

Appendix 6 – TSO Interface Undertaking

Note: For context and applicability refer to the meeting minutes of Gate 3 Liaison Group meeting #13 (held 23rd March 2010)

The updated version of the DSO standard Quotation Letter includes a new Appendix, which the customer must sign and return as part of offer acceptance. This appendix is the TSO Interface Undertaking, and is similar to Schedule 4 of the Standard Connection Agreement, which is an Interface Undertaking in respect of ESB.

The reason for having such an undertaking is to deal with the fact that the TSO is not a party to the connection agreement with the customer.

As privity of contract will apply, in the event that such an Interface Undertaking was not in place, the TSO could not enforce the restrictions on liability agreed by the customer with the DSO and set out in the DSO connection agreement. Therefore the TSO would be exposed to liability even where the DSO would not be liable under the same circumstances.

The purpose of the interface undertaking is to ensure that both system operators have in effect the same legal protections. It is a contractual mechanism whereby the DSO gets its customer to agree to accept the same restrictions as against the TSO as if the TSO were a party to the DSO connection agreement with the customer.

Since the TSO cannot directly enforce this undertaking, or any other term of the DSO connection agreement with the customer, the DSO agrees with the TSO that it will enforce it on the TSO's behalf.

This principle is already established

1. in the interface undertaking given by the customer in the DSO Connection agreement, which is given in favour of ESB as distribution asset owner.
2. in the interface undertaking given by transmission connected customers in favour of ESB as transmission asset owner, which the TSO is required to enforce.

Please note the exclusions set out are not a waiver of all liability but cap the liability to the levels in the DSO connection agreement. It does not represent a derogation from the contractual rights and protections afforded to the customer, rather it in effect extends the contractual relationship so as to include the TSO.