

DATED

1st September 2010

MEMORANDUM OF UNDERSTANDING

between

ELECTRICITY NORTH WEST LIMITED

and

THE CO-OPERATIVE GROUP LIMITED

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SCHEDULE

SCHEDULE	PROPOSED TIMETABLE	ERROR! BOOKMARK NOT DEFINED.
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Memorandum of Understanding

BACKGROUND

- (A) This MEMORANDUM OF UNDERSTANDING is hereby made and entered into by and between Electricity North West Limited ("ENW") of 304 Bridgewater Place, Birchwood Park, Warrington, England, WA3 6XG (a company registered in England and Wales with company number 02366949) and The Co-operative Group Limited, ("TCG") of PO Box 53, New Century House, Manchester, M60 2ES (a company registered in England and Wales with company number IP525R).
- (B) This Memorandum of Understanding signifies a statement of intent to collaborate, but is not a legally binding document except as specifically set out below.
- (C) This Memorandum of Understanding is entered into to enable ENW to produce a comprehensive Smart Grid Project Submission ("the Full Submission") as required by the Office of Gas and Electricity Markets ("Ofgem") for registration for funding from the Low Carbon Networks Fund.

1. PURPOSE

The purpose of this Memorandum of Understanding is to recognise the intention of ENW and TCG to establish a relationship to co-operate in Smart Grid Project for their mutual benefit. Through the collaboration and cooperation of the parties, ENW intend to produce the Full Submission which will be submitted to Ofgem as part of the registration and application process of the Low Carbon Networks Fund TCG agree to comply with the obligations and timescales stated in the schedule as part of their cooperation in a Smart Grid Project.

2. STRUCTURE

The parties understand that any financial considerations associated with any forms of collaboration will be dealt with separately via a legal contract. The parties agree and acknowledge that following the production of the Full Submission and the application for funding from the Low Carbon Networks Fund ("the Application") a decision ("the Decision") as to eligibility for future funding will be made by Gas and Electricity Markets Authority ("GEMA"). In the event the Decision is successful the parties shall negotiate separate contractual documentation to regulate any relationship between the parties which shall be required as a result of a successful Application. In the event that the Decision is not successful, this Memorandum of Understanding shall terminate forthwith.

3. PUBLICITY

The parties recognise the value of this Memorandum of Understanding in promoting their activities, but any promotional material/activity which includes reference to the other party must be sent to and be approved by the other party before use, such approval not to be unreasonably withheld or delayed.

4. TERM

Subject to the provisions in paragraph 1 and 2, this Memorandum of Understanding is for 1 year in the first instance, and will be reviewed thereafter. Each party has the right to discontinue the arrangements subject to a period of 3 months' notice being given. This Memorandum of Understanding may also be terminated at any time by giving 30 days notice by either party.

5. CONFIDENTIALITY

5.1 The matters contemplated by this Memorandum of Understanding are to be treated in the strictest confidence and should not be disclosed to any person whatsoever without the prior written consent of the other party hereto:

- (a) save to the extent required by the Full Submission or the Application; or
- (b) save to the extent required by law or the regulations of the London Stock Exchange plc or the Listing Rules of the UK Listing Authority or by the rules and requirements of any other regulatory body including, without limitation, Ofgem and GEMA.

5.2 Each party undertakes that it shall not at any time during this Memorandum of Understanding, and for a period of five years after termination of this Memorandum of Understanding, disclose to any person any confidential information concerning the business, affairs, customers, clients or suppliers of the other party or of any member of the group of companies to which the other party belongs, except as permitted by clauses 5.1 and 5.3.

5.3 Each party may disclose the other party's confidential information:

- (a) to its employees, officers, representatives or advisers who need to know such information for the purposes of carrying out the party's obligations under this Memorandum of Understanding. Each party shall ensure that its employees, officers, representatives or advisers to whom it discloses the other party's confidential information comply with this clause 5; and

- (b) as may be required by law, court order or any governmental or regulatory authority.

5.4 No party shall use any other party's confidential information for any purpose other than to perform its obligations under this Memorandum of Understanding.

6. COSTS

For the avoidance of doubt this paragraph is legally binding. Each party shall be responsible for its own costs.

7. PRINCIPAL CONTACTS

The principal contacts of each party are as set out below:

(a) Electricity North West: Simon Brooke, 304 Bridgewater Place, Birchwood Park, Warrington, England, WA3 6XG

(b) The Co-operative Group,: Nigel Holden, Property Division, PO Box 53, New Century House, Manchester, M60 0AB.

The parties agree that all future correspondence between the parties shall be directed to the above individual, or as otherwise specified by the relevant party by notice in writing to each other party.

8. NO PARTNERSHIP

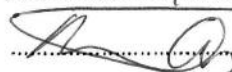
Nothing in this Memorandum of Understanding is intended to, or shall be deemed to, establish any partnership or joint venture between any of the parties, constitute any party the agent of another party, nor authorise any party to make or enter into any commitments for or on behalf of any other party.

9. GOVERNING LAW AND JURISDICTION

For the avoidance of doubt this paragraph is legally binding. This Memorandum of Understanding shall be governed by, and construed in accordance with, the law of England and the parties irrevocably agree that the courts of England have exclusive jurisdiction to settle any dispute or claim that arises out of or in connection with this Memorandum of Understanding

Each party hereby confirms its agreement to the terms contained in this Memorandum of Understanding.

Date: 3/9/10

 Director,

duly authorised for and on behalf of Electricity North West Limited

Date: 11/9/10

 Director,

duly authorised signatory for and on behalf of The Co-operative Group Limited

Schedule Responsibilities

Action	Responsibility	Timing/ deadline
To provide support to the Northern Gateway Smart Grid Project by attending project stakeholder meetings and collaborating with Electricity North West to trial the use of its generation assets to support the distribution network.	The Co-operative Group	Expected to run January 2011 to March 2014 with equivalent assistance of 1 FTE pa
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