

Schedule 3B - Reasons and effects of proposed modifications to the special conditions of the electricity interconnector licence held by Nemo Link

Special Condition 1: Definitions and Interpretation

The reason for modifying this condition is to:

- (a) amend the definition of 'Regime Start Date' so that it refers to the actual start date of Nemo Link's cap and floor regime;
- (b) delete the defined term 'Nemo Link Cap And Floor Financial Model Protocol (NLCFFMP)' which has become redundant;
- (c) insert a new definition for 'Nemo Link Cap And Floor Financial Model 2 (NLCFFM2)'.

The effect of these modifications is to specify the actual Regime Start Date, remove a redundant definition and insert a newly defined term introduced by proposed new special condition 11.

Special Condition 2: Cap Level and Floor Level

The reason for modifying this special condition is to correct two cross-referencing errors.

The effect of this modification is ensure that cross-references to paragraphs within this condition are correct.

Special Condition 7: Non-Controllable Costs

The reason for modifying this special condition is to delete a reference to the now redundant NLCFFMP and replace it with the new defined term NLCFFM2.

The effect of this modification is to update the condition so that it correctly refers to the new defined term, NLCFFM2.

Special Condition 8: Process for determining the value of the Post Construction Adjustment terms

The reasons for modifying this special condition are to:

- (a) delete a reference to the now redundant defined term 'NLCFFMP' and replace it with the new defined term 'NLCFFM2';
- (b) allow for the determined PCA values to take effect from the Regime Start Date.

The effect of these modifications is that the licence condition correctly refers to the newly defined term and also that it allows for Nemo Link's final Cap Level and Floor Level to apply from the Regime Start Date.

Special Condition 9: Process for determining the value of the Opex Reassessment Adjustment term

The reason for modifying this special condition is to delete a reference to the now redundant defined term 'NLCFFMP' and replace it with the new defined term 'NLCFFM2'.

The effect of these modifications is that the licence condition correctly refers to the newly defined term.

Special Condition 11: Nemo Link Cap and Floor Financial Model Protocol

The reason for deleting existing special condition 11 is to reflect proposed changes to the governance arrangements for the cap and floor financial model as outlined in the "Post

Construction Review of the Nemo Link interconnector to Belgium” consultation published alongside the notice.

The effect of this modification is to remove provisions that will be superseded by proposed new governance arrangements for the cap and floor financial model.

New Special Condition 11: Nemo Link Cap And Floor Financial Model Governance

The reason for inserting this new special condition 11 is to reflect proposed changes to the governance arrangements for the cap and floor financial model as outlined in the “Post Construction Review of the Nemo Link interconnector to Belgium” consultation published alongside the notice.

The effect of this modification is ensure that the licence reflects the proposed new governance arrangements for the cap and floor financial model.