

MaresConnect Limited, Tarchon
Energy Limited, TI LirIC Limited
and stakeholders

Email: cap.floor@ofgem.gov.uk

Date: 29 August 2025

Dear stakeholders,

Decision to amend the IPA conditions for Third Window (W3) cap and floor electricity interconnectors

Background

Following our Initial Project Assessment (**IPA**) decision in November 2024, Ofgem decided to grant three projects a cap and floor regime in principle, subject to certain conditions. These projects are:

- LirIC to Northern Ireland;
- MaresConnect to the Republic of Ireland; and
- Tarchon to Germany.

The IPA approval of these projects is subject to certain conditions which can be found in our decision on the Initial Project Assessment of the Third Cap and Floor Window for Electricity Interconnectors.¹

Since our IPA decision, project developers and other participants in the industry have made us aware of a number of external pressures on the delivery of interconnector projects, including supply chain constraints. These circumstances have the potential to materially impact project timelines and financing structures.

We have decided to review the IPA conditions of W3 interconnectors to take account of the supply chain pressures and incentivise developers to enable their projects at least cost.

¹ [Decision on the Initial Project Assessment of the Third Cap and Floor Window for Electricity Interconnectors](#)
(published November 2024)

Decision

The IPA condition in paragraph 11.2 a) '**Operations prior to the end of 2032**', also referred to as the '**backstop date**' in our **timelines and incentives decision published in November 2023**,² states that if there is a change in circumstances before the Final Project Assessment (**FPA**) decision that means it is no longer feasible for a project to become operational by the end of 2032, we may choose to conduct an IPA review of the project. This could involve Ofgem undertaking a reassessment of the IPA in order to confirm whether or not the project continues to be in consumers' interests and should continue to hold a cap and floor regime in principle. Following an IPA review, Ofgem may decide either to allow the project to retain in principle its cap and floor regime or to revoke the in-principle approval of the regime for the project.

In light of the potential material impacts on project timelines and financing structures, we are amending the IPA condition 'Operation prior to the end of 2032' with the new requirement of achieving **operations prior to the end of 2035** (i.e. to **31 December 2035**) for all W3 projects. This means that if there is a change in circumstances before the FPA decision that means it is no longer feasible for a project to become operational by the end of 2035, we may choose to conduct an IPA review of the project.

An extension to this length and effect is consistent with our approach in previous windows and we deem it proportionate given the nature of potential delay factors. We do not expect this to have a detrimental impact on other projects or on consumers. Developers continue to remain incentivised to reduce any delays as far as possible.

This decision does not impact the individual regime start dates (**RSD**) for W3 projects. The projects' individual RSD, as determined at IPA, remains unchanged, to protect consumers from undue delays. Should W3 projects experience delays, developers must notify Ofgem of this delay. Any delay request to the RSD will be duly assessed by Ofgem.

If you have any questions on the content of this letter, please contact Nick Pittarello at cap.floor@ofgem.gov.uk.



Stuart Borland
Deputy Director, Offshore Network Regulation

² [Decision on Timelines and Incentives changes for the Third Cap and Floor Window for Interconnectors](#) (published November 2023)