



Making a positive difference
for energy consumers

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Date: 23 August 2021

Dear John,

Approval of the Access Rules and Charging Methodology for the North Sea Link interconnector pursuant to Standard Licence Condition 11A and 10 of the Electricity Interconnector Licence

On 28 June 2021, National Grid North Sea Link (NGNSL) submitted Access Rules and a Charging Methodology (the AR and CM) for the North Sea Link (NSL) interconnector to the Authority¹ for approval. On 6 August 2021, NGNSL submitted updated versions of the AR and CM, superseding the previous submission of 28 June 2021.

The Access Rules (AR) were submitted pursuant to Standard Licence Condition (SLC) 11A of the Electricity Interconnector Licence (the Licence), which requires NGNSL to, sufficiently in advance of becoming operational, prepare and submit 'Access Rules' that set out the terms and conditions for access to, and including use of, the interconnector. The Charging Methodology (CM) was submitted pursuant to SLC 10 of the Licence, which requires NGNSL to, sufficiently in advance of becoming operational, prepare and submit a 'Charging Methodology' that sets out the methods for calculation of charges imposed for access to, and use of, the interconnector.

¹ The Gas and Electricity Markets Authority. Ofgem is the Office of the Authority. The terms "Ofgem", "the Authority", "we" and "us" are used interchangeably in this letter.

SLCs 10 and 11A note that the licensee may, subject to the approval of the Authority, submit a statement which includes both the AR and CM. NGNSL has submitted the AR and CM as one combined statement, which we approve as per SLC10(2) and 11A(1).

The Authority has decided to approve the AR and CM, as we consider that they both achieve the relevant objectives as required under the Licence. In reaching our decision we have also considered, in line with our principal objective and statutory duties, the important role NSL will play for consumers in keeping wholesale prices down, supporting security of supply and facilitating decarbonisation of the energy system. The relevant Directions approving the AR and CM can be found in Annex 1 and 2 of this letter. The approved AR and CM will come into effect 28 days after publication on NGNSL's website.

The proposed Access Rules and Charging Methodology

Access Rules

The proposed ARs set out the arrangements for implicit day-ahead capacity allocation on the NSL interconnector. NSL will go-live with a day-ahead implicit auction mechanism, which will couple the day-ahead markets of GB and the NO2 bidding zone in Norway. The implicit auction process will be run using an algorithm developed and maintained by the appointed power exchange(s), who will match orders between market participants. The implicit auction process will allocate NSL interconnector capacity in combination with physical power orders.

The day-ahead implicit auction will close at 09:50 UK time. The day-ahead implicit solution will produce market coupling results with respect to each hour in the period starting at 23:00 UK time (24:00 CET) on Day D-1 and ending at 22:59 UK time (23:59 CET) on Day D.

To participate in the implicit day-ahead auctions, market participants will need to register as a member of NGNSL's appointed power exchange(s), and will be subject to their respective terms, conditions, and obligations. NGNSL will publish (and keep up to date) links to the relevant terms and conditions of the appointed power exchange(s) on its website.

NSL day-ahead capacity will be physically firm from the point at which capacity is made available to the appointed power exchange(s). In the event of technical issues, force majeure or erroneous day-ahead auction results, a day-ahead auction may be modified, postponed, or cancelled, whether or not it has already started, and at any time up to the notification of final results. In the event of an auction postponement, NGNSL's appointed power exchange(s) will attempt to re-schedule the auction for later in the same day, unless the underlying cause of the postponement cannot be overcome in which case the auction will be cancelled.

Charging Methodology

NGNSL does not levy any charges onto market participants for the use of NSL capacity. However, the appointed power exchange(s) may levy charges onto market participants based on the terms of its exchange rules, which NGNSL will provide links to on its website.

As detailed in the AR, capacity allocated by the implicit auctions will be physically firm from the point at which capacity is submitted to the appointed power exchange. Therefore, in the event of a planned or unplanned reduction in capacity during the delivery period, market participants will be held financially whole.

Regulatory framework

SLC 11A and SLC 10 of the Licence introduce relevant AR and CM objectives, against which the Authority assesses the AR and CM. The relevant objectives are that the AR and CM shall be transparent, objective, non-discriminatory and compliant with Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (recast) (the Electricity Regulation)² and any relevant legally binding decision of the European Commission (the EC) and/or the Agency for the Cooperation of Energy Regulators (ACER).

Consultation responses

In accordance with the applicable legal and regulatory framework, NGNSL conducted a public consultation between 30 October 2020 and 1 December 2020. NGNSL received eight written responses from various bodies, such as energy trading organisations, power exchanges and an energy trade association. NSL provided a report with the consultation responses, NGNSL's views and details of whether or not they resulted in an update to the AR and CM.

Implicit day-ahead arrangements

Two of the eight respondents considered that NSL capacity should be made available to market participants via multiple power exchanges in GB. The responses included the following feedback:

- i. A clear preference for NSL capacity to use the existing Nord Pool and EPEX Spot SE GB day-ahead auctions (currently at 09:50 UK time and 09:20 UK time respectively) to allocated the NSL capacity, rather than a separate GB day-ahead auction, which they felt would further fragment GB day-ahead liquidity.

² As it has effect immediately before IP completion day - which has the same meaning as that given in section 39(1) of the European Union (Withdrawal Agreement) Act 2020 - and as read with the modifications set out in The Electricity and Gas (Internal Markets and Network Codes) (Amendment etc.) (EU Exit) Regulations 2020, SI 2020/1006.

NGNSL noted that the obligation for Nord Pool and EPEX Spot SE to share order books to maximise interconnector capacity and create a single day-ahead price in GB came from a specific legal framework, the CACM regulation³, which ceased to apply following Brexit. This is because the relevant European regulation (CACM) which was the basis for this mechanism (known as “market coupling”) has not been included in “retained EU law”. Nord Pool and EPEX Spot SE have therefore ceased to share their day-ahead order books from this point onwards.

- ii. Concern from a respondent that NSL’s proposed trading arrangements, and related AR and CM, may discriminate against market participants and power exchanges; *“North Sea Link’s (NSL) proposed trading arrangements and related Access Rules and Charging Methodology discriminate against market participants and force their choice of trading venue against the requirements described in the standard Interconnector Licence conditions. Cross-border capacity should be made available on a non-discriminatory basis for all power exchanges and market parties either through explicit or implicit auctions.”*

NGNSL does not consider its AR and CM to be discriminatory, and it notes that NGNSL and Statnett offered the opportunity for single or multiple power exchange solutions via the procurement process it undertook. In addition, NGNSL has amended its AR and CM following its consultation to ensure that they also accommodate additional power exchange(s) to provide access to NSL capacity in future without further changes being required to the AR and CM, with market participants being notified of any such developments.

A respondent also requested clarity as to whether the day-ahead implicit coupling arrangement will use only one power exchange as the platform to trade NSL capacity from go-live and whether there would be access from more in future.

NGNSL confirmed that at go-live only one power exchange shall be used. This was the outcome of the procurement process. However, NGNSL stated it is exploring the possibility of expanding the NSL solution to multiple power exchanges in the future post go-live. NGNSL has developed an indicative roadmap for how this may be achieved in the future, noting that all parties will need to work together to explore and develop potential solutions and future arrangements.

³ Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management.

Intraday and long-term trade

Most respondents noted that NSL will go-live with only an implicit day-ahead arrangement. Responses indicated clear desire for intraday and long-term trading arrangements on NSL too.

NGNSL will consider the potential introduction of intraday and long-term financial transmission rights as subsequent future steps. NGNSL highlighted the need to ensure that the specifics of both connected markets are considered whilst developing future arrangements. NGNSL also stated it will undertake further consultation, as and when required, if changes or updates to the trading arrangements are foreseen.

The Authority's decision

We have reviewed the AR and CM, submitted to Ofgem on 6 August 2021, and we consider that the proposed AR and CM meet the relevant objectives (set out in SLC 11A and SLC 10) to be transparent, non-discriminatory, objective and compliant with the Electricity Regulation and any relevant legally binding decision of the EC and/or ACER. In reaching our decision we have also considered, in line with our principal objective, the important role NSL will play for consumers in keeping wholesale prices down, supporting security of supply and facilitating decarbonisation of the energy system. We set out further detail as to how each of the specific objectives are satisfied.

Our considerations on transparency

The AR and CM clearly communicate how users can gain access to trade on the NSL interconnector. We note that where respondents to NGNSL's consultation made suggestions to further clarify AR and CM, NGNSL has taken this feedback into account and updated the ARs and CM statement accordingly. In addition, the AR and CM will be made public on NGNSL's website.

Our considerations on objectivity

We are of the view that NGNSL's proposed AR and CM are objective as required by the licence. We note that no respondents to NGNSL's consultation expressed any concerns in relation to whether NGNSL's proposed AR and CM are objective.

Our considerations on discrimination

i) Market participants

We have considered the response which stated that NSL's proposed trading arrangements, and related AR and CM, may discriminate against market participants. We believe that NSL's ARs and CM do not discriminate against market participants. All market participants are able to trade on the same terms through the presently appointed power exchange.

We also understand that most (if not all) market participants can without significant impediment or difficulty become a member of the appointed power exchange and that no respondents to the NGNSL consultation raised concerns that parties would not be able to trade through the presently appointed power exchange. At present a number of market participants operate as members of more than one power exchange in GB.

NSL go-live with a single service provider means that market participants will need to be a member of that service provider to participate in an auction that includes both orders from GB and NO2, however this is a matter which we consider more properly engages competition law, rather than involving discrimination between market participants. Approval of the AR and CM does not authorise the underlying market arrangements nor does it say anything about their compliance with competition law, which is a matter for the parties to those arrangements.

In any event, we note that NGNSL has updated the AR and CM to refer to more than one power exchange, which ensures that the AR and CM as drafted do not restrict any further development of the market arrangements with respect to multiple power exchanges in future.

ii) Power exchanges

We have considered the concern from a respondent that NSL's proposed trading arrangements, and related AR and CM, discriminate against power exchanges. We do not consider that the principle of non-discrimination in the interconnector licence, including as set out in the Electricity Regulation, applies to power exchanges. However, even if that principle were to apply to power exchanges, we are of the view that any apparent difference of treatment between Nord Pool and EPEX Spot SE does not amount to discrimination on the basis that the Nord Pool and EPEX Spot SE are in relevantly different situations. This is because while one power exchange (Nord Pool) participated in the tender that NGNSL ran through a public tender process for provision of relevant services, the other power exchange (EPEX Spot SE) declined to do so. The decision not to participate therefore puts the two power exchanges in relevantly different situations for the purposes of assessing application of the principle of discrimination. In this respect, we further note that the procurement process, which was carried out under relevant public procurement rules at the time was not challenged.

We also note that following its public consultation, NGNSL updated the AR and CM to accommodate multiple power exchanges to ensure the AR and CM remained fit for purpose in circumstances where there was one or more power exchange (should they join the trading arrangements in future). Examples of this can be found in:

- clause 3.2 of the proposed AR and CM which states, *"In the event of any future implementation of shared Day-Ahead order books (or other equivalent mechanism) between NGNSL's appointed power exchange and any other power exchange NGNSL shall give not less than 28 days' notice in writing to market participants confirming the date on which participation in the GB-NO2 implicit auctions may be possible via such other power exchange (furthermore in the event of any delays or amendments to such implementation NGNSL shall be entitled to revise or rescind such notice as appropriate)";* and
- the references to "power exchange(s)" where appropriate in the document.

NGNSL has committed to discussions with relevant parties to consider how the NSL day-ahead solution could be extended to multiple power exchanges. NGNSL included alongside the AR and CM an indicative roadmap setting out the process by which it will work with relevant parties to seek to establish and develop options for how multiple power exchanges in GB can access to NSL capacity, and subject to agreement on a particular solution amongst the relevant parties, could then be developed and tested in the first half of 2022. For the avoidance of doubt, the roadmap does not form part of the AR and CM and therefore our decision. However it provides an overview of the steps NGNSL intend to take.

Past precedent – implicit trading arrangements

We have considered past precedent for implicit trading arrangements, in particular the implicit intraday arrangements between GB and Ireland. When the GB-Ireland arrangements were being developed, the relevant AR and CM were not updated to accommodate the new arrangements. However, at the time we were asked to investigate the proposed arrangements on the basis of compliance with competition law.⁴ It remains the responsibility of relevant undertakings to assess their compliance with the prohibitions contained in the Competition Act 1998⁵, including considering the application of available review mechanisms in commercial arrangements as a result of regulatory change or intervention in this area.

Impacts of NSL go-live for consumers

In making our decision to approve NGNSL's AR and CM we have also had regard to our principle objective to protect GB consumers. We note that NSL will deliver significant benefits to consumers in the form of wholesale price reductions, security of supply and facilitating the decarbonisation of the GB energy system.

⁴ [Notice of Decision to accept binding commitments offered by EPEX Spot SE and EEX closing the investigation into a possible infringement of Chapter II of the Competition Act 1998 in relation to electricity wholesale trading activities | Ofgem](#)

⁵ [Competition Act 1998 \(legislation.gov.uk\)](#)

i. Price impacts and benefits

It is expected that the significant amount of GB consumer benefit will come through imports of cheaper Norwegian power via NSL. The NSL project is regulated under Ofgem's cap and floor regime. When determining whether to grant an interconnector project a regulatory regime, Ofgem assesses the overall impacts of the project including benefits for GB consumers. Our assessment of NSL in 2014 suggested that it would bring benefits to GB consumers by reducing the wholesale price of electricity, improving the operation of the GB transmission system, and increasing security of supply.

The analysis for the Initial Project Assessment for NSL, which took place in 2014⁶, considered three scenarios, a Base case, Low scenario and High scenario for interconnector value.⁷ Under the Base case scenario, it was calculated that NSL would deliver benefits for GB consumers of around £3.5 billion⁸ over the 25-year cap and floor regime.⁹ This is primarily because of the project enabling the import of cheaper Norwegian power into GB. Furthermore, the interconnector modelling suggested the most positive consumer benefits are derived in the early years of operation when price signals are strongest. The benefits to GB consumers remain positive even in the Low scenario (which represents a downside case for the value of the interconnector). Our analysis shows that in 2020¹⁰ under the Base case scenario, the average annual GB domestic consumer bill would fall by around £2 due to NSL. This is primarily driven by the wholesale price reductions that trade with Norway is expected to deliver. The 2014 IPA modelling suggests benefits to overall GB welfare¹¹ of around £490 million¹² under the Base Case scenario. The project is likely to deliver overall benefits to Norway as well (around £330 million in the Base Case). This total quantifiable GB consumer benefit above includes the impacts of wholesale price reductions, cap and floor payments, onshore reinforcement costs and system operation impacts.

We have considered more recent historic price differentials between GB and the NO2 bidding zone in Norway using day-ahead power prices as an indicator of the likelihood of imports in the near term. Between 01 Jan 2020 to 14 July 2021 (561 days) there was a total of 2 days when the price in Norway was higher than GB, which represents 0.36% of days. GB power was on average £31.83/MWh more expensive than Norway over the period, a trend which we expect to continue in the near future. Whether electricity will be imported will depend on

⁶ [Cap and floor regime: Initial Project Assessment for the NSN interconnector to Norway | Ofgem](#)

⁷ The Base case is designed by Pöyry (consultancy procured to undertake the modelling, now known as AFRY) to represent a reasonable baseline against which interconnector projects can be assessed. The Low scenario is based on assumptions designed to result in unfavourable circumstances for interconnectors, to test the potential downside of each project. The High scenario is based on largely favourable assumptions to new interconnection, to test the potential upside of each project.

⁸ 2013 prices.

⁹ Please note that we have not modelled the NSL interconnector under the latest energy scenarios.

¹⁰ The analysis refers to 2020 as this was the estimated go-live date of the project in 2014 when the IPA took place.

¹¹ GB welfare is the sum of consumer, producer and interconnector welfare.

¹² 2013 prices

the day-ahead price differential from when NSL goes live. Day-ahead prices tend to be more volatile than seasons and quarters as they are affected by information that becomes available closer to delivery. This includes unplanned generation outages and weather conditions (which can affect demand and renewable generation).

ii. Security of Supply

Imports via NSL are likely to significantly contribute to reduced supply shortfalls, by making capacity available to meet peak demand. A supply shortfall may lead to higher wholesale market prices, and in more extreme scenarios may reduce the need for system operator and/or the government to take action to secure supplies to meet peak demand. In making the decision on NSL's AR and CM we have worked to quantify and understand the expected impact NSL will have on security of supply in GB.

As a way to estimate the value of NSL's contribution to system adequacy this winter we have used the clearing price of the T-1 Capacity Market (CM) auction that was held to top up available capacity for winter 2021/22 in combination with the likely capacity of NSL. The clearing price for this auction was £45/kw/yr¹³, which NSL did not bid into.¹⁴ The rationale for using this price is that it is the most recent price we have illustrating what was willing to be paid to ensure available capacity this winter. In addition, it should be noted that since the T-1 auction took place forecasted margins are tighter.

NSL's rated capacity is 1400MW and derated capacity is 1232MW (88% derating factor). It has been indicated via a REMIT notice¹⁵ that half of NSL's capacity will be available for the first month of go-live for Norwegian system security reasons. Therefore, at half capacity (616MW) we can place an estimated value of around £27.72 million on the contribution of NSL to system adequacy this winter. At full capacity this would be around £55.44 million. It is expected that margins will be tight over the upcoming winter period, like last winter. Therefore, we consider that NSL is likely to contribute significantly to the cost of security of supply in GB, even at half capacity availability for the first month of go-live, helping to reduce the need to utilise expensive mitigations over the winter period.

iii. Decarbonisation

Is it expected that NSL will help to support the decarbonisation of energy supplies, through allowing the efficient sharing of variable renewable generation between GB and Norway. Norway also has a low carbon energy mix compared to GB; therefore, we would expect imports will have positive net impact in terms of reducing carbon emissions.

¹³ See page 2 for results of T-1 Auction, Delivery Year 2021/22: [Capacity Market Auction T1 DY21-22 Final Results.pdf \(emrdeliverybody.com\)](#).

¹⁴ NSL does not currently hold any Capacity Market contracts.

¹⁵ [BMRS \(bmreports.com\)](#)

As stated in the 2020 Energy White Paper¹⁶, it is acknowledged that increased interconnection has clear benefits for decarbonisation. In the supplementary report looking into the impacts of interconnectors on decarbonisation¹⁷, published alongside the Energy White Paper, it is demonstrated that a higher level of interconnector capacity could decrease cumulative emissions in GB by up to 199MtCO₂e by 2050, as well as reducing total system costs.

Intraday and long-term trade

NSL will be the first interconnector to Norway, and therefore it is the first-time market arrangements connecting GB and Norway have been considered. We have taken into account the feedback from respondents in relation to the development of intraday and long-term trading arrangements on NSL. We expect NGNSL to work together with Statnett to consider how market arrangements should develop over time, taking into account the specifics of the respective markets.

We note that NGNSL has said it is looking to work with Statnett to implement intraday implicit auctions as a future step. We also understand that NGNSL, in conjunction with Statnett, is also considering whether the implementation of Long-Term Financial Transmission rights is possible, as this is a fundamental change for the Norwegian market.

Cooperation with NVE

Ofgem and the Norwegian Energy Regulatory Authority (NVE-RME) have closely cooperated to ensure we make consistent regulatory decisions. Ofgem has carefully considered the feedback from stakeholders to NGNSL's consultation on its AR and CM, NVE-RME has done the same on its equivalent process, due to conclude shortly.

Ofgem and NVE-RME welcome NGNSL and Statnett's commitment to work with all parties to ensure the enduring framework maximises the economic and efficient use of the NSL interconnector, whilst taking into account the specifics of the respective markets.

Our decision

The Authority approves the Access Rules and the Charging Methodology on the basis that they meet the relevant requirements of SLC 11A(4) and SLC 10(4) of the Licence. Directions relating to the approval of the Access Rules and the Charging Methodology, issued in accordance with SLC 11A(13) and SLC 10(14) of the Licence, can be found in Annex 1 and 2 of this letter.

¹⁶ [Energy White Paper \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

¹⁷ [The impact of interconnectors on decarbonisation \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

Next steps

In accordance with SLC 11A(14) and SLC 10(15) of the Licence, NGNSL is required to publish (at least on its website) the approved AR and CM for a period of 28 days prior to their coming into effect (the Publication Period).

In accordance with SLC 11A(8) and SLC 10(9), NGNSL should review its AR and CM at least once in each calendar year and to consult with industry on any proposed amendments or updates.

Yours sincerely,

Natasha Zoe Smith

**Head of European Wholesale Markets,
Energy Systems Management & Security**

ANNEX 1

Direction issued to National Grid North Sea Link Limited pursuant to paragraph 7 of Standard Licence Condition 11A (Approval of terms for access to the licensee's interconnector) of its Electricity Interconnector Licence

1. This Direction is issued by the Gas and Electricity Markets Authority (the Authority) pursuant to paragraph 7 of Standard Licence Condition 11A of the electricity interconnector licence (the Licence) granted or treated as granted under section 6(1)(e) of the Electricity Act 1989 (the Act) to National Grid North Sea Link Limited (the Licensee) in relation to the North Sea Link (NSL) interconnector.
2. Standard Licence Condition 11A, paragraph 1, requires that the Licensee, sufficiently in advance of new interconnector capacity becoming operational, or by such date as the Authority may direct in writing, prepare and submit for approval by the Authority a statement setting out the Access Rules.
3. Standard Licence Condition 11A, paragraph 4, requires that the Access Rules must be transparent, objective, non-discriminatory and compliant with the Electricity Regulation¹⁸ and any relevant legally binding decision of the European Commission and/or Agency for the Co-operation of Energy Regulators (collectively the relevant Access Rules criteria).
4. Standard Licence Condition 11A, paragraph 5, requires the Licensee to take all reasonable steps to ensure that all persons including those in other Member States that may have a direct interest in the Access Rules are consulted and allowed a period of not less than 28 days within which to make written representations. The Licensee must also furnish to the Authority a report setting out the terms originally proposed for the modification, the representations, if any, made by interested persons and any change in the terms of the modification intended as a consequence of such representations.
5. In accordance with Standard Licence Condition 11A, paragraph 5, on 6 August 2021 the Licensee furnished the Authority with a report setting out the Licensee's proposed NSL Access Rules.
6. After careful consideration of the report and the responses to the public consultation and after consulting and closely cooperating with the Norwegian regulatory authority, the Authority has decided that the Licensee's NSL Access Rules meet the relevant Access Rules criteria for the reasons set out in the letter accompanying this Direction.

¹⁸ As noted in footnote 2

7. The Authority therefore hereby directs that, pursuant to paragraph 7 of Standard Licence Condition 11A of the Licence, the Licensee's NSL Access Rules are approved.
8. Standard License Condition 11A, paragraph 14 requires that, unless the Authority directs otherwise, the NSL Access Rules shall be published 28 days prior to coming into effect.
9. This Direction shall take effect on immediately and shall remain in effect until such time as the Authority may revoke or vary the Direction in writing upon reasonable notice.
10. This Direction constitutes notice of the Authority's reasons for the decision pursuant to section 49A of the Act. Copies of the documents mentioned in this Direction can be found on the Ofgem website (www.ofgem.gov.uk).

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Natasha Zoe Smith

Head of European Wholesale Markets,

**Signed on behalf of the Authority and authorised for that purpose by the Authority
on 23 August 2021**

ANNEX 2

Direction issued to National Grid North Sea Link Limited pursuant to paragraph 7 of Standard Licence Condition 10 (Charging methodology to apply to third party access to the licensee's interconnector) of its Electricity Interconnector Licence

1. This Direction is issued by the Gas and Electricity Markets Authority (the Authority) pursuant to paragraph 7 of Standard Licence Condition 10 of the electricity interconnector licence (the Licence) granted or treated as granted under section 6(1)(e) of the Electricity Act 1989 (the Act) to National Grid North Sea Link Limited (the Licensee) in relation to the North Sea Link (NSL) interconnector.
2. Standard Licence Condition 10, paragraph 2, provides that the Licensee shall, sufficiently in advance of new interconnector capacity becoming operational, or by such date as the Authority may direct in writing, prepare and submit for approval by the Authority a statement setting out the charging methodology for access to (including use of) the Licensee's Interconnector.
3. Standard Licence Condition 10, paragraph 4, requires the Charging Methodology to be transparent, objective, non-discriminatory and compliant with the Electricity Regulation¹⁹ and any relevant legally binding decision of the European Commission and/or Agency for the Co-operation of Energy Regulators (the relevant charging methodology criteria).
4. Standard Licence Condition 10, paragraph 5, requires the Licensee to take all reasonable steps to ensure that all persons, including those in other Member States that may have a direct interest in the Charging Methodology are consulted and allow them a period of not less than 28 days within which to make written representations. The Licensee must also furnish to the Authority a report setting out the terms originally proposed in the Charging Methodology, the representations, if any, made by interested persons and any change in the terms of the Charging Methodology intended as a consequence of such representations.
5. In accordance with Standard Licence Condition 10, paragraph 5, on 6 August 2021 the Licensee furnished the Authority with a report setting out the Licensee's proposed NSL Charging Methodology.
6. The Authority therefore hereby directs that, pursuant to paragraph 7 of Standard Licence Condition 10 of the Licence, the Licensee's NSL Charging Methodology is approved.

¹⁹ As noted in footnote 2

7. Standard License Condition 10, paragraph 15 requires that, unless the Authority directs otherwise, the NSL Charging Methodology shall be published 28 days prior to coming into effect.

8. This Direction shall have immediate effect and shall remain in effect until such time as the Authority may revoke or vary the Direction in writing upon reasonable notice.

9. This Direction constitutes notice of the Authority's reasons for the decision pursuant to section 49A of the Act. Copies of the documents mentioned in this Direction can be found on the Ofgem website (www.ofgem.gov.uk).

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Natasha Zoe Smith

Head of European Wholesale Markets,

**Signed on behalf of the Authority and authorised for that purpose by the Authority
on 23 August 2021**