iii) above.	Obligation relating to disconnection for non-payment
SLC 27.10	The licensee must not Disconnect, in Winter, a Domestic Premises at which the Domestic Customer has not paid Charges for the Supply of Electricity if it knows or has reason to believe that the customer is of Pensionable Age and lives alone or lives only with persons who are of Pensionable Age or under the age of 18.	Obligation relating to disconnection for non-payment

SLC 27.11	The licensee must take all reasonable steps to avoid Disconnecting, in Winter, a Domestic Premises at which the Domestic Customer has not paid Charges for the Supply of Electricity if the occupants of the premises include a person who is of Pensionable Age, disabled or chronically sick and to whom paragraph 27.10 above does not apply.	Obligation relating to disconnection for non-payment
SLC 27.11A	The licensee shall, before it exercises any right it may have to Disconnect a Domestic Premises, take all reasonable steps to ascertain whether: (i) the relevant Domestic Customer falls within the scope of SLC 27.10; or (ii) the restriction on its right to disconnect in accordance with SLC 27.11 applies.	Obligation relating to disconnection for non-payment
SLC 27.11B	The licensee must have regard to guidance on the interpretation of conditions 27.9A to 27.11A of this SLC which, following consultation, the Authority may issue and may from time to time revise.	Obligation relating to disconnection for non-payment

APPENDIX 2 – DISCONTINUATION OF SUPPLY

Introduction

This Appendix 3 sets out guidance regarding the statutory powers of suppliers and distributors to discontinue the supply of electricity which may arise where a person is suspected of unlawfully abstracting electricity. In some instances, powers arise when a specific offence has been committed. In other instances, no specific offence is required.

For the avoidance of doubt, this Appendix 3 does not seek to grant additional rights to signatories to this Code of Practice. This Appendix 3 is for guidance only.

This Appendix 3 draws upon some of the guidance set out by Ofgem in its open letter on the topic of theft of energy dated 20 October 2010.

For the avoidance of doubt, parties may have additional statutory powers to discontinue supply which are not set out below, for example in relation to unpaid charges for the supply of electricity.

1. **Electricity meter damage**

A summary of the elements of the relevant offence²⁰ and the suppliers' powers to discontinue supply are set out below.

The elements of this offence are made out when a person has:

- damaged or allowed to be damaged any electricity meter provided by an electricity supplier²¹; and
- has done so either intentionally or by culpable negligence²².

²⁰ See paragraph 6 of schedule 6 to the Electricity Act 1989.

²¹ It appears that this offence does not arise otherwise than when a supplier provides the meter (for example where it is provided by the customer). Note that section 4 below sets out the arrangements where a customer owns the meter.

²² Further consideration on the definition of “culpable negligence” is set out in section 9 below.

Electricity suppliers' power to discontinue only applies to the premises where the offence was committed in so far as the offender is occupying the premises (or, where the premises are unoccupied, the offence was committed by the owner)²³. On this basis, in order to discontinue the premises where the meter damage occurred, the electricity supplier must prove that the current occupier (or, if the premises are unoccupied, the owner) was the offender.

The supplier is under no obligation to restore the supply to any premises until either:

- the offender is no longer the owner or occupier of the premises; or
- the matter in consequence of which the premises were discontinued has been remedied²⁴.

2. **Damage to other electrical equipment**

A summary of the elements of the relevant offence²⁵ and the distributors' powers to discontinue supply are set out below.

The elements of this offence are made out when a person has:

- damaged any or allowed to be damaged any electric line or electrical plant provided by an electricity distributor; and
- has done so either intentionally or by culpable negligence²⁶.

As for section 1, the power to discontinue only applies to the premises where the offence was committed in so far as the offender is occupying the premises (or, where the premises are unoccupied, the offence was committed by the owner)²⁷. On this basis, in order to discontinue the premises where the damage to electrical equipment occurred, the distributor must prove that the current occupier (or, if the premises are unoccupied, the owner) was the offender.

²³ See paragraph 6(3) of schedule 6 to the Electricity Act 1989.

²⁴ See section 10 below on the meaning of 'remedied'.

²⁵ See paragraph 6 of schedule 6 to the Electricity Act 1989.

²⁶ Further consideration on the definition of "culpable negligence" is set out in section 9 below.

²⁷ See paragraph 6(3) of schedule 6 to the Electricity Act 1989.

The distributor is under no obligation to restore the connection until either:

- the offender is no longer the owner or occupier of the premises; or
- the matter in consequence of which the premises were discontinued has been remedied²⁸.

3. **Electricity meter interference**

A summary of the elements of this offence²⁹ and the suppliers' powers to discontinue supply are set out below.

The elements of this offence are made out when any person intentionally or by culpable negligence³⁰ alters the register of a meter or prevents a meter from duly registering the quantity of electricity supplied.

On its face, the suppliers' power to discontinue the supply to premises applies to the premises at which the offence was committed irrespective of whether the occupier of those premises was the offender. However, best practice suggests that suppliers should endeavour to avoid discontinuing the supply to premises in circumstances where there is no evidence to suggest that the current occupier or owner has committed a relevant offence, e.g. there is no evidence to suggest that the occupier of the premises was culpably negligent in allowing the meter to be tampered with. The fact that an occupier may have benefited from meter tampering would be insufficient evidence to justify a discontinuation. For clarity, this statement is made as a statement of best practice, and does not itself constrain the suppliers' statutory powers.

A supplier must re-continue the supply to premise once the matter has been remedied³¹.

4. **Failure by a customer to keep a meter in proper order**

²⁸ See section 10 below on the meaning of 'remedied'.

²⁹ See paragraph 11 of schedule 7 to the Electricity Act 1989.

³⁰ Further consideration on the definition of "culpable negligence" is set out in section 9 below.

³¹ See section 10 below on the meaning of 'remedied'.

Where a customer opts to provide a meter, an offence is committed by that customer where a customer fails to keep that meter in proper order for correctly registering the quantity of electricity supplied³².

Where the customer fails to maintain the meter, the authorised supplier may discontinue the supply of electricity through that meter.

For the avoidance of doubt, this provision does not give rise to any discontinuation powers in circumstances where the supplier or third party has provided the meter.

5. **Not reasonable to maintain a connection**

The effect of section 17(1)(c) of the Electricity Act 1989 is that an electricity distributor is not required to maintain a connection if and to the extent that it is not reasonable in all the circumstances for him to be required to do so.

This provision may therefore gives rise to a power to discontinue the supply of electricity to a premises (or to another distribution system) where the occurrence of theft means that it is no longer reasonable to require the connection to be maintained. Note, however, that not less than seven working days' notice³³ of the intention to discontinue the premises must be given to the occupier (or, if the premises are unoccupied, the owner).

6. **Restoration of supply without consent**

A summary of the elements of the offence³⁴ and of the suppliers' and distributors' powers to discontinue supply are set out below.

The elements of this offence are made out when an electricity distributor or electricity supplier has discontinued premises (otherwise than pursuant to the Electricity Safety, Quality and Continuity Regulations 2002), and a person has restored the connection to

³² See paragraph 10 of schedule 7 to the Electricity Act 1989.

³³ See section 17(3) of the Electricity Act 1989.

³⁴ See paragraph 5 of schedule 6 to the Electricity Act 1989.

the premises without consent. The relevant consent must be given by either the distributor or the supplier, whichever discontinued the supply.

Where an offence has occurred, the supplier or the distributor (whichever made the original discontinuation) may discontinue supply to the premises again.

7. **Other offences**

Only the specific offences outlined above trigger particular statutory powers to discontinue supply. A supplier or distributor would be unable to exercise such statutory powers on the grounds that any other energy theft offence has been committed, e.g. the unlawful abstraction of electricity contrary to section 13 of the Theft Act 1968, or an offence under paragraph 3(1) of Schedule 7 to the Electricity Act 1989.

8. **Discontinuing supply on safety grounds**

As noted in the introduction to this Appendix, other powers to discontinue a supply arise in circumstances unrelated to theft, such as failure to pay charges.

Powers to discontinue supply also arise on safety grounds, and instances in which theft of electricity has occurred may also give rise to safety issues. Distributors have powers to discontinue supply on grounds of safety under the Electricity Safety, Quality and Continuity Regulations 2002.

However, suppliers do not have powers to discontinue supply under those regulations, and distributors cannot delegate powers to suppliers. Nevertheless, general statutory duties may allow suppliers to discontinue supply on safety grounds in certain circumstances.

Ultimately it will be a matter for suppliers and distributors to decide what action may legally be taken in the event of safety concerns. Where suppliers and/or distributors discontinue premises they must ensure that they have a clear legal basis for doing so (and therefore must satisfy all the relevant conditions which apply to the use of discontinuation powers).

Where suppliers (or their agents) identify potential safety concerns, then they must ensure that they have appropriate processes and procedures in place to notify relevant parties, for example electricity distributors if the safety issues may fall within the scope of their responsibilities.

9. **Culpable negligence**

The concept of culpable negligence is relevant to the offences referred to in sections 1, 2 and 3 above.

It is considered that the customer has a duty of care in relation to the equipment that forms the subject matter of these offences (e.g. a duty not to interfere with an electricity meter). However, the concepts of ‘intention’ or ‘culpable negligence’ require the customer to have either intended to breach that duty or to have been culpably negligent in relation to that duty.

Given that the relevant offences refer to ‘culpable’ negligence it is considered that this must be something more than mere carelessness or negligence and must involve an act or omission which would deserve of punishment under the criminal law. It is therefore suggested that the concept of culpable negligence is likely to involve a high degree of negligence (i.e. gross negligence) or recklessness.

Therefore, assuming that there is evidence to prove that damage to electricity meters, electric line and electrical plant or interference to an electricity meter has actually occurred, in order for a customer to be considered to have been responsible on the basis of culpable negligence, it is considered that it would be necessary to have proof (on the balance of probabilities³⁵) of the following elements:

- that the customer must have been aware of an act or omission which took place involving a meter (or electric line and electrical plant);

³⁵ Although the burden of proof for the criminal offence is ‘beyond reasonable doubt’, it is accepted that the exercise of suppliers’ and distributors’ statutory powers is a civil matter and that the applicable burden of proof is ‘balance of probabilities’ (see *Queen v Minister of Energy and Director General of Electricity supply ex parte Robert Guildford* [1998] EWHC Admin 203).

- there was an obvious risk that an act or omission which took place would amount to damage to electricity meters, electric line and electrical plant or interference to a electricity meter; and
- the customer was indifferent to such an obvious risk or failed to take reasonable steps to address that obvious risk.

Illustrative examples:

By way of illustrative examples it is considered that a customer would probably be regarded as being “culpably negligent” if:

- the meter was located inside a secure area of the customer’s premises (i.e. inside the house or flat);
- the available evidence suggests that the customer was aware that another person was doing something to a meter (or other electric line and electrical plant);
- in light of all the circumstances the customer must have been aware that such an act could amount to damage to electricity meters, electric line and electrical plant or interference to an electricity meter (e.g. the meter was not being repaired/replaced by an appropriate person and/or the meter subsequently stopped recording consumption); and
- the customer did not take any steps to stop the act from occurring or to report any potential problem (e.g. reporting the matter to the police or a supplier either while the act was occurring or within a reasonable period of time thereafter).

On the other hand, it may be considered that a customer is unlikely to have been culpably negligent in circumstances where:

- they have recently moved into new premises;
- there are no obvious signs that damage to electricity meters, electric line and electrical plant or interference to a electricity meter has occurred (e.g. the meter appears to be recording consumption); and
- there is no evidence to suggest that the damage to electricity meters, electric line and electrical plant or interference to an electricity meter occurred recently or during the period when the customer becomes responsible for the premises.

10. **Remedying the matter**

Providing it is safe to do so, a Supplier (or where applicable a Distributor) and its Revenue Protection Agent should consider all available options for the maintenance of supply, including a prepayment meter, payment by instalments or direct payment from DWP benefits.

Once supply has been discontinued under the powers conferred by Schedule 6 paragraph 6 and Schedule 7 paragraph 11 of the Electricity Act 1989, there is no obligation to reconnect the supply³⁶ until either:

- In respect of Schedule 6 paragraph 6:
 - the offender is no longer the owner or occupier of the premises, or
 - the matter in consequence of which the premises were discontinued has been remedied.
- In respect of Schedule 7 paragraph 11:
 - the matter in consequence of which the premises were discontinued has been remedied.

In relation to a discontinuation under the powers set out under Schedule 7 paragraph 11 it is expected that, as a matter of policy rather than legal requirement, a premises would also be reconnected when the offender is no longer the owner or occupier of the premises.

The remainder of this section provides commentary on the interpretation of when the matter in consequence of which the premises were discontinued has been remedied.

In the Smith case³⁷, Mr Justice Pill indicated that that he could not accept that in the case of theft, the only consideration was for the repair or replacement of the meter whilst ignoring payment for gas stolen. This, he concluded, would place “the honest customer who could not pay his bill in a worse position than the thief”. Such a

³⁶ See paragraph 19(2) of schedule 2B to the Gas Act 1986.

³⁷ R v Director General of Gas Supply & Another ex parte Smith & Another (31st July 1989 – unreported). Whilst it is noted that this case relates to the gas market, it is considered that it has a direct read across to the provisions in electricity.

customer would have to pay for the gas used in addition to the cost of discontinuation and reconnection if supply was discontinued. Consequently, Mr Justice Pill expressed the view that “...*the expression ‘matter to be remedied’ has ... a broad meaning. The ‘state of things’ created by the offence must be remedied or put right.*”

It is therefore considered that “*The ‘state of things’ created by the offence*” will always depend on the particular circumstances of a given case and therefore it will necessary for the supplier or electricity distributor to consider what actions and charges are a direct result of the type of injury to electricity meters, electric line and electrical plant or interference to an electricity meter which has occurred.

In considering the interpretation of when the consumer has remedied the matter. Suppliers will seek to recover their directly foreseeable costs associated with a particular incident. Such costs may include the specific investigation costs associated with determining that a theft has taken place or a genuine pre-estimate of the loss incurred by the Supplier. Distributors will seek to recover their directly foreseeable costs associated with a particular incident. Such costs may include the replacement or repair of the Distributor’s equipment, specific investigation costs associated with determining that a theft has taken place or a genuine pre-estimate of the loss incurred by the Distributor. Neither the Supplier nor the Distributor shall deem the consumer to have remedied the matter until both of conditions are met.

Other routes to discontinuation have been set out above (for example, section 17 and schedule 6 paragraph 5 of the Electricity Act 1989). Whilst these do not contain an explicit reference to remedying the matter, it is considered that once the reason for discontinuation has been removed, that there is no continued reason for discontinuation.

APPENDIX 3 - COLLECTION AND RETENTION OF EVIDENCE

Regard will in all cases be had to the principles of the Police and Criminal Evidence Act 1984 (and, in Scotland, the Criminal Procedure (Scotland) Act 1995) and relevant related codes of practice insofar as they relate to the collection and retention of evidence.

This appendix is concerned with the collection and retention of evidence. Evidence may be defined as anything that tends to prove or disprove a fact. Types of evidence include oral, documentary or real (physical), the last two usually taking the form of exhibits. Presentation of evidence, especially oral presentation at court, should be covered by appropriate training of staff.

Need for Evidence

1. In order for the prosecuting authority to achieve a criminal conviction, it is necessary to prove ‘beyond all reasonable doubt’ that an offence has been committed.
2. The test for civil matters – including whether or not the Supplier or Distributor properly exercised its statutory powers to discontinue supply – is less onerous; it is necessary to prove the matter ‘on the balance of probabilities’.
3. The quantity of evidence required to support a case will depend on the nature of the interference and the type of action proposed. In general it is imperative to accumulate as much evidence as possible.

Collection of Evidence

4. Photographic evidence is valuable. The equipment interfered with should be photographed in the state in which it was found, if possible in the presence of the customer or customer’s agent. Supporting photographs of the premises and meter site may also prove useful. Alternatively where photography is not possible, a sketch plan should be made. Whenever photographs are taken, or a sketch is made, this must be accompanied by a signed witness statement recording when and by whom the evidence was taken.
5. All irregularities should be brought to the attention of the customer and any witnessing party e.g. an accompanying police officer. Where the meter is not

recording, this should be demonstrated by switching on electrical appliances and recorded in a signed witness statement by the investigator.

6. Where interference is obvious, or suspected such that further expert inspection is deemed necessary, the equipment (usually the meter but including any other equipment affected and any tampering device or other relevant object found) should then be removed and treated as described below. The right to remove an item should be established before doing so. A meter subject to bridging out or the application of a “black box” should be removed by cutting the meter tails and leaving sufficient cable attached to the meter to provide the evidence.

Custody of Exhibits

7. In order that evidence produced in court can be substantiated as that which was obtained during investigation, it is necessary to be able to prove “the chain of custody” i.e. that no item (exhibit) collected at the site of the alleged offence has been altered without authorisation or introduced subsequently.
8. In this context, “alteration” does not prevent tests on a removed meter, which may need to be dismantled, but this process itself should be documented by an engineer’s report and, if possible, photographed (both the report and photographs then become exhibits).
9. Where the Revenue Protection Agent proposes to dismantle an exhibit he shall first inform the appropriate prosecution authority of this intention and also inform the relevant customer of his right to have an independent expert in attendance during such dismantling.
10. All equipment removed from site should be treated as a potential exhibit (even if not subsequently used at trial) and should be labelled, placed in an exhibit bag and sealed as soon as possible. The label should indicate the location, the date obtained and by whom. In addition, any meter which is removed from a property and in respect of which there is, or is likely to be, a dispute regarding meter damage or accuracy will be treated as an exhibit. A receipt must be provided for any material which is removed as part of the investigation.

11. Computer generated documents (e.g. account details) should also be treated as exhibits and should be supported by a statement from a person occupying a responsible position in relation to the operation of the computer.
12. Other statements obtained at the time or subsequently may also be treated as exhibits.
13. Photographs taken or sketches made as in paragraph 3 above are exhibits.

Safe keeping of exhibits

14. In many cases the police will take possession of exhibits and will retain them until the court hearing. In this case they will provide a receipt for the items.
15. In cases where the police do not wish to retain exhibits, the Revenue Protection Agent should ensure that:
 - (a) exhibits are always logged into and stored in a secure and locked place;
 - (b) any movements of exhibits is recorded both on the property label and in the store log book, and includes the date and time of removal, by whom and the reason. The party taking possession of the property must also sign the label and book;
 - (c) whenever an exhibit is opened, a statement is made and signed by the person responsible, and the bag then resealed; and
 - (d) the exhibit label and, if requested, the log book is/are available to the court.

Retention of exhibits

16. All exhibits will be retained for an appropriate period, taking into account any pending prosecutions. A tampered meter should be retained until authority for its disposal has been obtained.

APPENDIX 4 – RECORD KEEPING

It is recommended that parties record the following information, where relevant, for future regulatory reporting requirements. Note that this list may not be exhaustive. At case level:

Supplier Records

- Customer Name
- Property Address
- MPAN
- MSN
- Status of Theft case i.e. suspected, confirmed, not confirmed, Passed to DNO as Theft in Conveyance
- Date Theft suspected
- Source of information on suspected theft
- Number of investigative visits to premises

If Theft confirmed:

- Estimate of unrecorded units (kWh)
- Date from and date to
- Charges levied to the customer (split into unrecorded units and transactional costs)
- Nature of interference
- Necessity for a warrant
- Criminal prosecution attempted?
- Criminal prosecution successful?

Distributor Records

- Customer Name

- Property Address
- MPAN
- MSN
- Estimate of unrecorded units
- Date from and date to
- Charges levied to the registered supplier
- Charges levied to the customer (split into unrecorded units and transactional costs)
- Nature of interference
- Necessity for a warrant
- Criminal prosecution attempted
- Criminal prosecution successful

APPENDIX 5 - INFORMATION TO BE PROVIDED BY THE RP SERVICE

The following list is the information Revenue Protection Agent staff should maintain. This list is not exhaustive and if the RPA representative on site feels other information is relative to the case, they are at liberty to record this too.

- Date of visit
- Name of Representative on site
- Confirmation of address details
- Existing / old / new customer name
- Customer telephone number
- Vulnerable customer status (if applicable)
- Premise details
 - Occupied or vacant
 - How long customer owned or occupied the premise
 - Owned or rented
 - If rented – name of landlord and landlord contact details / address
 - Number of bedrooms / reception rooms
- Old meter details
 - Meter Serial Number
 - Type of meter
 - Meter location
 - Readings
 - Credit / Debt on meter
 - Debt setting
- New meter details
 - Meter Serial Number
 - Type of meter
 - Meter location
 - Readings
 - Debt set on meter (where applicable)

- Tamper found
- Is this a first visit or a repeat visit (second / third / etc)
- Energisation status on leaving the premise (energised / discontinued)
- Tong / amp reading or appliance list
- Any further comments

APPENDIX 6 – REPORTING

Revenue Protection Agent to Supplier

	Report	Purpose
1	Number of Suppliers Metering Points	Gives perspective to the number of reports generated
2	Number of reports received, categorised as priority level A, B or C	Gives relevance to all other data supplied and reveals the portion of supplies referred for investigation
3	Number of cases resolved outside timescales required by this code categorised as level A, B or C	Indicator of the success of the call, albeit subject to limitations (see 4)
4	Number of cases resolved outside timescales required by this code categorised as levels A, B or C	Appraisal of performance. Failures may not reflect shortcomings, as problems of access may lead to protracted process
5	Number of warrants of entry actioned	Indicates degree of difficulty in gaining access qualifying 4 to some extent. Actioned means applying for and visiting to force entry; whether or not this was the outcome
6	Cases of interference A] suspected but not confirmed B] confirmed Current occupier	Indicates level of interference and comments on quality of referrals, related to cases where there is a culpable party for recovery
7	Cases of interference A] suspected but not confirmed B] confirmed Previous occupier	Indicates level of interference and comments on quality of referrals, related to cases where there may not be a culpable party for interference but the case may be treated as a meter fault
8	Irregularity found	Problem found but where no interference is suspected. Meter

		accuracy may or may not be affected.
9	All in order	Nothing found. Indicates bad quality of referral
10	Abortive call	Unable to action due to misleading information. Reflects quality of referrals and records
11	Discontinued for more than 24 hours	This will depend upon supplier policy, but an overall figure indicates a work level for the RP Service
12	Unrecorded units assessed	The number of unrecorded units discovered by the RP Service.

From Supplier to Distributor

For the purpose to verify units into settlement it will be necessary to report on the following:

	Report
1	MPAN
2	Start date of the unrecorded unit assessment period
3	Start date of the Suppliers registration if later than (2) otherwise enter the same date as (2)
4	End date of the unrecorded unit assessment period
5	Total number of unrecorded units
6	Total number of unrecorded units attributable to the reporting supplier (which may be the same as (5))
7	Total number of unrecorded units entered into settlement

Items (2) and (5) should not be left blank.

Note – for the avoidance of doubt the current supplier is only responsible for unrecorded units for period when it is the registered supplier to the MPAN. The reporting of the total number of unrecorded units is only for the completeness of information within the industry and is not intended to imply responsibility.

APPENDIX 7 – ASSESSMENT OF UNRECORDED UNITS

1. APPROACH

Assessment of units unrecorded, following Theft of Electricity, should be carried out in a systematic, consistent and transparent way. The following list of options is set out in no particular order. No one single method is necessarily appropriate in all cases:

- 1.1 where there is a clear pattern from past consumption history, by which is meant an obvious step change following an earlier established level or pattern, then this may be used as the basis for assessing what should have been consumed from the time of that change. Less obvious but inconsistent consumption history may also be used in support of, or to check, the general value obtained using other methods;
- 1.2 where the customer permits an audit of appliances, then this method may be used. Standard consumption figures should be applied, concentrating on the major appliances which the customer admits to using or have obviously been in use. An example assessment calculator is set out below. Account should be taken of valid input from the customer to assess whether some scaling of the figures might be appropriate;
- 1.3 typical consumption levels for the type of property may be applied, taking into account where available the type of premises, tariff in use, number of occupants and occupancy patterns (e.g. night working), other fuels available, geographic location, etc;
- 1.4 monitor ongoing consumption;

1.5 Load testing.

2. GENERAL

The following general points should be considered:

- 2.1 In cases of Theft In Conveyance, the Distributor is responsible for determining the final assessment of unrecorded units, having taken into account any information held about the consumer's history and individual relevant circumstances.
- 2.2 In all other cases of Theft of Electricity, the Supplier is responsible for determining the final assessment of unrecorded units, having taken into account information held about the customer's account history and individual relevant circumstances; however this must be as accurate as possible. The Supplier will notify the Distributor of the final assessment.
- 2.3 Where the customer will not permit an audit of appliances, this should be recorded.
- 2.4 Attempts should be made to agree with the customer the time over which the interference has taken place - past consumption history may help. Due regard should be given to when the meter was last inspected and when the interference was reported to help determine the length of time that abstraction could have been occurring. Length of occupancy should be confirmed and validated.
- 2.5 The Revenue Protection Agent should explain to the customer the basis of their assessment of how much has been under recorded due to the meter tampering / damage. They should further explain that the customer's Supplier will discuss with them the final details. However, the customer's right to refer the matter to the Energy Ombudsman will be explained.

- 2.6 Whilst conducting the investigation, direct evidence of an appliance in use (e.g. an electric fire seen 'on') will be noted and witnessed, which may help counter any later claims by a customer challenging an assessment that a particular appliance did not exist or was never used.

APPENDIX 8 – ELECTRICITY PROCESS DIAGRAM FOR DEALING WITH REPORTS OF SUSPECTED INTERFERENCE

