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Making a positive difference for energy consumers

Third Window electricity interconnector developers and any interested parties

Email: cap.floor@ofgem.gov.uk

Date: 24 February 2023

Dear stakeholders,

Decision on project eligibility for the third cap and floor window for electricity interconnectors

In August 2020, Ofgem launched a review of our regulatory policy and approach to new electricity interconnectors. Our interconnector policy review decision, published in December 2021, included our intention to launch a third cap and floor application window for electricity interconnectors.¹ The application period for this third window ran from 1st September 2022 until 10th January 2023 for electricity interconnectors able to start operations prior to the end of 2032. The purpose of this letter is to provide an update on the applications received and to confirm our decisions on project eligibility.

We have received seven third window interconnector applications, proposing connections to the following countries:

Belgium: developed by Copenhagen Infrastructure Partners

• Denmark: developed by Copenhagen Infrastructure Partners

France: developed by AQUIND

• Germany: developed by Copenhagen Infrastructure Partners

Netherlands: developed by the NU-Link Consortium

Northern Ireland: developed by Transmission Investment

Republic of Ireland: developed by MCL

Following receipt of project submissions, we assessed the applications against our eligibility criteria. These include an application having been made for an interconnector licence, a GB

¹ Interconnector Policy Review - Decision | Ofgem

connection agreement for connection prior to the end of 2032, and provision of complete

submission material for the Initial Project Assessment (IPA) stage, including indicative costs

and plans for obtaining a grid connection and regulatory approval(s) in the connecting

country.² The purpose of the eligibility criteria is to ensure that the projects meet the

eligibility requirements and to establish whether the submissions include the right information

needed for our assessment at the IPA stage.

All projects were successful in fulfilling our eligibility criteria and will now progress to the IPA

stage, which includes a needs case assessment to ensure that we only approve projects that

are likely to be in the interest of GB consumers. We have not assessed the projects at this

eligibility stage - we have checked to ensure that our eligibility criteria have been met. Our

detailed assessment at the IPA stage will inform our recommendations on whether to approve

or reject each project.

Alongside the needs case assessment, Ofgem will continue to engage with developers and

with relevant regulatory authorities in connecting countries to assess the deliverability and

maturity of projects, to ensure that projects have the appropriate regulatory support in order

to proceed in this application window. We will set out our analysis on maturity and

deliverability when we consult at our IPA stage.

We plan to consult on our IPA decision in the latter half of 2023. We will also shortly be

publishing our consultation on the timelines and incentives changes for third window

interconnectors. If you have any feedback or questions on the content of this letter, please

email cap.floor@ofgem.gov.uk.

Yours sincerely,

Stuart Borland

Deputy Director, Offshore Network Regulation

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² Please see page 27 for details on the submission criteria: <u>Application Guidance for the Third Cap and Floor Window for Electricity Interconnectors | Ofgem</u>