

To: electricity generators, interconnector owners and operators, suppliers, customer representatives and other interested parties

Promoting choice and value for all gas and electricity customers

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Dear Colleague

Approval of the access rules for the EirGrid East-West Interconnector (EWIC)

This letter is to approve the access rules for the EWIC submitted by EirGrid Interconnector Limited to Ofgem on 20 September 2011^1 .

Ofgem does not have formal powers to approve the EWIC access rules. However, we anticipate that we will have these powers once the Third Package legislation has been implemented in Great Britain. We anticipate that regulations under section 2(2) of the European Communities Act 1972 (domestic regulations) which will transpose the Third Package into domestic legislation and into licences will come into force in November 2011. The draft domestic regulations, including the proposed new standard licence condition 11A of the interconnector licence which will give the Authority formal powers to approve the EWIC access rules were laid before parliament on 18 July 2011 and can be viewed at the following link: http://www.legislation.gov.uk/ukdsi/2011/9780111513965/contents

Until standard licence condition 11A has been inserted into the interconnector licences, we are approving the access rules informally. Once Ofgem has formal powers to approve the EWIC access rules under standard licence condition 11A of the interconnector licence, and subject to there being no material change to the arrangements relating to the EWIC, Ofgem will approve the access rules formally.

The EWIC is expected to become operational in September 2012. We therefore expect to formally approve the access rules closer to the time the EWIC becomes operational. However pending these developments we note that we would have approved the rules in their current form at this stage.

We understand that the access rules will be amended again before the EWIC becomes operational to accommodate the planned introduction of intraday trading in July 2012. Market participants should also note that regulators and transmission system operators in the France-UK-Ireland region are in the process of developing a joint regional work plan for

¹ A copy of the access rules has been published alongside this letter for your information. The same documents are also available on EWIC's website: <u>http://www.interconnector.org/</u>

further harmonisation of cross-border trading rules. The work plan will be consulted on with market participants before it is finalised.

If you require additional information regarding Ofgem's role in regulating electricity interconnectors please contact my colleague Olaf Islei (email <u>olaf.islei@ofgem.gov.uk;</u> tel 0207 901 7114)

Yours Sincerely,

Martin Crouch
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