

To: National Grid IFA 2 Limited

**Electricity Act 1989
Section 11A(2)**

Notice of statutory consultation on a proposal to modify the special conditions of the electricity interconnector licence held by National Grid IFA 2 Limited

1. The Gas and Electricity Markets Authority ('the Authority')¹ proposes to modify the special conditions of the electricity interconnector licence held by National Grid IFA 2 Limited ('NGIFA2') granted or treated as granted under 6(1)(e) of the Electricity Act 1989 by amending the following existing special conditions:
 - a. Special Condition 1: Definitions and Interpretation;
 - b. Special Condition 7: Non-Controllable Costs;
 - c. Special Condition 8: Process for determining the value of the Post Construction Adjustment terms;
 - d. Special Condition 11: IFA2 Cap And Floor Financial Model Governance.

as specified in Schedule 3A of this notice.

2. We are proposing these modifications in order to:
 - (a) reflect the changes in the governance of, and updates made to, the NGIFA2 Cap and Floor Financial Models (IFA2CFFMs), and
 - (b) reflect consequential changes to update references to the IFA2CFFMs in the licence.
3. The effect of the proposed modifications is to implement the updated Cap and Floor Financial Models for NGIFA2 and update specific references to the IFA2CFFMs contained in the special conditions of electricity interconnector licence held by NGIFA2.
4. Specific details on the reasons and effects of the proposed modifications can be found in Schedule 3B of this notice.
5. A copy of the proposed modifications and other documents referred to in this Notice have been published on our website (www.ofgem.gov.uk). Alternatively, they are available from foi@ofgem.gov.uk.
6. Any representations with respect to the proposed licence modifications must be made on or before 23 April 2022 to: Iqra Latif, Office of Gas and Electricity Markets, 10 South Colonnade, Canary Wharf, London, E14 4PU or by email to cap.floor@ofgem.gov.uk.
7. We normally publish all responses on our website. However, if you do not wish your response to be made public then please clearly mark it as not for publication. We prefer to receive responses in an electronic form so they can be placed easily on our website.
8. If we decide to make the proposed modifications, they will take effect not less than 56 days after the decision is published.

¹ The terms "the Authority", "we" and "us" are used interchangeably in this document.



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Stuart Borland
Deputy Director, Offshore Network Regulation
Duly authorised on behalf of the
Gas and Electricity Markets Authority

25 March 2022