

**Appendix 5 – Proposal to issue new Cap and Floor RIGs**

To: All holders of an electricity interconnector licence in whose licence Standard Condition 25 (Cap and Floor Regulatory Instructions and Guidance) has effect.

**Notice of proposal to issue new Cap and Floor Regulatory Instructions and Guidance ('Cap and Floor RIGs') in accordance with paragraph 12(a) of Standard Condition 25**

1. Pursuant to paragraph 12(a) of standard condition 25 of the electricity interconnector licence, the Gas and Electricity Markets Authority ('the Authority')<sup>1</sup> hereby gives notice that it proposes to issue new Cap and Floor RIGs.
2. The new Cap and Floor RIGs that we propose to issue are attached as Schedule 5A and 5B to this notice.
3. The reasons why we are proposing to issue new Cap and Floor RIGs are as follows:
  - To ensure all relevant costs are captured accurately and consistently across all interconnector cap and floor projects;
  - To ensure costs are reported in the most efficient manner possible; and
  - To reflect proposed changes to the Cap and Floor Financial Model.
4. Any representations in response to this proposal may be made on or before 11 October 2019 to: Ikbal Hussain, Office of Gas and Electricity Markets, 10 South Colonnade, Canary Wharf, London E14 4PU or by email to [cap.floor@ofgem.gov.uk](mailto:cap.floor@ofgem.gov.uk)
5. Following consideration of responses, if we decide to issue the proposed new Cap and Floor RIGs, they will take effect on the date specified in the direction issued by the Authority under paragraph 10 of standard condition 25.

.....

**Tom Corcut**  
**Deputy Director, Wholesale Markets**

**12 September 2019**

---

<sup>1</sup> The terms "the Authority", "we" and "us" are used interchangeably in this document.