

Nick Pittarello  
10 South Colonnade,  
Canary Wharf,  
London,  
E14 4PU  
[cap.floor@ofgem.gov.uk](mailto:cap.floor@ofgem.gov.uk)

24 May 2024

Dear Nick,

**Initial Project Assessment of the third cap and floor window for electricity interconnectors and the Offshore Hybrid Asset pilot projects**

EDF is the UK's largest producer of low carbon electricity. EDF operates low carbon nuclear power stations and is building the first of a new generation of nuclear plants. EDF also has a large and growing portfolio of renewables, including onshore and offshore wind and solar generation, as well as energy storage. With over five and a half million electricity and gas customer accounts, including residential and business users, EDF aims to help Britain achieve net zero by building a smarter energy future that will support delivery of net zero carbon emissions, including through digital innovations and new customer offerings that encourage the transition to low carbon electric transport and heating.

We welcome the opportunity to respond to the two consultations on Initial Project Assessment of the third cap and floor window for electricity interconnectors and the Offshore Hybrid Asset (OHA) pilot projects respectively. We continue to support the development of further economic interconnection as it has a valuable role to play in contributing to system security and they do provide important and cost-effective flexibility to the GB power system.

**EDF agrees with Ofgem's minded-to positions particularly as it is based on its holistic assessment of the benefits case.**

Is important to assess the impact of new interconnectors and their timing in detail to ensure consumer benefits are realised. Therefore, we welcome Ofgem's expanded assessment framework to consider wider benefits of interconnectors beyond socioeconomic welfare (SEW), acknowledging interconnectors' potential to capture new security of supply and decarbonisation benefits, which bring additional value to consumers beyond the impact on wholesale prices.

We note that Ofgem are only minded to grant a cap and floor regime for interconnectors in principle to projects that deliver positively in all parts of its assessment. Likewise, we note that a project's location and support from the relevant authorities of the connecting country/jurisdiction needs to be considered closely – particularly the impacts on appropriate cross-border cost, revenue and benefit sharing arrangements for OHAs.

It is crucial that the benefits that interconnectors can provide can actually be secured. EDF support Ofgem's concern about significant transmission constraints highlighted through the ESO's modelling analysis.

It is important that central planning of networks through the Holistic Network Design (HND), Beyond 2030 and, with time, the Strategic Spatial Energy Planner (SSEP) and Centralised Strategic Network Plan (CSNP) work alongside effective market signals. Ofgem's interconnector cap and floor regime is hybrid regime that is developer driven but ultimately these are regulated strategic assets. Ofgem's Interconnector Cap and Floor regime is another important and material limb of this overall framework.

Interconnectors have a critical role to play to enhance overall system flexibility and security, and they need to be increasingly coordinated both in terms of timing and location in response to market signals and consistent with the SSEP.

**EDF believes that it is important that networks are planned and delivered to support the required growth in low carbon generation and the new demand that will utilise this generation.**

Should you wish to discuss any of the issues raised in our response or have any queries, please contact me or Natasha Ranatunga on 07875 112 981.

Yours sincerely

A handwritten signature in black ink that reads 'Mark Cox'.

Mark Cox  
Head of Nuclear & Wholesale Policy and Regulation