

CUSC - SECTION 1

APPLICABILITY OF SECTIONS AND RELATED AGREEMENTS STRUCTURE

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1.1 INTRODUCTION

1.1.1 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.

1.1.2 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.

1.1.3 This Section also deals with the requirement for a **User** to enter into **Bilateral Agreements**, **Construction Agreements** and **Mandatory Services Agreements**.

1.1.4 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 **NGC'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.

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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 and Sections 10 and 11 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 **NGC**, and contains its own provisions on applicability to such **Users**.
- 1.2.4 In relation to Sections 2, 3 and 9 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 | 2 and 3 |
| 2. | Non-Embedded Customer Site | 2 only |
| 3. | Distribution System directly connected to the GB Transmission System | 2 only |
| 4. | Suppliers | 3 only |
| 5. | <u>Embedded Power Station except those which are the subject of a BELLA</u> | <u>3 only</u> |
| 6. | Small Power Station Trading Parties | 3 only |
| 7. | Interconnector User | 9 Part II only |
| 8. | Interconnector Error Administrator | 9 Part II only |
| 9. | Interconnector Owner | 9 Part I only |
| 10. | Distribution Interconnector Owner | 3 Only |
| 11. | <u>Embedded Exemptable Large Power Stations whose Boundary Point Metering System is SMRS registered</u> | <u>None</u> |

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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 **NGC** and that **User**”, rights and obligations under that Paragraph shall arise only between **NGC** 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.

1.3 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 **GB 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(d).

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(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(d).

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(c) Each **User** in respect of its **Embedded Exemptable Large Power Station** whose **Boundary Point Metering System** is registered in **SMRS** shall enter into and comply with a **BELLA** as identified in Paragraph 1.3.1(d).

(d) Exhibits 1, 2 and 5 in Schedule 2 to the **CUSC** contain the forms of **Bilateral Agreements** contemplated to be entered into pursuant to this Paragraph 1.3, being:

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- (i) Exhibit 1 – **Bilateral Connection Agreement**: direct connection to the **GB Transmission System** (**Power Station** directly connected to the **GB Transmission System**, **Distribution System** directly connected to the **GB Transmission System**, **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** whose **Boundary Point Metering System** is registered in **SMRS** and which therefore have no rights and obligations under Section 3 of the **CUSC**.

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 an **Embedded Power Station** or **Distribution Interconnector** 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**.

1.3.3 Mandatory Services Agreements

- (a) **NGC** and each **User** if a **Generator** shall, as between **NGC** and that **User**, in respect of the **Generating Units** 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 **NGC** 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** are not registered as **BM Unit(s)**).

- (b) Each **User** and **NGC** shall, as between **NGC** 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 **NGC**. 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**. **NGC** 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.

1.3.3 General Provisions

- (a) **Bilateral Agreements** and **Construction Agreements** which are entered into between **NGC** 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 CATEGORIES OF USE WITHOUT BILATERAL AGREEMENTS

- 1.4.1 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.

1.5 BELLA APPLICATION

- 1.5.1 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), shall complete and submit to **NGC** a **BELLA Application** and comply with the terms thereof.
- 1.5.2 **NGC** 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 **NGC** of the effective **BELLA Application**. The **BELLA Offer** shall be in the form of a **BELLA**.
- 1.5.3 The **BELLA Offer** shall remain open for acceptance for 3 months from its receipt by that **User** unless either that **User** or **NGC** makes an application to the **Authority** under Paragraph 1.6 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.
- 1.5.4 Upon acceptance of the **BELLA Offer** (as offered by **NGC** or determined by the **Authority**) by the **User** and execution by **NGC**, 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.
- 1.5.5 A **User** who is required by this Paragraph 1.5 to submit a **BELLA Application** shall not energise or operate its **Embedded Exemptable Large Power Station** until it has entered into a **BELLA** with **NGC** and until **NGC** has issued the **User** with an **Operational Notification** in accordance with the terms of the **BELLA**.

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1.6 AUTHORITY'S RIGHT TO DETERMINE IN RESPECT OF A BELLA

- 1.6.1 If, after a period which appears to the **Authority** to be reasonable for the purpose, **NGC** or the **User** have failed to enter into a **BELLA** in respect of the **Embedded Exemptable Large Power Station** either **NGC** or the **User** may apply to the **Authority** for the **Authority** to settle any terms of the **BELLA** in dispute.
- 1.6.2 Upon such application, the **Authority** may settle any terms in dispute between **NGC** 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 **NGC** 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 C8 of the **Transmission Licence**;

(b) that any methods by which **NGC's** transmission system is connected to any other **System** for the transmission or distribution of electricity accord (insofar as applicable to **NGC**) 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 **NGC** pursuant to Paragraph 1.5 should be in as similar a form as is practicable.

1.6.3 Where the **Authority** settles any terms in dispute, the **User** and **NGC** shall forthwith enter into the **BELLA** as settled.

1.6.4 If either the **User** or **NGC** proposes to vary the terms of the **BELLA** in a manner provided for under such agreement, the **Authority** may, at the request of **NGC** 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

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|----|------------------------|--------|
| 5. | Embedded Power Station | 3 only |
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