

## SCHEDULE 27

### SERVICE CREDIT REGIME

In this Schedule, the following terms shall, unless the context otherwise requires, have the following meanings:

**"Attributable Outage Hours"** means the number of hours calculated in accordance with Section 16.10 of Schedule 1.1a (Statement of Requirements: Transmission Service);

**"Availability Service Credits"** means the number of Service Credits calculated in accordance with Paragraph 2.1 of Part 3 of Schedule 27;

**"Full Service Period"** has the meaning given in Schedule 30;

**"Material"** means, in relation to a Non Compliance, a Non Compliance which adversely affects, or is likely to adversely affect, the provision of the Services, the Assets to be handed back pursuant to Clause 61 or the safety of any person other than a Contractor Party;

**"Non Compliance"** means any failure of the Contractor in respect of:

- (A) compliance with a Project Standard, a Process Standard or the Service Solution Specification; or
- (B) achievement and compliance with the Service Level Targets set out in Annex 1 to Schedule 27 or the Non Compliance Service Level Targets; or
- (C) the Statement of Requirements (Schedule 1); or
- (D) compliance with Clauses 14, 15, 16.4.3, 17.1.1, 17.1.2, 17.1.5, 17.1.6, 17.1.7, 17.1.8, 17.4, 20.1, 20.2, 22, 60.1 and 61 of this Agreement,

such failure not being:

- (i) one which is consequential upon any of the circumstances set out in Paragraph 6.2 of Part 2 of Schedule 27 having occurred; or
- (ii) a failure in respect of Availability or non compliance with any of the Notice Periods in Part 2 of Schedule 27; or
- (iii) a non compliance arising directly as a result of a non compliance of a Waived Asset against the standard(s) identified in the Waived Non Compliance List,

provided that, for any circumstances or event, such event or circumstances may lead only to one failure of one of (A), (B), (C) or (D) above;

**"Non Compliance Service Level Target"** has the meaning given in Paragraph 9.1.2 of Part 1 of Schedule 27;

**"Outage"** has the meaning given in paragraph 16.3 of Schedule 1.1a (Statement of Requirements: Transmission Service);

**"Outage Hours"** has the meaning given in paragraph 16.4 of Schedule 1.1a (Statement of Requirements: Transmission Service);

**"Provisioning Notice"** means a notice issued by the Authority to the Contractor Provisioning the relevant Service;

**"Provisioning Notice Period"** means the notice period stipulated in the relevant Provisioning Notice;

**"Relevant Event"** has the meaning given to it in Clause 15.7;

**"Removal Notice"** means a notice issued by the Authority to the Contractor seeking Removal of the relevant Service or asset;

**"Removal Notice Period"** means the notice period stipulated in the relevant Removal Notice;

**"Same Type"** means:

- (A) in respect of a Non Compliance in limb (A) of the definition thereof, a Non Compliance in relation to the same specific individual provision of the Project Standard, Process Standard or Service Solution Specification;
- (B) in respect of a Non Compliance in limb (B) of the definition thereof, a Non Compliance in relation to the same Service Level Target or Non Compliance Service Level Target;
- (C) in respect of a Non Compliance in limb (C) of the definition thereof, a Non Compliance in relation to the same specific individual provision of the Statement of Requirements (Schedule 1); and
- (D) in respect of a Non Compliance in limb (D) of the definition thereof, a Non Compliance in relation to the same clause or sub-clause of this Agreement.

**"Transition Period"** has the meaning given in Schedule 30; and

**"Transition Start Date"** has the meaning given in Schedule 30.

## Part 1

### Non Compliances

#### 1. LEVEL 1 NON COMPLIANCES

- 1.1 Save where any of Paragraphs 2 to 8 apply, as soon as reasonably possible following the occurrence of a Non Compliance in circumstances where there has been no Non Compliance of the Same Type within the last 15 months (a "**Level 1 Non Compliance**"), the Contractor shall determine (acting reasonably) the steps to be taken by the Contractor to ensure there is no repetition of such Level 1 Non Compliance (the "**Level 1 Required Action**") and the time within which such Level 1 Required Action is to be completed (which shall be a reasonable period and no longer than 6 months (the "**Level 1 Rectification Period**")), and shall prepare and make available to the Authority a report as set out in Paragraph 1.2.
- 1.2 The report referred to in Paragraph 1.1 (the "**Level 1 Non Compliance Preventative Action Report**") shall set out the following information:
  - (A) the date and details of the Level 1 Non Compliance;
  - (B) the Level 1 Required Action; and
  - (C) the Level 1 Rectification Period.

#### 2. LEVEL 2 NON COMPLIANCES

- 2.1 Where:
  - 2.1.1 the Contractor fails to notify the Authority of the occurrence of a Level 1 Non Compliance prior to the Authority notifying the same to the Contractor (provided that the Authority shall be entitled, having regard to the gravity of the Non Compliance, to treat this as a Level 3 Non Compliance rather than a Level 2 Non Compliance); or
  - 2.1.2 the Contractor fails to make available to the Authority a Level 1 Non Compliance Preventative Action Report within 10 Business Days of the Level 1 Non Compliance; or
  - 2.1.3 the Contractor fails to undertake the Level 1 Required Action within the Level 1 Rectification Period; or
  - 2.1.4 the Contractor fails to rectify the Level 1 Non Compliance within the Level 1 Rectification Period; or
  - 2.1.5 a further Non Compliance occurs after the Level 1 Rectification Period but within 15 months of the end of the Level 1 Rectification Period and which is of the Same Type as the Level 1 Non Compliance; or
  - 2.1.6 a further Non Compliance occurs during the Level 1 Rectification Period:
    - (A) which is of the Same Type as the Level 1 Non Compliance; and
    - (B) the Contractor has wilfully permitted the occurrence of such further Non Compliance,

(a "**Level 2 Non Compliance**") the Contractor shall determine (acting reasonably) the steps to be taken by the Contractor to ensure there is no repetition of such Level 2 Non Compliance (the "**Level 2 Required Action**") and the time within which such Level 2 Required Action is to be completed (which shall be a reasonable period and no longer than 6 months (the "**Level**

**2 Rectification Period"))**, and prepare and make available to the Authority a report as set out in Paragraph 2.2.

2.2 The report referred to in Paragraph 2.1 ( (the "**Level 2 Non Compliance Preventative Action Report**") shall set out the following information:

- (A) the date and details of the Level 2 Non Compliance;
- (B) the Level 2 Required Action; and
- (C) the Level 2 Rectification Period.

### 3. LEVEL 3 NON COMPLIANCE

3.1 Where:

- 3.1.1 the Authority determines, having regard to the gravity of the Non Compliance, that a Non Compliance referred to in Paragraph 2.1.1 should be treated as a Level 3 Non Compliance; or
- 3.1.2 the Contractor fails to make available to the Authority a Level 2 Non Compliance Preventative Action Report within 10 Business Days of the Level 2 Non Compliance; or
- 3.1.3 the Contractor fails to undertake the Level 2 Required Action within the Level 2 Rectification Period; or
- 3.1.4 the Contractor fails to rectify the Level 2 Non Compliance within the Level 2 Rectification Period; or
- 3.1.5 a further Non Compliance occurs after the Level 2 Rectification Period but within 15 months of the end of the Level 2 Rectification Period and which is of the Same Type as the Level 2 Non Compliance; or
- 3.1.6 a further Non Compliance occurs during the Level 2 Rectification Period:
  - (A) which is of the Same Type as the Level 2 Non Compliance; and
  - (B) the Contractor has wilfully permitted the occurrence of such further Non Compliance,

(a "**Level 3 Non Compliance**") the Contractor shall as soon as reasonably possible notify the Authority of the occurrence of the Level 3 Non Compliance.

3.2

- 3.2.1 Within 20 Business Days of the occurrence of a Level 3 Non Compliance, the Authority shall serve a written notice on the Contractor setting out:
  - (A) whether the Level 3 Non Compliance is individually Material; and
  - (B) if the Level 3 Non Compliance is individually Material:
    - (1) the deadline by which it requires the Contractor to serve on the Authority a report as set out in Paragraph 3.3; and
    - (2) the time within which the Contractor shall take steps to ensure there is no repetition of such Level 3 Non Compliance (which shall be a reasonable period and no longer than 6 months) (the "**Level 3 Rectification Period**").
- 3.2.2 If the Level 3 Non Compliance is not individually Material, the provisions of Paragraph 9 shall apply.
- 3.2.3 Either Party may refer any disagreements concerning the Authority's determination pursuant to Paragraph 3.2.1(A) to the Dispute Resolution Procedure.

3.3 The report referred to in Paragraph 3.2.1(B)(1) (the "**Level 3 Non Compliance Preventative Action Report**") shall set out the following information:

3.3.1 the date and details of the Level 3 Non Compliance; and

3.3.2 the steps which the Contractor has taken, or will take, to ensure that no further Non Compliances of the Same Type shall arise (the "**Level 3 Required Action**").

#### 4. LEVEL 4 NON COMPLIANCE

4.1 Where:

4.1.1 the Contractor fails to make available to the Authority by the deadline notified in Paragraph 3.2.1(B)(1) a Level 3 Non Compliance Preventative Action Report; or

4.1.2 the Contractor fails to undertake the Level 3 Required Action within the Level 3 Rectification Period; or

4.1.3 the Contractor fails to rectify the Level 3 Non Compliance within the Level 3 Rectification Period; or

4.1.4 a further Non Compliance occurs after the Level 3 Rectification Period but within 15 months of the end of the Level 3 Rectification Period and which is of the Same Type as the Level 3 Non Compliance; or

4.1.5 a further Non Compliance occurs during the Level 3 Rectification Period:

(A) which is of the Same Type as the Level 3 Non Compliance; and

(B) the Contractor has wilfully permitted the occurrence of such further Non Compliance,

(a "**Level 4 Non Compliance**") the Contractor shall as soon as reasonably possible notify the Authority of the occurrence of the Level 4 Non Compliance.

4.2 Within 20 Business Days of the Contractor being required to notify the Authority of the occurrence of the Level 4 Non Compliance, the Authority shall acting reasonably serve a written notice on the Contractor setting out:

4.2.1 the deadline by which it requires the Contractor to serve on the Authority a report setting out the information referred to in Paragraph 4.3 (a "**Level 4 Non Compliance Preventative Action Report**"); and

4.2.2 the reasonable period (being no greater than six months) from the time of occurrence of the Level 4 Non Compliance for the Contractor to put in place steps to ensure that no further Non Compliances of the Same Type occur (the "**Level 4 Rectification Period**").

4.3 The report referred to in Paragraph 4.2 shall set out the following information:

4.3.1 the date and details of the relevant failure or further Non Compliance; and

4.3.2 the steps which the Contractor has taken, or will take, to ensure that no further Non Compliances of this type shall arise (the "**Level 4 Required Action**").

#### 5. LEVEL 5 NON COMPLIANCE

5.1 Where:

5.1.1 the Contractor fails to make available to the Authority by the deadline notified under Paragraph 4.2.1 a Level 4 Non Compliance Preventative Action Report; or

5.1.2 the Contractor fails to undertake the Level 4 Required Action within the Level 4 Rectification Period; or

5.1.3 the Contractor fails to rectify the Level 4 Non Compliance within the Level 4 Rectification Period; or

- 5.1.4 a further Non Compliance occurs after the Level 4 Rectification Period but within 15 months of the end of the Level 4 Rectification Period and which is of the Same Type as the Level 4 Non Compliance; or
  - 5.1.5 a further Non Compliance occurs during the Level 4 Rectification Period:
    - (A) which is of the Same Type as the Level 4 Non Compliance; and
    - (B) the Contractor has wilfully permitted the occurrence of such further Non Compliance,
- (a "**Level 5 Non Compliance**") the Contractor shall as soon as reasonably possible notify the Authority of the occurrence of the Level 5 Non Compliance.
- 5.2 Within 20 Business Days of the Contractor being required to notify the Authority of the occurrence of the Level 5 Non Compliance, the Authority shall acting reasonably serve a written notice on the Contractor setting out:
- 5.2.1 the deadline by which it requires the Contractor to serve on the Authority a report setting out the information referred to in Paragraph 5.3 (a "**Level 5 Non Compliance Preventative Action Report**"); and
  - 5.2.2 the reasonable period (being no greater than six months) from the time of occurrence of the Level 5 Non Compliance for the Contractor to put in place steps to ensure that no further Non Compliances of the Same Type occur (the "**Level 5 Rectification Period**").
- 5.3 The report referred to in Paragraph 5.2 shall set out the following information:
- 5.3.1 the date and details of the relevant failure or further Non Compliance; and
  - 5.3.2 the steps which the Contractor has taken, or will take, to ensure that no further Non Compliances of this type shall arise ("**Level 5 Required Action**").
- 5.4 Upon the occurrence of a Level 5 Non Compliance, the Contractor shall be liable for Payment Deductions in accordance with Paragraph 4 of Part 2 of Schedule 27 and, if there have been five Non Compliances of the Same Type in the last three years calculated from the date of such Level 5 Non Compliance, the Contractor shall be awarded 10 Service Credits for such fifth Non Compliance.
- 6. LEVEL 6 NON COMPLIANCE**
- 6.1 Where:
- 6.1.1 the Contractor fails to make available to the Authority by the deadline notified under Paragraph 5.2.1 a Level 5 Non Compliance Preventative Action Report; or
  - 6.1.2 the Contractor fails to undertake the Level 5 Required Action within the Level 5 Rectification Period; or
  - 6.1.3 the Contractor fails to rectify the Level 5 Non Compliance within the Level 5 Rectification Period; or
  - 6.1.4 a further Non Compliance occurs after the Level 5 Rectification Period but within 15 months of the end of the Level 5 Rectification Period and which is of the Same Type as the Level 5 Non Compliance; or
  - 6.1.5 a further Non Compliance occurs during the Level 5 Rectification Period:
    - (A) which is of the Same Type as the Level 5 Non Compliance; and
    - (B) the Contractor has wilfully permitted the occurrence of such Non Compliance,
- (a "**Level 6 Non Compliance**") the Contractor shall as soon as reasonably possible notify the Authority of the occurrence of the Level 6 Non Compliance.

- 6.2 Within 20 Business Days of the Contractor being required to notify the Authority of the occurrence of the Level 6 Non Compliance, the Authority shall acting reasonably serve a written notice on the Contractor setting out:
- 6.2.1 the deadline by which it requires the Contractor to serve on the Authority a report setting out the information referred to in Paragraph 6.3 (a **"Level 6 Non Compliance Preventative Action Report"**); and
  - 6.2.2 the reasonable period (being no greater than six months) from the time of occurrence of the Level 6 Non Compliance for the Contractor to put in place steps to ensure that no further Non Compliances of the Same Type occur (the **"Level 6 Rectification Period"**).
- 6.3 The report referred to in Paragraph 6.2 shall set out the following information:
- 6.3.1 the date and details of the relevant failure or further Non Compliance; and
  - 6.3.2 the steps which the Contractor has taken, or will take, to ensure that no further Non Compliances of this type shall arise (**"Level 6 Required Action"**).
- 6.4 Upon the occurrence of a Level 6 Non Compliance, if there have been five Non Compliances of the Same Type in the last three years calculated from the date of such Level 6 Non Compliance, the Contractor shall be awarded 10 Service Credits for such sixth Non Compliance.

## 7. LEVEL 7 NON COMPLIANCE

- 7.1 Where:
- 7.1.1 the Contractor fails to make available to the Authority by the deadline notified under Paragraph 6.2.1 a Level 6 Non Compliance Preventative Action Report; or
  - 7.1.2 the Contractor fails to undertake the Level 6 Required Action within the Level 6 Rectification Period; or
  - 7.1.3 the Contractor fails to rectify the Level 6 Non Compliance within the Level 6 Rectification Period; or
  - 7.1.4 a further Non Compliance occurs after the Level 6 Rectification Period but within 15 months of the end of the Level 6 Rectification Period and which is of the Same Type as the Level 6 Non Compliance; or
  - 7.1.5 a further Non Compliance occurs during the Level 6 Rectification Period:
    - (A) which is of the Same Type as the Level 6 Non Compliance; and
    - (B) the Contractor has wilfully permitted the occurrence of such further Non Compliance,
- (a **"Level 7 Non Compliance"**) the Contractor shall as soon as reasonably possible notify the Authority of the occurrence of the Level 7 Non Compliance.
- 7.2 Within 20 Business Days of the Contractor being required to notify the Authority of the occurrence of the Level 7 Non Compliance, the Authority shall acting reasonably serve a written notice on the Contractor setting out:
- 7.2.1 the deadline by which it requires the Contractor to serve on the Authority a report setting out the information referred to in Paragraph 7.3 (a **"Level 7 Non Compliance Preventative Action Report"**); and
  - 7.2.2 the reasonable period (being no greater than six months) from the time of occurrence of the Level 7 Non Compliance for the Contractor to put in place steps to ensure that no further Non Compliances of the Same Type occur (the **"Level 7 Rectification Period"**).

- 7.3 The report referred to in Paragraph 7.2 shall set out the following information:
- 7.3.1 the date and details of the relevant failure or further Non Compliance; and
  - 7.3.2 the steps which the Contractor has taken, or will take, to ensure that no further Non Compliances of this type shall arise ("**Level 7 Required Action**").
- 7.4 Upon the occurrence of a Level 7 Non Compliance, the Contractor shall be liable for Payment Deductions in accordance with Paragraph 4 of Part 2 of Schedule 27 and, if there have been seven Non Compliances of the Same Type in the last three years calculated from the date of such Level 7 Non Compliance, the Contractor shall be awarded 50 Service Credits for such seventh Non Compliance.
- 8. LEVEL 8 NON COMPLIANCE**
- 8.1 Where:
- 8.1.1 the Contractor fails to make available to the Authority by the deadline notified under Paragraph 7.2.1 a Level 7 Non Compliance Preventative Action Report; or
  - 8.1.2 the Contractor fails to undertake the Level 7 Required Action within the Level 7 Rectification Period; or
  - 8.1.3 the Contractor fails to rectify the Level 7 Non Compliance within the Level 7 Rectification Period; or
  - 8.1.4 a further Non Compliance occurs after the Level 7 Rectification Period but within 15 months of the end of the Level 7 Rectification Period and which is of the Same Type as the Level 7 Non Compliance; or
  - 8.1.5 a further Non Compliance occurs during the Level 7 Rectification Period:
    - (A) which is of the Same Type as the Level 7 Non Compliance; and
    - (B) the Contractor has wilfully permitted the occurrence of such further Non Compliance,
- (a "**Level 8 Non Compliance**") the Contractor shall as soon as reasonably possible notify the Authority of the occurrence of the Level 8 Non Compliance.
- 8.2 Within 20 Business Days of the Contractor being required to notify the Authority of the occurrence of the Level 8 Non Compliance, the Authority shall acting reasonably serve a written notice on the Contractor setting out:
- 8.2.1 the deadline by which it requires the Contractor to serve on the Authority a report setting out the information referred to in Paragraph 8.3 (a "**Level 8 Non Compliance Preventative Action Report**"); and
  - 8.2.2 the reasonable period (being no greater than six months) from the time of occurrence of the Level 8 Non Compliance for the Contractor to put in place steps to ensure that no further Non Compliances of the Same Type occur (the "**Level 8 Rectification Period**").
- 8.3 The report referred to in Paragraph 8.2 shall set out the following information:
- 8.3.1 the date and details of the relevant failure or further Non Compliance; and
  - 8.3.2 the steps which the Contractor has taken, or will take, to ensure that no further Non Compliances of this type shall arise ("**Level 8 Required Action**").



8.4 If on the occurrences of a Level 8 Non Compliance, there have been seven Non Compliances of the Same Type in the last three years calculated from the date of such Level 8 Non Compliance, the Contractor shall be awarded 50 Service Credits for such Non Compliance.

8.5 Where:

8.5.1 the Contractor fails to prepare or make available to the Authority by the deadline notified under Paragraph 8.2.1 a Level 8 Non Compliance Preventative Action Report within 10 Business Days of the Level 8 Non Compliance; or

8.5.2 the Contractor fails to undertake the Level 8 Required Action within the Level 8 Rectification Period; or

8.5.3 the Contractor fails to rectify the Level 8 Non Compliance within the Level 8 Rectification Period; or

8.5.4 a further Non Compliance occurs after the Level 8 Rectification Period but within 15 months of the end of the Level 8 Rectification Period and which is of the Same Type as the Level 8 Non Compliance; or

8.5.5 a further Non Compliance occurs during the Level 8 Rectification Period:

(A) which is of the Same Type as the Level 8 Non Compliance; and

(B) the Contractor has wilfully permitted the occurrence of such further Non Compliance,

the Contractor shall immediately notify the Authority of the occurrence of such Non Compliance and such Non Compliance shall be deemed to be a further Level 8 Non Compliance to which the provisions of Paragraphs 8.2 to 8.4 shall apply.

8.6 Upon the occurrence of a Level 8 Non Compliance (other than a Non Compliance which is deemed to be a Level 8 Non Compliance pursuant to Paragraph 8.5), the Parties shall meet to discuss the steps to be taken by the Contractor to prevent any further occurrence of the Non Compliance. If at the meeting, the Contractor demonstrates to the satisfaction of the Authority that it has taken all reasonable steps in trying to prevent any further occurrences of such Non Compliance, it may then propose a Contractor Service Variation in relation to such Non Compliance. The Authority shall not unreasonably object to any such Contractor Service Variation provided that:

8.6.1 it shall be reasonable for the Authority to object to the Contractor Service Variation where the Contractor Service Variation would, if implemented, prejudice the benefit of this Agreement to the Authority; and

8.6.2 the Contractor Service Variation shall be at the cost of the Contractor.

## **9. LEVEL 3 NON COMPLIANCE WHICH IS NOT INDIVIDUALLY MATERIAL**

9.1 Where the Authority determines that a Level 3 Non Compliance is not individually Material the Contractor shall, within 10 Business Days of the Level 3 Non Compliance, provide to the Authority:

9.1.1 the date and details of the relevant Level 3 Non Compliance; and

9.1.2 the service level target ("**Non Compliance Service Level Target**") against which the Contractor will be monitored.

- 9.2 The Parties shall seek to agree a reasonable Non Compliance Service Level Target. Either Party may refer a dispute regarding the Non Compliance Service Level Target to the Dispute Resolution Procedure.
- 9.3 Any failure by the Contractor to achieve the Non Compliance Service Level Target shall be a Non Compliance to which this Part 1 shall apply provided that:
- 9.3.1 on the occurrence of a Level 3 Non Compliance, the Non Compliance shall be deemed to be Material;
  - 9.3.2 a breach of the Non Compliance Service Level Target following a Level 5 Non Compliance shall be deemed to be a Level 3 Non Compliance; and
  - 9.3.3 no breach of a Non Compliance Service Level Target may be classed as a Non Compliance of the Same Type as the Non Compliances which preceded the agreement of that Non Compliance Service Level Target.

## **10. RECTIFICATION**

- 10.1 Without prejudice to Paragraphs 1 to 8, the Contractor shall use reasonable endeavours to rectify each Non Compliance as soon as reasonably practicable.
- 10.2 Where a Non Compliance occurs and the Contractor cannot (acting reasonably) put in place permanent steps to ensure there is no repetition of such Non Compliance within 6 months of such Non Compliance, the Contractor shall instead put in place temporary steps to ensure there is no repetition of such Non Compliance within 6 months of such Non Compliance and shall put in place permanent steps to ensure there is no repetition of such Non Compliance as soon as reasonably practicable.

## **11. DISPUTES**

- 11.1 Either Party may refer any Dispute concerning the matters referred to in this Schedule 27 to the Dispute Resolution Procedure.
- 11.2 If it is determined under the Dispute Resolution Procedure that any Payment Deductions made or Service Credits awarded should not have been made or awarded then:
- 11.2.1 such Payment Deductions shall be reimbursed to the Contractor in the Contract Month immediately following the month in which such determination has been made; and
  - 11.2.2 such Service Credits shall be disregarded for the purpose of Clause 51.1.11.

**Part 2**  
**Payment Deductions**

**1. CALCULATION OF THE AGGREGATE PAYMENT DEDUCTION**

- 1.1 Subject to Paragraph 6, the Aggregate Payment Deduction for each Contract Month shall be calculated in accordance with the following formula:

$$APD_{cm} = PDA_{cm} + APDNP_{cm} + APDNC_{cm}$$

where:

"APD" means the Aggregate Payment Deduction;

"<sub>cm</sub>" means the relevant Contract Month;

"PDA" means Payment Deduction in respect of Availability calculated in accordance with Paragraph 2 of this Part;

"APDNP" means Aggregate Payment Deduction in respect of Notice Periods calculated in accordance with Paragraph 3 of this Part; and

"APDNC" means Aggregate Payment Deduction in respect of Non Compliances calculated in accordance with Paragraph 4 of this Part.

**2. CALCULATION OF PAYMENT DEDUCTION IN RESPECT OF AVAILABILITY**

- 2.1 The Payment Deduction for Availability for each Contract Month shall be shall be calculated in accordance with the following formula:

$$PDA_{cm} = (ATTAOH_{cm} \times TAOHR) + (ACMTAOH_{cm} \times CMAOHR)$$

where:

"PDA" means Payment Deduction in respect of Availability;

"<sub>cm</sub>" means the relevant Contract Month;

"ATTAOH" means Aggregate Transmission Total Attributable Outage Hours calculated in accordance with Paragraph 2.2 of this Part;

"TAOHR" means Transmission Attributable Outage Hour Rate as set out in Paragraph 2.4 of this Part;

"ACMTAOH" means the Aggregate Camera Mast Service Total Attributable Outage Hours calculated in accordance with Paragraph 2.3 of this Part; and

"CMAOHR" means the Camera Mast Attributable Outage Hour Rate as set out in Paragraph 2.5 of this Part.

- 2.2 The Aggregate Transmission Total Attributable Outage Hours shall be the aggregate Total Attributable Outage Hours for all Live Service Type Instances (calculated on a Service Type by Service Type basis) in accordance with Section 16 of Schedule 1.1a (Statement of Requirements: Transmission Service) provided that:

2.2.1 Service Type Instances can only be Live once they have been Taken-On; and

2.2.2 Service Type Instances can only be Live before they have been Handed-back or transferred.

- 2.3 The Aggregate Camera Mast Service Total Attributable Outage Hours shall, during the Camera Mast Service Period, be the aggregate Total Attributable Outage Hours for all Live Camera Site Instances calculated in accordance with Schedule 1.1b (Statement of Requirements: Other Services) provided that:

2.3.1 Camera Site Instances can only be Live once they have been Taken-On; and

- 2.3.2 Camera Site Instances can only be Live before they have been Handed-back or transferred or cease to remain within the Contractor's control.
- 2.4 The Transmission Attributable Outage Hour Rate shall be:
- 2.4.1 from the Transition Start Date until the Transmission Full Service Start Date, £10 (adjusted for RPI); and
- 2.4.2 on or after the Transmission Full Service Start Date, £100 (adjusted for RPI).
- 2.5 The Camera Mast Attributable Outage Hour Rate shall be:
- 2.5.1 where the Actual Service Start Date for the Camera Mast Service falls within the Transition Period:
- (A) from the Actual Service Start Date for the Camera Mast Service until the end of the Transition Period, £1 (adjusted for RPI); and
- (B) thereafter, £10 (adjusted for RPI); and
- 2.5.2 otherwise, £10 (adjusted for RPI).

### 3. **CALCULATION OF PAYMENT DEDUCTIONS IN RESPECT OF NOTICE PERIODS**

- 3.1 The Aggregate Payment Deduction in respect of Notice Periods shall be calculated in accordance with the following formula:

$$APDNP_{cm} = APDPNP_{cm} + APDRNP_{cm}$$

where:

"APDNP" means Aggregate Payment Deduction in respect of Notice Periods;

"<sub>cm</sub>" means the relevant Contract Month;

"APDPNP" means Aggregate Payment Deduction in respect of Provisioning Notice Periods calculated in accordance with Paragraph 3.3 of this Part; and

"APDRNP" means Aggregate Payment Deduction in respect of Removal Notice Periods calculated in accordance with Paragraph 3.11 of this Part.

- 3.2 Each Payment Deduction calculated in respect of Notice Periods shall be proportional to the Call Off Charge corresponding to such Payment Deduction, such that where the Slippage Days for a Call Off item equals the length of the relevant Notice Period, the Payment Deduction for such slippage shall be the relevant Call Off Charge. Payment Deductions in respect of Notice Periods will not exceed the corresponding Call Off Charge.

#### Calculation of APDPNP

- 3.3 The Aggregate Payment Deduction in respect of Provisioning Notice Periods for each Contract Month shall be calculated in accordance with the following formula:

$$APDNP_{cm} = APDTPNP_{cm} + APDCMPNP_{cm}$$

where:

"APDNP" means Aggregate Payment Deduction in respect of Provisioning Notice Periods;

"<sub>cm</sub>" means the relevant Contract Month; and

"APDTPNP" means Aggregate Payment Deductions in respect of Transmission Provisioning Notice Periods calculated in accordance with Paragraph 3.4 of this Part; and

"APDCMPNP" means Aggregate Payment Deduction in respect of Camera Mast Provisioning Notice Periods calculated in accordance with Paragraph 3.7 of this Part.

APDTPNP

3.4 The Aggregate Payment Deduction in respect of Transmission Provisioning Notice Periods for each Contract Month shall be the aggregate of all Payment Deductions in respect of Transmission Provisioning Notice Periods for that Contract Month.

3.5 The Payment Deduction in respect of Transmission Provisioning Notice Periods for each Service Type for each Contract Month shall be calculated in accordance with the following formula:

$$PDTPNP_{xcm} = ATPSD_{xcm} \times PSDR_x$$

where:

"PDTPNP" means Payment Deduction in respect of Transmission Provisioning Notice Periods;

"<sub>x</sub>" means the relevant Service Type;

"<sub>cm</sub>" means the relevant Contract Month;

"ATPSD" means Aggregate Transmission Provisioning Slippage Days, which shall be the aggregate number of days (calculated on a Service Type Instance by Service Type Instance basis) by which the Contractor failed to meet the relevant Provisioning Notice Periods; and

"PSDR" means Provisioning Slippage Day Rate calculated in accordance with Paragraph 3.6 of this Part.

3.6 The Provisioning Slippage Day Rate shall be calculated in accordance with the following formula:

$$PSDR_x = \text{£}(\text{PCOC}/\text{NDPNP}_x)$$

where:

"PSDR" means Provisioning Slippage Day Rate;

"<sub>x</sub>" means the relevant Service Type;

"PCOC" means the relevant Provisioning Call Off Charge as set out in Part 4 of Schedule 30; and

"NDPNP" means the Number of Days in the relevant Provisioning Notice Period.

APDCMPNP

3.7 The Aggregate Payment Deduction in respect of Camera Mast Provisioning Notice Periods for each Contract Month shall be the aggregate of all Payment Deductions in respect of Camera Mast Provisioning Notice Periods for that Contract Month.

3.8 The Payment Deduction in respect of Camera Mast Provisioning Notice Periods for each Camera Mast Site Type for each Contract Month shall be calculated in accordance with the following formula:

$$PDCMPNP_{ycm} = ACMPSD_{ycm} \times PSDR$$

where:

"PDCMPNP" means Payment Deduction in respect of Camera Mast Provisioning Notice Periods;

"<sub>y</sub>" means the relevant Camera Site Type;

"<sub>cm</sub>" means the relevant Contract Month;

"ACMPSD" means Aggregate Camera Mast Provisioning Slippage Days, which shall be the aggregate number of days (calculated on a Camera Site Instance by Camera Site Instance basis) by which the Contractor failed to meet the relevant Provisioning Notice Periods; and

"PSDR" means Provisioning Slippage Day Rate calculated in accordance with Paragraph 3.9 of this Part.

- 3.9 The Provisioning Slippage Day Rate shall be calculated in accordance with the following formula:

$$\text{PSDR}_y = \text{£}(\text{PCOC}/\text{NDPNP}_y)$$

where:

"PSDR" means Provisioning Slippage Day Rate;

"<sub>y</sub>" means the relevant Camera Site Type;

"PCOC" means the relevant Provisioning Call Off Charge as set out in Part 4 of Schedule 30; and

"NDPNP" means the Number of Days in the relevant Provisioning Notice Period.

#### Calculation of APDRNP

- 3.10 The Aggregate Payment Deduction in respect of Removal Notice Periods for each Contract Month shall be calculated in accordance with the following formula:

$$\text{APDRNP}_{\text{cm}} = \text{APDTRNP}_{\text{cm}} + \text{APDCMRNP}_{\text{cm}} + \text{APDASRNP}_{\text{cm}}$$

where:

"APDRNP" means Aggregate Payment Deduction in respect of Removal Notice Periods;

"<sub>cm</sub>" means the relevant Contract Month;

"APDTRNP" means Aggregate Payment Deductions in respect of Transmission Removal Notice Periods calculated in accordance with Paragraph 3.11 of this Part, and

"APDCMRNP" means Aggregate Payment Deduction in respect of Camera Mast Removal Notice Periods calculated in accordance with Paragraph 3.14 of this Part; and

"APDASRNP" means Aggregate Payment Deduction in respect of Aerial Site Removal Notice Periods calculated in accordance with Paragraph 3.17 of this Part.

#### APDTRNP

- 3.11 The Aggregate Payment Deduction in respect of Transmission Removal Notice Periods for each Contract Month shall be the aggregate of all Payment Deductions in respect of Transmission Removal Notice Periods for that Contract Month.

- 3.12 The Payment Deduction in respect of Transmission Removal Notice Periods for each Service Type for each Contract Month shall be calculated in accordance with the following formula:

$$\text{PDTRNP}_{\text{xcm}} = \text{ATRSD}_{\text{xcm}} \times \text{RSDR}$$

where:

"PDTRNP" means Payment Deduction in respect of Transmission Removal Notice Periods;

"<sub>x</sub>" means the relevant Service Type;

"<sub>cm</sub>" means the relevant Contract Month;

"ATRSD" means Aggregate Transmission Removal Slippage Days, which shall be the aggregate number of days (calculated on a Service Type Instance by Service Type Instance basis) by which the Contractor failed to meet the relevant Removal Notice Periods; and

"RSDR" means Removal Slippage Day Rate calculated in accordance with Paragraph 3.13 of this Part.

- 3.13 The Removal Slippage Day Rate shall be calculated in accordance with the following formula:

$$RSDR_x = £(RCOC/NDRNP_x)$$

where:

"RSDR" means Removal Slippage Day Rate;

"<sub>x</sub>" means the relevant Service Type;

"RCOC" means the relevant Removal Call Off Charge as set out in Part 4 of Schedule 30; and

"NDRNP" means the Number of Days in the relevant Removal Notice Period.

#### APDCMRNP

- 3.14 The Aggregate Payment Deduction in respect of Camera Mast Removal Notice Periods for each Contract Month shall be the aggregate of all Payment Deductions in respect of Camera Mast Removal Notice Periods for that Contract Month.

- 3.15 The Payment Deduction in respect of Camera Mast Removal Notice Periods for each Camera Mast Site Type for each Contract Month shall be calculated in accordance with the following formula:

$$PDCMRNP_{ycm} = ACMRSD_{ycm} \times RSDR$$

where:

"PDCMRNP" means Payment Deduction in respect of Camera Mast Removal Notice Periods;

"<sub>y</sub>" means the relevant Camera Mast Type;

"<sub>cm</sub>" means the relevant Contract Month;

"ACMRSD" means Aggregate Camera Mast Removal Slippage Days, which shall be the aggregate number of days (calculated on a Camera Site Instance by Camera Site Instance basis) by which the Contractor failed to meet the relevant Removal Notice Periods; and

"RSDR" means Removal Slippage Day Rate calculated in accordance with Paragraph 3.16 of this Part.

- 3.16 The Removal Slippage Day Rate shall be calculated in accordance with the following formula:

$$RSDR_y = £(RCOC/NDRNP_y)$$

where:

"RSDR" means Removal Slippage Day Rate;

"<sub>y</sub>" means the relevant Camera Site Type;

"RCOC" means the relevant Removal Call Off Charge as set out in Part 4 of Schedule 30; and

"NDRNP" means the Number of Days in the relevant Removal Notice Period.

#### APDASRNP

- 3.17 The Aggregate Payment Deduction in respect of Aerial Site Removal Notice Periods for each Contract Month shall be the aggregate of all Payment Deductions in respect of Aerial Site Removal Notice Periods for that Contract Month.

- 3.18 The Payment Deduction in respect of Aerial Site Removal Notice Periods for each Aerial Site removal for each Contract Month shall be calculated in accordance with the following formula:

$$PDASRNP_{ASScm} = AASRSD_{ASScm} \times RSDR$$

where:

"PDASRNP" means Payment Deduction in respect of Aerial Site Removal Notice Periods;

"<sub>ASS</sub>" means the relevant Aerial Site Service;

"<sub>cm</sub>" means the relevant Contract Month;

"AASRSD" means Aggregate Aerial Site Removal Slippage Days, which shall be the aggregate number of days by which the Contractor failed to meet the relevant Removal Notice Periods; and

"RSDR" means Removal Slippage Day Rate calculated in accordance with Paragraph 3.19 of this Part.

- 3.19 The Removal Slippage Day Rate shall be calculated in accordance with the following formula:

$$RSDR_{ASS} = \text{£}(\text{RCOC}/\text{NDRNP}_{ASS})$$

where:

"RSDR" means Removal Slippage Day Rate;

"<sub>ASS</sub>" means the Aerial Site Service; and

"RCOC" means the relevant Removal Call Off Charge as set out in Part 4 of Schedule 30; and

"NDPNP" means the Number of Days in the relevant Removal Notice Period.

#### **4. CALCULATION OF PAYMENT DEDUCTIONS IN RESPECT OF NON COMPLIANCES**

- 4.1 The Aggregate Payment Deduction in respect of Non Compliances for each Contract Month shall be calculated in accordance with the following formula:

$$\text{APDNC}_{cm} = \text{PDEN}_{cm} + \text{PDMNCN}_{cm}$$

where:

"APDNC" means Aggregate Payment Deduction in respect of Non Compliances;

"<sub>cm</sub>" means the relevant Contract Month;

"PDEN" means Payment Deduction in respect of Level 7 Non Compliances calculated in accordance with Paragraph 4.2 of this Part; and

"PDMNC" means Payment Deduction in respect of Level 5 Non Compliances calculated in accordance with Paragraph 4.3 of this Part.

##### Calculation of PDEN

- 4.2 The Payment Deduction in respect of Level 7 Non Compliances for each Contract Month shall be calculated in accordance with the following formula:

$$\text{PDEN}_{cm} = \text{EN}_{cm} \times \text{£}1,000,000 \text{ (adjusted for RPI)}$$

where:

"PDEN" means Payment Deduction in respect of Level 7 Non Compliances;

"<sub>cm</sub>" means the relevant Contract Month; and

"EN" means the number of Level 7 Non Compliances in the relevant Contract Month.

##### PDMNCN

- 4.3 The Payment Deduction in respect of Level 5 Non Compliances each Contract Month shall be calculated in accordance with the following formula:

$$\text{PDMNCN}_{cm} = \text{MNCN}_{cm} \times \text{£}100,000 \text{ (adjusted for RPI)}$$

where:



"PDMNCN" means Payment Deduction in respect of Level 5 Non Compliance;

"<sub>cm</sub>" means the relevant Contract Month;

"MNCN" means the number of Level 5 Non Compliances in the relevant Contract Month.

## 5. NEW SUBCONTRACTORS

- 5.1 Where the Principal Sub-contractor or the Main Sub-contractor is replaced by a new Principal Sub-contractor or Main Sub-contractor in accordance with Clause 24, for the purpose of counting towards the thresholds set out in Clause 51.1.11 the Contractor may in its absolute discretion decide that any Service Credits awarded in respect of the acts or omissions of the replaced sub-contractor shall be disregarded provided that such right may be exercised by the Contractor no more than two times during the term of this Agreement.
- 5.2 Where the Principal Sub-contractor or the Main Sub-contractor is replaced by a new Principal Sub-contractor or Main Sub-contractor in accordance with Clause 24, no Service Credits shall be awarded in respect of the acts or omissions of such replacement sub-contractor for a period of two months from the date of appointment of such sub-contractor.

## 6. RELIEF

- 6.1 This Agreement provides that in each of the instances listed in Paragraph 6.2 the Contractor shall be entitled to relief from the right of the Authority to make deductions or award Service Credits, as specified in the relevant provision.
- 6.2 The instances referred to in Paragraph 6.1 are (each a **"Service Credit Regime Relief Event"**):
- 6.2.1 a Compensation Event;
  - 6.2.2 a failure to obtain access as set out in Clauses 16.9, 16.10 or 16.11;
  - 6.2.3 an occurrence of an Authority Event in accordance with Clauses 16A.1 or 16A.3;
  - 6.2.4 a Relevant Event;
  - 6.2.5 works undertaken by or damage caused by an Authority's Contractor to assets in RMC Areas which at that time have not been Taken On; and
  - 6.2.6 where any of Clauses 11.7.6, 11.22.2(D), 11.23.2(D), 11.24, 22.5.3, 36.13.6 (to the extent stipulated by the relevant Variation Report), 37.7.6 (to the extent stipulated by the relevant Contractor Notice of Change), 45.5.2, 45.5.6(F), 45.5.9(D) or 66.4 apply.
- 6.3 The relief from the Service Credit Regime to which the Contractor is entitled in respect of Attributable Outage Hours due to a Service Credit Regime Relief Event shall be:
- 6.3.1 where the relief is specified in Paragraph 16 (other than in Paragraphs 16.7 and 16.8) of Schedule 1.1A, the period of that relief or, otherwise, the period for which rectification of the Outage giving rise to the Attributable Outage Hours is prevented by such Service Credit Regime Relief Event; together with
  - 6.3.2 the relief granted pursuant to the Defined Event regime set out in Paragraph 16.7 and 16.8 of Schedule 1.1A,
- except where the Outage would not have occurred had the resilience requirements defined in Section 15.14 of Schedule 1.1A been satisfied.

**Part 3**  
**Service Credits**

**1. CALCULATION OF AGGREGATE SERVICE CREDITS**

The Service Credits in each Contract Month shall not be aggregated, other than for the purposes of calculating and setting out separately the total Service Credits in respect of each of Availability, Notice Periods and Non Compliances in the relevant Contract Month.

**2. CALCULATION OF AVAILABILITY SERVICE CREDITS**

- 2.1 The Service Credits in respect of Availability for each Contract Month shall be calculated in accordance with the following formula:

$$SCA_{cm} = PDA_{cm} \times ASCCR$$

where:

"SCA" means Service Credits in respect of Availability;

"<sub>cm</sub>" means the relevant Contract Month;

"PDA" means the Payment Deduction in respect of Availability calculated in accordance with Paragraph 2.1 of Part 2 of this Schedule but adjusted to exclude RPI; and

"ASCCR" means the Availability Service Credit Conversion Rate which shall be 0.00002.

**3. CALCULATION OF SERVICE CREDITS IN RESPECT OF NOTICE PERIODS**

- 3.1 The Service Credits in respect of Notice Periods for each Contract Month shall be the aggregate of all Service Credits in respect of Provisioning Notice Periods and Removal Notice Periods for that Contract Month.

- 3.2 The Service Credits in respect of Provisioning Notice Periods for each Contract Month shall be calculated in accordance with the following formula:

$$SCPNP_{cm} = APDPNP_{cm} \times SCCRPNP$$

where:

"SCPNP" means Service Credits in respect of Provisioning Notice Periods;

"<sub>cm</sub>" means the relevant Contract Month;

"APDPNP" means Aggregate Payment Deduction in respect of Provisioning Notice Periods calculated in accordance with Paragraph 3.3 of Part 2 of this Schedule but adjusted to exclude RPI; and

"SCCRPNP" means the Service Credit Conversion Rate for Provisioning Notice Periods, which shall be 0.0001.

- 3.3 The Service Credits in respect of Removal Notice Periods for each Contract Month shall be calculated in accordance with the following formula:

$$SCRNP_{cm} = APDRNP_{cm} \times SCCRRNP$$

where:

"SCRNP" means Service Credits in respect of Removal Notice Periods;

"<sub>cm</sub>" means the relevant Contract Month;

"APDRNP" means Aggregate Payment Deduction in respect of Removal Notice Periods calculated in accordance with Paragraph 3.11 of Part 2 of this Schedule but adjusted to exclude RPI; and

"SCCRRNP" means the Service Credit Conversion Rate for Removal Notice Periods, which shall be 0.0001.

**4. CALCULATION OF AGGREGATE SERVICE CREDITS IN RESPECT OF NON COMPLIANCES**

The Aggregate Service Credits in respect of Non Compliances for each Contract Month shall be the sum of all service credits awarded pursuant to Part 1 of this Schedule in such Contract Month in respect of Non Compliances.