

## Appendix 4

To: National Grid North Sea Link Limited

### Electricity Act 1989 Section 11A(1)(a)

#### Modification of the special conditions of the electricity interconnector licence held by National Grid IFA 2 Limited

1. National Grid North Sea Link Limited ('NGNSL') is the holder of an electricity interconnector licence ('the Licence') granted or treated as granted under section 6(1)(e) of the Electricity Act 1989 ('the Act').
2. Under section 11A(2) of the Act the Gas and Electricity Markets Authority ('the Authority')<sup>1</sup> gave notice on 24 March 2021 ('the Notice') that we propose to modify the Licence by amending the special conditions in the manner specified in the schedule accompanying the Notice.<sup>2</sup> We stated that any representations to the modification proposal must be made on or before 26 April 2021.
3. A copy of the Notice was sent to the Secretary of State in accordance with section 11A(4)(b) of the Act, and we have not received a direction that the changes should not be made.
4. We received six responses to the Notice and carefully considered comments made with respect to the proposed modifications. Our response to these comments is set out in the summary of consultation responses attached at Appendix 5. We have placed all non-confidential responses on our website.
5. We are making these licence changes in order to:

##### Special condition 1: Definitions and Interpretation

- give effect to our decision of May 2020<sup>3</sup> to add three additional events to the existing definition of 'Force Majeure' in all relevant interconnector licences;
- include a reference to new standard condition 26A in sub-paragraph (b) of that definition; and

##### Special condition 2: Cap Level and Floor Level

- correct a typographical error in paragraph 19 by inserting a missing formula for calculating the value of the  $RPI_t$  term; and

##### Special condition 8: Process for determining the value of the Post Construction Adjustment terms

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<sup>1</sup> The terms "the Authority" and "we" are used interchangeably in this document.

<sup>2</sup> Proposed modifications to the special condition 1 of the electricity interconnector licence held by National Grid North Sea Link Limited: [https://www.ofgem.gov.uk/system/files/docs/2021/03/schedule\\_4\\_-\\_nsl\\_specials.pdf](https://www.ofgem.gov.uk/system/files/docs/2021/03/schedule_4_-_nsl_specials.pdf)

<sup>3</sup> Decision on proposed changes to our electricity interconnector cap and floor regime to enable project finance solutions: <https://www.ofgem.gov.uk/publications-and-updates/decision-proposed-changes-our-electricity-interconnector-cap-and-floor-regime-enable-project-finance-solutions>

- amend provisions with respect to the timeframes within which the licensee is required to submit its proposed values for the Post Construction Adjustment (PCA) terms to align them with corresponding provisions in the electricity interconnector licence held by National Grid IFA 2 Limited.
6. Further details on the reasons and effect of the modifications can be found in Part D of the schedule accompanying the Notice.
  7. Where an application for permission to appeal our decision is made to the Competition and Markets Authority (CMA) under section 11C of the Act, Rule 5.7 of the CMA's Energy Licence Modification Appeals Rules requires that the appellant must send to any relevant licence holders who are not parties to the appeal a non-confidential notice setting out the matters required in Rule 5.2. The relevant licence holder in relation to this modification is National Grid North Sea Link Limited<sup>4</sup>. Section 11A(10) of the Act sets out the meaning of 'relevant licence holder'.

Under the powers set out in section 11A(1)(a) of the Act, we hereby modify special condition 1 of the Licence in the manner specified in attached Schedule 2. This decision will take effect from 3 August 2021.

This document is notice of the reasons for the decision to modify the electricity interconnector licences as required by section 49A of the Act.

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**Stuart Borland**  
**Head of Interconnectors**

**Duly authorised on behalf of the**  
**Gas and Electricity Markets Authority**

**8 June 2021**

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<sup>4</sup> Electricity licence holders are listed at: <https://www.ofgem.gov.uk/publications-and-updates/list-all-electricity-licensees-including-suppliers>