

Multi-purpose interconnector
developers, offshore wind
generators, and any interested
parties

Email: cap.floor@ofgem.gov.uk

Date: 15 December 2022

Dear stakeholders,

Decision on Multi-Purpose Interconnector pilot project selection

The application window for the Multi-Purpose Interconnector (MPI) pilot scheme closed on the 31st October 2022. On 7th December 2022, we provided an update on the scheme and on our consultation on our Minded-to Decision on the MPI interim framework.¹ Following on from this, the purpose of this letter is to provide a subsequent update on the selection of MPI pilot projects and to detail the next steps.

Applications received

Following the closure of the application window on 31st October, we received four MPI pilot applications detailed below:

- One proposing to connect to Belgium, developed by National Grid Ventures (NGV);
- One proposing to connect to Netherlands, developed by NGV; and
- Two proposing to connect to Norway, one of which is developed by NGV, and one by the NorthConnect Consortium

Following careful review of the submissions, we confirmed in our 7th December update that all MPI pilot submissions passed our initial eligibility check, including demonstration of a connection agreement by the end of 2032 in Great Britain and the fulfilment of all other eligibility stage requirements.

After fulfilling all of the eligibility criteria, further analysis was undertaken on the four projects as part of the pilot project selection phase based on near-term deliverability and maturity.

¹ <https://www.ofgem.gov.uk/publications/update-following-our-consultation-multi-purpose-interconnector-interim-framework>

As demonstrated in Figure 1 below, successful projects will then proceed through regime development and the Initial Project Assessment (IPA) stage, which includes a Needs Case Assessment, in order to ensure that we only proceed with projects that are in the interest of consumers.

Figure 1: Indicative timeline for the MPI pilot regulatory framework



Our decision on pilot project selection

At this point in time, we have decided to adopt two applications as pilot schemes to take forward to the IPA stage – the project to Belgium, named Nautilus, and the project to the Netherlands, named Eurolink (both developed by NGV). This is because these projects demonstrate sufficient deliverability and maturity as near-term projects to progress further in the pilot process.

For the other two applications, both of which are projects that connect to Norway, we will pause the decision on whether to progress either of the projects as pilot projects. There are ongoing considerations within Norway which will determine whether it will be possible to develop an MPI to Norway in the timeframe envisaged as part of the pilot process.

We are therefore pausing the decisions on these two projects until **Spring 2023**, to await possible further clarity from the Norwegian authorities. We expect that a decision in Spring 2023 would enable the progression of successful projects in line with wider cap and floor Window 3 and MPI pilot timelines, specifically the cost-benefit analysis. In the meantime, we will continue to engage with project developers and the Norwegian government, regulator and electricity system operator, among others, to assess the situation.

Pausing the decision on whether to adopt the Norwegian-connecting projects as pilot projects is driven by the significant contribution that interconnectors and MPIs offer to multiple governmental objectives. This includes furthering the ambition of achieving at least 18GW of interconnection by 2030,² and the goal of delivering 50GW of offshore wind by 2030.³ We would like to extend every opportunity to enable the MPI pilot process to contribute to these interconnection and offshore wind goals.

² See page 80 of the Energy White paper: Powering our net zero future.

<https://www.gov.uk/government/publications/energy-white-paper-powering-our-net-zero-future/energy-white-paper-powering-our-net-zero-future-accessible-html-version#chapter-3-energy-system>

³ <https://www.gov.uk/government/publications/british-energy-security-strategy/british-energy-security-strategy>

Next Steps

In tandem with the MPI pilot processes, we are developing an MPI regulatory regime and plan to consult in the second quarter of 2023. A key means of developing this framework is through our MPI Framework Discussion Group (MFDG) with industry and government. We welcome the engagement with industry to help shape policy decisions. Following this, we plan to consult on our Initial Project Assessment decisions in the second half of 2023.

If you would like to be involved in the MFDG, or have any comments on the contents of this letter, please email cap.floor@ofgem.gov.uk.

Yours sincerely,



Stuart Borland
Deputy Director, Offshore Network Regulation