



Making a positive difference  
for energy consumers

**To all interested parties**

Email: [Cap.Floor@ofgem.gov.uk](mailto:Cap.Floor@ofgem.gov.uk)

Date: 12 November 2024

### **Update letter on the 'Nautilus' Initial Project Assessment Re-Consultation**

Dear stakeholders,

Thank you for your responses to our July-August 2024 consultation on the updates to the Initial Project Assessment (IPA) for the Nautilus Offshore Hybrid Asset. As a reminder, our IPA is used to assess the consumer benefit of projects applying for our cap and floor regime for interconnectors, and is used to grant projects a regulatory regime in principle.

The IPA is conducted at an early stage in an interconnector's development, after a grid connection agreement has been obtained but before a project goes through the planning and consenting process. On average a project starts construction 3-5 years after a cap and floor regime is granted, and becomes operational 6-10 years after a cap and floor regime is granted. Ofgem is not involved in planning and consenting procedures. Ofgem also does not participate in the decision-making process over a project's connection location.

The developer of the Nautilus project notified Ofgem of three key changes to the project: 1) a proposal to change the connection location of Nautilus from Grain to Leiston, as a measure to reduce the project's estimated high constraint costs associated with the location in Grain, 2) confirmation that Nautilus' Line 2 will be 1.4GW, and 3) confirmation of the cost and revenue sharing arrangement between GB and Belgium. These changes to the key characteristics of the Nautilus project merited a re-consultation on the assessment of its benefit to GB consumers.

Since publishing this re-consultation, and following new analysis to address stakeholder feedback on the OHA IPA consultation, it was found that connection at the originally assessed location, Grain, was acceptable. Therefore, Ofgem has issued a decision on the IPA for Nautilus under the assumption that the project connects to Grain. However, we have accounted for the updates on the Line 2 capacity and cost and revenue sharing. This decision paper, with full results and reasoning, can be reached at the link on the webpage for this letter. This decision paper also includes Ofgem's responses to relevant responses from this re-consultation which affect our decision-making on Nautilus.

We thank all respondents for their engagement.

Yours Sincerely,

**Nick Pittarello**  
**Head of Future Interconnection**