

Interconnector developers and
other interested parties

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Dear stakeholders

Decision to postpone second cap and floor application window for electricity interconnectors into 2016

In August 2014 we published our decision to extend the cap and floor regime to near-term electricity interconnectors.¹ 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 apply for exemptions from aspects of European legislation).

The first application window closed in September 2014. Our August 2014 decision explained 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 initially expected the deadline for applications to be September 2015.

Having considered information presented to us by stakeholders, including responses provided to our 25 March 2015 letter inviting expressions of interest, we have decided that it is appropriate to delay the 2nd application window. This decision reflects the status of projects that have indicated an interest, their respective stages in the development cycle and their likely fit with our eligibility criteria.

We currently anticipate that the 2nd application window will apply in the first half of 2016, but will continue to consider the most appropriate timing as we receive further information over the coming months. We are mindful of ensuring we provide all interested parties with sufficient notice of the window. We invite developers to continue to engage with us and update us on their respective projects in order to inform any decision to commence the second window.

We also anticipate publishing further details on the criteria and process for 2nd window applications in the autumn of this year, and will look to provide greater certainty on timings at that point.

If you have any questions on this letter, or have a project that you wish to discuss with us then please contact Liz McLeod on 0141 331 6025.

Yours faithfully,

Steve Beel
Associate Partner, Electricity Transmission

¹Read 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>