

To: National Grid IFA2 Limited

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

**Modification of the special conditions of the electricity interconnector licence held
by National Grid IFA2 Limited**

1. National Grid IFA2 Limited (NGIFA2) 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 18 December 2019 (the Notice) that we proposed to modify the Licence by inserting new special conditions as specified in the schedule accompanying the Notice². We stated that any representations to the modification proposal must be made on or before 24 January 2020
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 four responses to the Notice, which we have carefully considered. All responses were non-confidential and have been placed on our website. Our response is set out in our accompanying letter.
5. We have decided to make a number of minor alterations to the modifications set out in the Notice. These alterations are tracked in the attached Schedule 2. The reasons for the differences between the modifications set out in the Notice and the modifications reflected in Schedule 2 are to correct minor errors and address issues raised in consultation responses.
6. We are making these licence changes in order to implement NGIFA2's cap and floor regime and reflect the NGIFA2-specific elements of the cap and floor regime that are contained in the July 2018 decision on the Final Project Assessment of the IFA2 interconnector³.
7. Further details on the reasons and effect of the modifications can be found in the schedule accompanying the Notice⁴.
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 Energy Licence Modification Appeals: Competition and Markets Authority Rules⁵ requires that the appellant must send to any relevant licence holders who are not parties to the appeal a non-sensitive notice setting out the matters required in Rule

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

² Proposed new special conditions for the electricity interconnector licence held by NGIFA2: <https://www.ofgem.gov.uk/publications-and-updates/statutory-consultation-proposal-insert-new-special-conditions-electricity-interconnector-licence-held-national-grid-ifa2-limited-ngifa2>

³ Decision on the Final Project Assessment of the IFA2 interconnector to France (17 July 2018):

<https://www.ofgem.gov.uk/publications-and-updates/final-project-assessment-ifa2-interconnector-france>

⁴ Reasons and effects of proposed insertion of new special conditions into the electricity interconnector licence held by NGIFA2: https://www.ofgem.gov.uk/system/files/docs/2018/01/schedule_1b_-_NGIFA2_specials_-_reasons_and_effect.pdf

⁵ CMA70 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/655601/energy-licence-modification-appeals-rules.pdf

5.2. The attached Schedule 2 provides a list of the relevant licence holders in relation to this modification. 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 electricity interconnector licence of NGIFA2 in the manner specified in the attached Schedule 1. This decision will take effect from 04 August 2020.

This document is notice of the reasons for the decision to modify the electricity interconnector licence held by NGIFA2 as required by section 49A(2) of the Act.



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Tom Corcut
Deputy Director, Wholesale Markets

Duly authorised on behalf of the
Gas and Electricity Markets Authority

10 June 2020