**Annexure 3 - Heat Pump specific design and installation terms**

1. **Definitions**

## In addition to the definitions set out in the Annexure 1- General Terms and Conditions the following definitions shall apply particularly to this Annexure.

**RHI** means the domestic renewable heart incentive scheme provided by the UK Government under The Domestic Renewable Heat Incentive Scheme Regulations 2014, as updated and amended from time to time.

1. **Term**
	1. The Works in respect of the Heat Pump System set out in this Annexure 3 shall commence on the Heat Pump Commencement Date and shall automatically terminate (excluding the clauses which are expressly stated to survive termination) once the Heat Pump System has been fully commissioned and all connected Deliverables have been transferred to PECR, or subject to earlier termination in accordance with the terms of the Agreement.
2. **Design of the Heat Pump System**
	1. The Contractor shall carry out an initial Visual Inspection of each Site to confirm that each Site is suitable for installation of the Heat Pump System and to assist with planning and production of designs for the Heat Pump System for each Site. The Visual Inspection will be carried out on a date to be agreed between the Parties.
	2. Following Visual Inspection, if a Site is deemed unsuitable for the installation of Heat Pump System according to the Contractor's reasonable and professional opinion, the Contractor shall inform PECR as soon as is reasonably practicable and either Party may terminate this Work Order immediately in relation to the Site deemed unsuitable, without further liability, except that any/all sums paid by PECR to the Contractor in advance in relation to such Site shall immediately be repaid in full to PECR by the Contractor.
	3. On the basis of the Visual Inspection the Contractor shall provide PECR with a detailed design of the Heat Pump System for a Site (to be included in the relevant Specification).
	4. To the extent a Specification needs to be amended or adjusted then the Parties shall promptly update such Specification (and any Charges if applicable) by written agreement prior to proceeding with the Services at the relevant Site. Thereafter such Specification may be varied, or added to, from time to time as needed, provided it is in writing and signed by both Parties.
3. **Installation and ownership of the Heat Pump System**
	1. The Contractor shall be responsible for arranging sourcing and ordering the Heat Pump System and other component parts. The Contractor shall be responsible for packaging, shipping, transport and delivery of all Deliverables and Heat Pump System to each Site (including in relation to any import obligations, tax and administrative requirements) in a lawful, safe and expedient manner.
	2. The Contractor shall design, install and complete energisation, connection, successful testing and commissioning of the Heat Pump System by the Heat Pump Completion Date in accordance with the relevant Specification (and where a requisite activity or specification is not set out in this Work Order, then at least in accordance with Good Industry Practice and any applicable law or regulation).
	3. If any storage of the Deliverables and/or the Heat Pump System is required, the Contractor shall ensure that such storage is in accordance with manufacturer's instructions (where applicable) and Good Industry Practice.
	4. The Contractor warrants that all Deliverables will be in accordance with the relevant Specification, fit for purpose and of satisfactory quality.
	5. The Contractor shall procure and order any Deliverables as set out in the relevant Specification and if such items are or become unavailable, the Contractor shall substitute those items with other items which are materially similar in specification or performance to those which were ordered/specified in the Specification, subject to PECR's prior written consent.
	6. If the Heat System and any Deliverables do not conform with the relevant Specification or any of the warranties given by the Contractor under this Work Order and/or the Agreement the Contractor will re-perform the Services and Works in respect of the Heat Pump System to the extent necessary.
	7. The legal and beneficial ownership and title (free from third party rights) in the Heat Pump System and other components shall remain with PECR at all times. Risk in the Heat Pump System and other component parts shall be the Contractor’s responsibility and shall transfer from the Contractor to PECR immediately upon full payment by PECR at the Heat Pump Completion Date.
	8. The Contractor shall:
		1. install the Heat Pump System at each Site in accordance with the Specification for the relevant Site and the manufacturer's guidelines subject to the provisions of this Work Order and the Agreement;
		2. supply the necessary supervisory personnel, skilled and unskilled labour, machinery, scaffolding and other necessary equipment for the performance of the Services;
		3. promptly notify the Contractor of any defects in the Heat Pump System prior to Installation;
		4. not take any action which would invalidate, diminish or limit any applicable manufacturer or supplier warranty or guarantee, and act strictly in accordance with the restrictions and requirements of any warranty or guarantee (including any Site's site roof warranty) notified by PECR or the relevant Site's landlord in writing to the Contractor or as attached/included with this Work Order; and
		5. not take any action which would invalidate or compromise any applicable insurance policy where notified in advance in writing with sufficient specificity, of any action or activity, preventative measure, security or safety requirement mandated by PECR's insurers (or third parties' insurers of the Sites).

### prepare, keep up-to-date, and make available to PECR by the Heat Pump Completion Date:

#### a complete set of “as-built” records of the execution of the Services (including the "as-built" design), showing the exact as-built Sites, sizes, and details of the work as executed; and

#### an operation and maintenance manual in sufficient detail and clarity for PECR to operate and maintain the Heat Pump System.

* 1. The Contractor shall complete the Works in respect of the Heat Pump System by the Heat Pump Completion Date.
1. **Testing & Acceptance**
	1. PECR (and its agents or representatives) may inspect the performance of any Works at any time.
	2. On written notification to PECR of impending completion of the Heat Pump System Works the Contractor will perform Heat Pump System Commissioning Tests to test the operation of the Heat Pump System at the Site to assess whether it operates satisfactorily in accordance with the Specification for that Site, and once completed, shall promptly share the Heat Pump System Commissioning Test results with PECR. PECR will be entitled to attend the Heat Pump System Commissioning Test but PECR's failure to attend will not affect the validity or status of the test.
	3. If the operation of the Heat Pump System at the Site fails the SPV System Commissioning Test then the Contractor will as soon as reasonably practicable implement, at no additional cost (unless such failure is due to a manufacturing defect which has been promptly notified by the Contractor to PECR) such alterations, corrections or modifications to the Heat Pump System and any connected Deliverables as it will in the circumstances judge necessary to ensure rectification of any problems that led to failure of the Heat Pump System Commissioning Tests. The Contractor shall then conduct the Repeat Heat Pump System Commissioning Tests at the affected Site and promptly notify PECR of the successful results. If the Heat Pump System at a Site fail the Repeat Heat Pump System Commissioning Tests then PECR may, at its option terminate the Work Order in relation to that Site without further liability, and the Contractor shall immediately repay all monies paid in advance by PECR for provision of Services and shall promptly remove all Heat Pump System(s) from that Site as requested by PECR including any of its remaining equipment, machinery, scaffolding and tools, and the Contractor shall remediate any damage done to any property at that Site during the course of any activity undertaken by the Contractor at that Site.
	4. Once PECR receives notification (including satisfactory evidence) by the Contractor that the Heat Pump System at a Site have passed the Heat Pump System Commissioning Tests (or Repeat Heat Pump System Commissioning Tests as the case may be) PECR will accept the Commissioning Tests for that Site and shall notify the Contractor in writing of PECR's acceptance. Receipt of a) Heat Pump System verification certificate, b) Heat Pump System inspection report and c) written certification by the Contractor's authorised Heat Pump System Commissioning Tests representative, or Contract Manager, that the SPV System at a Site have satisfactorily passed the SPV System Commissioning Tests in accordance with the IET Code of Practice and BS EN 62446 (or repeat SPV System Commissioning Tests) will be sufficient evidence that the SPV System Commissioning Tests for a Site have been passed.
	5. For a period of 2 years following the Heat Pump Completion Date (the "**Defects Period**"), the Contractor shall remain liable for any failure of the Heat Pump System to perform in accordance with the Specification or for any other defect.
	6. Prior to the expiry of the Defects Period, if any part of the Heat Pump System is not functioning in accordance with the relevant Specification and expected efficiency and performance standards PECR shall notify the Contractor providing details of any Defects or problems, and the Contractor shall promptly take whatever actions are necessary to ensure the Heat Pump System and any connected Deliverables are performing in accordance with the relevant Specification and all expected efficiency and performance standards.
	7. Where any items or workmanship in any Deliverable are found to be erroneous, incomplete or defective owing to the Contractor’s actions and a claim is not possible against the manufacturer or supplier, the Contractor will be obliged to repair, replace and/or maintain such items/Deliverables at their cost.
	8. To the extent problems or defects are identified by the Contractor or PECR during the Defects Period the Defects Period shall be extended until the Contractor can report to PECR (providing satisfactory evidence) that any problems or defects have been fully remedied.
	9. This clause 5 shall survive expiry or termination of this Annex.
2. **Renewable Heat Incentive**
	1. The Contractor warrants that:
		1. the Services including the Heat Pump System Works have been carried out and completed in a manner which meets the eligibility criteria for payments under the RHI;
		2. it has obtained and completed all relevant documents and forms to enable PECR to make an application for RHI payments in respect of the Heat Pump System.
	2. The Parties acknowledge and agree that once approved, PECR shall receive all RHI payments.
	3. This clause 6 shall survive expiry or termination of this Annex.
3. **Liquidated Damages**
	1. In the event that the Heat Pump System Works in respect of the Heat Pump System are not completed by the Heat Pump Completion Date, PECR shall have the right to charge liquidated damages for such delay at a rate of 1.5% of the total Heat Pump Charges due for the proper performance of the Heat Pump Works for each week until the date the relevant Heat Pump Works are complete or, if earlier, termination of this Work Order or the Agreement ("**Heat Pump** **Delay Damages**"). The Contractor's total liability to pay liquidated damages for delay under this clause 7.1 shall not exceed 19.5% of the total Heat Pump Charges. These Heat Pump Delay Damages shall not relieve the Contractor from any other duties, obligations or responsibilities which he may have under the Work Order and/or Agreement but shall be PECR's exclusive remedy in connection with such delay. The Heat Pump Delay Damages shall be paid by the Contractor no later than thirty (30) days after the later of completion of the Heat Pump Works and the date the Contractor has received a valid demand for the same.
	2. Where the Heat Pump Delay Damages exceed 19.5% of the total Heat Pump Charges before the Heat Pump Works are complete, PEC shall have the right to either:

### terminate this Annexure on giving twenty (20) days written notice to the Contractor; and/or

### complete the outstanding part of the Heat Pump Works itself, or instruct a third party to do so, and recover the costs of doing so from the Contractor.

1. **Post installation**
	1. The Contractor shall upon the Heat Pump Completion Date promptly remove all of its equipment, machinery, scaffolding, tools and waste and remediate any damage done to property at any Site during the course of providing the Heat Pump System Works and Services.
	2. This clause 8 shall survive expiry or termination of this Annexure 3.

**Part 2 Heat Pump System Works Specifications**

[TO BE INSERTED]