

## **Schedule 2B: Reasons and effects of proposed modifications to the electricity interconnector licence standard conditions**

### SLC 1: Definitions and Interpretation

The reasons for the proposed modifications to this condition are to update references to the different sections of the electricity interconnector SLCs so as to include the proposed new Section G (Cap and Floor Conditions).

The effect of the proposed modification is to ensure that that this condition correctly refers to all relevant sections of the electricity interconnector SLCs.

### SLC 1A: Application of Section G

The reason for this new standard condition is to allow the standard conditions in proposed new Section G (Cap and Floor Conditions) to be switched on via a direction issued by the Authority. Section G is switched off by default for all licensees.

The effect of this proposed new condition is to ensure that the cap and floor standard conditions in Section G apply only to those licensees that have been granted a cap and floor regime.

### SLC 24: Definitions

The reason for this new standard condition is to set out the defined words and expressions that are used in proposed new Section G (Cap and Floor Conditions) and gives their meaning.

The effect of this proposed new condition is to improve the clarity of Section G by housing all common definitions used in Section G within a single licence condition.

### SLC 25: Cap and Floor Regulatory Instructions and Guidance

The reason for this new standard condition is to establish the group of documents collectively referred to as the Cap and Floor Regulatory Instructions and Guidance (Cap and Floor RIGs). These documents include instructions and guidance on what data interconnector licensees must report and how, and the templates they must complete.

The Cap and Floor RIGs will be the primary means by which we ensure that interconnector licensees collect and provide us with the information we require to monitor their performance and, where appropriate, make adjustments to the revenue the licensee is allowed to earn under the cap and floor regime. A single set of Cap and Floor RIGs documents will apply to all interconnector licensees.

The effect of this proposed modification is to ensure that we have the information necessary to carry out our functions effectively and also ensure that a consistent approach to reporting requirements is applied to all interconnector licensees granted a cap and floor regime.

### SLC 26: Provision of information to the GB System Operator

The reason for this new standard condition is to require interconnector licensees granted a cap and floor regime, to liaise with the GB System Operator and provide specified

information that feeds into the Transmission Network Use of System (TNUoS) charge setting process.

The condition stipulates that the licensee must provide best estimates of its revenue relative to its cap and floor level and continue to review these estimates and inform the GB System Operator of significant changes. The condition also requires the interconnector licensees to inform the Authority of its estimates and any revisions to these estimates.

The effect of this condition is to ensure the GB System Operator has available the necessary information required to facilitate its forecasting and setting of TNUoS charges.