

**Schedule 4 – Proposed modifications to the special condition of the electricity interconnector licence held by National Grid North Sea Link Limited**

[Note: Text shown in blue double underline are additions and any text shown in ~~red strikethrough~~ are deletions]

## Special Condition 1: Definitions and Interpretation

1. This condition sets out particular defined words and expressions that are used in the special conditions and gives their meaning.
2. However:
  - (a) where words and expressions are used in only one special condition, their definitions are set out in that condition; and
  - (b) where words and expressions used in the special conditions are defined in the standard conditions, they have the same meaning in the special conditions as given to them in the standard conditions, unless the context otherwise requires.
3. All defined words and expressions used in the special conditions have initial capital letters, including those defined in the standard conditions where they are written with lower case.
4. Any reference in these special conditions to:
  - (a) a provision thereof;
  - (b) a provision of the standard conditions of electricity transmission licences;
  - (c) a provision of the standard conditions of electricity interconnector licences,shall, if these or the standard conditions in question come to be modified, be construed, so far as the context permits, as a reference to the corresponding provision of these or the standard conditions in question as modified.

### Definitions in alphabetical order

5. In these special conditions unless the context otherwise requires:

“Allowed Outage”	means an Interconnector Outage (in MWh) that: <ol style="list-style-type: none"><li>(a) was caused by the de-energisation (whether partial or whole), disconnection or curtailment or reductions in capacity of the licensee’s Interconnector by the GB System Operator or the Norwegian System Operator or any other entity as may be determined by the Authority; and</li><li>(b) is specified in writing by the Authority as being an Allowed Outage</li></ol>
“Annual Cap and Floor RIGs Submission”	means the submission by the licensee, on an annual basis, as specified in the Cap and Floor RIGs, of information that it is required to collect and provide to the Authority under standard condition 25 (Cap and Floor Regulatory Instructions and Guidance) of this licence

“Assessed Revenue”	means revenue earned by the licensee’s Interconnector for Relevant Year t and calculated in accordance with Part A of special condition 5 (Assessed Revenue) of this licence
“Availability Incentive Adjustment At Cap” (AIC <sub>t</sub> )	means the adjustment to the Cap Level determined in accordance with Part B of special condition 4 (Interconnector Availability Incentive) of this licence
“Availability Incentive Adjustment At Floor” (AIF <sub>t</sub> )	means the adjustment to the Floor Level determined in accordance with Part C of special condition 4 of this licence
“Cap Level”(CL <sub>t</sub> )	means the level of Assessed Revenue for any Relevant Year that: <ul style="list-style-type: none"> <li>(a) is determined in accordance with the formula in paragraph 4(a) of special condition 2 (Cap Level and Floor Level) of this licence; and</li> <li>(b) above which, at the end of each Relevant Assessment Period, the difference between the Cap Level and the Assessed Revenue is paid to the GB System Operator</li> </ul>
“Cap Start Date”	means the Regime Start Date or such earlier date as may be specified in writing by the Authority
“End Of Period Cap And Floor Adjustment” (CFA <sub>ap</sub> )	means the licensee’s Interconnector Revenue adjustment component calculated in accordance with paragraph 4 of special condition 3 (Cap and Floor Assessment) of this licence
“Exceptional Event”	means: <ul style="list-style-type: none"> <li>(a) an event or circumstance that results in or causes the Actual Availability of licensee’s Interconnector to fall below the Minimum Availability Target in any Relevant Year; and</li> <li>(b) in the Authority’s opinion, the event or circumstance: <ul style="list-style-type: none"> <li>i. constitutes a Force Majeure event under the special conditions of this licence;</li> <li>ii. has been appropriately mitigated and managed by the licensee including responding to the event in line with Good Industry Practice; and</li> <li>iii. the Authority is satisfied that the licensee has met the requirements of Part A of special condition 4 of this licence</li> </ul> </li> </ul>

“First Year of Operation”	means a full calendar year starting on the Full Commissioning Date and ending a full calendar year later
“Floor Level”(FL <sub>t</sub> )	<p>means the level of Assessed Revenue for any Relevant Year that:</p> <ul style="list-style-type: none"> <li>(a) is determined in accordance with the formula in paragraph 4(b) of special condition 2 of this licence; and</li> <li>(b) below which level the licensee is eligible for a top up of Assessed Revenue from the GB System Operator</li> </ul>
“Floor Start Date”	means the Full Commissioning Date or such earlier date as may be specified in writing by the Authority
“Force Majeure”	<p>means an event or circumstance which is beyond the reasonable control of the licensee, including act of God, act of the public enemy, <a href="#">strike, lockout and other industrial disturbance</a>, war declared or undeclared, threat of war, terrorist act (or threat of), blockade, revolution, riot, insurrection, civil commotion, public demonstration, sabotage, act of vandalism, governmental restraint, provided that lack of funds of the licensee or performance or non-performance by an electricity transmission licensee or equivalent entity shall not be interpreted as a cause beyond the reasonable control of the licensee and provided that weather and ground conditions which are reasonably to be expected at the location of the event or circumstance are also excluded as not being beyond the reasonable control of the licensee</p>
“Full Commissioning Date”	means the date on which the licensee’s Interconnector is deemed to be fully commissioned in accordance with the criteria set out in paragraph 7 of special condition 2 of this licence
“Good Industry Practice”	means, in relation to any undertaking and any circumstances, the exercise of that degree of skill, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced operator engaged in the same type of undertaking under the same or similar circumstances
“Interconnector Revenue”	means the 50% share of all sources of revenue derived by the licensee’s Interconnector, for Relevant Year <i>t</i> , from participating in the operation of the licensee’s Interconnector
“Minimum Availability Target”	means the minimum amount of availability that is required over the licensee’s Interconnector in any Relevant Year, and has the value 9,817,920 megawatt hours (MWh), subject to adjustments

	to account for Partial Years in accordance with Part F of special condition 4 of this licence
“Norwegian Transmission System Operator”	means the operator of the high-voltage electricity transmission system in Norway
“Opex Reassessment”	means the process for determining the value of the Opex Reassessment Adjustment terms set out in special condition 9 (Process for determining the value of the Opex Reassessment Adjustment terms)
“Opex Reassessment Adjustment”(ORA)	means the adjustments to the Cap Level and Floor Level following determination by the Authority in accordance with Part D of special condition 2 of this licence
“Partial Years”	means the first Relevant Year or the last Relevant Year of the Regime Duration
“Preliminary Cap Level” (PCL)	means the value specified in paragraph 12(a) of special condition 2 of this licence (£89.85 million per year, expressed in real 2015/16 Sterling prices)
“Preliminary Floor Level” (PFL)	means the value specified in paragraph 12(b) of special condition 2 of this licence (£50.90 million per year, expressed in real 2015/16 Sterling prices)
“Post Construction Adjustment” (PCA)	means the adjustments to the Cap Level and Floor Level following a determination by the Authority in accordance with Part C of special condition 2 of this licence
“Post Construction Review”	means the process for determining the value of the Post Construction Adjustment terms set out in special condition 8 (Process for determining the value of the Post Construction Adjustment terms)
“Rated Capacity”	means the maximum of the licensee’s Interconnector Capacity and is equal to 1,400 megawatts (MW)
“Regime Duration”	means a period of 25 Relevant Years commencing on the Regime Start Date
“Regime Start Date”	<u>(a) means 1<sup>st</sup> January 2021; or</u> <u>(b) such later date as the Authority may specify in the direction issued pursuant to Standard Licence Condition 26A (Delay to Regime Start Date caused by Pre-Operational Force Majeure)</u>
“Relevant Assessment Period”	means any of the Relevant Assessment Periods specified in Part J of special condition 3 of this licence

“Relevant Assessment Period <i>ap</i> ”	means that Relevant Assessment Period for the purposes of which any calculation falls to be made
“Relevant Partial Assessment Period”	<p>means a period that:</p> <ul style="list-style-type: none"> <li>(a) commences on the first day of the first Relevant Year of the Relevant Assessment Period;</li> <li>(b) is comprised of whole Relevant Year(s) only; and</li> <li>(c) runs for whole consecutive years up to and including, but not exceeding, the fourth Relevant Year of a Relevant Assessment Period</li> </ul>
“Relevant Partial Assessment Period <i>pap</i> ”	means that Relevant Partial Assessment Period for the purposes of which any calculation falls to be made
“Relevant Year”	<p>means:</p> <ul style="list-style-type: none"> <li>(a) in all Relevant Years except for the first Relevant Year and the last Relevant Year of the Regime Duration, a financial year - a period of 12 months beginning on 1 April of each year and ending on 31 March of the following calendar year; and</li> <li>(b) in the first Relevant Year and the last Relevant Year of the Regime Duration, a different period of time as specified in Part J of special condition 3 of this licence</li> </ul>
“Relevant Year <i>t</i> ”	means that Relevant Year for the purposes of which any calculation falls to be made
“Within Period Adjustment”	means the Interconnector Revenue adjustment determined by the Authority in accordance with special condition 6 of this licence.

## Special Condition 2: Cap Level and Floor Level

1. The purpose of this condition is to calculate the value of the Cap Level term and the Floor Level term, against which the licensee's Assessed Revenue is assessed, in accordance with special condition 3 (Cap and Floor Assessment), at the end of each of Relevant Assessment Period of the Regime Duration.
2. This condition also provides for the calculation of various adjustments to the Cap Level and Floor Level.

### Structure of this condition

3. This condition is structured as follows:
  - (a) Part A of this condition sets out the calculation and entry into force of the Cap Level term ( $CL_t$ ) and Floor Level term ( $FL_t$ );
  - (b) Part B of this condition sets out the Preliminary Cap Level (PCL) and Preliminary Floor Level (PFL);
  - (c) Part C of this condition sets out the calculation of the Post Construction Adjustment At Cap term (PCAC) and the Post Construction Adjustment At Floor term (PCAF);
  - (d) Part D of this conditions sets out the calculation of the Opex Reassessment Adjustment At Cap term (ORAC) and the Opex Reassessment Adjustment At Floor term (ORAF);
  - (e) Part E of this condition sets out the calculation of the Availability Incentive Adjustment At Cap term ( $AIC_t$ ) and the Availability Incentive Adjustment At Floor term ( $AIF_t$ );
  - (f) Part F of this condition sets out the calculation of the Retail Price Index term ( $RPI_t$ ); and
  - (g) Part G sets out the calculation of the Partial Year Cap Adjustment Factor term ( $PYC_t$ ) and the Partial Year Floor Adjustment Factor term ( $PYF_t$ ).

### Part A: Calculation and entry into force of the Cap Level term ( $CL_t$ ) and Floor Level term ( $FL_t$ )

4. The Cap Level and Floor Level for any Relevant Year are calculated in accordance with the following formulae:
  - (a)  $CL_t = PYC_t \times (PCL + PCAC + ORAC) \times AIC_t \times RPI_t$
  - (b)  $FL_t = PYF_t \times (PFL + PCAF + ORAF) \times AIF_t \times RPI_t$

Where:

$AIC_t$	means the Availability Incentive Adjustment At Cap term for Relevant Year $t$ and is determined in accordance with Part B of special condition 4 (Interconnector Availability Incentive) of this
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	licence and shall have a value in the range specified in paragraph 17 of this condition
AIF <sub>t</sub>	means the Availability Incentive Adjustment At Floor term for Relevant Year <i>t</i> and is determined in accordance with Part C of special condition 4 of this licence and shall have a value specified in paragraph 18 of this condition
CL <sub>t</sub>	means the Cap Level for Relevant Year <i>t</i> and is calculated in accordance with the formula in paragraph 4(a) of this condition except where the Authority has issued a direction under paragraph 33 of special condition 7 (Non-Controllable Costs) of this licence, in which case it shall be calculated in accordance with paragraph 36(a) of special condition 7 of this licence
FL <sub>t</sub>	means the Floor Level in Relevant Year <i>t</i> and is calculated in accordance with the formula in paragraph 4(b) of this condition except where the Authority has issued a direction under paragraph 33 of special condition 7, in which case it shall be calculated in accordance with paragraph 36(b) of special condition 7 of this licence
PCAC	means the Post Construction Adjustment At Cap term and is determined in accordance with Part C of this condition
PCAF	means the Post Construction Adjustment At Floor term and is determined in accordance with Part C of this condition
PCL	means the Preliminary Cap Level specified in paragraph 12(a) of this condition
PFL	means the Preliminary Floor Level specified in paragraph 12(b) of this condition
RPI <sub>t</sub>	means the Retail Price Index term (CHAW) for Relevant Year <i>t</i> and is calculated in accordance with Part F of this condition
PYC <sub>t</sub>	means the Partial Year Cap Adjustment Factor term for Relevant Year <i>t</i> and is calculated in accordance with Part G of this condition
PYF <sub>t</sub>	means the Partial Year Floor Adjustment Factor term for Relevant Year <i>t</i> and is calculated in accordance with Part G of this condition
ORAC	means the Opex Reassessment Adjustment At Cap term and is determined in accordance with Part D of this condition
ORAF	means the Opex Reassessment Adjustment At Floor term and is determined in accordance with Part D of this condition

5. The derived levels shall come into force as follows:



- (a) The Cap Level shall come in force on the Cap Start Date which shall be the Regime Start Date or such earlier date as may be specified in writing by the Authority;
  - (b) The Floor Level shall come into force on the Floor Start Date which shall be the Full Commissioning Date or such earlier date as may be specified in writing by the Authority, and shall, subject to any adjustments specified in this condition and Part C (Determination of the Decommissioning Cost Adjustment term) of special condition 7 of this licence, remain fixed for the Regime Duration.
6. For the avoidance of doubt, the Floor Start Date shall not precede the Regime Start Date.
7. For the purposes of paragraph 5 of this condition, the Full Commissioning Date means the date:
- (a) that falls after the successful completion of such procedures and tests in relation to the licensee's Interconnector that are in accordance with, at the time they are undertaken, Good Industry Practice for commissioning that type of interconnector in order to demonstrate that the licensee's Interconnector is available for the use of conveyance of electricity at the Rated Capacity; and
  - (b) that falls before the successful completion of 60 days of continuous operation (with licensee's Interconnector technically available at the Rated Capacity) of the licensee's Interconnector provided that:
    - i. the period of time in which the events or circumstances specified in paragraph 8(a) to 8(c) of this condition shall be discounted subject to Authority direction in accordance with paragraph 11 of this condition; and
    - ii. should the licensee consider that any of the events or circumstances specified in paragraph 8(a) to 8(c) have occurred, the licensee provides sufficient information to the Authority to demonstrate this.
8. The events or circumstances referred to in paragraph 7 of this condition are as follows:
- (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;
  - (b) Trial Operation Exceptional Event or Allowed Outage; and
  - (c) non-operation of the licensee's Interconnector as a result of insufficient price differential making electricity flow commercially non-viable.
9. For the purposes of paragraph 8 of this condition, the Trial Operation Exceptional Event means an event or circumstance that, in the Authority's opinion:
- (a) constitutes a Force Majeure event under the special conditions of this licence;
  - (b) has been appropriately mitigated and managed by the licensee including responding to the event in line with Good Industry Practice; and

- (c) allows it to be satisfied that the licensee has met the requirements of Part A of special condition 4 of this licence.
10. For the purposes of paragraph 7(b)(i) of this condition, “shall be discounted” shall have the following meaning: the 60 days continuous operation shall be paused on the date and time of the start of the event or circumstance and shall resume on the date and time that normal operation recommences.
  11. Unless the Authority has already specified an earlier Floor Start Date under paragraph 5(b) of this condition, the Authority shall, at the request of the licensee:
    - (a) confirm whether or not it considers the criteria specified in paragraph 7 of this condition have been satisfied; and
    - (b) if so, direct the date on which the Full Commissioning Date falls (such date being also the Floor Start Date).

#### Part B: Preliminary Cap Level and Preliminary Floor Level

12. The Preliminary Cap Level and Preliminary Floor Level set by the Authority for the licensee’s Interconnector are as follows:
  - (a) the Preliminary Cap Level is set to £89.85 million per year, expressed in real 2015/16 Sterling prices; and
  - (b) the Preliminary Floor Level is set to £50.90 million per year, expressed in real 2015/16 Sterling prices.

#### Part C: Calculation of the Post Construction Adjustment At Cap term and Post Construction Adjustment at Floor term (PCAC and PCAF)

13. The value of the PCAC term and the value of the PCAF term:
  - (a) shall be determined by the Authority in accordance with the process set out in special condition 8 (Process for determining the value of the Post Construction Adjustment terms);
  - (b) shall represent the difference between sub-paragraphs (a) and (b) of paragraph 14 of this condition;
  - (c) shall be expressed in real 2015/16 Sterling prices; and
  - (d) shall, from the date on which the PCAC and PCAF terms take effect, remain fixed for the remainder of the Regime Duration; or
  - (e) unless and until such determination under paragraphs 13(a) to 13(d) of this condition is made, shall have the value zero.
14. For the purposes of paragraph 13(a) to 13(d) of this condition, the Authority shall determine a value that represents the difference between:
  - (a) the Authority’s estimate, assumed in the Preliminary Cap Level and Preliminary Floor Level, of the costs associated with developing, constructing, operating, maintaining and decommissioning of the licensee’s Interconnector; and
  - (b) the Authority’s assessment, at the Post Construction Review stage, of the economic and efficient costs associated with developing, constructing, operating,

maintaining and decommissioning of the licensee's Interconnector.

Part D: Calculation of the Opex Reassessment Adjustment At Cap term and Opex Reassessment Adjustment At Floor term (ORAC and ORAF)

15. The value the ORAC term and the value of the ORAF term:
- (a) shall be determined by the Authority in accordance with the process set out in special condition 9 (Process for determining the value of the Opex Reassessment Adjustment terms);
  - (b) shall represent the difference between sub-paragraphs (a) and (b) of paragraph 16 of this condition;
  - (c) shall be expressed in real 2015/16 Sterling prices; and
  - (d) shall, from the date on which the ORAC and ORAF terms take effect, remain fixed for the remainder of the Regime Duration; or
  - (e) in the absence of a determination under paragraphs 15(a) to 15(d) of this condition, shall have the value zero.
16. For the purposes of paragraphs 15(a) to 15(d) of this condition, the Authority shall determine a value that represents the difference between:
- (a) the Authority's assessment, at the Post Construction Review stage, of the economic and efficient costs associated with operating and maintaining the licensee's Interconnector; and
  - (b) the Authority's reassessment, at the Opex Reassessment stage, of the economic and efficient costs associated with operating and maintaining the licensee's Interconnector.

Part E: Calculation of the Availability Incentive Adjustment At Cap term (AIC<sub>t</sub>) and Availability Incentive Adjustment At Floor term (AIF<sub>t</sub>)

17. The value of the AIC<sub>t</sub> term is determined in accordance with Part B of special condition 4 (Interconnector Availability Incentive) of this licence and shall have a value between 0.98 and 1.02.
18. The value of the AIF<sub>t</sub> term is determined in accordance with Part C of special condition 4 of this licence and shall have a value of either zero or 1.00.

Part F: Calculation of the Retail Price Index term (RPI<sub>t</sub>)

19. The RPI<sub>t</sub> term is calculated in accordance with the following:

$$RPI_t = \frac{\text{UK RPI index}_t}{\text{UK RPI index}_{2016/2017}}$$

UK RPI index <sub>t</sub>	means:  (a) for the first Relevant Year of the Regime Duration, with respect to each of the total months in the period as, defined in paragraph
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	<p>20(a) of special condition 3 of this licence, the arithmetic average of the monthly index number of retail prices, as identified by the Office of National Statistics in the CHAW series, where the index on 13 January 1987 equals 100;</p> <p>(b) for the last Relevant Year of the Regime Duration, with respect to each of the total months in the period, as defined in paragraph 20(b) of special condition 3 of this licence, the arithmetic average of the monthly index number of retail prices, as identified by the Office of National Statistics in the CHAW series, where the index on 13 January 1987 equals 100; or</p> <p>(c) for all other Relevant Years over the Regime Duration, with respect to each of the 12 months in Relevant Year <math>t</math>, the 12 month arithmetic average of the monthly index number of retail prices, as identified by the Office of National Statistics in the CHAW series, where the index on 13 January 1987 equals 100</p>
UK RPI index 2015/16	means, with respect to each of the 12 months from 1 April 2015 to 31 March 2016, the 12 month arithmetic average of the monthly index number of retail prices, as identified by the Office of National Statistics in the CHAW series, where the index on 13 January 1987 equals 100, and has the value of 259.43

Part G: Calculation of the Partial Year Cap Adjustment Factor term and Partial Year Floor Adjustment Factor term ( $PYC_t$  and  $PYF_t$ )

20. The  $PYC_t$  term and  $PYF_t$  term adjust the Cap Level and Floor Level to account for Partial Years in respect of the first and last Relevant Year of the Regime Duration.

21. The  $PYC_t$  shall

(a) take the value 1 in all Relevant Years, except:

- i. in respect of the period before the Regime Start Date, where the  $PYC_t$  term shall take the value zero.
- ii. in respect of the first Relevant Year of the Regime Duration (in which the Cap Level term comes into force under paragraph 5(a) of this condition), where the value of the  $PYC_{t1}$  term shall be calculated in accordance with the following formula:

$$PYC_{t1} = \frac{NDC}{365.25}$$

- iii. in respect of the last Relevant Year of the Regime Duration, where the value of the  $PYC_{t25}$  term shall be calculated in accordance with the following formula:

$$PYC_{t25} = 1 + \frac{365.25 - NDC}{365.25}$$

- (b) in all Relevant Years subsequent to the last Relevant Year of the Regime Duration, where the  $PYC_t$  term shall take the value zero.

22. The  $PYF_t$  shall

- (a) take the value 1 in all Relevant Years, except:
- i. in respect of the period before the Floor Level comes into force, where the  $PYF_t$  term shall take the value zero.
  - ii. in respect of the first Relevant Year of the Regime Duration, in which the Floor Level term comes into force under paragraph 5(b) of this condition, and in which the value of the  $PYF_{t1}$  term shall be calculated in accordance with the following formula:

$$PYF_{t1} = \frac{NDF}{365.25}$$

- iii. in respect of the last Relevant Year of the Regime Duration and subject to the Floor Level being in force under paragraph 5(b) of this condition, where the value of the  $PYF_{t25}$  term shall be equal to the value of the  $PYC_{t25}$  term.

- (b) in all Relevant Years subsequent to the last Relevant Year of the Regime Duration, where the  $PYF_t$  term shall take the value zero.

Where:

NDC	means the Number Of Days Of Cap term and is equal to the number of calendar days from (and including) the day in which the Cap Level comes into force up to (and including) 31 <sup>st</sup> March 2022
NDF	means the Number Of Days Of Floor term and is equal to the number of calendar days from (and including) the day in which the Floor Level comes into force up to (and including) 31 <sup>st</sup> March 2022
$PYC_t$	means the Partial Year Cap Adjustment Factor term for Relevant Year $t$ and is calculated in accordance with paragraph 21 of this condition
$PYC_{t1}$	means the Partial Year Cap Adjustment Factor term for the first Relevant Year of the Regime Duration and similar expressions shall be construed accordingly
$PYF_t$	means the Partial Year Floor Adjustment Factor term for Relevant Year $t$ and is calculated in accordance with paragraph 22 of this condition
$PYF_{t1}$	means the Partial Year Floor Adjustment Factor term for the first Relevant Year of the Regime Duration and similar expressions shall be construed accordingly

## Special Condition 8: Process for determining the value of the Post Construction Adjustment terms

1. The purpose of this condition is to establish the process for determining the values of the Post Construction Adjustment (PCA) terms (the Post Construction Adjustment At Cap term (PCAC) and the Post Construction Adjustment At Floor term (PCAF)).
2. The PCA terms are the adjustment (whether upwards or downwards) of the Cap Level and the Floor Level proposed by the licensee as a consequence of the difference between:
  - (a) the Authority's estimate, assumed in the Preliminary Cap Level and Preliminary Floor Level, of the costs associated with developing, constructing, operating, maintaining and decommissioning of the licensee's Interconnector; and
  - (b) the Authority's assessment, at the Post Construction Review stage, of the economic and efficient costs associated with developing, constructing, operating, maintaining and decommissioning of the licensee's Interconnector.
3. Setting the PCA values will require specific changes to update the North Sea Link Cap And Floor Financial Model. These changes are set out within the NSL cap and floor financial model handbook. The North Sea Link Cap And Floor Financial Model is defined within Special Condition 11.
4. The licensee shall submit a request to the Authority setting out the proposed value for the PCA terms with supporting information at ~~the earlier of either:~~
  - (a) the earlier of either:
    - (i) a date on which between 90 per cent and 95 per cent of development and capital expenditure, excluding interest during construction (and any snagging retention) has been committed to the development and construction of the licensee's Interconnector;
    - (ii) the Full Commissioning Date; or
  - (b) such other date as may be agreed in writing by the Authority in accordance with paragraph 5 of this condition.
5. ~~Where an earlier determination (within the limits specified in paragraph 4 of this condition) is requested by the licensee, any risks associated with contingency and unspent costs or future variations shall reside with the licensee.~~ The licensee may request in writing that the Authority agree to an earlier or later submission of the PCA terms than specified in paragraph 4(a) provided that:
  - (a) the licensee provides supporting evidence of the reasons for submitting a request to the Authority outside the dates specified in paragraph 4(a) of this condition; and
  - (b) any risks associated with contingency and unspent costs or future variations shall reside with the licensee.

6. The licensee shall give the Authority no less than 6 months' notice that it intends to submit a proposed value for the PCA terms for determination by the Authority under this condition.
7. The licensee shall ensure that a request under paragraph 4 of this condition includes:
  - (a) the licensee's proposed values for the PCA terms;
  - (b) confirmation that the licensee's proposed PCA terms have been calculated in accordance with the North Sea Link Cap And Floor Financial Model and providing details of any calculation elements that are not in accordance with the model; and
  - (c) any other relevant information as may be specified by the Authority to facilitate its determination of the licensee's proposed values for the PCA terms.
8. For the purpose of paragraph 7(c), the Authority may issue guidance specifying the relevant information to be provided by the licensee. Such guidance may contain appropriate provisions and / or requirements in respect of the format and content of submission to be made by the licensee to the Authority under this condition, including the areas to be covered and the type of information and evidence to be provided.
9. The Authority will review the information submitted by the licensee under paragraph 7 of this condition and notify the licensee in writing within three months that:
  - (a) it has received all the information required to make a determination under paragraph 12 of this condition; or
  - (b) it has not received all the information required and specifies what further information is required.
10. The Authority will only commence its determination of the appropriateness of the licensee's proposed value for the PCA terms if, in its opinion, the licensee's submission meets the requirements of guidance issued (if any) under paragraph 7 of this condition.
11. Where the Authority has requested further information under paragraph 9(b) of this condition, the licensee shall provide such information to the Authority within one month of the Authority requesting such information.
12. Subject to paragraph 14 of this condition, the Authority shall, within 12 months from the date of any notification under paragraph 9(a) of this condition, determine whether the licensee's proposed values for the PCA terms meet the following conditions:
  - (a) include only eligible costs, as set out in our FPA decision, all of which must be deemed to be efficiently incurred; and
  - (b) have been calculated in accordance with the North Sea Link Cap And Floor Financial Model.
13. If the licensee's proposed values for the PCA terms do not meet the conditions specified in paragraph 12, the Authority will:
  - (c) specify the submission areas that are ineligible, inefficient, and/or not in accordance with the NSL Cap And Floor Financial Model and state the reasons behind that position;
  - (d) provide details of alternative treatments and why it considers them to be in accordance with paragraph 12 (a) and (b) of this condition; and
  - (e) provide updated values of the PCA terms which reflect the alternative treatments.

14. The 12 month period specified in paragraph 12 of this condition shall be paused on the date the Authority requests further information from the licensee under paragraph 9(b) of this condition and shall resume on the date the Authority issues a further notification under paragraph 9(a).
15. As soon as reasonably practicable after completing its determination under paragraph 12 of this condition, the Authority shall direct in writing the values of the PCA terms. The values of the PCA terms specified in such a direction shall take effect from the Regime Start Date.
16. Prior to completing its determination under paragraph 12 of this condition, the Authority shall consult with the licensee and any other relevant parties through a public consultation for a period of at least 28 days and consider any representations duly received within that period.
17. If the Post Construction Review is not completed within the First Year of Operation, we reserve the right to disallow NSL any Within Period Adjustments until the Post Construction Review is completed and final Cap Level and Floor Level are established.