

Ikbal Hussain  
Ofgem - Interconnectors team  
9 Millbank  
London  
SW10 3GE  
ipient name and address

Date: 2021-04-23

Email: CAP.Floor@ofgem.gov.uk

**Project** : NorthConnect  
**Subject** : NorthConnect consultation response: Ofgem's proposed approach in circumstances where an interconnector projects' cap and floor regime start date has been delayed due to force majeure events in the pre-operational period  
**Reference** : NCGEN-LE-NCT-OfG-0004

Dear Ikbal Hussain,

The NorthConnect interconnector will provide a 1.4GW link between the Norwegian electricity system based on flexible hydro power and the electricity system of Great Britain with a significant and growing share of intermittent renewable generation. These two systems are highly complementary, and we believe that NorthConnect will deliver considerable benefits to bill payers. In addition, we believe that NorthConnect will help to provide the grid flexibility needed to integrate the Government target of 40GW of offshore wind by 2030, and contribute to the Energy White Paper's interconnector target of 18GW of interconnection by 2030. The project has received an Initial Project Assessment (IPA) under the Cap and Floor Window 2 and has been identified as a Project of Common Interest (PCI).

NorthConnect welcomes the opportunity to respond to Ofgem's consultation on 'Ofgem's proposed approach in circumstances where an interconnector projects' cap and floor regime start date has been delayed due to force majeure events in the pre-operational period'. Our response relates to the Annex 1 draft policy document.

NorthConnect strongly supports Ofgem's proposal to include 'Force Majeure' events during the pre-operational phase of the Cap and Floor regime. We agree that this proposal could provide a means for Cap and Floor interconnector projects that have encountered delays, caused by force majeure events, during the pre-operational period to request a later Regime Start Date (RSD). As pre-operational force majeure events are unforeseen, unforeseeable and outside of the reasonable control of the developer, we believe that it is appropriate to secure the full duration of the Cap and Floor regime where the pre-operational force majeure requirements have been met.

As Ofgem are aware of the NorthConnect project has faced unforeseen and unforeseeable delays, outside of the reasonable control of the developer, due to governmental restraint during the Norwegian concession process. Due to this delay, the Final Investment Decision (FID) for the NorthConnect project has been postponed, therefore NorthConnect will not be able reach the Window 2 RSD of 1 January 2024 which is linked to the Cap & Floor period end date of 31 December 2048.

As noted above, we support Ofgem's proposed approach to include pre-operational force majeure events into the Cap and Floor regime. However, we propose the following amendments to the Pre-Operational Force Majeure definition:

Current definition: *"an event or circumstance which is beyond the reasonable control of the licensee, **including** act of God, act of war..."*

should be changed to:

Proposed definition: *"an event or circumstance which is beyond the reasonable control of the licensee, **including but not limited** to act of God, act of war..."*

During the pre-operational planning and development phase of interconnector projects Pre-Operational Force Majeure events could affect either or both of the connecting countries and, therefore, may be outside of UK jurisdiction, as is the case for NorthConnect. As these events could delay or prevent the development process of the interconnector and we believe that UK and connected country events should be treated equally.

Therefore, the definition of 'Governmental restraint' (as per Annex 1) and related to interconnectors in the Pre-Operational phase should include both UK 'Governmental restraint' and 'Governmental restraint' in the connected country.

We agree that interconnector developers should be required to submit any request for an adjustment to the RSD within a reasonable timeframe of an event or circumstance of Pre-Operational Force Majeure occurring. We note Ofgem's statement that this can differ from case to case, depending on the underlying circumstances, and believe that these events should be dealt with in a flexible and appropriate manner.

We look forward to discussing the matters raised in this consultation further with Ofgem.

Yours sincerely,



**Tommy Løvstad**  
Director Commercial and Finance  
For and on behalf of NorthConnect KS