

Ofgem Consultation: Cap and Floor Regime for Regulated Electricity Interconnector Investment for application to project NEMO

BritNed Response

BritNed Development Limited (BritNed) welcomes this opportunity to respond to Ofgem's consultation on the proposed Cap and Floor regime for project NEMO. This response focuses on the implications of a new interconnector on BritNed and to achieving the Goal of an Integrated European Energy Market.

As recognised in the consultation, Great Britain (GB) has limited interconnection with continental Europe with the two existing electricity interconnectors being Interconnector France-Angleterre (IFA) and ourselves, BritNed, and we understand that there is now a need to increase this interconnection capacity with GB.

Although BritNed, along with IFA, operates under a merchant regime, we are fully aware of interconnectors operating under a socialised regime and we recognise that some Member States favour the latter regime. Therefore, BritNed notes the reason for Ofgem, in cooperation with CREG, to develop a new regulatory regime that could satisfy the preferences of GB, Belgium, and future Member States interconnected with GB.

BritNed notes the coordination of both Ofgem and CREG to promote competitiveness on an equal basis and it is on this point that BritNed urges both regulators to ensure that the promotion of this new regime does not have any detrimental impact on existing interconnectors, and shall remain as such throughout the lifetime of the regime. BritNed has confidence that Ofgem and CREG are fully aware that if such a proposed Cap and Floor regime were to lead to an unlevel playing field then this would be urgently addressed to restore the balance.

BritNed makes note of this consultation and recognises the need for more interconnection and supports all projects that work towards achieving the Goal of an Integrated European Energy Market. BritNed is pleased to be able to voice its concerns about ensuring a level playing field between all interconnectors and stresses the need to promote competitiveness to all interconnectors.

3rd May 2013