



The Office of Gas and Electricity Markets

## **The gas and electricity Application Regulations 2004 and the licensing of interconnectors**

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In June 2004 Ofgem published a consultation document<sup>1</sup> setting out those changes to the Application Regulations<sup>2</sup> that would be required following the commencement of provisions contained within the Energy Act 2004 ("the Energy Act").

The changes proposed were principally those required to:

- consolidate the Application Regulations 2001 and Amendment Regulations 2003
- implement the British Electricity Trading and Transmission Arrangements (BETTA), and
- allow applications for gas and electricity interconnectors.

The Gas and Electricity Markets Authority made new Application Regulations in September 2004 which will come into force on 21 October 2004. These dealt with the first two changes set out above. Ofgem was not, however, in a position to include interconnectors in the September 2004 Application Regulations. Ofgem indicated in its June consultation document that it would, if necessary to ensure that Ofgem met the BETTA timetable, make further Application Regulations for interconnectors at a later date.

Commencement Orders have now been made for those provisions within the Energy Act which will introduce the licensing regime for gas and electricity interconnectors. To allow applications for interconnectors to be made it is necessary to make further gas and electricity Application Regulations in November 2004 which will come into force in December 2004. These new Application Regulations will contain the requirements for interconnectors that were described in Ofgem's June consultation document with two exceptions. In paragraph 2 of Part V of Schedule 2 of the Application Regulations "Further information and documents to accompany an application in respect of an interconnector licence":

- 15 July 2003 is replaced by 3 August 2003, and

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<sup>1</sup> Proposals for the amendment of the Licensing Application Regulations. Consultation Document. June 2004. Ofgem 139/04.

<sup>2</sup> The Gas (Applications for Licences and Extensions and Restrictions of Licences) Regulations 2001 as amended by The Gas (Applications for Licences and Extensions and Restrictions of Licences) (Amendment) Regulations 2003, and The Electricity (Applications for Licences and Extensions and Restrictions of Licences) Regulations 2001 as amended by The Electricity (Applications for Licences and Extensions and Restrictions of Licences) (Amendment) Regulations 2003.

- The ability for the applicant to seek to have the standard licence condition relating to “the licensee’s regulated revenue entitlement” not to be in effect is removed. This is as a result of the Secretary of State no longer proposing to include this as a standard licence condition<sup>3</sup>.

Any comments regarding this letter should be addressed to:

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<sup>3</sup> Interconnector Licences: Determination of Standard Licence Conditions and Proposed Exemption Regime. DTI Consultation Document. July 2004.