

**Schedule 3 – Modifications to the electricity interconnector licence held National Grid
Interconnectors Limited (with respect to the IFA interconnector)**

Insert the following new special conditions

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 calendar 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:

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| 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 in Relevant Year t (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. 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 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.
4. For the purposes of this condition:

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| 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 Year $t-1$ 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 settled |
| 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. |