

**Appendix 5 – New Cap and Floor RIGs**

To: All holders of an electricity interconnector licence in whose licence Standard Condition 25 (Cap and Floor Regulatory Instructions and Guidance) has effect.

**Direction to issue new Cap and Floor Regulatory Instructions and Guidance ('Cap and Floor RIGs') in accordance with paragraph 10 of Standard Condition 25**

1. On 12 September 2019, the Gas and Electricity Markets Authority ('the Authority')<sup>1</sup> gave notice (the Notice), pursuant to paragraph 12(a) of Standard Condition 25 of the electricity interconnector licence, that it proposes to issue new Cap and Floor RIGs.
2. The reasons why we proposed to issue new Cap and Floor RIGs were as follows:
  - To ensure all relevant costs are captured accurately and consistently across all interconnector cap and floor projects;
  - To ensure costs are reported in the most efficient manner possible; and
  - To reflect proposed changes to the Cap and Floor Financial Model.
3. We received four responses to the Notice and carefully considered any comments made with respect to the proposed new Cap and Floor RIGs. Our response to these comments is set out in Appendix 1 our Decision on the Post Construction Review of the Nemo Link interconnector to Belgium. We have placed all non-confidential responses on our website.
4. It has been necessary to make a number of minor amendments to the proposed new Cap and Floor RIGs that accompanied the Notice. These amendments are set out in our accompanying Decision on the Post Construction Review of the Nemo Link interconnector to Belgium. The reasons for any differences between the proposed new Cap and Floor RIGs attached to the Notice and the new Cap and Floor RIGs attached in Schedule 5 are to correct minor typographical errors and address minor issues raised in consultation responses.
5. Pursuant to paragraph 10 of Standard Condition 25, the Authority hereby issues new Cap and Floor RIGs as attached in Schedule 5. These new Cap and Floor RIGs shall take effect from 18 December 2019.



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**Tom Corcut**  
**Deputy Director, Wholesale Markets**

**17 December 2019**

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