



Making a positive difference  
for energy consumers

Interconnector developers

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Date: 25 March 2015

Dear stakeholders

### **Second cap and floor application window for near-term electricity interconnectors**

This letter is to remind stakeholders to confirm by 1 May 2015 if they intend to submit projects within the second application window for the cap and floor regime.

In August 2014 we published our decision to extend the cap and floor regime to near-term electricity interconnectors, and opened an eight-week application window.<sup>1</sup> The cap and floor regime is now the regulated route for interconnector investment in GB, which sits alongside the existing exemption route (whereby project developers can apply for exemptions from certain aspects of European legislation).

The first application window closed on 30 September 2014. Five projects applied to be assessed and regulated under our cap and floor regime. All five projects were eligible for our assessment. We have made a decision on the Initial Project Assessment for the NSN project to Norway and consulted on our minded-to position for the other four projects.<sup>2</sup>

Our August 2014 decision explained that we would open a second application window for projects which may not have been eligible to apply via the first application window or that may have benefited from delaying their application. We had asked interested parties to notify us by 1 May 2015 of their intent to submit projects within the second window. We intend to open a second cap and floor application window providing there is interest from developers. We expect the deadline for applications to be September 2015.

Developers must notify us by 1 May 2015 if they intend to apply within the second window. As well as notification of intention to apply, we would like developers to provide information to help us prepare for the second window. This should include a summary of the project, including a high level plan and key milestones, the proposed capacity and connection location, a projected connection date and information on steps taken to obtain a GB connection agreement. We also ask that developers provide detail of interactions with other National Regulatory Authorities and key stakeholders.

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<sup>1</sup> Read our August 2014 decision letter at: <https://www.ofgem.gov.uk/publications-and-updates/decision-roll-out-cap-and-floor-regime-near-term-electricity-interconnectors>

<sup>2</sup> NSN decision: <https://www.ofgem.gov.uk/ofgem-publications/93855/nsndecisionletterforpublication-pdf>  
IPA consultation for FAB, IFA2, Viking and Greenlink: <https://www.ofgem.gov.uk/ofgem-publications/93792/ipamarch2015consultation-final-pdf>

Responses should be received by 01 May 2015 and should be sent to:  
[cap.floor@ofgem.gov.uk](mailto:cap.floor@ofgem.gov.uk).

If you have any questions on this letter please contact Liz McLeod on 0141 331 6025.

Yours faithfully,

**Stephen Beel**

**Associate Partner, Electricity Transmission**