



# FAB PROJECT

An interconnector to provide electricity  
between France and Britain via Alderney



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Alberto Pototschnig  
Director  
Agency for the Cooperation of Energy Regulators  
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20<sup>th</sup> February 2018

Dear Mr Pototsching

**Referral of the exemption request of AQUIND Limited for a new 2000 MW electricity interconnector between France and Great-Britain to the Agency for decision**

The FAB project is a proposed 1,400MW electrical interconnector between France and Britain via the channel island of Alderney. The project is being developed by FAB Link in the UK and Réseau de transport d'électricité (RTE) in France. Development activities have been ongoing since 2013 and the project is the most advanced project on this border that has not yet commenced construction.

We welcome the opportunity to provide our observations on the referral by the Commission de régulation de l'énergie ("CRE") and the Office of Gas and Electricity Markets ("Ofgem") following the request of AQUIND Limited for exemption under Article 17 of Regulation (EC) No 714/2009 with regard to a new 2000 MW electricity interconnector between France and Great-Britain to the Agency for decision.

The CRE deliberation (No 2017-253) referenced stated that it is not in a position to decide whether any new interconnector project between France and the United Kingdom is beneficial to the European community before the withdrawal conditions of the United Kingdom from the European Union are clarified<sup>1</sup>. In addition, FAB Link's partner, RTE, have been notified that until there is clarity, further expenditure on the FAB project will not be approved by CRE. At the time that the CRE wrote to RTE to notify them of their position regarding FAB, the FAB project was targeting to take a Final Investment Decision ("FID") and start construction in the first half of 2018. The consequence has been to introduce a significant and indeterminate delay on the project putting the net positive impact of this PCI at risk.

<sup>1</sup> <http://www.cre.fr/en/documents/deliberations/orientation/interconnector-projects-with-the-united-kingdom>

The FAB project is following a regulated approach whereby the French assets are owned and operated by RTE and regulated by CRE and the remaining assets are owned and operated by FAB Link and regulated by Ofgem under the Cap and Floor regime. FAB Link received its Initial Project Assessment (“IPA”) approval from Ofgem in July 2015. Both RTE and FAB Link were ready to request their final approvals from the regulators but were halted by the CRE notification. The referral right to ACER as set out in Article 17 of 714/2009 is not envisaged to apply for a regulated project like FAB which does not need to make an exemption request.

FAB Link wrote to the CRE and Ofgem on 9<sup>th</sup> February 2018 requesting application of Article 12 of Regulation 347/2013. Therefore we expect a copy of our investment request documentation will shortly be provided to ACER in line with Article 12(3). As Ofgem and CRE have not reached agreement on the level of new interconnection on the French – United Kingdom border on this and other projects for some time, we respectfully request that ACER recommend that both NRAs elect to refer our application directly to ACER without delay and not after six months as provided for in Art 12(6).

The decision before ACER is not specific to the AQUIND project alone but has significant implications on all projects being developed on the French – United Kingdom border, most notably the FAB project as the project closest to completing its development phase. We request that ACER consider the broader context and makes a decision in a timely manner mindful of the benefit of a harmonised and non-discriminatory approach to progressing the projects on this border. We also respectfully request that in the determination of the benefit of these PCI projects that ACER consider Annex V (2) of Regulation 347/2013 which states that the data set used shall reflect Union and national law in force at the date of the analysis and therefore all benefits accrued to the United Kingdom should be considered as benefits to the European Union.

Should you wish to discuss these observations further, we would be pleased to provide such assistance as may be helpful to positively progressing this process without delay.

Yours sincerely,

