

APPENDIX 1

To: Nemo Link Limited

Electricity Act 1989 Section 11A(1)(a)

Modification of the special conditions of the electricity interconnector licence held by Nemo Link Limited

1. Nemo Link Limited ('Nemo Link') is the holder of an electricity interconnector licence ('the Licence') granted or treated as granted under section 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 22 August 2016 ('the Notice') that we propose to modify the Licence by inserting new special conditions as specified in the schedule accompanying the Notice.² We stated that any representations to the modification proposal must be made on or before 23 September 2016.
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 change should not be made.
4. We received two responses to the Notice, which we carefully considered. We have placed all non-confidential responses on our website. Our response to these comments is set out in the accompanying letter.
5. It is necessary to make a number of minor alterations to the modifications set out in the Notice. These alterations are shown in yellow highlight in the attached Schedule 1. The reasons for any differences between the modifications set out in the Notice and the modifications reflected in Schedule 1 are to correct minor typographical errors and address minor issues raised in consultation responses.
6. We are making these licence changes in order to implement Nemo Link's cap and floor regime and reflect the Nemo Link specific elements of the cap and floor regime that are contained in the December 2014 decision.³
7. Further details on the reasons and effect of the modifications can be found in the schedule accompanying the Notice.⁴
8. 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 Rules⁵ 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 holder in relation to this modification is Nemo Link. Section 11A(10) of the Act sets out the meaning of 'relevant licence holder'.

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

² Proposed new special conditions for the electricity interconnector licence held by Nemo Link Limited: https://www.ofgem.gov.uk/system/files/docs/2016/08/schedule_1a_-_proposed_new_nemo_link_special_conditions.pdf

³ 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

⁴ Reasons and effects of proposed insertion of new special conditions into the electricity interconnector licence held by Nemo Link: https://www.ofgem.gov.uk/system/files/docs/2016/08/schedule_1b_-_reasons_and_effects_nemo_link_special_conditions.pdf

⁵ The rules were published by the Competition Commission in September 2012. On 1 April 2014, the Competition Commission was abolished and its functions transferred to the CMA.

Under the powers set out in section 11A(1)(a) of the Act, we hereby modify the electricity interconnector licence of Nemo Link in the manner specified in attached Schedule 1. This decision will take effect from 18 January 2017.

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

**The Official Seal of the Gas and Electricity Markets Authority
here affixed is authenticated by the signature of**



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

15 November 2016