



Making a positive difference  
for energy consumers

Interconnector developers and  
other interested parties

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Date: 18 November 2016

Dear interconnector developers and other interested parties,

### **Decision on project eligibility as part of our cap and floor regime for electricity interconnector applicants from the second window**

In August 2014 we put in place a new regulated route for interconnector investment in GB – the ‘cap and floor’ regime.<sup>1</sup> We held the first window for applications in 2014.

The second window for applications was open from 31 March to 31 October 2016.<sup>2</sup> During this window we received three applications.<sup>3</sup> We’ve assessed them against our eligibility criteria and have decided that they all meet the minimum eligibility criteria, and can therefore progress to the Initial Project Assessment (IPA) stage of our cap and floor assessment process.

#### **Eligibility criteria**

Our eligibility criteria are designed to establish a minimum level of project maturity. Projects are required to have:

- a signed GB connection agreement for connection prior to the end of 2022,
- an interconnector licence (either granted or application made), and
- provided all submission information for the IPA stage as requested by Ofgem in our 27 November 2015 letter.

#### **Project applications received**

We received three applications from developers:

<b>Project name</b>	<b>Developer</b>	<b>Connection date</b>	<b>Connection locations</b>
GridLink	GridLink Interconnector Ltd	31 October 2022	Kingsnorth (GB) and Dunkerque (France)

<sup>1</sup> See our August 2014 decision letter: <https://www.ofgem.gov.uk/publications-and-updates/decision-roll-out-cap-and-floor-regime-near-term-electricity-interconnectors>

<sup>2</sup> See our November 2015 decision letter to open a second cap and floor application window for electricity interconnectors: [https://www.ofgem.gov.uk/sites/default/files/docs/decision\\_to\\_open\\_a\\_second\\_cap\\_and\\_floor\\_application\\_window\\_for\\_electricity\\_interconnectors\\_in\\_2016.pdf](https://www.ofgem.gov.uk/sites/default/files/docs/decision_to_open_a_second_cap_and_floor_application_window_for_electricity_interconnectors_in_2016.pdf)

<sup>3</sup> See our short statement confirming receipt of applications: <https://www.ofgem.gov.uk/publications-and-updates/cap-and-floor-second-application-window-submissions>

NeuConnect	Consortium of Frontier Power, Meridiam and Greenage	31 October 2022	Greystones (GB) and Conneforde (Germany)
NorthConnect	NorthConnect KS	31 October 2022	Peterhead (GB) and Sima (Norway)

After assessing each project against the eligibility criteria, we have decided that all three projects are sufficiently mature to progress to the IPA stage.

### **Reasons for our decision**

#### *Interconnector licence*

NorthConnect has been granted an interconnector licence. GridLink and NeuConnect have made applications for interconnector licences which are currently being assessed. All three applicants meet the eligibility criterion of having an interconnector licence application made or granted by the close of the window.

#### *GB connection agreement for connection prior to the end of 2022*

All three projects have submitted copies of signed connection agreements. These agreements allow the projects to connect to the GB national electricity transmission system before the end of 2022. These connection dates have been confirmed with NGET and will soon be reflected in National Grid's TEC register.

#### *Submission information complete*

All three project applications include the necessary material to inform our IPA stage assessment. The project developers have provided the information required in the Appendix of our November 2015 decision letter. All three applicants meet this eligibility criterion.

### **New information received following the closure of the application window**

#### NeuConnect change of location

NeuConnect has submitted an eligible application as noted in this letter, with a signed connection agreement for Greystones, UK. Following the close of the window, the developer was informed by NGET that their connection location had been revised as per the ongoing CION process. The developer formally notified Ofgem of this change on 15 November, 2016. This change does not affect the eligibility of the project and will continue to be assessed for an IPA, however Ofgem will request relevant information to be updated by the developer on a timely basis. This may include a new connection agreement with the updated location and specific submission sections directly affected by the change of location. Ofgem will only assess new information which is directly affected by this change.

## **Next steps**

All three projects will now move to the IPA stage of our assessment process. This will involve us assessing the impacts of the projects, how the projects interact, and whether they are likely to be in the interests of GB consumers. We expect to consult on our draft conclusions by April 2017.

If you have any questions or comments on this decision letter please contact Scott Laczay on 0207 901 7468 or write to [cap.floor@ofgem.gov.uk](mailto:cap.floor@ofgem.gov.uk).

Yours faithfully,

A handwritten signature in black ink that reads "S3 Beel". The signature is written in a cursive style with a large, stylized "S" and "3" followed by the name "Beel".

**Stephen Beel**

**Partner, Commercial Networks**