

Appendix 1

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 holds 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 3 July 2020 ('the Notice') that we propose to
 - (a) modify:
 - Standard Condition 1: Definitions and Interpretation
 - Standard Condition 9: Use of Revenues
 - Standard Condition 12: Application of Licence Conditions 9,10, and 11: Exemption Orders
 - Standard Condition 23: Regional Cooperation; and
 - (b) insert the following new standard conditions:
 - (i) into existing Section A: Interpretation, Application and Payments:
 - a. Standard Condition 1B: Application of Section H; and
 - (ii) into a new section H:

Section H: Payments between the licensee and the GB system operator

 - a. Standard Condition 27: Determination of the Interconnector Payments term with respect to costs related to the Capacity Allocation and Congestion Management Regulation; and
 - b. Standard Condition 28: Provision of Information to the GB System Operator,

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

into the electricity interconnector licence in the manner specified in the schedule accompanying the Notice.² We stated that any representations to the modification proposal must be made on or before 31 July 2020.

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 changes should not be made.
4. We received five responses to the Notice and carefully considered comments made with respect to the proposed modifications. Our response to these comments is set out in the summary of consultation responses attached at Appendix 4. We have placed all non-confidential responses on our website.
5. We are making these licence changes in order to:
 - (a) align the standard conditions with relevant provisions in the European legislative framework of the Clean Energy for all Europeans Package (CEP), specifically Regulation (EU) 2019/943 of 5 June 2019 on the internal market for electricity (the CEP Electricity Regulation), and
 - (b) implement our decision³ on approach to cost sharing and cost recovery under the Capacity Allocation and Congestion Management (CACM) Regulation.
6. Further details on the reasons and effect of the modifications can be found in Part A and Part B of the schedule accompanying the Notice.⁴
7. 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 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 relevant licence holders in relation to this modification are all holders of an electricity interconnector licence, a list of which is given in Annex 1. 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 relevant electricity interconnector licences in the manner specified in attached Schedule 1. This decision will take effect from 11 December 2020.

² Proposed modifications to the electricity interconnector licence standard conditions:
https://www.ofgem.gov.uk/system/files/docs/2020/07/schedule_1_-_ic_standards.pdf

³ Decision on approach to cost sharing and cost recovery under the Capacity Allocation and Congestion Management (CACM) Regulation
<https://www.ofgem.gov.uk/publications-and-updates/decision-approach-cost-sharing-and-cost-recovery-under-capacity-allocation-and-congestion-management-cacm-regulation>

⁴ Reasons and effects of proposed licence modifications:
https://www.ofgem.gov.uk/system/files/docs/2020/07/schedule_4_-_reasons_and_effects.pdf

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

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Tom Corcut
Deputy Director, Wholesale Markets

Duly authorised on behalf of the
Gas and Electricity Markets Authority

15 October 2020

Annex 1: relevant licence holders⁵

⁵ Electricity licence holders are listed at: <https://www.ofgem.gov.uk/publications-and-updates/all-electricity-licensees-registered-addresses>