

Mertcan Agir
Ofgem

via email

22 December 2020

Response to Consultation on Ofgem's assessment of IFA, BritNed and Nemo Link's pilot project and interim period cost recovery submissions under the CACM Regulation

Dear Mertcan,

Thank you for providing an opportunity to respond to this consultation. Please find our responses to your questions below.

Question 1: Do you agree with how we have assessed costs as being efficient, proportionate and reasonably incurred?

Nord Pool notes that the process described to assess costs incurred by interconnectors have been incurred efficiently, proportionately, and reasonably appears to follow a logical and coherent methodology.

Nord Pool welcomes Ofgem's minded-to position outlined in paragraph 2.7 which suggests that cross-clearing fees levied up to 30 August 2019 should form part of the cost base recovered by interconnectors.

Question 2: Do you agree with our proposed cost allowances, including our approach to use Retail Price Index + Cost of Debt (RPI + CoD approach) to adjust the historical costs submitted by IFA, BritNed and Nemo Link to reflect inflation and time value of money (TVM)?

Nord Pool supports the proposals for cost allowances outlined by Ofgem in the document including the provision for adequate adjustments for inflation and TVM applied to claim amounts.

Question 3: Do you agree with our proposed approach to use the value of GBP currency for the cost recovery claims, irrespective of the currency in which these costs were incurred, including our approach to adjust BritNed's costs based on the average annual currency exchange rates for each year of its claim?

Nord Pool fully supports the proposals outlined with respect to currency adjustments in Ofgem's consultation document.

Please feel free to get in touch directly should anything in our response should require further clarification.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Christoph Grafe', written in a cursive style.

Christoph Grafe
Director Market Coupling
UK & Ireland