

Appendix 3

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 25 March 2022 ('the Notice') that we propose to modify the Licence by amending the special conditions as specified in the schedule accompanying the Notice.² We stated that any representations to the modification proposal must be made on or before 24 April 2022.
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 two responses to the Notice and carefully considered comments made with respect to the proposed modifications. Our response to these comments is set out in the summary of consultation responses attached at Appendix 1 of our Decision on the Post Construction Review of the NGIFA2 interconnector to France. We have placed all non-confidential responses on our website.
5. We are making these licence changes in order to:
 - (a) reflect the changes in the governance of, and updates made to, the NGIFA2 Cap and Floor Financial Models (IFA2CFFMs), and
 - (b) to update references to the IFA2CFFMs in the Licence.
6. Further details on the reasons and effect of the modifications can be found in the schedule accompanying the Notice.³
7. 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 CMA's Energy Licence Modification Appeals Rules⁴ requires that the appellant must send to any relevant licence holders who are not parties to the appeal a non-confidential notice setting out the matters required in Rule 5.2. The relevant licence holder in relation to this modification is NGIFA2. Section 11A (10) of the Act sets out the meaning of 'relevant licence holder'.

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

² Proposed modifications to special conditions for the electricity interconnector licence held by NGIFA2: <https://www.ofgem.gov.uk/sites/default/files/2022-03/Appendix%203%20-%20Notice%20of%20statutory%20consultation%20on%20proposed%20changes%20to%20NGIFA2%27s%20licence.pdf>

³ Reasons and effects of proposed modifications to the special conditions into the electricity interconnector licence held by NGIFA2: <https://www.ofgem.gov.uk/sites/default/files/2022-03/Schedule%203B%20Reasons%20and%20effects%20of%20proposed%20changes%20to%20NGIFA2%27s%20licence.pdf>

⁴ The rules were published by the Competition Commission in September 2012. On 1 April 2014, the Competition Commission was abolished and its functions transferred to the CMA.

Under the powers set out in section 11A(1)(a) of the Act, we hereby modify the electricity interconnector licence held by NGIFA2 in the manner specified in attached Schedule 3. This decision will take effect from 28th September 2022.

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



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Stuart Borland
Deputy Director, Offshore Network Regulation

Duly authorised on behalf of the
Gas and Electricity Markets Authority

1st August 2022