

APPENDIX 2

To: All holders of an electricity interconnector licence

Electricity Act 1989 Section 11A(1)(b)

Modification of the standard conditions of all electricity interconnector licences

1. Each of the licensees to whom this document is addressed has an electricity interconnector licence which has been granted or treated as granted under 6(1)(e) of the Electricity Act 1989 (the Act).
2. Under section 11A(2) of the Act the Gas and Electricity Markets Authority ('the Authority')¹ gave notice on 22 August 2016 ('the Notice') that we propose to modify the standard conditions as specified in the schedule accompanying the Notice.² We stated that any representations to the modification proposal must be made on or before 23 September 2016.
3. A copy of the Notice was sent to the Secretary of State in accordance with section 11A(4)(b) of the Act, and we have not received a direction that the change should not be made.
4. We received two responses to the Notice, which we carefully considered. We have placed all non-confidential responses on our website. Our response to these comments is set out in the accompanying letter.
5. It is necessary to make a number of minor alterations to the modifications set out in the Notice. These alterations are shown in yellow highlight in the attached Schedule 2A. The reasons for any differences between the modifications set out in the Notice and the modifications reflected in Schedule 2A are to correct minor typographical errors issues.
6. We are making these licence changes in order to:
 - a) insert new cap and floor standard conditions into the electricity interconnector licence; and
 - b) provide the Authority with the power to issue a direction to bringing into effect the new Section G (Cap and Floor Conditions) contained in the standard conditions of electricity interconnector licences.
7. Further details on the reasons and effect of the modifications can be found in the schedule accompanying the Notice.³
8. Where an application for permission to appeal our decision is made to the Competition and Markets Authority (CMA) under section 11C of the Act, Rule 5.7

¹ The terms "the Authority" and "we" are used interchangeably in this document.

² Proposed modifications to the electricity interconnector licence standard conditions:

https://www.ofgem.gov.uk/system/files/docs/2016/08/schedule_2a_-_proposed_modifications_to_electricity_interconnector_standard_conditions.pdf

³ Reasons and effects of proposed modifications to the electricity interconnector licence standard conditions:

https://www.ofgem.gov.uk/system/files/docs/2016/08/schedule_2b_-_reasons_and_effects_of_modifications_to_electricity_interconnector_standard_conditions.pdf

of the CMA's Energy Licence Modification Appeals Rules requires that the appellant must send to any relevant licence holders who are not parties to the appeal a non-confidential notice setting out the matters required in Rule 5.2. The attached Schedule 2B provides a list of the relevant licence holders in relation to this modification. Section 11A(10) of the Act sets out the meaning of 'relevant licence holder'.

Under the powers set out in section 11A(1)(b) of the Act, we hereby modify the standard licence conditions for all electricity interconnector licences in the manner specified in attached Schedule 2A. This decision will take effect from 18 January 2017.

This document is notice of the reasons for the decision to modify the electricity interconnector licences as required by section 49A of the Act.

**The Official Seal of the Gas and Electricity Markets Authority
here affixed is authenticated by the signature of**



.....
Stephen Beel
Partner, Competitive Networks
Duly authorised on behalf of the
Gas and Electricity Markets Authority

15 November 2016