

Statnett SF
PO Box 4904 Nydalen
0423 OSLO
Norway

National Grid
European Business Development
31 Homer Road
Solihull
B91 3TL

FAO: Jon Parker
Future Networks, Electricity Transmission
Ofgem
9 Millbank
London. SW1P 3GE

Dear Jon,

Response to “The regulation of future electricity interconnection: Proposal to roll out a cap and floor to near-term projects” [consultation published 23rd May 2013]

The NSN partners, National Grid and Statnett, welcome the opportunity to contribute our views to the above consultation. NSN is a 1.4GW interconnector that will run from Blyth in the UK to Kviteseid in Norway. The project will be operational from 2020 and will bring significant benefits to the two interconnected energy systems as well as the wider European Internal Energy market.

We are at a critical point in the development of our project, which is looking to make a final investment decision early in 2015. Key to realising this investment was the arrival of a suitable regulatory regime in the UK. The proposal in this consultation to make the “Cap and Floor” regime open to near-term interconnector projects is welcomed and is the right regulatory regime to unlock investment in the NSN project.

The approach proposed in the document sets challenging deadlines for all parties involved in the decision making and delivery chain that will take the NSN project through to energisation in 2020. The NSN developers are ready to step up to this challenge and intend to submit our project for consideration in the first “window” for applications in August/September.

In general terms, we think that the process and timeline proposed in the consultation document are appropriate and achievable. Indeed, we believe that this is the only solution that will allow the NSN project to meet its connection target and ensure that consumers benefit from additional interconnection as soon as possible.

We do not envisage problems with the Norwegian and UK approaches to interconnector regulation coexisting on the NSN link. The NSN project partners already have a good history of “TSO cooperation” extending to include the British National Electricity Transmission System Operator (GB NETSO). It is important to the NSN project partners that we continue to build on this positive cooperation with the GB NETSO. We understand that roles and responsibilities of GB TSO entities also be influenced by decisions coming later in the year through the wider ITPR project.

We would encourage Ofgem to ensure that elaboration of the roles and responsibilities of all TSO parties in relation to Cap and Floor regulation is also clearly described in the final decision on this consultation.

We welcome the call from Ofgem to share views and proposals on the content and approach to developing the regulatory submission, and will continue to do this in addition to providing this formal response into the consultation process.

Yours Sincerely,



Paul Johnson

Head of Development
European Business Development
National Grid



Thor Anders Nummedal

Project Director, NSN
Statnett