

Date: []

DESIGNATION OF THE BETTA RUN-OFF ARRANGEMENTS SCHEME

The document set out in the attached Annex is hereby designated by the Secretary of State as the BETTA run-off arrangements scheme for the purposes of:

- (a) standard condition 19B (BETTA run-off arrangements scheme) of each electricity generation licence granted, or treated as granted, under section 6(1)(a) of the Electricity Act 1989 (the “Act”);
- (b) standard condition B14 (BETTA run-off arrangements scheme) of each electricity transmission licence granted, or treated as granted, under section 6(1)(b) of the Act;
- (c) standard condition 30B (BETTA run-off arrangements scheme) of each electricity distribution licence granted, or treated as granted, under section 6(1)(c) of the Act; and
- (d) standard condition 31B (BETTA run-off arrangements scheme) of each electricity supply licence granted, or treated as granted, under section 6(1)(d) of the Act.

[DTI signatory]

For and on behalf of the Secretary of State for Trade and Industry

ANNEX

**SCHEME MADE PURSUANT TO STANDARD CONDITIONS 19B, B14, 30B AND 31B
(BETTA RUN-OFF ARRANGEMENTS SCHEME) OF GENERATION,
TRANSMISSION, ~~GENERATION~~, DISTRIBUTION AND SUPPLY LICENCES,
RESPECTIVELY**

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BETTA RUN-OFF ARRANGEMENTS SCHEME

RECITALS

Whereas:

- A. The Energy Act provides for the implementation of new arrangements relating to the trading and transmission of electricity in Great Britain. The new arrangements are designed:
- (a) to promote the creation of a single competitive wholesale electricity trading market; and
 - (b) to introduce a single set of arrangements for access to and use of any transmission system in Great Britain.
- B. The new arrangements include (without limitation) the following:
- (a) an obligation on all Transmission Licensees to at all times have in force and comply with a STC, which sets out the terms as between Transmission Licensees whereby the GB Transmission System and each Licensee's Transmission System are to be planned, developed or operated and transmission services provided together with any associated arrangements, each as required by standard condition B12 (System Operator – Transmission Owner Code) of the Transmission Licence standard conditions;
 - (b) an obligation on the System Operator and all holders of Generation, Distribution and Supply Licences to at all times comply with the BSC, which sets out the balancing and settlement arrangements including, without limitation:
 - (i) the arrangements pursuant to which offers or bids are made and accepted to increase or decrease the quantities of electricity to be delivered to or taken off the total system to assist the System Operator in co-ordinating and directing the flow of electricity onto and over the GB Transmission System and balancing the GB Transmission System; and
 - (ii) the arrangements for the determination and allocation of the quantities of electricity to be delivered to or taken off the total system and which set and provide for the determination and financial settlement of obligations arising out of such arrangements, each as required by standard condition 9 (Balancing and Settlement Code and NETA Implementation) of the Generation Licence standard conditions, [standard condition C3](#) (Balancing and Settlement Code (BSC)) of the Transmission Licence standard conditions, standard condition 10 (Balancing and Settlement Code and NETA Implementation) of the Distribution Licence standard conditions and standard condition 10 (Balancing and Settlement Code and NETA Implementation) of the Supply Licence standard conditions, as appropriate;
 - (c) an obligation on the System Operator and all holders of Generation, Distribution and Supply Licences to at all times comply with the CUSC, which sets out some of the arrangements for connection to and use of the GB Transmission System (including, without limitation, the form and nature of the agreements to be entered into regarding connection to or use of the GB Transmission System), each as required by standard condition 19

(Compliance with CUSC) of the Generation Licence standard conditions, [standard condition C10](#) (Connection and Use of System Code (CUSC)) of the Transmission Licence standard conditions, standard condition 26 (Compliance with CUSC) of the Distribution Licence standard conditions and standard condition 9 (Compliance with CUSC) of the Supply Licence standard conditions, as appropriate;

- (d) an obligation on the System Operator and all holders of Generation, Distribution and Supply Licences to at all times comply with the Grid Code, which covers all material technical aspects relating to connections to and use of the GB Transmission System, each as required by standard condition 5 (Compliance with the Grid Code) of the Generation Licence standard conditions, [standard condition C14](#) (Grid Code) of the Transmission Licence standard conditions, standard condition 15 (Compliance with the Grid Code) of the Distribution Licence standard conditions and standard condition 5 (Compliance with the Grid Code) of the Supply Licence standard conditions, as appropriate;
- (e) an obligation on the System Operator on and from the BETTA Go-Live Date to co-ordinate and direct the flow of electricity onto and over the GB Transmission System in accordance with the GB Security and Quality of Supply Standard – version 1, the STC, Grid Code and such other standard as the Authority may approve from time to time as required by standard condition C17 (Transmission system security standard and quality of service) of ~~the~~ Transmission Licence [standard conditions](#);
- (f) an obligation on the System Operator (pursuant to standard condition C18 (Requirement to offer terms for connection or use of the GB transmission system during the transition period) of ~~the~~ Transmission Licence [standard conditions](#), as modified by the Secretary of State on 31 August 2004) to take all such steps and do such things as are necessary or requisite and within its power:
 - (i) to have agreements governing connection to or use of the GB Transmission System with all existing users by the BETTA Go-Live Date; and
 - (ii) to make offers for connection to and use of the GB Transmission System to all applicants within specified timescales,

and to ensure that each such agreement and offer (as appropriate) takes account of and is consistent with the System Operator's obligations under the standard condition and is subject to those obligations which it is known (or reasonably anticipated) are to be imposed on the System Operator by its Transmission Licence from the BETTA Go-Live Date and which would have applied to such agreement or offer as appropriate;

- (g) an obligation on the System Operator to offer to enter into the CUSC Framework Agreement in relation to applications for use of the GB Transmission System and for connection as required by standard condition C18 (Requirement to offer terms for connection or use of the GB transmission system during the transition period) of ~~the~~ Transmission Licence [standard conditions](#);
- (h) an obligation on all Transmission Owners to provide transmission services to the System Operator, including:

- (i) the making available of those parts of the Licensee's Transmission System which are intended for the purposes of conveying, or affecting the flow of, electricity so that such parts are capable of doing so and are fit for those purposes;
 - (ii) enabling the System Operator to direct the configuration of those parts of the Licensee's Transmission System made available to it and giving effect to such directions; and
 - (iii) enabling the System Operator to obtain information in relation to the Licensee's Transmission System which is needed by it to co-ordinate and direct the flow of electricity onto and over the GB Transmission System and providing such information to the System Operator, as required by standard condition D2 (Obligation to provide transmission services) of the Transmission Licence standard conditions;
 - (i) a prohibition on the Scottish Licensees (under special condition B (Activities restrictions) of each of their Transmission Licences) from co-ordinating or directing the flow of electricity onto or over the whole or any part of the GB Transmission System; and
 - (j) the Interconnection forming part of the GB Transmission System.
- C. To assist with the implementation of the new arrangements, the Secretary of State has exercised the power conferred upon her by section 134 of the Energy Act:
- (a) to modify each Generation Licence to incorporate standard condition 19B (BETTA run-off arrangements scheme) on and from 1 September 2004;
 - (b) to modify each Transmission Licence to incorporate standard condition B14 (BETTA run-off arrangements scheme) on and from 1 September 2004;
 - (c) to modify each Distribution Licence to incorporate standard condition 30B (BETTA run-off arrangements scheme) on and from 1 September 2004; and
 - (d) to modify each Supply Licence to incorporate standard condition 31B (BETTA run-off arrangements scheme) on and from 1 September 2004.
- D. Each of the Scheme Licence Conditions ~~provide~~provides that the Secretary of State may designate a scheme which shall set out the steps to be taken (or procured) by any relevant licensee or by any other person who undertakes to comply with the Scheme which are, in the opinion of the Secretary of State, reasonably required to achieve the Scheme Objective.
- E. Following consultation, the Secretary of State has decided to designate this Scheme as the BETTA run-off arrangements scheme in accordance with paragraph 3 of each of the Scheme Licence Conditions.

1. DEFINITIONS AND INTERPRETATION

- 1.1 In the Scheme the provisions of Schedule 1 shall apply.

2. COMMENCEMENT OF THE SCHEME

- 2.1 The provisions of the Scheme shall have effect on and from the date on which the Scheme is designated by the Secretary of State as the BETTA run-off arrangements scheme for the purposes of:

- (a) standard condition 19B (BETTA run-off arrangements scheme) of each Generation Licence;
- (b) standard condition B14 (BETTA run-off arrangements scheme) of each Transmission Licence;
- (c) standard condition 30B (BETTA run-off arrangements scheme) of each Distribution Licence; and
- (d) standard condition 31B (BETTA run-off arrangements scheme) of each Supply Licence.

3. THE SCHEME OBJECTIVE

3.1 The objective of the Scheme is the Running-Off of the Non-GB Trading and Transmission Arrangements to the extent that the Authority considers it necessary or expedient to do so to ensure that those arrangements do not prevent or in any way hinder the successful and effective implementation of:

- (a) the modifications to the Generation, Transmission, Distribution or Supply Licences made or to be made by the Secretary of State pursuant to the powers vested in her under Chapter 1 of Part 3 of the Energy Act;
- (b) the modifications or amendments to:
 - (i) the BSC, CUSC and the Grid Code which were designated by the Secretary of State on 1 September 2004 pursuant to the powers vested in her under Chapter 1 of Part 3 of the Energy Act or pursuant to any other power under any Generation, Transmission, Distribution or Supply Licence;
 - (ii) the STC, BSC, CUSC, Grid Code or any Scottish Grid Code which are directed by the Authority pursuant to the following provisions of the standard conditions of Transmission Licences: paragraph 7 of standard condition B12 (System Operator – Transmission Owner Code), paragraph 6 of standard condition C3 (Balancing and Settlement Code (BSC)), paragraph 8 of standard condition C10 (Connection and Use of System Code (CUSC)), paragraph 8 of standard condition C14 (Grid Code) and paragraph 6 of standard condition D9 (Licensee’s grid code) respectively; and
- (c) the provisions of the STC which were designated by the Secretary of State on 1 September 2004 pursuant to the powers vested in her under Chapter 1 of Part 3 of the Energy Act or pursuant to any power under any ~~Generation, Transmission, Distribution or Supply~~ Licence or any other licence,

and the matters envisaged by such modifications or amendments or the STC as appropriate.

4. STEPS TO BE TAKEN – GENERAL

4.1 The Scheme sets out the steps to be taken (or procured) by the Parties which are, in the opinion of the Secretary of State, reasonably required in order to achieve the Scheme Objective.

- 4.2 Each Licence Party shall, to the extent applicable to it, comply with the Scheme pursuant to the Scheme Licence Conditions.
- 4.3 The Scheme shall be binding in contract between the Parties, pursuant to the Scheme Framework Agreement, and (unless the context ~~other~~ otherwise requires) references to the Scheme are to the Scheme as given contractual force by the Scheme Framework Agreement.
- 4.4 On the Scheme Effective Date, ~~at~~each Transmission ~~Licensees~~Licensee shall enter into the Scheme Framework Agreement in the form in Schedule 2 hereto and that agreement shall take effect on and from the Scheme Effective Date.
- 4.5 ~~By no later than seven days from~~As soon as practicable after the Scheme Effective Date and in any event by no later than 10 January 2005 (or such later date as the Authority may direct for these purposes), all Licence Parties other than the Transmission Licensees shall ~~enter into or~~ accede to the Scheme Framework Agreement.
- 4.6 Any person that becomes a Licence Party after the Scheme Effective Date shall ~~enter into or~~ accede to the Scheme Framework Agreement by no later than seven days from the date on which such person becomes a Licence Party (or such later date as the Authority may direct for these purposes).
- 4.7 Persons, other than Licence Parties, who are party to arrangements that are required by the Scheme to be amended or terminated may agree to be bound by the Scheme by ~~entering into or~~ acceding to the Scheme Framework Agreement ~~before the BETTA Go-Live Date.~~
- 4.8 Unless otherwise specified in the Scheme, all steps to be taken (or procured) by the Parties pursuant to the Scheme shall be taken no later than the BETTA Go-Live Date (or such later date as the Authority may direct for these purposes) and shall take effect on and from such date as may be necessary to ensure that those arrangements to which such steps relate do not prevent or in any way hinder the successful and effective implementation of BETTA on and from the BETTA Go-Live Date ~~(or such later date as the Authority may direct for these purposes)~~.
- 4.9 This paragraph 4 applies to all Parties and each other paragraph of the Scheme shall apply to:
- (a) the Party or Parties or classes of Party specified in that paragraph; or
 - (b) in the absence of any specification, to all Parties who are bound by or have rights in respect of the arrangement referred to in such paragraph.
- 4.10 Without prejudice to the further provisions of the Scheme, each Party:
- (a) hereby agrees and acknowledges that the Scheme may require the amendment or termination of certain arrangements and, accordingly, waives the requirement (if any) to comply with any procedural steps contained in or relating to such arrangements (that are not provided for in the Scheme) which if complied with may prevent or hinder the steps required to be taken (or procured) pursuant to the Scheme;
 - (b) shall use all reasonable endeavours to procure any necessary consents and approvals that such Party requires to effect or to give effect to the steps to be taken (or procured) pursuant to the Scheme from persons who are not Parties (including, without limitation, the amendment or termination of any relevant

arrangement to which such Party is a party) and to do so as promptly and expeditiously as reasonably practicable following the Scheme Effective Date;

- (c) shall, in discharging its obligations under the Scheme, co-operate fully with all other parties to any arrangement to which it is party in order to effect or give effect to the steps to be taken (or procured) pursuant to the Scheme;
- (d) shall discharge its obligations under the Scheme, in a fair, reasonable and non-discriminatory manner having regard to the implementation of the new arrangements relating to the trading and transmission of electricity in Great Britain;
- (e) shall discharge its obligations under the Scheme as promptly and expeditiously as reasonably practicable following the Scheme Effective Date; and
- (f) shall not take any step or exercise any right which is intended, or the effect of which is, or could reasonably be foreseen by such Party, to hinder, prevent or delay the full and timely taking or procurement of any steps required to be taken (or procured) pursuant to the Scheme.

4.11 Where:

- (a) a Party is required to take a step (or procure that a step is taken) pursuant to this Scheme; and
- (b) such Party has already taken such step (or procured that such step is taken) in conformity with the provisions of the Scheme prior to the date that Party entered into or acceded to the Scheme Framework Agreement,

such step shall be deemed to have been taken (or procured) by such Party under the Scheme as at the date that Party entered into or acceded to the Scheme Framework Agreement.

5. CONNECTION AND USE OF SYSTEM ARRANGEMENTS

5.1 Each Party shall take such steps, or procure that such steps are taken, as are within its power to amend or terminate (as appropriate) any arrangement (or any part thereof):

(a) between a Transmission Licensee or a Distribution Licensee (as appropriate) and a User in respect of:

(i) construction works required on a Licensee's Transmission System; and

(ii) the associated construction works of the User.

whether for the initial connection or a modification of the connection, where the carrying out of such construction works as are contained in such an arrangement have not yet commenced;

(b) ~~(a)~~ for connection to a Licensee's Transmission System;

(c) ~~(b)~~ to for use of a Licensee's Transmission System; and/or

(d) ~~(e)~~ for connection to a Distribution System providing for access to or use of a Licensee's Transmission System,

to remove any rights or obligations contained in such an arrangement which may prevent or in any way hinder the successful and effective implementation of BETTA on and from the Intended BETTA Go-Live Date or the BETTA Go-Live Date (as appropriate).

- 5.2 The rights and obligations referred to in paragraph 5.1 above may include, without limitation:
- (a) any rights to connect to a Licensee's Transmission System, to use a Licensee's Transmission System and any obligations to provide such rights;
 - (b) any rights or obligations relating to the import or export of power at the site at which a User's equipment is connected to a Licensee's Transmission System;
 - (c) any rights to obtain, or obligations to provide, data to support the connection to a Licensee's Transmission System and/or the use of a Licensee's Transmission System;
 - (d) any rights or obligations relating to the calculation or payment of charges for connection to, or termination of connection to, a Licensee's Transmission System and/or the use of a Licensee's Transmission System or the provision of any data in relation to such charges;
 - (e) any rights or obligations relating to the Energisation and/or Deenergisation of a connection to a Licensee's Transmission System;
 - (f) any rights or obligations relating to any transmission system outages and the decommissioning, recommissioning, modification and/or maintenance of assets for connection to a Licensee's Transmission System and/or use of a Licensee's Transmission System;
 - (g) any rights or obligations relating to the provision, installation, ~~or~~ maintenance of metering equipment relating to connection to a Licensee's Transmission System and/or use of a Licensee's Transmission System;
 - (h) any rights or obligations relating to the taking of security over assets and/or the provision of credit cover in relation to connection to a Licensee's Transmission System and/or use of a Licensee's Transmission System;
 - (i) any rights or obligations ~~in relation~~ relating to the testing of the User's plant, apparatus or systems or of the Licensee's Transmission System to which the User is connected;
 - (j) any rights or obligations ~~in relation~~ relating to the co-ordination, establishment and maintenance of safety precautions when work is to be carried out on the User's plant, apparatus or systems or on the Licensee's Transmission System to which the User is connected;
 - (k) any rights or obligations ~~in relation~~ relating to the balancing of generation and demand on a Licensee's Transmission System or to the maintenance of frequency control;
 - (l) any rights or obligations ~~in relation~~ relating to the provision of technical data concerning the configuration, operation or capability of the User's plant, apparatus or systems,

but shall exclude, for the avoidance of doubt, any rights or obligations that may have accrued prior to the date on which the removal of such rights and/or obligations take effect.

- 5.3 In each circumstance where a Transmission Licensee [or a Distribution Licensee \(as appropriate\)](#) is required to amend or terminate any arrangement (or any part thereof) pursuant to paragraph 5.1, the following provisions shall apply:
- (a) the Transmission Licensee [or a Distribution Licensee \(as appropriate\)](#) who is a party to such arrangement shall issue a Proposal to all other Affected Parties by 5.00pm on 14 January 2005 (or such later date as the Authority may direct for these purposes);
 - (b) if such Transmission Licensee [or a Distribution Licensee \(as appropriate\)](#) and all other Affected Parties have failed to agree the terms on which such arrangement is required to be amended or terminated pursuant to paragraph 5.1 by 5.00pm on 14 February 2005 (or such later date as the Authority may direct for these purposes) then such Transmission Licensee shall, by 5:00pm the following Business Day, apply to the Authority to settle any terms in dispute in accordance with paragraph 9 below.

6. INTERCONNECTION ARRANGEMENTS

- 6.1 Each Party shall take such steps, or procure that such steps are taken, as are within its power to amend or terminate any arrangement (or any part thereof):
- ~~(a) — between Transmission Licensees which relates to the establishment of the Interconnection and any subsequent increase in the capacity available on the Interconnection, the operation of and maintenance of the Interconnection and the allocation of the capacity of the Interconnection between such Transmission Licensees; and/or~~
 - ~~(b) — between a Transmission Licensee and any other party relating to the use of the Transmission Licensee's share of the Interconnection by such party; to remove any rights or obligations contained in such an arrangement which may prevent or in any way hinder the successful and effective implementation of BETTA on and from the Intended BETTA Go-Live Date or the BETTA Go-Live Date (as appropriate).~~
- 6.2 The rights and obligations referred to in paragraph 6.1 above may include, without limitation:
- (a) any rights to use, transport electricity across and/or connect to the Interconnection and any obligations to provide such rights;
 - (b) any rights to obtain, or obligations to supply, data to support the connection to and/or use of the Interconnection;
 - (c) any rights or obligations relating to the calculation or payment of charges for the use of, transportation of electricity across, connection to and/or termination of connection to the Interconnection;
 - (d) any rights or obligations relating to the Energisation and/or Deenergisation of the Interconnection;
 - (e) any rights or obligations relating to the provision, installation, maintenance and/or access to metering equipment for metering the Interconnection;

- (f) any rights or obligations relating to the taking of security over any assets and/or the provision of credit cover in relation to the use of, transportation of electricity across and/or connection to the Interconnection;
- (g) any rights or obligations relating to the registration of metering systems and/or balancing mechanism units in relation to the Interconnection;
- (h) any rights or obligations relating to the provision of ancillary and/or balancing services to support trades across the Interconnection;
- ~~(i) any rights or obligations which relate to the allocation of capacity of the Interconnection between any Transmission Licensees;~~
- ~~(j) any rights or obligations as between any Transmission Licensees which relate to the establishment of, operation of and maintenance of the Interconnection (including, without limitation, rights and obligations relating to the increase in capacity available on the Interconnection),~~

but shall exclude, for the avoidance of doubt, any rights or obligations that may have accrued prior to the date on which the removal of such rights and/or obligations take effect.

6.3 In each circumstance where ~~the Transmission Licensees are required to amend or terminate any arrangement (or any part thereof) between them pursuant to paragraph 6.1(a), the following provisions shall apply:~~

- ~~(a) SPT shall issue a Proposal to the other Transmission Licensees by 5.00pm on 31 January 2005 (or such later date as the Authority may direct for these purposes);~~
- ~~(b) if the Transmission Licensees have failed to agree the terms on which such an arrangement is required to be amended or terminated pursuant to paragraph 6.1 by 5.00pm on 28 February 2005 (or such later date as the Authority may direct for these purposes) then, SPT shall, by 5.00pm the following Business Day, apply to the Authority to settle any terms in dispute in accordance with paragraph 9 below.~~

~~6.4 In each circumstance where~~ a Party is required to amend or terminate any arrangement (or any part thereof) pursuant to paragraph ~~6.1(b), 6.1~~, the following provisions shall apply:

- (a) the Transmission Licensee who is party to such arrangement shall issue a Proposal to all other Affected Parties by 5.00pm on 14 January 2005 (or such later date as the Authority may direct for these purposes);
- (b) if such Transmission Licensee and all other Affected Parties have failed to agree the terms on which such arrangement is required to be amended or terminated pursuant to paragraph 6.1 by 5.00pm on 14 February 2005 (or such later date as the Authority may direct for these purposes) then the Transmission Licensee shall, by 5.00pm the following Business Day, apply to the Authority to settle any terms in dispute in accordance with paragraph 9 below.

7. BRITISH GRID SYSTEMS AGREEMENT

7.1 Each Transmission Licensee which is party to the British Grid Systems Agreement shall take such steps, or procure that such steps are taken, as are within its power to

amend or terminate that agreement to remove any rights or obligations contained therein which may prevent or in any way hinder the successful and effective implementation of BETTA on and from the Intended BETTA Go-Live Date or the BETTA Go-Live Date (as appropriate).

- 7.2 In each circumstance where a Transmission Licensee is required to amend or terminate any arrangement (or any part thereof) pursuant to paragraph 7.1, the following provisions shall apply:
- (a) NGC shall issue a Proposal to all other Affected Parties by 5.00pm on 31 January 2005 (or such later date as the Authority may direct for these purposes);
 - (b) if NGC and all other Affected Parties have failed to agree the terms on which such agreement is required to be amended or terminated pursuant to paragraph 7.1 by 5.00pm on 28 February 2005 (or such later date as the Authority may direct for these purposes) then, NGC shall, by 5.00pm the following Business Day, apply to the Authority to settle any terms in dispute in accordance with paragraph 9 below.

8. OTHER ARRANGEMENTS

- 8.1 Without prejudice to paragraphs 5, 6 and 7 above, each Party shall take such steps, or procure that such steps are taken, as are within its power to amend or terminate any arrangement (or any part thereof) to which it is a party which relates to the Non-GB Trading and Transmission Arrangements to remove any rights or obligations contained in such an arrangement which may prevent or in any way hinder the successful and effective implementation of BETTA on and from the Intended BETTA Go-Live Date or the BETTA Go-Live Date (as appropriate).
- 8.2 If the parties to such arrangement have failed by 5.00pm on 28 February 2005 (or such later date as the Authority may direct for these purposes) to agree upon the terms of any step required pursuant to paragraph 8.1 above then the Parties that are party to such arrangement shall, by 5.00pm the following Business Day, apply to the Authority to settle any terms in dispute in accordance with paragraph 9 below.

9. DETERMINATIONS BY THE AUTHORITY

Determinations

- 9.1 If an application is made to the Authority as provided at paragraphs 5.3, 6.3, ~~6.4~~, 7.2 or 8.2 above, the Party or Parties (as appropriate) making the application shall:
- (a) notify the Authority of:
 - (i) the terms in and grounds of dispute;
 - (ii) the details of all Affected Parties; and
 - (iii) where appropriate, the Default Proposal relating to the terms in dispute;
 - (b) request that the Authority settle the terms in dispute; and
 - (c) by 5.00pm the Business Day following the day an application is made to the Authority to settle the terms in dispute, notify all other Affected Parties that

such application has been made to the Authority and provide each such Affected Party with a copy of the information specified in paragraphs 9.1(a)(i) and (iii) above.

- 9.2 Each Party shall provide the Authority with such other information (including without limitation any documentation) as it may reasonably request.
- 9.3 If an application is made to the Authority as provided at paragraphs 5.3, 6.3, ~~6.4~~, 7.2 or 8.2 above, the Authority shall be entitled, pursuant to paragraph 5(c) of each of the Scheme Licence Conditions, to settle any terms in dispute that are the subject of such application in such manner as appears to the Authority to be reasonable.
- 9.4 Where the terms of such a dispute are settled by the Authority pursuant to paragraph 9.3 above, the Parties shall forthwith enter into an agreement or amend an existing agreement, as appropriate, on the basis so settled.

Default position

- 9.5 Where the terms in dispute which are to be settled by the Authority pursuant to paragraph 9.3 above have not been settled by 5.00pm three Business Days before the BETTA Go-Live Date (or such later date as the Authority may direct for these purposes), the parties to such dispute (and any other parties to the arrangement to which the dispute relates) shall forthwith enter into an agreement, or amend an existing agreement, in accordance with paragraph 9.6 below, such agreement to have effect on and from the BETTA Go-Live Date (or such later date as the Authority may direct for these purposes), pending settlement of the terms of that dispute by the Authority.
- 9.6 Without prejudice to paragraphs 9.8 and 9.9 below, the terms of any agreement, or amendment of an existing agreement, to be made in accordance with paragraph 9.5 above shall be either:
- (a) for the purposes of any dispute referred in accordance with paragraphs 5.3, ~~6.3, 6.4~~ 6.3 or 7.2 above, the terms of the relevant Default Proposal; or
 - (b) for the purposes ~~as~~ of any dispute referred in accordance with paragraph 8.2 above, the terms as determined by the Authority in such manner as appears to it to be reasonable.
- 9.7 The Authority's determination of the terms in dispute pursuant to paragraph 9.3 above may, where and to the extent appropriate, take account of and make appropriate adjustments to reflect the difference between the terms as determined by the Authority pursuant to 9.3 above and the terms of that agreement which applied during the period from the BETTA Go-Live Date (or such later date directed by the Authority for these purposes) to the date upon which the terms as determined by the Authority pursuant to 9.3 above take effect.

Determinations regarding Default Proposals

- 9.8 No later than seven days from an application being made to the Authority as provided at paragraphs 5.3, ~~6.3, 6.4~~ 6.3 or 7.2 ~~or 8.2~~ above, an Affected Party may apply to the Authority to request a review of and a determination by the Authority as to the terms of the Default Proposal to apply where such Affected Party reasonably considers that the application of such Default Proposal would cause serious or irreparable damage to a particular person or category of person.

- 9.9 The Authority shall be entitled to review any Default Proposal, on an application made pursuant to paragraph 9.8 above and make a determination regarding the terms of any agreement, or amendment to an existing agreement, to be made in accordance with paragraph 9.5 above in such manner as appears to it to be reasonable.

General

- 9.10 Where and to the extent that this Scheme provides that a matter may or shall be referred to the Authority for determination, the Parties agree that such reference shall be the sole means of determining such matter ~~and the Parties hereby waive any other rights whatsoever they may have in respect of such matter (but subject to the duties of the Authority at law)~~ (but without prejudice to any ability to apply for judicial review of any such determination).

10. LIMITATION OF LIABILITY

- 10.1 Nothing in this paragraph 10 shall exclude or restrict or otherwise prejudice or affect any of:

- (a) the rights, powers, duties and obligations of any Party which are conferred or created by the Electricity Act, that Party's Generation, Transmission, Distribution or Supply Licence (as appropriate) or the Regulations; or
- (b) the rights, powers, duties and obligations of the Authority or the Secretary of State under the Electricity Act, any Generation, Transmission, Distribution or Supply Licence or otherwise howsoever.

- 10.2 Each Party agrees and acknowledges that 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 failure to comply with the Scheme, other than for loss directly resulting from such failure to comply with and which, at the date hereof, was reasonably foreseeable as not unlikely to occur in the ordinary course of events from such failure to comply with in respect of:

- (a) physical damage to the property of the other Party or its respective officers, employees or agents; or
- (b) the liability of the other Party, its officers, employees or agents to any other person for loss in respect of physical damage to the property of that or any other person, subject, for the avoidance of doubt, to the requirement that the amount of such liability claimed by such other Party should be mitigated in accordance with general law.

- 10.3 Nothing in the Scheme or the Scheme Framework Agreement shall exclude or limit the liability of the Party Liable or restrict the ability of any Party to claim in respect of fraudulent misrepresentation or death or personal injury resulting from the negligence of the Party Liable and the Party Liable shall indemnify and keep indemnified each other Party from and against all such and any loss or liability which any such other Party may suffer or incur by reason of any claim on account of fraudulent misrepresentation or death or personal injury resulting from the negligence of the Party Liable.

- 10.4 Neither the Party Liable nor any of its officers, employees or agents, shall in any circumstances whatsoever be liable in relation to the Scheme or its obligations under the Scheme, to another Party for:

- (a) any loss of profit, loss of revenue, loss of use, loss of contract or loss of goodwill; or
- (b) any indirect or consequential loss; or
- (c) loss resulting from the liability of another Party to any other person howsoever and whensoever arising, save as provided in sub-paragraph 10.2(a) and 10.2(b).

10.5 Each of the paragraphs of this paragraph 10 shall:

- (a) be construed as a separate and several term, and if one or more of such paragraphs is held to be invalid, unlawful or otherwise unenforceable the other or others of such paragraphs shall remain in full force and effect and shall continue to bind the Parties; and
- (b) survive termination of the Scheme and/or the Scheme Framework Agreement.

10.6 Each Party acknowledges and agrees that each of the other Parties holds the benefit of paragraphs 10.2 to 10.4 above for itself and as trustee and agent for its officers, employees and agents.

10.7 For the avoidance of doubt, nothing in this paragraph 10 shall prevent or restrict any Party enforcing any obligation owed to it under or pursuant to the Scheme or the Scheme Framework Agreement.

11. INADEQUACY OF DAMAGES.

11.1 Without prejudice to any other rights or remedies that any Party may have, each Party acknowledges and agrees that damages alone would not be an adequate remedy for any failure to comply by another Party with the provisions of the Scheme or breach by another Party of the provisions of the Scheme Framework Agreement and that accordingly each Party shall be entitled, without proof of special damages, to apply for the remedies of injunction, special performance or other equitable relief for any threatened or actual failure to comply with the provisions of the Scheme or any threatened or actual breach of the provisions of the Scheme Framework Agreement.

12. ~~10.~~ AMENDMENTS TO THE SCHEME

12.1 ~~10.1~~—The Authority may (with the consent of the Secretary of State), before the BETTA Go-Live Date, direct that the Scheme be amended (following such consultation as the Authority deems appropriate with those persons that the Authority considers are likely to be affected by such an amendment) where the Authority considers it necessary or expedient to do so for the purposes of achieving the Scheme Objective.

12.2 ~~10.2~~—The Authority shall serve a copy of any direction made in accordance with paragraph ~~10.1~~12.1 on the Parties, and thereupon, the Parties shall comply with the Scheme as modified by such direction.

13. ~~11.~~ JURISDICTION AND GOVERNING LAW

13.1 ~~11.1~~—Without prejudice to the provisions of paragraph 9 pursuant to which the Authority may determine any matter or settle any terms in dispute, any disputes which may arise out of or in connection with the Scheme are to be subject to the jurisdiction of the courts of England and Wales and the courts of Scotland only and accordingly

any suit, action or proceeding arising out of or in connection with the Scheme may be brought (and may only be brought) in such courts.

13.2 ~~11.2~~ This Scheme shall be governed by, and construed in all respects in accordance with, the laws of England and Wales.

14. ~~12.~~ ASSIGNMENT

14.1 ~~12.1~~ A Party shall not assign or transfer and shall not purport to assign or transfer any of its rights or obligations under the Scheme.

15. ~~13.~~ NOTICES

15.1 ~~13.1~~ Save as otherwise expressly provided in the Scheme any notice or other communication to be given by one Party to another under or in connection with the matters contemplated by the Scheme shall be addressed to the recipient and sent to the address or facsimile number of such other Party:

- (a) as set out in the Scheme Framework Agreement; or
- (b) as notified to ~~{~~NGC~~}~~ prior to entering into an Accession Agreement; or
- (c) otherwise to that Party's registered office,

unless such other Party is not a company incorporated under the Companies Act 1985 where such notice or communication shall be sent to such address in Great Britain as provided to ~~{~~NGC~~}~~ for service of process on its behalf in any proceedings or to ~~{~~NGC~~}~~ in accordance with the Scheme Framework Agreement or Accession Agreement (as appropriate).

15.2 ~~13.2~~ Such notice or other communication, shall be in writing and shall be given by letter delivered by hand or sent by first class prepaid post (airmail if overseas) or facsimile, and shall be deemed to have been received:

- (a) in the case of delivery by hand, when delivered; or
- (b) in the case of first class prepaid post, on the second day following the day of posting or (if sent airmail overseas or from overseas) on the fifth day following the day of posting; or
- (c) in the case of facsimile, on acknowledgement of the addressee's facsimile receiving equipment (where such acknowledgement occurs before 5.00pm on the day of acknowledgement) and in any other case on the day following the day of acknowledgement.

16. ~~14.~~ WAIVER

16.1 ~~14.1~~ No delay by or omission of any Party in exercising any right, power, privilege or remedy under the Scheme shall operate to impair such right, power, privilege or remedy or be construed as a waiver thereof.

16.2 ~~14.2~~ Any single or partial exercise of any such right, privilege or remedy shall not preclude any other or future exercise thereof or the exercise of any other right, power, privilege or remedy.

16.3 ~~14.3~~ For the avoidance of doubt, the Parties acknowledge and agree that nothing in the Scheme shall exclude or restrict or otherwise prejudice or affect any of the rights,

powers, privileges, remedies, duties and obligations of the Secretary of State or the Authority under the Electricity Act, Energy Act or any licence granted or treated as granted under the Electricity Act or otherwise under applicable law.

17. ~~15.~~ RIGHTS OF THIRD PARTIES

17.1 ~~15.1~~ The Parties do not intend that any third party shall have any rights, benefits, entitlements or privileges under the Scheme and the Scheme Framework Agreement, and nothing in the Scheme or the Scheme Framework Agreement shall be construed as conferring or purporting to confer any such right, benefit, entitlement or privilege on any such person.

17.2 ~~15.2~~ The Parties do not intend that any term of the Scheme or the Scheme Framework Agreement shall be enforceable solely by virtue of the Contracts (Rights of Third Parties) Act 1999 by any person who is not a Party.

17.3 ~~15.3~~ Save for the Secretary of State or the Authority as provided in the Scheme, no third party consent shall be required to rescind, vary or modify the Scheme.

18. ~~16.~~ LANGUAGE

18.1 ~~16.1~~ Every notice or other communication to be given by one Party to another under the Scheme shall be in the English language.

19. ~~17.~~ SEVERANCE OF TERMS

19.1 ~~17.1~~ If any provision of the Scheme is or becomes invalid, unenforceable or illegal, or is declared to be invalid, unenforceable or illegal by any court of competent jurisdiction or by order of any other Competent Authority, such invalidity, unenforceability or illegality shall not prejudice or affect the remaining provisions of the Scheme which shall continue in full force and effect notwithstanding the same.

20. ~~18.~~ ENTIRE AGREEMENT

20.1 ~~18.1~~ The Scheme and the Scheme Framework Agreement (as respects the Parties thereto) contain or expressly refer to the entire agreement between the Parties with respect to the subject matter thereof, and supersede all previous agreements or understandings between the Parties with respect thereto and any warranty, condition or other term implied at law or by custom is (to the fullest extent permitted by law) expressly excluded therefrom.

20.2 ~~18.2~~ Each Party acknowledges that in entering into or acceding to the Scheme Framework Agreement it does not rely on any representation, warranty or other understanding not expressly contained in the Scheme.

Schedule 1

Definitions and Interpretation

1. In this Scheme (including the Recitals), unless the context otherwise requires, the following expressions shall bear the meanings ascribed to them below:
- | | |
|-----------------------------------|---|
| “Accession Agreement” | means an agreement between {NGC} (on its own and on behalf of all other Parties) and any person applying to become a party to the Scheme Framework Agreement, substantially in the form in the Annex to the Scheme Framework Agreement; |
| “Affected Party” | means, in relation to a particular arrangement or agreement, any person who is a party to such arrangement or agreement; |
| “Authorised” | in relation to any business or activity means authorised by licence granted or treated as granted under section 6 or exemption granted under section 5 of the Electricity Act; |
| “Authorised Electricity Operator” | means any person who is Authorised to generate, participate in the transmission of, distribute, or supply electricity and for the purposes of this Scheme shall include any person who has made an application to be so Authorised which application has not been refused and any person transferring electricity to or from the GB Transmission System across any Interconnector (or who has made an application for use of an Interconnector which has not been refused); |
| “Authority” | means the Gas and Electricity Markets Authority established pursuant to section 1 of the Utilities Act 2000; |
| “BETTA” | means the modifications, the amendments and the provisions of the STC as described in paragraphs 3.1(a), (b) and (c) of the Scheme, respectively and the matters envisaged by such modifications or amendments or the STC, as appropriate; |
| “BETTA Go-Live Date” | means the date which the Secretary of State indicates in a direction shall be the BETTA Go-Live Date; |
| “British Grid Systems Agreement” | means the agreement known as the British Grid Systems agreement Agreement and |

	made between NGC, Scottish Hydro-Electric Plc and Scottish Power Plc and dated 30 March 1990, as amended or modified from time to time;
“BSC”	means the balancing and settlement code provided for in paragraph 1 of standard condition C3 (Balancing and Settlement Code (BSC)) of the Transmission Licence standard conditions, as from time to time modified in accordance with that condition;
“Business Day”	means any weekday other than a Saturday on which banks are open for domestic business in the City of London;
“Competent Authority”	means the Secretary of State, the Authority and any local national or supranational agency, authority, department, inspectorate, minister, ministry, official or public or statutory person (whether autonomous or not) of, or of the government of, the United Kingdom or the European Union;
“CUSC”	means the Connection and Use of System Code provided for in paragraph 2 of standard condition C10 (Connection and Use of System Code (CUSC)) of the Transmission Licence standard conditions, as from time to time modified in accordance with that condition;
“CUSC Framework Agreement”	means the agreement of that title, in the form approved by the Secretary of State, by which the CUSC is made contractually binding between the parties to that agreement, as amended from time to time with the approval of the Secretary of State;
“Deenergisation”	means the movement of any isolator, breaker or switch or the removal of any fuse whereby no electricity can flow to or from the GB Transmission System or any system owned or operated by a User (as appropriate) through a User's equipment;
“Default Proposal”	means: <ul style="list-style-type: none"> (a) in relation to any application made to the Authority pursuant to paragraph 5.3, the last Proposal issued by the relevant Transmission Licensee on or before 14 January 2005 (or such later date directed by

the Authority) to all Affected Parties;

- (b) in relation to any application made to the Authority pursuant to paragraph 6.3, the last Proposal issued by ~~SPT on or before 31 January 2005 to all other Affected Parties;~~(c) ~~in relation to any application made to the Authority pursuant to paragraph 6.4, the last Proposal issued by~~ the relevant Transmission Licensee prior to 14 January 2005 (or such later date directed by the Authority) to all other Affected Parties; and
- (~~d~~c) in relation to any application made to the Authority pursuant to paragraph 7.2, the last Proposal issued by NGC prior to 31 January 2005 (or such later date directed by the Authority) to all other Affected Parties;

~~“Distribution Licence”~~ means a licence granted or treated as granted under section 6(1)(c) of the Electricity Act;

“Distribution Licensee” means the holder for the time being of a Distribution Licence;

“Distribution System” means the system consisting (wholly or mainly) of electric lines owned or operated by an Authorised distributor and used for the distribution of electricity from grid supply points or generation sets or other entry points to the points of delivery to customers or Authorised Electricity Operators and includes any electrical plant, meters and metering equipment owned or operated by such distributor in connection with the distribution of electricity, but shall not include any part of the GB Transmission System;

~~“Distribution Licence”~~ means a licence granted or treated as granted under section 6(1)(c) of the Electricity Act;

“Electricity Act” means the Electricity Act 1989;

“Energisation” means the management of any isolator, breaker or switch or the insertion of any fuse so as to enable electricity to flow from and to the GB Transmission System or any

	system owned or operated by a User (as appropriate) through a User's equipment;
“Energy Act”	means the Energy Act 2004;
“GB Transmission System”	means the system consisting (wholly or mainly) of high voltage electric lines owned or operated by Transmission Licensees within Great Britain and used for the transmission of electricity from one generating station to a sub-station or to another generating station or between sub-stations or to or from any interconnector and includes any electrical plant or meters owned or operated by any Transmission Licensee within Great Britain in connection with the transmission of electricity;
“Generation Licence”	means a licence granted or treated as granted under section 6(1)(a) of the Electricity Act;
“Grid Code”	means the grid code required to be drawn up by the System Operator pursuant to standard condition C14 (Grid Code) of the Transmission Licence standard conditions, as from time to time revised with the approval of the Authority;
“Intended BETTA Go-Live Date”	means 1 April 2005 (or such later date as the Authority may direct for these purposes);
“Interconnection”	means: <p>the 275kV and 400kV circuits between and including the associated switchgear at Harker sub-station in Cumbria and the associated switchgear at Strathaven sub-station in Lanarkshire;</p> <p>the 275kV transmission circuit between and including the associated switchgear at Cockenzie in East Lothian and the associated switchgear at Stella in Tyne and Wear; and</p> <p>the 400kV transmission circuit between and including the associated switchgear at Torness in East Lothian and the associated switchgear at Stella in Tyne and Wear</p> <p>all as existing at the date on which the Transmission Licence of each existing Scottish Licensee comes into force as from time to time maintained, repaired or renewed, together with any alteration, modification or addition (other than</p>

maintenance, repair or renewal) which is primarily designed to effect a permanent increase in one or more particular interconnection capacities as they exist immediately prior to such alteration, modification or addition and as from time to time maintained, repaired or renewed; and

the 132kV transmission circuit between and including (and directly connecting) the associated switchgear at Chapelcross and the associated switchgear at Harker sub-station in Cumbria, and

the 132kV transmission circuit between and including (and connecting, via Junction V) the associated switchgear at Chapelcross and the associated switchgear at Harker sub-station in Cumbria,

all as existing at the date on which the Transmission Licence of each existing Scottish Licensee comes into force and as from time to time maintained, repaired or renewed;

“Interconnector(s)”	means the electric lines and electrical plant and meters used solely for the transfer of electricity to or from the GB Transmission System into or out of Great Britain;
“Licence Party”	means the holder for the time being of any Generation, Transmission, Distribution or Supply Licence;
“Licensee’s Transmission System”	means those parts of the GB Transmission System which are owned or operated by a Transmission Licensee within its Transmission Area;
“NGC”	means National Grid Company plc (a company registered in England and Wales under number 02366977) whose registered office is situated at 1-3 Strand, London, WC2N 5EH;

“Non-GB Trading and Transmission Arrangements”	means those arrangements for, amongst other things, the separate trading or transmission of electricity in Scotland, the separate trading or transmission of electricity in England and Wales and the trading or transmission of electricity between England and Wales (taken as a whole) and Scotland which are defined and governed by, amongst other things, the Relevant Documents;
“Non-Licence Party”	means a person, other than a Licence Party, who has agreed to be bound by the Scheme by executing or acceding to the Scheme Framework Agreement;
“Party”	means any Licence Party and any Non-Licence Party;
“Proposal”	means a notice in writing detailing, without limitation: <ul style="list-style-type: none"> (a) the rights and/or obligations of any arrangement which the Party giving the notice reasonably considers should be removed pursuant to paragraphs 5, 6, 7 and 8 (as appropriate); and (b) the manner in which such Party reasonably considers such an arrangement should be amended or terminated in order to comply with paragraphs 5, 6, 7 and 8 (as appropriate);
<u>“Regulations”</u>	<u>means the Electricity Safety, Quality and Continuity Regulations 2002;</u>
“Relevant Documents”	means the documents which relate to the Non-GB Trading and Transmission Arrangements, including, without limitation; <ul style="list-style-type: none"> (a) the Settlement Agreement for Scotland; (b) the British Grid Systems Agreement; (c) the System Operation Agreement; and (d) any agreement relating to:

- (i) the establishment of, operation of, or trading of electricity across the Scottish Interconnection;
- (ii) the use of, or connection to, the Scottish Interconnection; and
- (iii) the use of, or connection to, a Distribution System in Scotland or a Licensee's Transmission System in Scotland;

“Running-Off”

means bringing to an end;

“Scheme”

means this scheme (including all schedules), as designated by the Secretary of State as the BETTA run-off arrangements scheme for the purposes of:

- (a) standard condition 19B (BETTA run-off arrangements scheme) of each Generation Licence;
- (b) standard condition B14 (BETTA run-off arrangements scheme) of each Transmission Licence;
- (c) standard condition 30B (BETTA run-off arrangements scheme) of each Distribution Licence; and
- (d) standard condition 31B (BETTA run-off arrangements scheme) of each Supply Licence.

and as amended from time to time.

“Scheme Effective Date” means the date specified in paragraph 2.1 above;

“Scheme Framework Agreement” means an agreement between all Parties in the form in Schedule 2;

“Scheme Licence Conditions” means the standard conditions specified in paragraph 2.1 above;

“Scheme Objective” means the objective as described in paragraph 3.1 above;

~~“Scheme Effective Date”~~ ~~means the date specified in paragraph 2.1 above;~~

“Scottish Grid Code”	means a grid code which a Scottish Licensee is obliged to maintain pursuant to standard condition D9 (Licensee’s grid code) of that Scottish Licensee’s Transmission Licence;
“Scottish Interconnection”	means such part of the Interconnection as is situated in Scotland;
“Scottish Licensee”	means the holder of a Transmission Licence at the date that standard condition B14 (BETTA run-off arrangements scheme) takes effect in the Licensee’s Transmission Licence but shall not include the System Operator;
“Secretary of State”	shall have the meaning ascribed to such term in the Electricity Act;
“Section C (System Operator Standard Conditions) Direction”	means a direction issued by the Authority or the Secretary of State, where appropriate, in accordance with standard condition A2 (Application of Section C) of the Transmission Licence standard conditions;
“Section D (Transmission Owner Standard Conditions) Direction”	means a direction issued by the Authority or the Secretary of State in accordance with standard condition A3 (Application of Section D) of the Transmission Licence standard conditions;
“Settlement Agreement for Scotland”	has the meaning given to it in standard condition D12 (Scottish Settlement Agreement) of the Transmission Licence standard conditions;
“SPT”	means SP Transmission Limited (a company registered in Scotland under number SC189126) whose registered office is situated at 1 Atlantic Quay, Robertson Street, Glasgow G2 8SP;
“STC”	means the document required to be in place pursuant to standard condition B12 (System Operator – Transmission Owner Code) of the Transmission Licence standard conditions as from time to time amended in accordance with that condition;
“Supply Licence”	means a licence granted or treated as granted under section 6(1)(d) of the Electricity Act;

“System Operation Agreement”	means the agreement known as the System Operation Agreement and made between Scottish Hydro-Electric Plc and Scottish Power Plc and dated 1 June 1990, as amended or modified from time to time;
“System Operator”	means the holder for the time being of a Transmission Licence in relation to which licence the Authority or the Secretary of State, where appropriate, has issued a Section C (System Operator Standard Conditions) Direction and where Section C of the Transmission Licence standard conditions remains in effect (whether or not subject to any terms included in a Section C (System Operator Standard Conditions) Direction or to any subsequent variation of its terms to which the licensee may be subject);
“Transmission Area”	means the area specified in special condition AA of the Transmission Licensee's Transmission Licence;
“Transmission Licence”	means a licence granted or treated as granted under section 6(1)(b) of the Electricity Act;
“Transmission Licensee”	means the holder for the time being of a Transmission Licence;
“Transmission Owner”	means the holder for the time being of a Transmission Licence in relation to which licence the Authority has issued a Section D (Transmission Owner Standard Conditions) Direction and where section D of the Transmission Licence standard conditions remains in effect (whether or not subject to any terms included in a Section D (Transmission Owner Standard Conditions) Direction or to any subsequent variation of its terms to which the Transmission Licensee may be subject); and
“User”	means a person who is party to the CUSC Framework Agreement other than NGC <u>has an agreement with:</u> <hr/> <u>(a) a Transmission Licensee for connection to or use of a Licensee's Transmission System; or</u> <hr/> <u>(b) a Distribution Licensee for connection to or use of such licensee's Distribution System.</u>

2. In the Scheme:
 - (a) references to a paragraph or Schedule are to a paragraph or schedule of the Scheme (and shall be construed as meaning such paragraph or Schedule as modified from time to time pursuant to the Scheme);
 - (b) references to any agreement or document are to the version of that agreement or document in force for the time being; and
 - (c) the words in a singular form may be interpreted as including the plural.
3. Without prejudice to sections 11 and 23(1) of the Interpretation Act 1978, this Scheme shall be interpreted and construed in like manner as an ~~act~~Act of Parliament passed after the commencement of the Interpretation Act 1978.
4. Unless the context otherwise requires, words and expressions used in Part I of the Electricity Act or Part 3 of the Energy Act shall bear the same meaning in this Scheme.

Schedule 2

Form of Scheme Framework Agreement

This Agreement is made on and with effect from [] 200[4] between **THE PERSONS** whose names and principal office are set out in the Schedule hereto.

WHEREAS:

- A. Pursuant to each of the conditions of licences granted or treated as granted under section 6 of the Electricity Act 1989 as amended (the "**Act**") which refer to a BETTA run-off arrangements scheme ~~and are included in such licences pursuant to the exercise on 26 and 31 August 2004 of the powers conferred by section 134 of the Energy Act 2004~~ (the "**Scheme Licence Conditions**"), the Secretary of State has, on [], designated the BETTA run-off arrangements scheme, which sets out the steps to be taken for the purpose specified in the Scheme Licence Conditions.
- B. The Parties are entering into this Agreement for the purpose of giving effect to and binding themselves by those parts of the BETTA run-off arrangements scheme referred to in Recital A which are to be binding in contract (as specified in the BETTA run-off arrangements scheme) (such parts, as modified from time to time pursuant to the Scheme Licence Conditions, being referred to as the "**Scheme**").

NOW IT IS HEREBY AGREED as follows:

1. **Interpretation**

1.1 In this Agreement (including the Recitals hereto):

"**Accession Agreement**" means an agreement between [NGC] (on its own and on behalf of all other Parties) and a Scheme Applicant, substantially in the form in the Annex hereto;

"**Accession Requirements**" means due completion of such application form as [NGC] may prescribe giving details of the name, address and contact details of the Scheme Applicant, (where the Scheme Applicant is not incorporated under the Companies Act 1985 in Great Britain) the name and address (in Great Britain) of the person authorised by such Scheme Applicant to accept proceedings on its behalf, the address of the Scheme Applicant for notices and such other details as [NGC] may reasonably require;

"**Authority**" means the Gas and Electricity Markets Authority established pursuant to section 1 of the Utilities Act 2000;

"**Competent Authority**" means the Secretary of State, the Authority and any local, national or supranational agency, authority, department, inspectorate, minister, ministry, official or public or statutory person (whether autonomous or not) of, or of the government of, the United Kingdom or the European Union;

"**Effective Date**" means:

- (a) with respect to each of the Original Parties, the date of this Agreement; and

(b) with respect to any Scheme Applicant who is admitted after the date of this Agreement as an additional party to this Agreement and (as respects such Scheme Applicant) the Parties, the date of the relevant Accession Agreement;

{ "NGC" means National Grid Company plc (a company registered in England and Wales under number 02366977) whose registered office is situated at 1-3 Strand, London, WC2N 5EH; }

"**Original Parties**" means persons whose names are set out in the Schedule hereto;

"**Parties**" means the Original Parties and each Scheme Applicant who is admitted as a party to this Agreement and "**Party**" shall be construed accordingly;

"**Scheme**" shall have the meaning ascribed to such term in Recital B of this Agreement;

"**Scheme Applicant**" means a person applying to become a party to this Agreement;

"**Secretary of State**" shall have the meaning ascribed to such term in the Act.

1.2 In this Agreement any term or expression defined in the Scheme shall have the same meaning when used in this Agreement (unless otherwise defined in this paragraph 1).

2. **Additional Scheme Applicants**

2.1 Upon satisfaction of the Accession Requirements, the Parties shall admit every Scheme Applicant as an additional party to this Agreement, for which purposes {NGC} shall enter into an Accession Agreement with such Scheme Applicant.

2.2 Each Party (other than {NGC}) hereby authorises {NGC} to sign on its behalf and deliver any Accession Agreement pursuant to clause 2.1 and undertakes not to withdraw, qualify or revoke such authority.

2.3 Upon execution of the Accession Agreement by {NGC} and a Scheme Applicant, the Scheme Applicant shall become a Party.

2.4 {NGC} shall provide the Authority with a copy of each Accession Agreement and shall notify each Party of the name, address and contact details of any Scheme Applicant that has become a Party upon execution of an Accession Agreement within 14 days of such Accession Agreement being made.

3. **The Scheme**

3.1 The Scheme is hereby given effect between and made binding upon each Party with effect from the Effective Date.

3.2 With effect from the Effective Date, each Party undertakes to each other Party to comply with and to perform its obligations in accordance with and subject to the Scheme.

4. ~~Inadequacy of damages~~

~~Without prejudice to any other rights or remedies that a Party may have, each Party acknowledges and agrees that damages alone would not be an adequate remedy for any breach by another Party of the provisions of this agreement and that accordingly~~

~~each Party shall be entitled, without proof of special damages, to apply for the remedies of injunction, specific performance or other equitable relief for any threatened or actual breach of the provisions of this Agreement. 5. Severance~~

If any provision of this Agreement is or becomes invalid, unenforceable or illegal or is declared to be invalid, unenforceable or illegal by any court of competent jurisdiction or by any other 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 the same.

6.5. **Counterparts**

This Agreement may be executed in any number of counterparts.

7.6. **Address for service**

Any Party which is not a company incorporated under the Companies Act 1985 shall provide to {NGC} an address in Great Britain for service of process on its behalf in any proceedings provided that if any such Party fails at any time to provide such address, such Party shall be deemed to have appointed {NGC} as its agent to accept service of process on its behalf until and unless such Party provides {NGC} with an alternative address in Great Britain for these purposes.

8.7. **Governing law**

This Agreement shall be governed by and construed in accordance with the laws of England and Wales and the Parties hereby submit to the jurisdiction of the courts of England and Wales and the courts of Scotland only.

AS WITNESS the hands of the duly authorised representatives of the parties hereto the day and year first above written.

SIGNED BY [])
 for and on behalf of).....
 [])

SIGNED BY [])
 for and on behalf of).....
 [])

SIGNED BY [])
for and on behalf of).....
[])

[Insert for each Original Party]

**Schedule to the Scheme Framework Agreement
List of Original Parties**

[Insert name, address and fax number of each Original Party]

**Annex to Scheme Framework Agreement
Form of Accession Agreement**

THIS ACCESSION AGREEMENT is made on [] between:

- (1) **{NATIONAL GRID COMPANY PLC}** (a company registered in England and Wales under number 02366977) whose registered office is situated at 1-3 Strand, London, WC2N 5EH ("**NGC**") **}** on its own behalf and on behalf of all the other Parties to the Framework Agreement referred to below; and
- (2) [] (the "Scheme Applicant") whose registered office is at [].

WHEREAS:

- A. By the Scheme Framework Agreement dated [] and made between the Original Parties named therein and as now in force pursuant to any Accession Agreement entered into by any other new Party before the date of this Accession Agreement (the "**Framework Agreement**") the Parties agreed to give effect to and be bound by the Scheme.
- B. The Scheme Applicant has complied with the Accession Requirements and wishes to be admitted as an additional Party under the Framework Agreement.

IT IS HEREBY AGREED as follows:

1. In this Accession Agreement words and expressions defined in or for the purposes of the Framework Agreement and not otherwise defined herein shall have the meanings ascribed thereto under the Framework Agreement.
2. **{NGC}** (acting on its own behalf and on behalf of each of the other Parties) hereby admits the Scheme Applicant as an additional Party under the Framework Agreement on the terms and conditions hereof as from the date hereof.
3. The Scheme Applicant hereby accepts its admission as a Party and undertakes with **{NGC}** (acting on its own behalf and on behalf of each of the other Parties) to perform and to be bound by the Framework Agreement as a Party as from the date hereof.
4. For all purposes in connection with the Framework Agreement the Scheme Applicant shall as from the date hereof be treated as if it has been a signatory of the Framework Agreement from the date hereof, and as if this Accession Agreement were part of the Framework Agreement, and the rights and obligations of the Parties shall be construed accordingly.
5. This Accession Agreement and the Framework Agreement shall be read and construed as one document and references (in or pursuant to the Framework Agreement) to the Framework Agreement (howsoever expressed) should be read and construed as references to the Framework Agreement and this Accession Agreement.
6. If any provision of this Accession Agreement is or becomes invalid, unenforceable or illegal or is declared to be invalid, unenforceable or illegal by any court of competent jurisdiction or by any other Competent Authority, such invalidity, unenforceability or illegality shall not prejudice or affect the remaining provisions of this Accession Agreement, which shall continue in full force and effect notwithstanding the same.

7. This Accession Agreement may be executed in counterparts.
8. NGC shall provide the Scheme Applicant with the name, address and contact details of each Party within 14 days of this Accession Agreement being made. If the Scheme Applicant is not a company incorporated under the Companies Act 1985, it shall provide to {NGC} an address in Great Britain for service of process on its behalf in any proceedings provided that if the Scheme Applicant fails at any time to provide such address, it shall be deemed to have appointed {NGC} as its agent to accept service of process on its behalf until and unless it provides {NGC} with an alternative address in Great Britain for these purposes.
9. This Accession Agreement shall be governed by and construed in accordance with the laws of England and Wales and the Parties hereby submit to the jurisdiction of the courts of England and Wales and the courts of Scotland only.

AS WITNESS the hands of the duly authorised representatives of the parties hereto the day and year first above written.

SIGNED BY [])
 for and on behalf of)
 {NATIONAL GRID COMPANY PLC})

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

Document comparison done by DeltaView on 17 December 2004 11:26:05

Input:	
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Document 2	iManageDeskSite://DMSSERVERS/WORK/2876088/8
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Legend:	
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Statistics:	
	Count
Insertions	122
Deletions	158
Moved from	8
Moved to	8
Style change	0
Format changed	0
Total changes	296

Appendix 2: Respondents to the consultation

- 1.1. Five responses were received to the November 2004 consultation paper. The four respondents who submitted non-confidential responses are listed below:

National Grid Transco

Moyle Interconnector Limited

Scottish Power Energy Management Limited

SP Transmission & Distribution