



Commercial Electricity Supply Agreement

between

Knoydart Renewables Limited

and

Home Office

AGREEMENT

between:

- 1 **Knoydart Renewables Limited**, incorporated under the Companies Act and having its Registered Office at Knoydart Foundation, Inverie, Mallaig, PH41 4PL (the "**Supplier**").
- 2 Home Office c/o Ministry of Justice, 102 Petty France, London SW1H 9AJ (the "**Customer**");

IT IS AGREED AS FOLLOWS

1 Definitions and interpretation

- 2.1 In this Agreement (unless the context otherwise requires) the following words and expressions shall have the following meanings:

"**Agreement**" means this agreement between the Supplier and the Customer

"**Agreement Date**" means the last date of execution of this Agreement;

"**Building**" means the property known as Loch Bhroamisaig 4G Mast which is owned/tenanted by the Customer and any other land, buildings structures, equipment lines, appliances or devices used or to be used by the Customer.

"**Commencement Date**" is 25th May 2023.

"**Conductor**" means (i) any wire, cable, pipe, conductor or similar things (including its casing or coating or protective tile) placed on, above or in the ground for transmitting and/or distributing electricity together with marker tape and junction boxes, fibre optic cables and related equipment; (ii) drains, pipes and other conduits; and (iii) any supports;

"**De-energisation**" means the movement of any switch or removal of any fuse, closing or any other step as a result of which no Electricity can flow from the Distribution System to the Customer's Building at the point of supply;

"**Distribution System**" means the Suppliers systems including private wires for the distribution of electricity.

"**Demand Management Notice**" has the meaning given to it at Part 1 of the Schedule;

"**Electricity Supply**" means electricity with the characteristics described in Part 3 of the schedule.

"**Equipment**" means all or any of, the Meters, the Conductor, control units, Tariff indicating box and others together with any additional or replacement equipment and/or other equipment which the Supplier may reasonably require to be installed or placed from time to time on the Building for the Permitted Use, (which Equipment for the avoidance of doubt belongs to the Supplier)

"**Good Industry Practice**" means the exercise of that degree of skill, diligence, prudence and foresight which would reasonably and ordinarily be expected to be exercised by a skilled and experienced operator engaged in the same type of undertaking under the same or similar circumstances and Clauses.

"**Maximum Supply**" has the meaning given to it at Part 1 of the Schedule;

"**Meters**" means the electrical metering equipment installed or to be installed at the building measuring the Electricity Supply.

"Party" means each person for the time being and from time to time party to this Agreement and any successor(s) in title to, or permitted assignee(s) of, such person;

"Permitted Use" means use for the construction, installation, repair, replacement, renewal and operation of the Equipment, Conduction Media and other ancillary equipment for the purpose of transmission, supply and distribution of electricity (including access to the Building for the purposes of the same).

"Point of Supply" means the point the Electricity Supply is transferred from the Equipment to the Building; means the places clearly marked as such on the plan at time of installation of equipment and meters a copy of which shall be made available to Customers.

"Project" means the Knoydart Renewables electricity system – which aims to provide a low carbon electricity supply to the residents of the South Knoydart Peninsula.

"Schedule" means the Schedule annexed and signed as relative to this Agreement;

"Supply" means the supply of electrical energy from the Equipment to the Building;

"Supply Failure" means any interruption of the Supply or part of it which lasts longer than 24 hours;

"Supply Period" means the period from the Commencement Date to January 31st 2040. Knoydart Renewables has a lease with the Knoydart Foundation to operate and maintain the electrical infrastructure until 2040;

"Supply Year" means a twelve month period commencing on the Commencement Date or any anniversary thereof.

"Technical Annex" means the technical annex forming Part 2 of the Schedule;

"Wilful Misconduct" means a deliberate and intentional breach by one Party to this Agreement which has a material adverse effect on the other Party to this Agreement.

3 Term

Subject to earlier termination this Agreement shall enter into effect on the Agreement Date and shall continue in full force and effect until the end of the Supply Period.

4 Supply Period

4.1 The Customer shall prior to the Commencement Date allow the Supplier, access to the Building to install the Equipment on or around the Building.

4.2 The Supplier shall connect the Building to the Distribution System at the Point of Supply. The Customer shall be entitled to remain connected to the Distribution System throughout the term of this Agreement.

4.3 During the Supply Period,

4.3.1 The Supplier shall provide the Supply to the Customer in accordance with the terms of this Agreement ; and

4.3.2 The Customer shall be entitled to purchase Electricity Supply up to the Maximum Supply only. Declaring that the restriction to the Maximum Supply shall not apply to the purchase by the Customer of the Electricity Supply on the Heating Circuit.

4.4 During the Supply Period:

- 4.4.1 operate the Electricity Supply in accordance with all relevant law and regulations for the supply of electricity;
 - 4.4.2 operate the Supply in accordance with Good Industry Practice; and
 - 4.4.3 take readings from the Meters on a quarterly basis.
- 4.5** The supplier reserves the right to limit the Supply to the Customer, depending on overall consumer demand and availability. The Electricity Supply shall be restricted in terms of the description of the Electricity Supply forming Part 3 of the Schedule.
- 4.6** The Electricity Supply shall be in accordance with Part 3 of the Schedule.
- 4.6.1 Each of the Parties undertakes that during the term of this Agreement it will liaise with the other and give the other assistance and information of a technical or other nature as may be appropriate.
 - 4.6.2 Each party shall maintain the following insurance policies throughout the term of this Agreement:
 - 4.6.3 employer's liability insurance as required by law; and
 - 4.6.4 adequate general third party liability insurance (including liability assumed under contract) to cover the Party's obligations and potential liabilities under this Agreement.

5 Payment

- 5.1** The Customer shall pay the Supplier for the Electricity Supply in accordance with Part 2 of the Schedule.
- 5.2** Neither Party shall be entitled to retain or set off any amount owed to it by the other Party against any amount due to that Party under this Agreement or any other agreement.
- 5.3** Unless the accuracy of any of the readings taken from the Meters are disputed in good faith by a Party, the Meters shall be deemed to be accurate for all purposes and the charges shall be calculated based on properly taken readings from the Meters as applicable.
- 5.4** If the accuracy of any Meter is disputed in good faith by a Party, then it shall send a notice to that effect to the other Party.
- 5.5** In the event of any meter or any part thereof ceasing to register during any quarterly period or portion thereof shall be the number of kilowatt hours provided during any previous quarterly period in which the conditions of supply were similar, or failing similarity of previous conditions of supply such numbers of hours as may be mutually agreed between the Supplier and the Customer.
- 5.6** If it is necessary to remove any part of a Meter in order to enable recalibration, the Parties will procure that suitable arrangements are made in order to provide alternative metering of the relevant Electricity Supply, or a protocol for estimating readings.

6 Temporary Discontinuation of Supply

- 6.1** Without prejudice to any other provisions of this Agreement the Electricity Supply may be discontinued or reduced by the Supplier:
 - 6.1.1 to enable the Supplier at any time to inspect, test, alter, maintain, repair, renew, replace or add to all or any part of the Equipment (a "Planned Outage") and the

Supplier shall use all reasonable endeavour to notify a Planned Outage to the Customer in advance; and

- (a) use all reasonable endeavours to minimise such reduction of interruption of Supply;
- (b) at all times act in accordance with Good Industry Practice in relation to such De-Energisation

6.1.2 in an emergency to prevent danger to life, health or property.

7 Supply Failures

7.1 If the Customer becomes aware of a Supply Failure it shall notify the Supplier as soon as practicable.

7.2 In the event of any Supply Failure:

1.1.2 the Supplier shall remedy the failure as soon as is reasonably practicable and to restore the relevant Supply;

7.2.1 the Customer shall have no right to terminate this Agreement.

7.3 The Supplier shall not be liable for any damage, loss or inconvenience arising from any interruption or discontinuance of the supply or any fluctuation in the voltage supplied.

8 Maintenance

8.1 The Supplier shall be responsible for the maintenance, repair and any necessary replacement of the Equipment and the Meters throughout the Supply Period at its own cost. For the avoidance of doubt, any equipment belonging to the Customer shall not be the responsibility of the Supplier. Furthermore, the Supplier shall not be responsible for maintenance beyond the Point of Supply.

8.2 The Supplier reserves the right to dig up and reinstate the underground cable to investigate into or carry out any repairs to that cable which may become necessary, without payment of compensation for any surface damage caused thereby.

9 Customer's Obligations

9.1 The Customer shall:

9.1.1 allow the Supplier access to the Building at all reasonable times for the purposes of taking readings from the Meter, inspecting testing, installing, operation, maintaining and replacing the Equipment for any purpose under this Agreement, any individuals who are given access shall comply with all reasonable directions given by the Customer and its authorised employees or agents as to the general safety and site security requirements.

9.1.2 in the event of an emergency situation, allow the Supplier and the Supplier's agents, contractors, consultants and employees such access as is requested;

9.1.3 not damage the Equipment, and use its reasonable endeavours to protect the Equipment from damage, and indemnify the Supplier in respect of any damage caused to the Equipment by the Customer's negligent act or omission;

9.1.4 not allow any person other than the Supplier or its authorised representatives to adjust, maintain, repair, replace, move, remove, alter or interfere with the Equipment or Meters;

10 Title and risk

10.1 For the avoidance of doubt, the Equipment shall remain the property of the Supplier.

11 Assignment and Sub-contracting

11.1 The Supplier may assign this Agreement to a party purchasing the Project from it provided that the Customer is satisfied that (i) the proposed transferee is demonstrably able to comply with the Supplier's obligations under this Agreement; and (ii) any accrued liabilities of the Supplier under the Agreement prior to transfer have been discharged in advance of the transfer date .

11.2 The Customer may not assign or otherwise transfer this Agreement in whole or in part without the prior written consent of the Supplier, which shall not be unreasonably withheld.

11.3 If the Building is sold or title is otherwise transferred, the Customer shall use its reasonable endeavours to procure that this Agreement is assigned to the new occupier for the unexpired term of the Supply Period unless the new occupier enters into a new Supply Contract with the Supplier for a period equal to, or longer, than the unexpired Supply Period. For the avoidance of doubt the Customer will be deemed to have satisfied its obligation to use reasonable endeavours if it has sought the agreement of any purchaser, assignee or long leaseholder to the assignment and they have refused to agree to such assignment

12 Termination

12.1 From and after the Minimum Supply Period either party may terminate this agreement by serving 6 months written notice on the other to this affect.

12.2 Either Party may terminate this Agreement forthwith on written notice if:

12.2.1 the other party (the "**Affected Party**") goes into liquidation

12.2.2 any receiver, administrator, or other encumbrancer is appointed in respect of the whole or any part of the Affected Party's assets; or

12.2.3 the Affected Party ceases trading or is unable to pay its debts within the meaning of section 123 of the Insolvency Act 1986;

12.3 Either Party may terminate this Agreement forthwith on written notice if the other Party (the "**Defaulting Party**"):

12.3.1 Has failed to meet a monetary obligation in terms of this agreement and has failed to remedy the same within 21 days written notice; or

12.3.2 has failed to comply with or discharge any material non-monetary obligation incumbent upon it in terms of this Agreement and (if remediable) fails within 90 days of written notice to remedy the same or to provide a plan for such remediation acceptable to the other party acting reasonably; or

12.3.3 fails to implement any plan for such remediation accepted above.

1.1.3 is in breach of this Agreement by its Wilful Misconduct or is in persistent breach of this Agreement and has failed to remedy the breach within a reasonable time of being given written notice of the breach.

12.4 If this Agreement it terminated in whole, as soon as reasonably practicable after the date of termination the Supplier shall remove the Equipment and make safe the Point of Supply.

13 Force Majeure

13.1 In this Clause "**Force Majeure**" means any event or circumstance beyond the control of the Party affected including acts of God or nature, fire, explosion, flood, acts of terrorism, war, rebellion, riot, acts of Government, sabotage or official strike or other labour dispute or disturbance; and except as specifically detailed above shortage of labour, materials or other resources shall not constitute Force Majeure unless caused by circumstances which are themselves Force Majeure.

13.2 If either Party is by reason of Force Majeure rendered unable wholly or in part to carry out its obligations under this Agreement, then upon notice in writing of such Force Majeure from the Party affected to the other Party as soon as possible after the occurrence of the cause relied on the Party affected shall be released from its obligations and suspended from the exercise of its rights under this Agreement to the extent to which they are affected by the circumstances of Force Majeure and for the period during which those circumstances exist.

13.3 Neither Party shall be liable for any breach of this Agreement caused by Force Majeure.

14 Limitation of Liability

14.1 Save as otherwise expressly provided for in this Agreement, neither Party shall be liable to the other in connection with this Agreement or the provision of the Electricity Supply for any direct or indirect loss of profits, business or for any indirect or consequential loss or damage whatsoever. This shall in no way affect any liability of a Party for any death or personal injury caused by that Party's negligence.

15 Customers Own Generation

15.1 The Customer shall be prohibited for using the Equipment in respect of the transmission or distribution or supply of energy generated by the Customer or any other party unless agreed with the Supplier. This takes precedence over para. 22 (2) of the Electricity Safety Quality and Continuity Regulations.

16 VAT

All sums payable under this Agreement unless otherwise stated are exclusive of VAT.

17 Notices

1.2 Unless otherwise stated in this Agreement, all notices to be given under this Agreement shall be in writing and shall be hand delivered, or first class mail or recorded delivery to the addresses of the Parties at the front of this Agreement or such other address as may be notified in writing by the Party concerned to the other Party.

18 Disputes

18.1 Where a dispute exists, either Party may serve upon the other notice (a "**Dispute Notice**") briefly describing the dispute and requesting that action be taken to resolve the dispute. Upon service of the Dispute Notice, the Parties shall, in good faith, attempt to resolve the dispute.

18.2 If the procedure set out in above fails to resolve the dispute an expert agreed to by the Parties shall be appointed. If the Parties fail to agree on the identity of an expert willing to accept the appointment, the Parties shall appoint an Expert nominated by the Institute of Mechanical Engineers on the application of either party. The expert agreed upon or appointed is referred to in this Agreement as the "**Expert**".

18.3 Each dispute Party shall bear the fees and expenses of the Expert in equal proportions, unless the Expert determines to the contrary.

18.4 Each Party shall submit to the Expert a written statement which is as concise as possible on the matters in dispute together with all the documents on which it wishes to rely (copied to the other Party) within five Working Days of the appointment of the Expert.

18.5 The decision of the Expert shall be final and shall be binding upon the Parties except in the case of fraud or manifest error on the part of the Expert in which case either Party may commence court proceedings for the resolution of the dispute.

18.6 The Parties shall continue to comply with, observe and perform all their obligations under this Agreement regardless of the nature of the dispute and notwithstanding the referral of the dispute to the dispute resolution procedure.

19 Severability and Waiver

19.1 If any provision of this Agreement is held by any court or other competent authority to be void or unenforceable in full or in part, all other provisions of this Agreement and the remainder of that provision shall remain in full force and effect.

19.2 Any delay on the part of either Party in enforcing any term or condition, right or remedy in respect of this Agreement shall not be deemed to be a waiver of any right or remedy whatever of that Party.

20 No Partnership or Agency

Nothing in this Agreement shall constitute a partnership between the Supplier and the Customer, nor constitute one Party as the agent of the Customer.

21 Governing Law

This Agreement shall be governed by and construed in accordance with the law of Scotland and subject to the Parties submit to the exclusive jurisdiction of the courts of Scotland.

This document is executed as follows:

SIGNED for and on behalf of Knoydart Renewables Ltd.

By

REDACTED UNDER FOIA 40 PERSONAL INFORMATION

SIGNED on behalf of Home Office

REDACTED UNDER FOIA 40 PERSONAL INFORMATION

This is the Schedule referred to in the foregoing agreement between Knoydart Renewables Limited and Home Office.

**Part 1 of the Schedule
Technical Annex**

<p>Maximum Supply means:-</p>	<ol style="list-style-type: none"> 1. A physical power supply limit that is monitored by electricity metering and a financial penalty applied to the Customer if this limit is exceeded once in any half-hour period. Alternatively, this physical supply limit may be controlled by a circuit breaker or fuse, that if exceeded will cause the supply of electricity to be interrupted until the circuit breaker or fuse is reset. 2. This limit will be set at 40kVA from commissioning of the new connection and until a notice is issued by the Supplier that a physical Supply reduction will take place. 3. The Supplier may reduce the Maximum Supply to a level of 12kVA), giving the customer 3 months' notice, if the wider electricity system becomes constrained. 4. Should the customer exceed this Maximum Supply once in any half-hourly period, or a protection device physically isolates the supply, the penalty fee will be REDACTED UNDER FOIA 43 COMMERCIAL INTERESTS in each event (adjusted annually according to the Consumer Price Index). The Supplier will endeavor to reset this circuit breaker within 24 hours of being notified.
<p>Demand Management Notice means:-</p>	<ol style="list-style-type: none"> 1. A notice requiring the Customer to cooperate with the Supplier to temporarily reduce demand during certain periods of the day or year due to an uncontrolled increase in power demand on the Supplier's network or due to seasonal water resource constraints causing reduced generation from the Supplier's hydropower system or to support energization procedures during a network fault event or in the event of system constraints while operating on back-up generation. 2. This may include a notice to the Customer to manually or automatically isolate their supply from the Supplier's network and to operate behind the meter back-up generation until instructed by the Supplier that it is safe to reconnect to the Supplier's network. 3. The Supplier may require the Customer to automatically reduce demand based on a control signal from the Supplier's network, through behavioral changes, time of use pricing or the implementation of delayed switching and soft-start devices.

Part 2 of the Schedule

Charging Arrangements

22 The charge for Supply

- 22.1 The Customer shall pay the Supplier for the Electricity Supply, quarterly in arrears, on a quarterly basis.
- 22.2 The quarterly charge will be the product of the Electricity Supply used by the Customer in the relevant month based on the unit price provided in writing to the Customer by the Supplier plus any standing charges. These prices may vary from time to time and the unit price in this Agreement will be subject to a 10% uplift to account for higher electrical losses on this connection.
- 22.3 The Supplier may collect energy usage data to support the management of the network, this data will be stored in accordance with GDPR regulations.
- 22.4 Prior to connection to the electrical network, load and power quality monitoring of the nearby transformer/cables may be required to confirm available capacity. Time for this will be partially recharged to the customer at cost and agreed upfront.
- 22.5 The preparation of a new connection quotation will be recharged to the Customer at cost.
- 22.6 An experienced electrical contractor will conduct the installation and commissioning of the new Customer connection. The Supplier may choose to witness the installation of underground cables and the connection process. The new connection will be formally commissioned once approved by the Supplier and the electrical installer. The Supplier's time associated with this activity will be recharged at cost to the customer and will be stipulated in the connection quotation.
- 22.7 An administration fee may be charged once the connection is complete and this will be stipulated in the connection quotation.
- 22.8 The Customer shall pay the Supplier for the Electricity Supply, quarterly in arrears, on a quarterly basis.

23 Payment

- 23.1 The Supplier will invoice the Customer on a quarterly basis.
- 23.2 Payment will be made by the Customer within 28 days of the date of each invoice.
- 23.3 If any amount subject to an invoice is in genuine dispute the amount not in dispute must be paid and upon settlement of the disputed sum an appropriate adjustment will be made accordingly.
- 23.4 If any amount remains outstanding beyond the due date for payment by either Party interest shall be due on the outstanding amount from the due date until the date of payment at the rate of 3% above the base rate from time to time of Bank of Scotland. In the event of the account not being paid within 60 days the Supply may be disconnected at the discretion of the Tenant. A charge of **REDACTED UNDER FOIA 43 COMMERCIAL INTERESTS** (adjusted annually according to the Consumer Price Index) will be made to re-connect.
- 23.5 In the event that the Customer is a tenant of the Building and the Customer vacates the Building with an outstanding electricity payment, this debt will be passed to the Building owner for resolution.

Part 3 of the Schedule

24 Technical Description

- 24.1 Declaration of Phases, Frequency and Voltage at supply terminals:
Phases **Three, phase rotation**

Frequency 50Hz nominal, with variation normally within the range 47.5-52.5Hz, the Supplier will not be held liable for any variation out with this range.

Voltage In line with the Electricity Safety Quality and Continuity Regulations: nominally 230V AC phase-neutral, with variation not exceeding 10% above and 6 % below nominal, the Supplier will not be held liable for any variation out with this range.

- 24.2** Knoydart Renewables Ltd. has a complete ban on the use of high current devices such as electric cookers, and any attempt to install electric cookers or equipment taking more than 16A per phase will be seen as a breach of this contract and may result in the supply being withdrawn, unless otherwise agreed with Supplier and with appropriate load control measures installed.
- 24.3** Heat Pumps (both ground and air-source) must be fitted with soft-start equipment as their motors can draw a very high start-up current. The Supplier may also request that a delayed start-up procedure is implemented to prevent several heat pumps from re-starting at the same time after an electrical outage event.
- 24.4** The Supplier reserves the right to automatically limit supply of heating electricity to the Customer, depending on overall consumer demand and availability. The Customer agrees to the installation by the Supplier of automatic heating controllers on all heating circuits (including heat pumps), if it is found to be necessary for the operation of the wider electrical network.
- 24.5** The Customer shall abide by the decision of the Supplier as to the supply hours, which the electricity shall be supplied.
- 24.6** The installation of any back-up generation on the Customer side of the meter or micro-generation such as solar PV, wind energy or battery storage must be installed in a manner that prevents it from exporting power onto the Supplier's distribution network, under both normal working conditions as well as faulted or de-energized network conditions.
- 24.7** Any generation device (permanent or temporary) connected behind the Customer's metering side must be installed or signed off by a NAPIT or NICEIC registered electrician following the technical standards of G83, G59 and G100. A copy of their installation and commissioning forms must be provided to the Supplier. Depending on the scale and nature of the system being installed, the Supplier may wish to witness test the commissioning of any installation at cost to the Customer.
- 24.8** The Customer will allow the Supplier to inspect connected generation at anytime. If a Customer's generator is found to export power to the Supplier's distribution network, then the Supplier will disconnect the Customer until the Customer's generation is appropriately connected. Any cost incurred by the Supplier in this disconnection process will be re-billed to the Customer.