

**DIRECTION ISSUED TO NATIONAL GRID IFA 2 LIMITED PURSUANT TO  
PARAGRAPH 12 OF SPECIAL CONDITION 6 (WITHIN PERIOD ADJUSTMENT) OF  
ITS ELECTRICITY INTERCONNECTOR LICENCE**

**AND**

**NOTICE OF REASONS UNDER SECTION 49A OF THE ELECTRICITY ACT 1989**

**WHEREAS:**

1. National Grid IFA 2 Limited ("NGIFA2") holds an Electricity Interconnector Licence (the "Licence") in respect of IFA 2 Interconnector ("IFA2") granted or treated as granted by the Gas and Electricity Markets Authority (the "Authority") under section 6(1)(e) of the Electricity Act 1989 (the "Act").
2. Special Condition 6 (Within Period Adjustment) of the Licence sets out the process for determining the value of the Within Period Adjustment term ( $WPA_{pap}$ ) for each Relevant Partial Assessment Period.<sup>1</sup>
3. The  $WPA_{pap}$  term is a revenue adjustment component that provides for the adjustment (whether upwards or downwards) of the Licensee's Interconnector Revenue outside of the five-yearly assessment of the Licensee's Assessed Revenue against the Cap Level and Floor Level set out in special condition 3 (Cap and Floor Assessment) of the Licence.
4. Part A of Special Condition 6 sets out the process by which the Licensee may submit a request to the Authority setting out the Licensee's proposed values for the  $WPA_{pap}$  term and paragraph 5 of Special Condition 6, within Part A, sets out the circumstances in which licensee may submit a request to the Authority for a Within Period Adjustment.
5. Pursuant to paragraph 11, the Authority has determined the Within Period Adjustment request and is satisfied that the request was submitted in accordance with Part A of Special Condition 6.
6. Paragraph 12 of Special Condition 6 of the Licence requires the Authority to determine after consultation with the licensee and such other persons as it considers desirable) whether it:

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<sup>1</sup> means a period that:

(a) commences on the first day of the first Relevant Year of the Relevant Assessment Period;  
(b) is comprised of whole Relevant Year(s) only; and

runs for whole consecutive years up to and including, but not exceeding, the fourth Relevant Year of a Relevant Assessment Period.

- considers the Licensee to have sufficiently demonstrated that a WPA is required on the grounds specified in paragraph 5 of that condition; and
- accepts the Licensee's proposed value for the WPA<sub>pap</sub> term and if not, to specify the value of the WPA<sub>pap</sub> term.

**NOW THEREFORE:**

The Authority hereby directs that it does consider that the Licensee has sufficiently demonstrated that a WPA is required on the grounds specified in paragraph 5 of Special Condition 6 and it accepts the proposed WPA<sub>pap</sub> term of **-£85.5m**, where the negative value indicates a downwards adjustment to NGIFA2's Interconnector Revenue.



**Stuart Borland**  
**Deputy Director, Offshore Network Regulation**

**Signed on behalf of the Authority and authorised for that purpose by the Authority on 20<sup>th</sup> January 2023**