

Appendix 1

To: All holders of an Electricity Interconnector Licence

Electricity Act 1989

Section 11A(2)

Notice of statutory consultation on a proposal to modify the standard conditions of the Electricity Interconnector Licence

1. The Gas and Electricity Markets Authority ('the Authority')¹ proposes to modify the standard conditions of all electricity interconnector licences granted or treated as granted under 6(1)(e) of the Electricity Act 1989 in order to:
 - (a) align the standard conditions with relevant provisions in the European legislative framework of the Clean Energy for all Europeans Package (CEP), specifically Regulation (EU) 2019/943 of 5 June 2019 on the internal market for electricity (the CEP Electricity Regulation), by amending:
 - Standard Condition 1: Definitions and Interpretation
 - Standard Condition 9: Use of Revenues
 - Standard Condition 12: Application of Licence Conditions 9,10, and 11: Exemption Orders
 - Standard Condition 23: Regional Cooperation; and
 - (b) implement our decision on approach to cost sharing and cost recovery under the Capacity Allocation and Congestion Management (CACM) Regulation² by:
 - (i) inserting the following proposed new standard condition into existing Section A: Interpretation, Application and Payments:
 - Standard Condition 1B: Application of Section H;
 - (ii) inserting the following proposed new standard conditions in a new section H:

Section H: Payments between the licensee and the GB system operator

 - Standard Condition 27: Determination of the Interconnector Payments term with respect to costs related to the Capacity Allocation and Congestion Management Regulation; and
 - Standard Condition 28: Provision of Information to the GB System Operator,as set out in Schedule 1 of this Notice.
2. We are proposing these modifications in order to:

¹ The terms "the Authority", "we" and "us" are used interchangeably in this document

² Regulation (EU) 2015/1222 on capacity allocation and congestion management

- (a) ensure that the standard conditions of the electricity interconnector licence reflect the CEP provisions, specifically the CEP Electricity Regulation³; and
 - (b) implement our decision on approach to cost sharing and cost recovery under the CACM Regulation⁴.
3. Specific details on the reasons and effects of the proposed modifications relating to the CEP Regulation and our decision under the CACM Regulation can be found in Part A and Part B respectively of Schedule 4 of this notice.
 4. A copy of the proposed modifications and other documents referred to in this notice are available on the Ofgem website (www.ofgem.gov.uk). Alternatively, they are available from foi@ofgem.gov.uk.
 5. Any representations on the proposed licence modifications may be made on or before 31 July 2020 by email to: Ikbal.Hussain@ofgem.gov.uk.
 6. We normally publish all responses on our website. However, if you do not wish your response to be made public then please clearly mark it as not for publication. We prefer to receive responses in an electronic form so they can be placed easily on our website.
 7. If we decide to make the proposed modifications, they will take effect not less than 56 days after the decision is published.

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Tom Corcut
Deputy Director, Wholesale Markets
Duly authorised on behalf of the
Gas and Electricity Markets Authority

3 July 2020

³ Regulation EU 2019/943 on the internal market for electricity

⁴ Decision on approach to cost sharing and cost recovery under the Capacity Allocation and Congestion Management (CACM) Regulation, published on 30 August 2019: <https://www.ofgem.gov.uk/publications-and-updates/decision-approach-cost-sharing-and-cost-recovery-under-capacity-allocation-and-congestion-management-cacm-regulation>