

**Proposed new special conditions for the electricity interconnector licence held National Grid Interconnectors Limited (with respect to the IFA interconnector)**

## Special Condition 1: Determination of the Interconnector Payment term

1. The licensee may include in its use of revenues statement, prepared and submitted for Authority approval pursuant to the provisions of Part C of standard condition 9 (Use of revenues), a proposed value for the Interconnector Payments (ICP) amount, to be used for the purposes described in paragraph 3(c) of standard condition 9.
2. Any such value proposed by the licensee under Part C of standard condition 9 of this licence shall be construed as a proposed ICP amount by the licensee under paragraph 1 of this condition and must include:
  - (a) the licensee's proposed value for the ICP amount for Reporting Period  $y$  ( $ICP_y$ ) ; and
  - (b) details of how the licensee's proposed value for the  $ICP_y$  term has been calculated.
3. In accordance with standard condition 9, any proposal under paragraph 1 of this condition must be submitted, for any relevant Reporting Period, by no later than 15 July of the year in which that Reporting Period ends.
4. The value of the  $ICP_y$  term for any relevant Reporting Period shall :
  - (a) where the Authority issues a direction within 3 months of receipt of the use of revenues statement approving the use of revenues statement, or in the absence of any direction within 3 months of receipt of the use of revenues statement from the licensee - have the value equal to that proposed by the licensee under paragraph 1 of this condition; or
  - (b) where the Authority directs that the use of revenues statement is not approved - have the value zero.
5. For the purposes of this condition:

Interconnector Payments (ICP)	means payments made by the licensee to the GB System Operator
Reporting Period	means a period of 12 months beginning on 1st July of each calendar year and ending on 30 June of the following calendar year
Reporting Period $y$	means the Reporting Period for the purposes of which any calculations fall to be made
$ICP_y$	means the value of the ICP term in Reporting Period $y$

## Special Condition 2: Provision of information to the GB System Operator

1. The purpose of this condition is to set out when the licensee shall provide estimates of the value of the Interconnector Payment term ( $ICP_t$ ) to the GB System Operator and the Authority.
2. In any Relevant Year, the licensee shall, on or before the date specified in the CUSC:
  - (a) notify the GB System Operator of its best estimate for the value of  $ICP_t$  in respect of that Relevant Year; and
  - (b) notify the GB System Operator of its best estimate for the value of  $ICP_{t+1}$ .
3. The licensee shall, at all times, keep under review the estimates notified to the GB System Operator pursuant to paragraphs 2 of this condition. If at any time, the licensee reasonably considers that the values of  $ICP_t$  and/or  $ICP_{t+1}$ , notified to the GB System Operator will be materially different from the estimates previously notified to the GB System Operator, the licensee shall notify the GB System Operator of the revised values for  $ICP_t$  and/or  $ICP_{t+1}$  as soon as reasonably practicable.
4. In each subsequent Relevant Year the licensee shall on or before the date specified in the CUSC (or such later date as the Authority may direct), provide a statement to the Authority specifying:
  - (a) the values of  $ICP_t$  and  $ICP_{t+1}$  notified to the GB System Operator in the Relevant Year  $t-1$  in accordance with paragraph 2 of this condition; and
  - (b) any revised values of  $ICP_t$  and  $ICP_{t+1}$  notified to the GB System Operator in the Relevant Year  $t-1$  in accordance with paragraph 3 of this condition.

5. For the purposes of this condition:

ICP	has the meaning given to that term in special condition 1 of this licence
$ICP_t$	means the value of the ICP term in Relevant Year $t$ and shall have the value of the $ICP_y$ term
$ICP_{t-1}$	means the value of the ICP term in Relevant Period $y-1$ and shall have the value of the $ICP_{y-1}$ term
$ICP_y$	has the meaning given to that term in special condition 1 of this licence
$ICP_{y-1}$	means the value of the ICP term in the Reporting Period immediately preceding Reporting Period $y$
Relevant Year	means a year beginning on 1 April of each calendar year and ending on 31 March of the following calendar year
Relevant Year $t$	means that Relevant Year for the purposes of which any calculation falls to be made
Relevant Year $t-1$	means the Relevant Year immediately preceding Relevant Year $t-1$ and similar expressions shall be construed accordingly
Reporting Period	has the meaning given to that term in special condition 1 of this licence