

Ofgem  
By email only: [Ikbal.Hussain@ofgem.gov.uk](mailto:Ikbal.Hussain@ofgem.gov.uk)

24<sup>th</sup> July 2020

Dear Ikbal

**Statutory consultation on proposed modifications to the standard conditions of the electricity interconnector licence and to the special conditions of the electricity interconnector licence held by NGIL and the electricity transmission licence held by NGEN**

Transmission Investment is leading, in partnership with the French national grid company RTE, the development of a proposed 1400MW HVDC interconnector between France and Britain via Alderney (“the FAB interconnector project”).

As an interconnector licensee we welcome the opportunity to provide feedback on the abovementioned consultation. We do not provide extensive feedback for the reasons covered below but prefer rather to highlight some key points for Ofgem’s consideration.

**CEP Electricity Regulation related licence changes**

A key goal of this change is to align any out of date references to the Third Energy Package to those of the CEP. These changes have been set out throughout *Schedule 1 – Proposed modifications to standard conditions of the electricity interconnector licence*. However, these proposed changes do not appear to be made to the latest published version of the licence (the version “Consolidated to 25 February 2020”) and in most cases are a repeat. We agree that the proposed changes in Schedule 1 correctly align to CEP. However, a full check across the consolidated version to 25 February 2020 and the original version used in schedule 1 needs to be made to ensure the latest drafting of the consolidated to 25 February 2020 version are reflected in the final version following this consultation.

Further to the above, Ofgem completed a Statutory consultation on licence modifications in the event the UK leaves the EU without a deal. Given the subsequent changes suggested in this (and previous) consultations an update should be made to the results of that consultation to ensure required changes can be reflected efficiently if needed.

A change in Condition 9 Part C 3a adds the text “including firmness compensation”. This additional term would benefit from a definition to ensure relevant revenues are stated.

## **CACM Regulation related licence changes**

In general, we agree with the proposed legal text to enable the recovery of development and operational costs associated with the Single Day-Ahead Coupling and Single Intraday Coupling. We understand that the proposed legal text will only be directed to have an effect on those interconnectors which incurred associated costs prior to the *Ofgem Decision on approach to cost sharing and cost recovery under the Capacity Allocation and Congestion Management (CACM) Regulation* dated 30 August 2019. This is legally established in the proposed Condition 27 text and will limit these payments to those associated with the definition of the "Relevant Decision". This is a small proportion of the overall number of projects potentially captured by the Standard Conditions of the Interconnector License and so, contrary to the cover letter, this wording may best sit within the Special Conditions of each of the relevant interconnectors. If this is not possible, we would welcome further text within the Standard Conditions to add clarity on the applicability of Section H, in particular confirming the limit on rights or discretion that Ofgem may have to apply Section H to other licensees.

The definition of "Relevant Decision" in Condition 27 references the Authority's decision on approach to cost sharing and cost recovery under the CACM regulation, dated 20 August 2019. This date appears to be incorrect and should state 30 August 2019.

If you would like to discuss any of the comments above please feel free to contact me.

Yours sincerely,



**Richard Sidley**  
Regulatory and Commercial Manager