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National Grid and Statnett Agree to Proceed with UK-Norway Interconnector

National Grid announces that it is, today, intending to sign an ownership agreement with Statnett SF, the operator and main owner of the Norwegian electricity transmission system, for the proposed “NSN link” electricity interconnector project.

The 730 km interconnector between the UK and Norway will be the first electricity link between the two countries, with a planned capacity of 1,400 MW – enough to meet the needs of around 750,000 homes. The estimated cost of the project is around €2bn, with the investment to be shared between National Grid and Statnett.

Contracts to build the NSN Link are expected to be awarded during the summer, with the construction phase to begin in 2015. National Grid expects the link to be operational early in the next decade.

National Grid has made participation in interconnector projects a strategic priority for the Group. In addition to having the potential to provide attractive growth, returns and long-term earnings benefits, interconnectors have the capability to add significant additional flexibility in managing the GB energy market. A recent study, supported by National Grid, highlighted that 4-5GW of additional new interconnector capacity should materially reduce the wholesale price of electricity in the UK, providing an annual benefit of around £1bn and helping to reduce consumer bills. Together with the new Nemo Link interconnector to Belgium, announced in February, the NSN link should add 2.4GW of capacity when completed.

Steve Holliday, Chief Executive of National Grid, commented: “Interconnectors have an increasingly important role to play in supporting security of supply for us and our neighbours in a cost effective manner and in helping to lower wholesale prices for consumers. The NSN link will also allow the UK to access low-carbon energy from Norway’s hydro-electric power stations, helping us to meet the challenge of greener, affordable energy.”

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CAUTIONARY STATEMENT

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