

DATED _____ **200[]**

NATIONAL GRID ELECTRICITY TRANSMISSION PLC (1)

and

[] (2)

**SHORT TERM OPERATING RESERVE
FRAMEWORK AGREEMENT**

CONTRACT LOG NO: []

© National Grid Electricity Transmission plc

SUBJECT TO CONTRACT

Draft: []

Date: []

2.2 The **Standard Contract Terms** shall be read and construed subject to the special conditions (if any) set out in Appendix 2.

2.3 The **Reserve Provider** agrees that the relevant provisions as to determination of the payments to be made between **National Grid** and the **Reserve Provider** in consequence of events of default set out in Section 2 (in the case of **STOR BM Units**) or Section 3 (in the case of **STOR Sites**) of the **Standard Contract Terms** are reasonable in light of the anticipated harm and the difficulty of estimating or calculating actual damages. The **Reserve Provider** accordingly waives the right to contest those provisions as an unreasonable penalty or otherwise.

3. COMMENCEMENT AND TERM

This **STOR Framework Agreement** shall come into force on the date hereof and shall continue in force and effect until terminated by either **Party** by not less than two months notice in writing to the other (but not so as to expire during the subsistence of any **STOR Contract** in respect of any **STOR BM Unit** or **STOR Site**) or until earlier termination in accordance with the **Standard Contract Terms**.

4. PROVISION OF SHORT TERM OPERATING RESERVE

4.1 Without limiting the generality of Sub-Clause 2.1, upon the formation of each **STOR Contract** pursuant to and in accordance with the **Standard Contract Terms**, the **Reserve Provider** hereby agrees to provide **Short Term Operating Reserve** to **National Grid** from the relevant **STOR BM Unit** or **STOR Site** (as the case may be) upon and subject to the applicable terms and conditions set out in the **Standard Contract Terms** and in accordance with Clause 5.

4.2 For the purposes of this **STOR Framework Agreement** and paragraphs 2.1.2 or 3.1.2 (as the case may be) and 4.1.2 of the **Standard Contract Terms**, the **Parties** hereby agree that, where the **STOR Tender** so provides, the **Reserve Provider** may procure the performance of certain of its obligations in connection with the provision of **Short Term Operating Reserve** from the relevant **STOR BM Unit** or **STOR Site** (as the case may be) by the **Reserve Provider's Agent**.

5. DELIVERY METHOD

5.1 The **Reserve Provider** shall provide **Short Term Operating Reserve** to **National Grid** from the relevant **STOR BM Unit** or **STOR Site** (as the case may be) in accordance with the **Delivery Method** specified in Appendix 3 or Appendix 4 (as the case may be).

5.2 The **Reserve Provider** shall notify **National Grid** forthwith where it intends to alter the **Delivery Method** applicable to a **STOR BM Unit** or **STOR Site**.

Following receipt of such notification or (where **the Reserve Provider** fails to make any notification pursuant to this Sub-Clause 5.2) upon **National Grid** becoming aware that the **Delivery Method** applicable to a **STOR BM Unit** or **STOR Site** has been altered:-

- (a) **National Grid** may, at its option, terminate any **STOR Contract** in respect of the relevant **STOR BM Unit** or **STOR Site** in accordance with paragraph 4.4 of the **Standard Contract Terms**; and
- (b) the **Parties** shall, as soon as reasonably practicable thereafter, enter into an agreement in accordance with Clause 8 to amend the **Delivery Method** applicable to the relevant **STOR BM Unit** or **STOR Site** specified in Appendix 3 or Appendix 4 (as the case may be).

5.3 Where Sub-Clause 5.2 applies, until such time as an agreement to amend the **Delivery Method** has been entered into by the **Parties** in accordance with Sub-Clause 5.2(b), the **Reserve Provider's** right to submit any **STOR Tender(s)** in respect of the relevant **STOR BM Unit** or **STOR Site** shall be suspended.

6. INDEXATION

6.1 For the purposes of **STOR Tenders** comprising a basis for indexation in the circumstances permitted by the **Standard Contract Terms**, the **Contracted Indexation Methodology** shall apply to the **Contract Prices** to the extent as may be specified in that **STOR Tender**.

6.2 The **Reserve Provider** hereby consents for the purposes of paragraph 4.6 of the **Standard Contract Terms** to the disclosure by **National Grid** of the **Contracted Indexation Methodology** for all and any purposes associated with the procurement by **National Grid** of **Balancing Services**.

7. WORKS PROVISIONS

Where the **Reserve Provider** has submitted a **STOR Tender** in respect of which provision of **Short Term Operative Reserve** is dependent upon the carrying out of **Works** to any or all of the **Contracted BM Unit(s)** or **Contracted Site(s)**, then upon issue by **National Grid** of any **STOR Tender Acceptance** with respect thereto the provisions of Appendix 7 shall apply.

8. VARIATIONS

No variation to this **STOR Framework Agreement** shall be effective unless made in writing and signed by or on behalf of both **National Grid** and the **Reserve Provider**.

9. NOTICES

For the purposes of this **STOR Framework Agreement**, unless and until otherwise notified by the relevant **Party** to the other in accordance with

paragraph 4.8 of the **Standard Contract Terms**, any notice or other communication to be given by **National Grid** or the **Reserve Provider** to the other under, or in connection with matters contemplated by, this **STOR Framework Agreement** and any **STOR Contract(s)** shall be sent to the following address and/or facsimile number and marked for the attention of the person named below:

National Grid: National Grid Electricity Transmission plc
Network Operations
National Grid House
Warwick Technology Park
Gallows Hill
Warwick CV34 6DA

Facsimile number: 01926 655630

For the attention of: The Company Secretary

Copy to: The Energy Operations Manager

Facsimile number: 01926 656612

Reserve Provider: Address: []

Facsimile number: []

For the attention of: []

Operational telephone contact number: []

Operational facsimile number: []

Operational contact: []

10. UNDERTAKING OF BONA FIDE TENDER AND NON-CANVASSING

10.1 The **Reserve Provider** hereby undertakes that each **STOR Tender** which it may submit or (where relevant) procure that any **Reserve Provider's Agent** engaged by the **Reserve Provider** submits on its behalf during the term of this **STOR Framework Agreement** shall be bona fide and intended to be competitive and that the **Reserve Provider** and (where relevant) any **Reserve Provider's Agent** engaged by the **Reserve Provider** shall not fix or adjust the amount of the **STOR Tender** or the rates and prices quoted by or under or in accordance with any agreement or arrangement with any other person.

10.2 The **Reserve Provider** also undertakes that neither it, nor any person (including any **Reserve Provider's Agent**) on its behalf, shall do at any time any of the following acts:-

- (a) communicate to a person, with the exception of its professional advisers and **National Grid**, the amount or approximate amount of any **STOR Tender** (other than in confidence in order to obtain quotations necessary for the preparation of the **STOR Tender** for insurance);
- (b) enter into any agreement or arrangement with any other person to restrain that other person from submitting a **STOR Tender** or to fix the amount of any **STOR Tender** to be submitted by that other person;
- (c) offer or agree to pay or to give, nor pay or give, any sum of money, inducement or valuable consideration directly or indirectly to any person for doing or having done or causing or having caused to be done any act or omission in relation to any **STOR Tender** or proposed **STOR Tender** for the provision of **Short Term Operating Reserve**;
- (d) canvass or solicit any officer, employee or agent of **National Grid** in connection with the award of any **STOR Contract** for the provision of **Short Term Operating Reserve**.

11. COUNTERPARTS

This **STOR Framework Agreement** may be signed in any number of counterparts and by the **Parties** on separate counterparts, each of which when signed shall constitute an original but all the counterparts shall together constitute but one and the same instrument. For the purposes of this Clause 11, the delivery of a facsimile copy of a signed counterpart of this **STOR Framework Agreement** shall be deemed to be a valid signature thereof provided that the **Party** so delivering a facsimile hereby undertakes to deliver an original copy of this **STOR Framework Agreement** forthwith following such facsimile transmission.

IN WITNESS WHEREOF the hands of the duly authorised representatives of the parties hereto at the date first above written

SIGNED)
 for and on behalf of)
NATIONAL GRID)
ELECTRICITY TRANSMISSION PLC)

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

APPENDIX 1 – FURTHER DEFINITIONS

“ Delivery Method ”	in respect of a STOR BM Unit or STOR BM Site , the method of delivery of Short Term Operating Reserve employed by that STOR BM Unit or STOR Site specified in Appendix 3 or Appendix 4 (as the case may be);
“ Standard Contract Terms ”	the document entitled “Short Term Operating Reserve Standard Contract Terms” published by National Grid and as revised from time to time in accordance with its terms;
“ STOR BM Unit(s) ”	each of the BM Unit(s) identified in Appendix 3;
“ STOR Framework Agreement ”	this Short Term Operating Reserve Framework Agreement as from time to time amended or modified;
“ STOR Site(s) ”	each of the Generating Unit(s) and/or other Plant and Apparatus identified in Appendix 4.

APPENDIX 2 – SPECIAL CONDITIONS

The **Parties** acknowledge and agree that, as between **National Grid** and the **Reserve Provider**, the **Standard Contract Terms** shall be and hereby are amended as follows:-

1. By the insertion of the following new sub-paragraph 3.13.1A after sub-paragraph 3.13.1:-

3.13.1A The **Parties** acknowledge that, as at the date of the **STOR Framework Agreement**, **National Grid** is (for whatever reason) unable to monitor and meter the **Reserve Provider's** provision of **Reserve** using **STOR Despatch** on a minute by minute basis for the **Reserve Provider's Contracted Site []**. Accordingly and notwithstanding sub-paragraph 3.13.1, **National Grid** agrees that it will continue to make **Reserve Availability Payments** and/or **Reserve Utilisation Payments** to the **Reserve Provider** provided that:-

- (a) the **Reserve Provider** shall install and commission all necessary communications and metering to provide minute by minute metering of **Contracted Site []** by the date being six months after the date that **National Grid** issues the **STOR Tender Acceptance** in respect of the first **STOR Contract** which is entered into between **National Grid** and the **Reserve Provider** (“the **Metering Commissioning Date**”);
- (b) in respect of each calendar month (or part thereof) during the period from the **Commencement Date** until the earlier of the **Metering Commissioning Date** and the date of successful installation and commissioning of all necessary communications and metering in accordance with paragraph (a) above, the **Reserve Provider** shall provide to **National Grid**, within five **Business Days** of the end of the relevant calendar month a copy of the minute by minute metering data in respect of **Contracted Site []**.
- (c) the **Reserve Provider** shall:-
 - (i) maintain a record of each individual source data item specified in paragraph (b) above for a period of 12 months following generation thereof; and
 - (ii) provide a copy of such individual source data to **National Grid** within five **Business Days** of receipt of **National Grid's** written request for the same.

If the necessary communications and metering are not installed by the **Metering Commissioning Date** then **National Grid** shall have the right:-

- (d) in respect of all periods after the **Metering Commissioning Date**, to withhold all **Reserve Availability Payments** and **Reserve Utilisation Payments** which relate to **Contracted Site []** until such time as the necessary communications and metering are installed; and/or

- (e) for so long as **National Grid** is, after the **Metering Commissioning Date**, unable to monitor and meter the **Reserve Provider's** provision of **Reserve** from such **Contracted Site** using **STOR Despatch** on a minute by minute basis, to terminate the relevant **STOR Contract** for **Contracted Site []** forthwith by written notification to the **Reserve Provider**.

APPENDIX 3

STOR BM UNIT(S)

<u>STOR BM UNIT</u>	<u>DELIVERY METHOD</u>

APPENDIX 4

STOR SITE(S)

STOR SITE DETAILS	
Site Name	
Site ID	
STOR Site	
Site Address	
Technical Contact (name and details)	
Site Contact (contact name and telephone number of both duty and standby personnel)	
Delivery Method	Generation from zero baseload Generation from agreed baseload Demand reduction (delete as appropriate)
No. of Loads	
Size of Loads	
Start Type	
Auto Start format	
Auto Start Termination Point	

METERING DETAILS	
Make	
Model	
Serial Number	
Date of Last Calibration	
Date Next Calibration is due	
Accuracy Class of the Meter	
Signal Type	
Scaling	
Metering Termination Point	

APPENDIX 5

OPERATIONAL DETAILS FOR STOR SUB-SITES

Aggregated STOR Site [insert STOR Site ID]					
STOR Sub-Site	Location	Nearest GSP	Capacity	Delivery Method	Metering
				Generation from zero baseload Generation from agreed baseload Demand reduction <i>(delete as appropriate)</i>	

APPENDIX 6

CONTRACTED INDEXATION METHODOLOGY

APPENDIX 7
SECTION 1
Mandatory WORKS PROVISIONS

1. The **Reserve Provider** shall use its reasonable endeavours to procure that the **Contracted BM Unit(s)** or **Contracted Site(s)** has satisfied the **Mandatory Capability Requirements** by no later than the **Initial Commencement Date** (or such other date as may be agreed between the **Parties**), and in respect thereof time shall be of the essence. The **Parties** agree that the **Works Programme** represents an indicative schedule of progress of the **Works** and shall include without limitation an indicative date upon which an **End-To-End Test** shall be carried out for the purposes of ascertaining whether the **Mandatory Capability Requirements** have been satisfied in respect of the **Contracted BM Unit(s)** or the **Contracted Site(s)**.
2. The **Reserve Provider** shall provide to **National Grid** on a monthly basis (or at such lesser frequency as **National Grid** may agree in writing) reports of how the **Works** are progressing which shall, inter alia, identify any delay or anticipated delay in completing the **Works** and how the **Reserve Provider** shall, if so requested by **National Grid**, give to **National Grid** such evidence as it shall reasonably require and, if necessary, allow **National Grid's** representative all reasonable access to the **Power Station** or **Site** (as the case may be) and to the **Contracted BM Unit(s)** or **Contracted Site(s)**, to enable **National Grid** to ascertain how the **Works** are progressing and that the **Works** are proceeding in accordance with the **Works Programme**.
3. If at any time during the progress of the **Works** the **Reserve Provider** has reason to believe that the **Mandatory Works Requirements** will not be satisfied in respect of the **Contracted BM Unit(s)** or **Contracted Site(s)** by the **Initial Commencement Date**, the **Reserve Provider** shall promptly notify **National Grid** in writing and may, at the time of making such notification, request an extension to the **Initial Commencement Date**. Any such request shall be accompanied by supporting evidence and shall be considered by **National Grid** (in its sole discretion) on a case by case basis and without prejudice to its rights under paragraph 4.
4. If:
 - 4.1 following receipt of a monthly report pursuant to paragraph 2; or
 - 4.2 in exercise of its rights pursuant to paragraph 2; or
 - 4.3 following receipt of a notification from the **Reserve Provider** pursuant to paragraph 3 or otherwise,

National Grid believes that the **Works** will not be completed on or before the **Initial Commencement Date**, then **National Grid** may notify the **Reserve Provider** in writing that it has withdrawn its **STOR Tender Acceptance** in

accordance with sub-paragraph 1.4.11 of the **Standard Contract Terms** and such notice shall take effect immediately.

5. When the **Works** are completed, the **Reserve Provider** shall demonstrate to **National Grid's** reasonable satisfaction that the **Mandatory Capability Requirements** have been satisfied in respect of the **Contracted BM Unit(s)** or **Contracted Site(s)**, by means of the performance of an **End-To-End Test**. The **Reserve Provider** shall also (on request) provide to **National Grid** any such additional evidence as **National Grid** may reasonably require for the purposes of verifying that the **Mandatory Capability Requirements** have been so satisfied.
6. Both **Parties** shall agree the date and time for the **End-To-End Test** to be carried out, provided that the agreed date shall be prior to the **Initial Commencement Date**. **National Grid** reserves the right to cancel any **End-To-End Test** previously agreed to be carried out, in which case the **Parties** shall agree an alternative time and date when the **End-To-End Test** shall be carried out which shall be as soon as possible thereafter.
7. As soon as possible after the date on which the **End-To-End Test** has been completed, **National Grid** shall notify the **Reserve Provider** whether it reasonably considers that the **Contracted BM Unit(s)** or **Contracted Site(s)** has or has not satisfied the **Mandatory Capability Requirements**. Subject to the provisions of paragraph 8, in the event that **National Grid** notifies the **Reserve Provider** that in **National Grid's** opinion (and giving reasons for that opinion) the **Mandatory Capability Requirements** have not been satisfied in respect of the **Contracted BM Unit(s)** or **Contracted Site(s)**, the **Reserve Provider** shall as soon as possible respond to **National Grid**. The **Reserve Provider** shall address the reason for the non-compliance and shall subsequently notify **National Grid** when the non-compliance has been addressed, whereupon the provisions of paragraphs 5 and 6 shall apply.
8. Each **Party** shall bear its own costs in relation to the first **End-To-End Test**. In relation to the second and each subsequent **End-To-End Test** the **Reserve Provider** shall be responsible not only for its own costs but also shall reimburse to **National Grid** all **National Grid's** reasonable costs reasonably incurred as a direct result of the second and each subsequent **End-To-End Test** (not to exceed in relation to all tests £[50,000] in aggregate). For the avoidance of doubt, each **Party** shall bear the risk of, and the other **Party** shall have no liability to the **Party** in respect of, loss and damage to that **Party's Plant** or **Apparatus** caused during or as a result of any capability demonstration (whether due wholly or partly to the other **Party's** default or the malfunction of its **Plant** or **Apparatus** or otherwise).
9. Where the **Reserve Provider** fails to:-
 - 9.1 conduct a successful **End-To-End Test** by the **Initial Commencement Date** referred to in paragraph 1; or

9.2 pass a second successive **End-To-End Test** or any subsequent **End-To-End Test**,

then unless **National Grid** otherwise elects to waive such requirement by notice in writing to the **Reserve Provider**, **National Grid's** acceptance of the **STOR Tender** pursuant to the **Standard Contract Terms** shall be of no effect.

10. In this Appendix 7, the following terms shall have the meanings set opposite each:

"End-To-End Test" the test(s) specified by **National Grid** for the purposes of ascertaining whether the **Mandatory Capability Requirements** have been satisfied in respect of the **Contracted BM Unit(s)** or **Contracted Site(s)**;

"Initial Commencement Date" means the **Commencement Date** of the first **STOR Contract** to be entered into between **National Grid** and the **Reserve Provider**

"Mandatory Capability Requirements" means, in respect of each **Contracted BM Unit(s)** or **Contracted Site(s)**, that:

- (i) it is capable of providing **Short Term Operating Reserve** in accordance with the **STOR Contract**; and
- (ii) the necessary communications and metering is installed and commissioned to provide metering data in accordance with either sub-paragraph 2.12.2 of the **Standard Contract Terms** in the case of **Contracted BM Unit(s)** or sub-paragraph 3.13.1 of the **Standard Contract Terms** in the case of **Contracted Site(s)**;

"Site" the installation comprising one or more **Generating Unit(s)** and/or other **Plant** or **Apparatus** (even where separately sited) owned or controlled by the same **Reserve Provider** which may reasonably be considered as being managed as one **Site**;

"Works" those works relating to the **Contracted BM Unit(s)** or **Contracted Site(s)** more particularly described in Section 2 of this Appendix 7;

"Works Programme" the programme for completion of the **Works** more particularly described in Section 2 of this Appendix 7.

**SECTION 2
WORKS PROGRAMME**

Works Activity	Target Date
End-To-End Test	