

Appendix 4

To: National Grid North Sea Link Limited

Electricity Act 1989 Section 11A(2)

Notice of statutory consultation on a proposal to modify the special conditions of the electricity interconnector licence held by National Grid North Sea Link Limited

1. The Gas and Electricity Markets Authority ('the Authority')¹ proposes to modify the special conditions of the electricity interconnector licence held by National Grid North Sea Link Limited ('NGNSL') granted or treated as granted under 6(1)(e) of the Electricity Act 1989 by amending the following existing special conditions:

- (a) Special Condition 1: Definitions and Interpretation;
- (b) Special Condition 2: Cap Level and Floor Level
- (c) Special Condition 7: Non-Controllable Costs;
- (d) Special Condition 8: Process for determining the value of the Post Construction Adjustment terms; and
- (e) Special Condition 11: North Sea Link Cap And Floor Financial Model Governance.

as specified in Schedule 4A of this notice.

2. We are proposing these modifications in order to:

- (a) reflect the changes in the governance of, and updates made to, the NGNSL Cap and Floor Financial Models (NSLCFFMs),
- (b) reflect consequential changes to update references to the NSLCFFMs in the licence;
- (c) update existing defined terms in Special Condition 1: Definitions and Interpretation and the title of Special Condition 11: North Sea Link Cap and Floor Financial Model Governance
- (d) update a formula in Special Condition 2: Cap Level and Floor Level

3. The effect of the proposed modifications is to:

- (a) implement the updated Cap and Floor Financial Models for NGNSL and update specific references to the NSLCFFMs; and
- (b) update existing defined terms and terms referenced in the licence but not previously defined in Special Condition 1: Definitions and Interpretation and the title of Special Condition 11: North Sea Link Cap and Floor Financial Model Governance; and
- (c) update a formula in Special Condition 2: Cap Level and Floor Level to reflect the correct price base; and

in the Special Conditions of electricity interconnector licence held by NGNSL.

4. Specific details on the reasons and effects of the proposed modifications can be found in Schedule 4B of this notice.

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

5. A copy of the proposed modifications and other documents referred to in this Notice have been published on our website (www.ofgem.gov.uk). Alternatively, they are available from foi@ofgem.gov.uk.
6. Any representations with respect to the proposed licence modifications must be made on or before 7 August 2023 to: Ikbal Hussain, Office of Gas and Electricity Markets, 10 South Colonnade, Canary Wharf, London, E14 4PU or by email to cap.floor@ofgem.gov.uk
7. 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.
8. 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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Stuart Borland
Deputy Director, Offshore Network Regulation
Duly authorised on behalf of the
Gas and Electricity Markets Authority

7th July 2023