

## Appendix 2

### To: All holders of an electricity interconnector licence

#### Electricity Act 1989 Section 11A(2)

#### Notice of statutory consultation on a proposal to modify the standard conditions of all electricity interconnector licences

1. The Gas and Electricity Markets Authority ('the Authority')<sup>1</sup> proposes to modify the standard conditions of all electricity interconnector licences granted or treated as granted under 6(1)(e) of the Electricity Act 1989 by:
  - (a) amending existing standard condition 1:Definitions and Interpretation;
  - (b) inserting the following proposed new special condition into existing Section A: Interpretation, Application and Payments:
    - i. Standard Condition 1A:Application of Section G; and
  - (c) inserting the following proposed new standard conditions in new section G:  
Section G: Cap and Floor Conditions
    - i. Standard Condition 24:Definitions
    - ii. Standard Condition 25: Cap and Floor Regulatory Instructions and Guidance
    - iii. Standard Condition 26: Provision of Information to the GB System Operatoras specified in Schedule 2A of this notice.
2. We are proposing these modifications in order to:
  - (a) implement the cap and floor regime; and
  - (b) provide for the Authority to direct, under proposed new standard condition 1A:Application of Section G, the electricity interconnector licences in which the proposed new standard conditions contained in Section G shall have effect.
3. Further details on the reasons and effects of the proposed modifications can be found in Schedule 2B of this notice.
4. Further details and background on these proposed licence modifications are set out in the following documents:
  - Decision on the cap and floor regime for the GB-Belgium interconnector project Nemo, December 2014<sup>2</sup>; and
  - Our informal consultation on these proposed licence modifications, published on our website on 4 February 2016<sup>3</sup>.

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

<sup>2</sup> Decision on the cap and floor regime for the GB-Belgium interconnector project Nemo, December 2014  
[https://www.ofgem.gov.uk/sites/default/files/docs/2014/12/final\\_cap\\_and\\_floor\\_regime\\_design\\_for\\_nemo\\_master\\_-\\_for\\_publication\\_1.pdf](https://www.ofgem.gov.uk/sites/default/files/docs/2014/12/final_cap_and_floor_regime_design_for_nemo_master_-_for_publication_1.pdf)

<sup>3</sup> Consultation on proposed changes to the standard conditions of the electricity interconnector licence, licences held by Nemo Link and NGIL and NGET's electricity transmission licence to implement the cap and floor regime

5. Schedule 2C to this notice contains our responses to the issues raised by stakeholders as part of the February 2016 informal consultation on these proposed licence modifications.
6. A copy of the proposed modifications and other documents referred to in this notice are available on the Ofgem website ([www.ofgem.gov.uk](http://www.ofgem.gov.uk)). Alternatively, they are available from our Research and Information Centre, 9 Millbank, London, SW1P 3GE (020 7901 7003).
7. Any representations on the proposed licence modifications may be made on or before 23 September 2016 to: Ikbal Hussain, Office of Gas and Electricity Markets, 9 Millbank, London, SW1P 3GE or by email to [cap.floor@ofgem.gov.uk](mailto:cap.floor@ofgem.gov.uk)
8. We normally publish all responses on our website. However, if you do not wish your response to be made public then please clearly mark it as not for publication. We prefer to receive responses in an electronic form so they can be placed easily on our website.
9. If we decide to make the proposed modifications, they will take effect not less than 56 days after the decision is published.

.....  
**Stephen Beel**  
**Partner, Competitive Networks**  
**Duly authorised on behalf of the**  
**Gas and Electricity Markets Authority**

**22 August 2016**