



FAB PROJECT

An interconnector to provide electricity
between France and Britain via Alderney

SENT BY EMAIL ONLY TO: Cap.Floor@ofgem.gov.uk

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Dear Andrew

FAB Link Limited response to the “Statutory consultation on proposed changes to the electricity interconnector licence held by National Grid IFA 2 Limited to implement the cap and floor regime”

The FAB project is a proposed 1,400MW electrical interconnector between France and Britain via the channel island of Alderney. The project has been under development by FAB Link Limited (“FAB Link”) in the UK and Réseau de transport d'électricité (RTE) in France since 2013.

We welcome the opportunity to provide our views on the proposed special conditions to be inserted into the electricity license held by NGIFA2. We have provided our specific comments on the proposed text, using the Ofgem response template, in the Annex to this letter.

We would like to make clear that nothing in this response should be construed as acceptance that the NGIFA2 Special Conditions, or any part thereof, would be appropriate for FAB Link and we will continue to work with Ofgem to devise Special Conditions tailored for FAB Link. We also assume that the Standard Interconnector Licence conditions remain unchanged.

If you would like to discuss any aspect of the response please don't hesitate to contact me directly.

Yours sincerely,

Richard Sidley
Commercial and Regulatory Manager – FAB Link

Annex – License consultation response template

Respondent details		Richard Sidley, Regulatory and Commercial Manager, FAB Link Ltd richard.sidley@inv.com 07748 180429			
Licence/Document name	Condition/Section number	Condition/Section name	Page/Paragraph Ref	Comments	Suggested alternative drafting (please use tracked changes wherever possible)
Schedule 1A – New proposed special conditions for the electricity interconnector license held by National Grid IFA2 Limited	Special Condition 2	Cap Level and Floor Level	Pg 8, Para 8	<p>Para 8(c) describes non-operation of the interconnector due to insufficient price differential and para 7(b)i discounts these periods from the 60 days of continuous operation requirement.</p> <p>In the circumstance described by Para 8(c) the interconnector would be in a fully operational state. Furthermore, during these periods the interconnector would be available for and potentially providing ancillary services to the connected TSO's. For these reasons it does not make sense to discount these periods and they should rather be considered as contributing to the 60-day period.</p>	<p>8. The events or circumstances referred to in paragraph 7 of this condition are as follows:</p> <p>(a) de minimis periods of one hour or less of non-operation of the licensee's Interconnector that do not indicate an on-going construction defect with the licensee's Interconnector;</p> <p>(b) Trial Operation Exceptional Event or Allowed Outage. ; and</p> <p>(c) non-operation of the licensee's Interconnector as a result of insufficient price differential making electricity flow commercially non-viable.</p>
	Special Condition 7	Non-Controllable Costs	Pg 41, Para 17(b)	<p>The drafting stipulates that an income adjusting event should only be triggered if a single event results in an impact of at least 5% of the floor. Given the principle is to ensure significant impacts, out of the control of the IC owner, are adjusted in the regime this should consider the cumulative effect of multiple potential events within a year.</p>	<p>...as a consequence of which there are costs and/or expenses incurred by the licensee which cumulatively exceed 5 per cent of the Floor Level for Relevant Year t calculated in accordance with paragraph 4(b) of special condition 2 of this licence with the.....</p>