

GridLink Interconnector Limited
35 Great St Helens
London
EC3A 6AP

info@gridlinkinterconnector.com

[REDACTED]

Agency for the Cooperation of Energy Regulators (ACER)
Trg republike 3 - 1000 Ljubljana
Slovenia

2nd March 2018

NOT CONFIDENTIAL

Dear [REDACTED],

Aquind Exemption Request

Following the referral of the Aquind Exemption request to ACER and pursuant to ACER's invitation for interested parties to provide observations on the exemption request, please find our response set out below.

GridLink Interconnector is developing a 1400 MW HVDC interconnector between the UK and France. GridLink was adopted as a Project of Common Interest in November 2017 (Third PCI list)¹ and will have formal status as a PCI project in April 2018 when the adoption decision enters into force. In January 2018 GridLink was awarded a Cap and Floor scheme in principle by Ofgem². GridLink is currently in the permitting stage and is expected to reach financial close in Q4 2019 and achieve commercial operations by the end of 2022.

CRE's deliberation on the Aquind exemption request published in December 2017³ stated that CRE was unable to determine the benefits of any proposed interconnector between France and the UK until the terms of Brexit had been clarified. As a result, the exemption request was referred to ACER. Although the deliberation was in relation to the Aquind project, the deliberation also has implications for other interconnector projects between France and the UK. Depending on what clarity CRE are seeking – whether it is sight of the draft withdrawal terms (expected in October 2018) or sight of executed agreements at the end of the proposed Brexit transition period (December 2020) – this

¹ https://ec.europa.eu/energy/sites/ener/files/documents/annex_to_pci_list_final_2017_en.pdf

² <https://www.ofgem.gov.uk/publications-and-updates/decision-initial-project-assessment-gridlink-neuconnect-and-northconnect-interconnectors>

³ <file:///C:/Users/david.luson/OneDrive/Downloads/171116-253-InterconnexionsFranceRoyaume-Uni-en.pdf>



would indicate a delay of 1-3 years before CRE would contemplate making a decision on investment requests from other interconnector projects. GridLink is a PCI project and this delay represents a serious regulatory impediment to the implementation of a PCI project.

Aquind is a so called “Merchant” interconnector. GridLink is a “Regulated” interconnector. The effect of CRE’s decision means that Aquind’s project will be decided in the next six months whilst a decision on GridLink (and other interconnectors) will not be made by CRE for 1-3 years. The effect is to give a Merchant interconnector a competitive advantage over Regulated interconnectors. This advantage becomes particularly important if, as CRE have indicated in the past, that room in the market is limited, and consent is awarded on a first come first served basis.

Article 17.1(f) of Regulation 714/2009 states that an “exemption must not be to the detriment of competition or the effective functioning of the internal market in electricity, or the efficient functioning of the regulated system to which the interconnector is linked.” Furthermore Article 17.4 of the same regulation states that when deciding an exemption request “account shall, in particular, be taken of additional capacity to be built”.

As GridLink and Aquind plan to achieve commercial operation on a similar timescale we respectfully request that ACER take into account the GridLink project together with other projects on a similar timescale in its assessment of the exemption request. This would allow all projects to proceed on a level playing field and compete on their merits.

Should you require any further information on the GridLink project please feel free to contact us or refer to our website (<http://gridlinkinterconnector.com>).

Yours sincerely

