

Multi-Purpose Interconnectors developers
and any interested parties

Email: cap.floor@ofgem.gov.uk

Date: 14 April 2023

Dear stakeholders,

An updated decision on Multi-Purpose Interconnectors Pilot project selection

The application window for the Multi-Purpose Interconnectors (MPI) pilot was open from 1st September until 31st October 2022. We received four pilot scheme applications and on 15th December 2022, we announced that we would take forward two projects to the pilot scheme and pause making a decision on the others.¹ The purpose of this letter is to announce our decision on the remaining two MPI pilot applications.

We stated in the update letter, published in December 2022², that we would take forward two MPIs as pilot projects at that stage - one proposing to connect to Belgium, and one to the Netherlands: both developed by National Grid Ventures.

Meanwhile, the decision for the remaining two projects, both proposing to connect to Norway, was paused. This was to await further clarity from the Norwegian authorities on their position in respect of near-term MPI development to Norway. This was deemed important insight to inform the plans for regulatory approval in the connecting country³, a requirement for MPI Pilot applicants, to make them sufficient enough to meet our eligibility criteria.

However, following discussions between the relevant UK and Norwegian authorities, the current indications are that the MPI Pilot scheme's development timeline is unlikely to align with Norway's timelines for MPI development.

¹ [Decision on Multi-Purpose Interconnector pilot project Selection | Ofgem](#)

² Decision on Multi-Purpose Interconnector pilot project Selection | Ofgem, p. 2.

³ [Multi-purpose Interconnectors Pilot Regulatory Framework | Ofgem](#): 'Detailed description of how the developer expects to be granted regulatory approval in the connecting country. The developer would provide evidence of early and positive engagement with the connecting country NRA, proving that a route to market for the project exists and it is viable, and that there are no regulatory obstacles or risks that could substantially delay the project plans. The evidence can take the form of a letter or written statement by the connecting NRA.', p.20

Consequently, we are unable to consider the two projects to Norway as having met the eligibility criteria of our MPI Pilot scheme. The relevant UK authorities will continue to collaborate with relevant Norwegian authorities on interconnection and our respective nations' energy security and transition to net zero. While the timelines on near-term MPI development appear incompatible, the relevant UK authorities are engaging with relevant Norwegian authorities on a regular basis to understand the future landscape for MPIs in Norway. Ofgem will welcome applications to Norway in any future MPI application window.

Regarding the two MPI pilot projects previously confirmed as eligible pilot projects, Eurolink to the Netherlands, and Nautilus to Belgium, in the coming months they will undergo a needs case assessment to ensure that only projects that are likely to be in the interest of GB consumers are awarded a cap and floor regime in principle.

Meanwhile, we are continuing to develop the MPI Pilot Regulatory Framework and are engaging with industry through the MPI Framework Discussion Group (MFDG). This will help inform our coming consultation on the MPI regime. Finally, we plan to consult on our Initial Project Assessment decision later this year.

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

Yours sincerely,

Nicolas Pittarello

Nick Pittarello
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