

CUSC - SECTION 1

APPLICABILITY OF SECTIONS AND RELATED AGREEMENTS STRUCTURE

CONTENTS

- 1.1 Introduction
- 1.2 Applicability
- 1.3 Bilateral Agreements, Construction Agreements and Mandatory Services Agreements
- 1.4 Connect and Manage Arrangements
- 1.5 OTSDUW arrangements
- 1.6 Categories of Use Without Bilateral Agreements
- 1.7 Bella Application
- 1.8 Authority's Right to Determine in Respect of a Bella

CUSC - SECTION 1

APPLICABILITY OF SECTIONS AND RELATED AGREEMENTS STRUCTURE

1.1 INTRODUCTION

- 1.1.1 **The Company** is obliged by the ~~ESO Transmission~~ **Licence** to maintain the **CUSC** and to enter into arrangements for connection and use of system with **Users** pursuant to its terms.
- 1.1.2 The **CUSC** is divided into different sections, including sections dealing specifically with **Connection** to and **Use of System**, the provision of **Balancing Services**, **Interconnectors** and other sections of more general application.
- 1.1.3 Compliance with the various sections by a **User** is dependent on the nature of that **User's** connection and/or use in any given instance. A **User** may be party to the **CUSC** in a number of different categories.
- 1.1.4 This Section also deals with the requirement for a **User** to enter into **Bilateral Agreements**, **Construction Agreements** and **Mandatory Services Agreements**.
- 1.1.5 The **CUSC** and the proforma **Bilateral Agreements** set out as Exhibits 1, 2 and 5 of Schedule 2 are drafted to reflect the standard terms in relation to **The Company's** charges (an indicative price agreement). Where a **User** chooses to have a different charging option, where provided for in the **Charging Statements** current at the time of application for the relevant **Bilateral Agreement**, that **Bilateral Agreement** will provide for the specific terms relating to the charging option and for the relevant paragraphs of Section 2 to apply (or be disapplied) subject to those specific terms. This may lead to the areas covered by the relevant **Bilateral Agreement** being wider in certain circumstances.

1.2 APPLICABILITY

- 1.2.1 Each **User** is required to comply with the various Sections of the **CUSC** as provided for in this Section 1. Each Section may contain further detail in relation to particular categories of connection and/or use.
- 1.2.2 The different categories of connection and/or use reflect the types of utilisation which can exist. For example a **User** could have a directly connected **Power Station** and also be acting as a **Supplier**. In that case that **User** will need to comply in relation to two categories of connection and/or use, and its obligations in relation to each will differ.

- 1.2.3 Section 1, Sections 5 to 8, 11 and 14 of the **CUSC** apply to all categories of connection and/or use, and therefore should be complied with by all **Users**, subject as specifically provided in those Sections. Section 4 of the **CUSC** applies to **Users** who provide **Balancing Services** to **The Company**, and contains its own provisions on applicability to such **Users**.
- 1.2.4 In relation to Sections 2, 3, 9, 15 and 16 the following table sets out the applicability of those Sections in addition to those Sections referred to in Paragraph 1.2.3:

	Categories	Applicable Sections
1.	Power Station directly connected to the GB Transmission System (including in the case of OTSDUW Build, a Power Station connected prior to the OTSUA Transfer Time by means of OTSUA)	2 and 3 and 15 and 16
2.	Non-Embedded Customer Site	2 and 16
3.	Distribution System directly connected to the GB Transmission System	2 and (where a Construction Agreement is associated with Distributed Generation) 15 and (except where a Construction Agreement is required because of a connection to that Distribution System and the Distribution Queue Management Process applies) 16
4.	Suppliers	3 only
5.	Embedded Power Station except those which are the subject of a BELLA	3 only and, where the subject of a BEGA, 15
6.	Small Power Station Trading Parties	3 only

	Categories	Applicable Sections
7.	Interconnector User	9 Part II only
8.	Interconnector Error Administrator	9 Part II only
9.	Interconnector Owner	9 Part I only and 15 and 16
10.	Distribution Interconnector Owner	3 Only
11.	Embedded Exemptable Large Power Stations whose Boundary Point Metering System is either SMRS registered or is registered in CMRS by a User who is responsible for the Use of System Charges associated with the BM Unit registered in CMRS	None
12	Virtual Lead Party (VLP)	3 only

Users, when making a **Connection Application** or **Use of System Application** (in each case in the form of the relevant exhibit), should identify the category for which they are applying.

- 1.2.5 Each **Bilateral Agreement**, **Use of System Supply Confirmation Notice** or **Use of System Interconnector Confirmation Notice**, will set out the category of connection and/or use to which it relates.
- 1.2.6 Where a Paragraph states a category of connection and/or use, or type of **User**, to which that Paragraph (or part of that Paragraph) applies, the application of that Paragraph (or part of Paragraph) shall be limited to the **User** in relation to that category of connection and/or use, or type of **User**, described.
- 1.2.7 Where a Paragraph does not state a category of connection and/or use, or type of **User**, to which that Paragraph (or some part of that Paragraph) applies, that Paragraph (or part of the Paragraph) shall apply to all types of **Users** and categories of connection and/or use.
- 1.2.8 Where a Paragraph is stated “as between **The Company** and that **User**”, rights and obligations under that Paragraph shall arise only between **The Company** and each **User** individually to whom that Paragraph applies. Accordingly, no **User** shall enjoy any rights nor incur any obligations against any other **User** pursuant to the terms of any such Paragraph.

- 1.2.9 Notwithstanding any other provision of this **Code**, where a **User** owns or operates an **Exemptable Embedded Large Power Station** which is **Embedded** in part of a **Distribution System** or the **System** of any other **User** where and to the extent that such part of the system in which the **Exemptable Embedded Large Power Station** is **Embedded** is not directly or indirectly connected to the **GB Transmission System**, that **User** need not comply with paragraphs 1.3, 1.7, 6.3.6 and 6.3.7 in respect of that **Exemptable Embedded Large Power Station**.

1.3 BILATERAL AGREEMENTS, CONSTRUCTION AGREEMENTS AND MANDATORY SERVICES AGREEMENTS

1.3.1 Bilateral Agreements

- (a) Each **User** in respect of each category of connection and/or use with a direct connection to the **National Electricity Transmission System** shall enter into and comply with a **Bilateral Connection Agreement** in relation to such connection and/or use as identified in Paragraph 1.3.1(e).
- (b) Each **User** in respect of each category of connection and/or use with an **Embedded Power Station** (except those which are the subject of a **BELLA**) and/or in relation to a **Small Power Station Trading Party** and/or a **Distribution Interconnector** shall enter into and comply with a **Bilateral Embedded Generation Agreement** in relation to such use as identified in Paragraph 1.3.1(e).
- (c) Each **User** in respect of its **Embedded Exemptable Large Power Station** whose **Boundary Point Metering System** is registered in **SMRS** or is registered in **CMRS** by another **User** who is responsible for the **Use of System Charges** associated with the **BM Unit** registered in **CMRS** shall enter into and comply with a **BELLA** as identified in Paragraph 1.3.1(e).
- (d) Each **User** with a **Secondary BM Unit** shall enter in to and comply with a **Virtual Lead Party Agreement** in respect of the **VLP Assets** as identified in Paragraph 1.3.1(e).
- (e) Exhibits 1, 2, 5 and 7 in Schedule 2 to the **CUSC** contain the forms of **Bilateral Agreements** contemplated to be entered into pursuant to this Paragraph 1.3, being:
 - (i) Exhibit 1 – **Bilateral Connection Agreement**: direct connection to the **National Electricity**

Transmission System (Power Station directly connected to the NETS Distribution System directly connected to the NETS, Non-Embedded Customer Site and/or Interconnector);

(ii) **Exhibit 2 – Bilateral Embedded Generation Agreement:** embedded use of system (**Embedded Power Station** (except those which are the subject of a **BELLA**) and/or in relation to a **Small Power Station Trading Party** and/or **Distribution Interconnector**);

(iii) **Exhibit 5 – BELLA:** provisions associated with such **Embedded Exemptable Large Power Stations** who have no rights and obligations under Section 3 of the **CUSC**.

(iv) **Exhibit 7 – Virtual Lead Party Agreement:** embedded use of system in relation to **VLP Assets**

1.3.2 Construction Agreements

Each **User** who wishes to construct or modify a direct connection to the **GB Transmission System** or commence or modify use by his **Embedded Power Station** or **Distribution Interconnector**, or any **Distributor** who wishes to connect a **Relevant Embedded Medium Power Station** or **Relevant Embedded Small Power Station** to his system shall enter into and comply with a **Construction Agreement** in respect of any construction works required as a result of that connection or **Modification**, together with a **Bilateral Agreement** as identified in Paragraph 1.3.1 or, as appropriate, an agreement to vary such **Bilateral Agreement**. In any case under the **OTSDUW Arrangements**, paragraph 1.5 applies to such **Construction Agreement**.

1.3.3 Mandatory Services Agreements

- (a) **The Company** and each **User** if a **Generator** shall, as between **The Company** and that **User**, in respect of the **Generating Units, DC Converters** and **Power Park Modules** from which that **User** is required to provide the **Mandatory Ancillary Services** in accordance with the **Grid Code**, enter into and comply with a **Mandatory Services Agreement** where applicable in accordance

with Paragraph 1.3.3(b) in a form to be agreed between **The Company** and that **User** but based substantially on the form set out in Exhibit 4 in Schedule 2 (with necessary changes to enable the operation of those provisions, and those in Section 4 and Schedule 3 where the **Generating Units, DC Converters or Power Park Modules** (as the case may be) are not registered as **BM Unit(s)**).

- (b) Each **User** and **The Company** shall, as between **The Company** and that **User**, not later than 6 months (or such lesser time as may be agreed) prior to the expected **Commissioning Programme Commencement Date**, have entered into a **Mandatory Services Agreement** providing for payment for **Mandatory Ancillary Services** to be supplied by the **User** to **The Company**. In the event of a **Mandatory Services Agreement** not having been entered into by the said date, either party shall be entitled to initiate the procedure for resolution of the issue as an **Other Dispute** in accordance with Paragraph 7.4 to settle the terms of the said **Mandatory Services Agreement**. **The Company** shall not **Energise the User's Equipment** or in the case of an **Embedded Power Station** issue an **Operational Notification** until the said **Mandatory Services Agreement** shall have been entered into by both parties.

1.3.4 General Provisions

- (a) **Bilateral Agreements** and **Construction Agreements** which are entered into between **The Company** and **Users** shall be in or substantially in the relevant exhibited form of **Bilateral Agreement** and/or **Construction Agreement** unless the parties thereto agree otherwise.
- (b) Each and every **Bilateral Agreement, Mandatory Services Agreement** and **Construction Agreement** entered into by a **User** and in force from time to time shall constitute a separate agreement governed by the terms of the **CUSC** and will be read and construed accordingly. For the avoidance of doubt no **User** shall enjoy any rights nor incur any obligations against any other **User** pursuant to the terms of any **Bilateral Agreement, Mandatory Services Agreement** or **Construction Agreement**.

1.4 CONNECT AND MANAGE ARRANGEMENTS

1.4.1 Any **Offer** or **Modification Offer** made to an **Applicant** or **User** in the category of:

- (a) a **Power Station** directly connected to the **National Electricity Transmission System**; or
- (b) an **Embedded Power Station** which is the subject of a **Bilateral Embedded Generation Agreement** or a **Bilateral Embedded Licence Exemptable Large Power Station Agreement**; or
- (c) where such **Offer** or **Modification Offer** is associated with **Distributed Generation**, a **Distribution System** directly connected to the **National Electricity Transmission System**,

shall be offered on the basis of the **Connect and Manage Arrangements**.

1.4.2 Transitional Arrangements

The Company shall as soon as reasonably practical after the **Connect and Manage Implementation Date** and in any event by the end of the **Connect and Manage Transition** issue:

- (a) a revised **Offer** on the basis of the **Connect and Manage Arrangements** as regards any **Offer** issued but not accepted pursuant to the **Interim Connect and Management Arrangements**
- (b) an offer to vary each **Existing ICM Construction Agreement** such that it is in a form and on terms consistent with a **Construction Agreement** entered into on the basis of the **Connect and Manage Arrangements**; and/or
- (c) a **Modification Offer** as regards any **Bilateral Agreement** entered into on the basis of the **Interim Connect and Manage Arrangements** which would require amendments in order to comply with the **Connect and Management Arrangements**,

in each case on terms no less advantageous than those contained in offers made or agreements entered into **pursuant** to the **Interim Connect and Manage Arrangements**. The **Applicant** or **User** (as appropriate) shall be entitled to accept such a proposal or continue with its existing arrangements.

1.5 OTSDUW ARRANGEMENTS

1.5.1 Any **Offer** or **Modification Offer** made to an **Applicant** in respect of a **New Connection Site** located in **Offshore Waters** shall, unless the **Applicant** indicates otherwise, be made on the assumption that the **User** (following agreement with **The Company**) will undertake **OTSDUW Build**. For the avoidance of doubt, this shall not prevent the **Applicant** and **The Company** from agreeing (prior to signing the **Construction Agreement**) that the scope of **OTSDUW** will be narrower than that set out in the **Offer** or that **OTSDUW** will not be undertaken by the **User**.

1.5.2 Provisions of the **CUSC** which apply in relation to **OTSDUW** and **OTSUA**, and/or a **Transmission Interface Site**, shall (in any particular case) apply up to the **OTSUA Transfer Time**, whereupon such provisions shall (without prejudice to any prior non-compliance) cease to apply, without prejudice to the continuing application of provisions of the **CUSC** applying in relation to the relevant **Offshore Transmission System** and/or **Connection Site**.

1.5.3 OTSUA Completion Notice

1.5.3.1 In the case of **OTSDUW Build**, **The Company** will issue the **OTSUA Completion Notice** to the **Authority** on the **OTSUA Completion Notice Trigger Date** and **The Company** shall also provide a copy of such **OTSUA Completion Notice** to the **User**.

1.5.3.2 In respect of any **OTSUA Operational at the OTSUA Commissioning Period Effective Date**, **The Company** will issue the **OTSUA Completion Notice** to the **Authority** as soon as practicable within 10 **Business Days** after the **OTSUA Commissioning Period Effective Date** and **The Company** shall also provide a copy of such **OTSUA Completion Notice** to the **User**. An **OTSUA Completion Notice** issued in accordance with this paragraph 1.5.3.2 for any **OTSUA Operational at the OTSUA Commissioning Period Effective Date**, shall be issued with effect from the same date for all **OTSUA Operational at the OTSUA Commissioning Period Effective Date**.

1.5.4 Implementation

Each **Existing Offshore Agreement** shall be read and construed on and from the **OTSUA Commissioning Period Effective Date** such that:

- (a) the defined terms within it, and the effect of those defined terms, shall be deemed to have the meanings they would have had if those agreements had been entered into after the

OTSUA Commissioning Period Effective Date; and

- (b) the relevant Clauses within each **Existing Offshore Agreement** are amended and new Clauses introduced into each **Existing Offshore Agreement** so that each **Existing Offshore Agreement** is consistent in form and content with the changes introduced in **CUSC** Schedule 2 Exhibit 1 (Bilateral Connection Agreement) and Schedule 2 Exhibit 3A (Offshore Construction Agreement) on the **OTSUA Commissioning Period Effective Date**,

and **The Company** and the **User** shall as quickly and as reasonably practicable take any steps as may be necessary to enable the **Existing Offshore Agreements** to be construed as if those agreements had been entered into after the **OTSUA Commissioning Period Effective Date**.

1.6 CATEGORIES OF USE WITHOUT BILATERAL AGREEMENTS

- 1.6.1 Three categories of use of the **GB Transmission System** do not require a **Bilateral Agreement** to be entered into as all the relevant provisions are included in the **CUSC** itself. These relate to **Suppliers, Interconnector Users** and **Interconnector Error Administrators** who in those categories of connection and/or use have no physical presence on the system. Further provisions on this are contained in Section 3 and Section 9 Part II.

1.7 BELLA APPLICATION

- 1.7.1 A **User** in respect of its **Embedded Exemptable Large Power Station** whose **Boundary Point Metering System** is registered in **SMRS** (or who intends to so register) or in **CMRS** by a **User** who is responsible for the **Use of System Charges** associated with the **BM Unit** registered in **CMRS** (or who intends to so register), shall complete and submit to **The Company** a **BELLA Application** and comply with the terms thereof.
- 1.7.2 **The Company** shall make a **BELLA Offer** to that **User** as soon as practicable after receipt of the **BELLA Application** and (save where the **Authority** consents to a longer period) in any event not more than 3 months after receipt by **The Company** of the effective **BELLA Application**. The **BELLA Offer** shall be in the form of a **BELLA**.
- 1.7.3 The **BELLA Offer** shall remain open for acceptance (subject to **CUSC** Paragraph 6.10.4.4) for 3 months from its receipt by that **User** unless either that **User** or **The Company** makes an application to the

Authority under Paragraph 1.7 of the **CUSC**, in which event the **BELLA Offer** shall remain open for acceptance until 14 days after any determination by the **Authority** pursuant to such application.

1.7.4 Upon acceptance of the **BELLA Offer** (as offered by **The Company** or determined by the **Authority**) by the **User** and execution by **The Company**, the **User's** rights and obligations pursuant thereto shall commence in accordance with its terms. Such rights and obligations shall continue until the **BELLA** is terminated.

1.7.5 A **User** who is required by this Paragraph 1.7 to submit a **BELLA Application** shall not energise or operate its **Embedded Exemptable Large Power Station** until it has entered into a **BELLA** with **The Company** and until **The Company** has issued the **User** with an **Operational Notification** in accordance with the terms of the **BELLA**.

1.8 **AUTHORITY'S RIGHT TO DETERMINE IN RESPECT OF A BELLA**

1.8.1 If, after a period which appears to the **Authority** to be reasonable for the purpose, **The Company** or the **User** have failed to enter into a **BELLA** in respect of the **Embedded Exemptable Large Power Station** either **The Company** or the **User** may apply to the **Authority** for the **Authority** to settle any terms of the **BELLA Offer** in dispute.

1.8.2 Upon such application, the **Authority**, pursuant to section 7 (3) (c) of the **Act**, may settle any terms in dispute between **The Company** and the **User** in respect of such **BELLA** in such manner as appears to the **Authority** to be reasonable having (in so far as relevant) regard in particular to the following considerations:

- (a) that the performance by **The Company** of its obligations under the **BELLA** should not cause it to be in breach of those provisions referred to at ~~paragraph 5 of Standard~~ Condition E12.6—C8 of the ~~Transmission—ESQ~~ Licence;
- (b) that any methods by which the **Relevant Transmission Licensee's** transmission system is connected to any other **System** for the transmission or distribution of electricity accord (insofar as applicable to **The Company**) with the **Grid Code**, the **STC** and the **Distribution Code**;
- (c) that the terms and conditions of the **BELLA** so settled by the **Authority** and of any other agreements entered into by **The Company** pursuant to Paragraph 1.7 should be in as similar a form as is practicable.

- 1.8.3 Where the **Authority** settles any terms in dispute, the **User** and **The Company** shall forthwith enter into the **BELLA** as settled.
- 1.8.4 If either the **User** or **The Company** proposes to vary the terms of the **BELLA** in a manner provided for under such agreement, the **Authority** may, at the request of **The Company** or the **User**, settle any dispute relating to such variation in such manner as appears to the **Authority** to be reasonable.

END OF SECTION 1