

**DATE**

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**NATIONAL ENERGY SYSTEM OPERATOR LIMITED (1)**

**and**

**(2)**

**[PROVIDER NAME]**

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**FRAMEWORK AGREEMENT FOR THE PROVISION OF  
MID-TERM REACTIVE POWER MARKET SERVICES  
AT THE [●] FACILITY**

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**Contract Log No:**

THIS FRAMEWORK AGREEMENT is made on the \_\_\_\_\_ of \_\_\_\_\_

**BETWEEN:**

- (1) **NATIONAL ENERGY SYSTEM OPERATOR LIMITED**, a company registered in England (company number 11014226) whose registered office is at St Catherine's Lodge Bearwood Road, Sindlesham, Wokingham, England, RG41 5BN (the "**Company**" which expression shall include its permitted successors and/or assigns); and
- (2) **[COMPANY]**, a company registered in **[England/Scotland]** under company number **[NUMBER]** whose registered office is at **[ADDRESS]** (the "**Provider**" which expression shall include its permitted successors and/or assigns),

each a "**Party**" and together the "**Parties**".

**BACKGROUND**

- (A) The **Company** may have a requirement for **Mid-Term Reactive Power Market Services** from time to time in accordance with the document with the title "NATIONAL ENERGY SYSTEM OPERATOR LIMITED GENERAL TERMS AND CONDITIONS FOR THE PROVISION OF THE MID-TERM REACTIVE POWER MARKET SERVICE" (the "**General Terms and Conditions**").
- (A) **The Company** will in its absolute discretion issue **Reactive Mid-Term Market Tender Packs** to prospective **Providers** from time to time for the provision of the **Mid-Term Reactive Power Service** to meet system requirements. Without limitation thereto, the **Company** may from time to time conduct **Tenders** with prospective **Providers** selected on a locational basis.
- (B) The **Provider** has agreed to participate in tenders for **Mid-Term Reactive Power Market Services** on the terms of this **Framework Agreement**.

**IT IS AGREED AS FOLLOWS:**

**1. DEFINITIONS, INTERPRETATION AND CONSTRUCTION**

Unless the subject matter or context otherwise requires or is inconsistent therewith, and unless defined herein, terms and expressions defined in the **General Terms and Conditions** have the same meanings, interpretations or constructions in this **Framework Agreement**.

**2. GENERAL TERMS AND CONDITIONS**

- 2.1. The **Parties** hereby agree to be bound by, and to comply with, the applicable provisions of the **General Terms and Conditions** (as the same may be amended from time to time in accordance with Schedule 4 thereof (*Change Control Procedure*)) and the rules and procedures set out in the applicable **Mid-Term Reactive Market Tender Pack** with respect to the submission of **Mid-Term Reactive Tenders** and any **Mid-Term Reactive Contract** formed pursuant thereto.
- 2.2. Without limiting the generality of Clause 2.1, following a **Tender Submission** by the **Provider**, the issuance of an **Acceptance Form** by the **Company** and the subsequent formation of each **Mid-Term Reactive Contract** pursuant to and in

accordance with the **General Terms and Conditions**, the **Provider** hereby agrees to provide the **Mid-Term Reactive Market Service** to the **Company** upon and subject to the applicable terms and conditions set out in the **General Terms and Conditions**.

- 2.3. The **Provider** acknowledges that the **Company** may, from time to time, award **Mid-Term Reactive Contracts** otherwise than through competitive tendering, in the circumstances described in Schedule 3 (*Non-competitive Award Guidelines*).

### 3. COMMENCEMENT AND DURATION

- 3.1. This **Framework Agreement** shall come into effect on the date hereof and shall, subject to Clause 3.2 continue in full force and effect until [●].
- 3.2. The **Company** may, by notice in writing to the **Provider** extend the term of the **Framework Agreement** by up to a maximum additional period of four (4) years.

### 4. UNDERTAKING OF BONA FIDE TENDER AND NON-CANVASSING

- 4.1. The **Provider** hereby undertakes that each of its **Tender Submissions** shall be bona fide and intended to be competitive and that the **Provider** shall not fix or adjust the amount of a **Tender Submission** or the rates and prices quoted by or under or in accordance with any agreement or arrangement with any other person.
- 4.2. The **Provider** also undertakes that neither it, nor any person on its behalf, shall do at any time any of the following acts:-
- 4.2.1. communicate to a person, with the exception of its professional advisers and the **Company**, the price or approximate price of any **Tender Submission**;
  - 4.2.2. enter into any agreement or arrangement with any other person to restrain that other person from submitting a **Tender Submission** or to fix the price of any **Tender Submission** by that other person;
  - 4.2.3. 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 **Mid-Term Reactive Market Tender**; and/or
  - 4.2.4. canvass or solicit any officer, employee or agent of the **Company** in connection with the award of any **Mid-Term Reactive Contract**.

### 5. PERFORMANCE MANAGEMENT

- 5.1. If at any time the **Provider** has committed a **Continued Performance Failure** in three (3) consecutive **Mid-Term Reactive Contracts**, the **Company** may (in its absolute discretion) by notice in writing to the **Provider**, suspend the right of the **Provider** to participate in any further **Tenders**.
- 5.2. As soon as reasonably practicable following the **Company's** notice under Clause 5.1, the **Provider** shall provide a written report to the **Company** setting out:
- 5.2.1. a detailed explanation of the reasons for the repeated **Continued Performance Failures**; and
  - 5.2.2. the steps that the **Provider** will take to prevent any further **Continued Performance Failure**.

- 5.3. The **Provider** shall implement the steps referred to in Clause 5.2.2 on a timely basis and shall update the **Company** regarding its progress in implementing the remedial steps on a regular basis.
- 5.4. The **Company** shall notify the **Provider** once it is satisfied that the capability of the **Facility** has been restored and the suspension of the **Provider's** rights to participate in future **Tenders** shall cease with effect from the date of that notice.

## 6. COUNTERPARTS

This **Framework Agreement** may be executed in any number of counterparts and by the **Parties** on separate counterparts, each of which when executed and delivered shall constitute an original but all the counterparts shall together constitute but one and the same instrument. For the purposes of this Clause 6, the delivery of a facsimile or PDF copy of a signed counterpart of this **Framework Agreement** shall be deemed to be valid signature thereof provided that the **Party** so delivering a facsimile or PDF copy, hereby undertakes to deliver an original copy of this **Framework Agreement** forthwith following facsimile or email transmission.

## 7. VARIATIONS

- 7.1. Subject to Clause 7.2 no variations or amendments to this **Framework Agreement** shall be effective unless made in writing and signed by or on behalf of both the **Company** and the **Provider**.
- 7.2. The **Company** and the **Provider** shall effect any amendment required to be made to this **Framework Agreement** by the **Authority** as a result of a change in the **Independent System Operator License** or an order or directions made pursuant to the **Act** or a **Licence** or as a result of settling any of the terms hereof or otherwise as required by this **Framework Agreement** and the **Provider** hereby authorises and instructs the **Company** to make any such amendment on its behalf and undertakes not to withdraw qualify or revoke such authority or instruction at any time.

## 8. GOVERNING LAW AND JURISDICTION

- 8.1. This **Framework Agreement** shall be governed by and construed in all respects in accordance with the laws of England and Wales.
- 8.2. The **Parties** submit to the exclusive jurisdiction of the courts of England and Wales.

## 9. WARRANTIES

- 9.1. Each **Party** warrants and represents to the other that it has full power and authority to enter into this **Framework Agreement** and perform its obligations hereunder.
- 9.2. The **Provider** warrants and represents (such warranty and representation to be repeated on the date of each **Tender Submission**) that the details of the **Facility** set out in Schedule 1 and all other information submitted prior to the date hereof for the purposes of pre-qualification for participation in **Mid-Term Reactive Market Tenders** is true and accurate in all material respects.

## 10. NOTICES

For the purposes of this **Framework Agreement**, unless and until otherwise notified by the relevant **Party** to the other, any notice or other communication to be given by

the **Company** or the **Provider** to the other under, or in connection with matters contemplated by, this **Framework Agreement** shall be sent to the address and/or email and marked for the attention of the person named in Schedule 2.

**EXECUTED** by the duly authorised representatives of the **Parties** at the date first above written

**SIGNED** by \_\_\_\_\_

on behalf of

**NATIONAL ENERGY SYSTEM**

**OPERATOR LIMITED**

**SIGNED** by \_\_\_\_\_

on behalf of

[ ]

**SCHEDULE 1**

**MID-TERM REACTIVE SERVICE**

**THE FACILITY**

<b>Name</b>	<b>BM Unit ID</b>	<b>Location/Address</b>	<b>Facility Details</b>

Warwick Technology Park  
Gallows Hill  
Warwick CV34 6DA

For the attention of the Company Secretary  
Email address: commercial.operation@neso.energy  
nesolegalteam@neso.energy

Copy to the Contracts Manager

The Provider's address for service of Notice:  
[ ]  
Email address: [ ]

National Energy System Operator Limited

## Engineering & Customer Solutions (E&CS)

## Faraday House

Warwick Technology Park

## Gallows Hill

Warwick CV34 6DA

For the attention of the Company Secretary

Email address: [commercial.operation@neso.energy](mailto:commercial.operation@neso.energy)

nesolegalteam@neso.energy

## Copy to the Contracts Manager

The Provider's address for service of Notice:

[ ]

Email address: [ ]

### SCHEDULE 3

#### NON-COMPETITIVE AWARD GUIDELINES

The table below lists the scenarios/criteria whereby the Company may award a delivery contract to a qualified market provider, without a competitive tender process under the Mid-term Reactive Power Market.

Category	Criteria	Details
Time to ensure system security	Lead time before requirement materialises	If the identified requirement has an estimated lead time of less than three (3) months, the Company may directly award a delivery contract to one of the qualified market providers.
	Duration of requirement	If the duration of the identified requirement is estimated at less than one (1) month, the Company may directly award a delivery contract to one of the qualified market providers.
Volume of supply to ensure system security	Low market liquidity / limited qualified providers available	Where there is only one qualified market provider that is effective within an identified region of need (as defined for the requirement in question), the Company may directly award a delivery contract to the qualified market provider.
Forecast Cost	The forecast cost is below a certain threshold	Where the forecast cost of the requirement is less than £200K, the Company may directly award a delivery contract to one of the qualified market providers.
Competitive procedure has been attempted	Where a non-competitive award is the last resort after exhausting competitive options	Where the Company has already attempted to run a competitive mini-tender process, but this has not resulted in sufficient (or sufficiently capable) bids to facilitate a competitive process. In this case, the Company may directly award a contract to one of the qualified providers

The Company may award delivery contracts without a competitive mini-tender process should any one of the above criteria arise.

Where one of the above criteria arise, and the Company choose to award a delivery contract without a competitive mini-tender process, the Company may then need to select a qualified provider. This will be applicable where the basis for the award is not volume of supply, or this approach is being used as a last resort, and therefore the Company may be required to select a qualified provider for the delivery contract.

The table below details the criteria that will be applied when selecting which qualified provider to award to.

Category	Sub-category	Provisional criteria	Provisional criteria
Technical	Technical capability	MVar capability of the asset compared to the volume of the requirement	The Company may select the provider whose MVar capability contributes the most MVar to the requirements.



		Effectiveness / proximity to the location of the requirement	The Company may select the provider who is the most effective (based on calculated effectiveness factors) or is the closest in proximity to the location of need. The Company will account for any effectiveness factors (as applicable) and the proximity of the provider to the location of the requirement.
		Confirmed commissioned and operational status	The Company may select the provider that is known to be operational
		Contracted Notice Period/Response time (where applicable)	The Company may select the provider with the quickest notice period/response time (where applicable).
Commercial	Price	Where all qualified providers have historic price data over the course of at least 3 call-off contracts, then the provider with the lowest average price from the last 3 mid-term reactive call-off contracts can be selected	The Company may select the provider with the lowest average price from their last 3 mid-term reactive call-off contracts, subject to all qualified providers having historic price data for at least 3 call-off contracts
Commercial	Performance Management	Is the provider on a performance management freeze?	The Company may not directly award to any provider who is on a performance management freeze

The Company may select a provider for a non-competed award based on any one of the above criteria or any combination of the above criteria as it sees fit, taking account of the specific circumstances of the identified requirement and any commercial constraints.

When engaging with a provider during this process, the Company may ask any questions / assess any criteria it deems appropriate and proportionate to the identified requirements and the context at the time.

After engaging with the selected provider through the non-competitive award process, the Company may not proceed with the award based on the outcome of any questions/criteria applied during the process.

If this route is used by the Company, after the award has been made, the Company will publish information that confirms a non-competitive award has been made and which of the above criteria determined this outcome.