



Department
of Energy &
Climate Change

Ingvi Már Pálsson
Director General, Ministry of Industries and Innovation
Skúlagötu 4
101 Reykjavík
Iceland

Department of Energy & Climate Change

3 Whitehall Place,
London SW1A 2AW
T: +44 (0)300 068 5344
www.gov.uk/decc

Your ref: ANR15110081/2.3.2

08/12/2015

Dear Ingvi

RE: Interconnector between Iceland and the UK

Thank you for your letter of 23 November. It is helpful to hear the outcome of your Cabinet meeting on this subject and the progress of the Steering Committee.

We propose that the UK Government is represented in these discussions by:

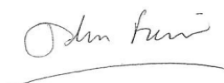
- Charlotte Middleton, Deputy Director, Clean Electricity Directorate, Department of Energy and Climate Change
- Stephen Beel, Associate Partner Electricity Transmission, Ofgem
- Sue Harrison, Head of European Energy Markets, International Energy and Resilience, Department of Energy and Climate Change
- Stuart Gill, HM Ambassador to Iceland
- Stephen Heidari-Robinson, Policy Unit Energy Adviser, 10 Downing Street
- Eve Taschimowitz, Her Majesty's Treasury
- Matt Coyne, Senior Policy Adviser, Interconnection and Offshore Transmission, Department of Energy and Climate Change
- Jane Walker, Head of Contracts for Difference Allocation, Department of Energy and Climate Change

In addition there are a number of working level officials within DECC who will provide valuable expertise on interconnectors, funding mechanisms, commercial aspects, analysis and engineering who will attend meetings where their expertise is required.

We are happy with your proposed areas for discussion between our two Governments, namely interconnector business and pricing mechanisms, regulatory treatment, financing and general impact assessment. We have sought the views of our Ministers and agree that this period of work will be an early stage exploration of the issues which will inform decisions by Ministers on the extent of further work on the subject. Our Ministers are keen that the general impact assessment should consider in broad terms the potential risks and benefits for each country with a focus on security of supply, decarbonisation and cost. We do not believe that it would be appropriate or possible to carry out a detailed cost benefit assessment at this stage.

We welcome the opportunity of a first fact finding meeting between the working groups on 16th December in order to agree structure and timeframe for the exploratory discussion. It would be helpful for our respective teams to discuss the agenda for the first meeting in advance as suggested. The contact within DECC is jane.walker@decc.gsi.gov.uk.

Yours sincerely,

A handwritten signature in cursive script, appearing to read "John Fiennes", with a horizontal line underneath.

John Fiennes