

APPENDIX 3

To: National Grid Interconnectors Limited

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

Modification of the special conditions of the electricity interconnector licence held by National Grid Interconnectors Limited

1. National Grid Interconnectors Limited ('NGIL') 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. We received no responses to the Notice.
4. We are making these licence changes in order to put in place a mechanism for NGIL to make payments, where surplus funds cannot be used in accordance with one of the allowed uses specified in Use of Revenues requirements under NGIL's licence, and so it elects to return monies back to consumers by reducing network charges from the GB System Operator.
5. Further details on the reasons and effect of the modifications can be found in the schedule accompanying the Notice.³
6. 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 Rules⁴ 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 NGIL. Section 11A(10) of the Act sets out the meaning of 'relevant licence holder'.

Under the powers set out in section 11A(1)(a) of the Act, we hereby modify the special conditions of the electricity interconnector licence of NGIL in the manner specified in attached Schedule 3. This decision will take effect from 18 January 2017.

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 NGIL (with respect to the IFA interconnector): https://www.ofgem.gov.uk/system/files/docs/2016/08/schedule_3a_-_proposed_new_ngil_special_conditions.pdf

³ Reasons and effect of proposed insertion of new special conditions into the electricity interconnector licence held by NGIL (with respect to the IFA interconnector): https://www.ofgem.gov.uk/system/files/docs/2016/08/schedule_3b_-_reasons_and_effects_ngil_special_conditions.pdf

⁴ 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.

This document is notice of the reasons for the decision to modify the electricity interconnector licence held by NGIL 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