



Commission for Energy Regulation
An Coimisiún um Rialáil Fuinnimh

EirGrid Interconnector Designated Activity Company (DAC) Use of Capacity Revenue 2016/17

Information Paper

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Regulating Water, Energy and Energy Safety in the Public Interest

The Exchange, Belgard Square North, Tallaght, Dublin 24, Ireland
+353 1 4000 800 | info@cer.ie | www.cer.ie

EirGrid Interconnector DAC Use of Revenue

The CER is required under Regulation (EC) 714/2009:

1. to assess and approve the Use of Revenue Statement provided by a licenced operator of an interconnector in Ireland; and
2. to publish a statement verifying that the operator has used the congestion revenues it has received, as operator of the interconnector, according to Article 16 (6) of (EC) Regulation 714/2009.

Article 16 (6) of Regulation (EC) 714/2009 requires that any revenue (**capacity revenue**) resulting from allocation of interconnection capacity shall be used for the following purposes:

- a) guaranteeing the actual availability of the allocated capacity; and/or
- b) maintaining or increasing interconnection capacities through network investments, in particular in new interconnectors

If the capacity revenue cannot be efficiently used for the purposes set out in points (a) and/or (b) above, they may be used, subject to approval by the regulatory authorities of the Member States concerned, up to a maximum amount to be decided by those regulatory authorities, as income to be taken into account by the regulatory authorities when approving the methodology for calculating network tariffs and/or fixing network tariffs.

EirGrid Interconnector DAC (**EIDAC**) is licenced by the CER to operate in Ireland the East West Interconnector (**EWIC**) which is subject to Regulation (EC) 714 /2009.

Relevant Period:

01/07/2016 to 30/06/2017

Capacity Revenue

EIDAC has advised the CER that it received net capacity revenue of €6.21 million in the relevant period. (See accompanying statement by EIDAC).

Usage

EIDAC has advised the CER that it spent all of the capacity revenue that it received on the servicing of the capital cost of the development of EWIC; that is both interest and principal repayment on debt and return on and principal repayment of equity, including any equity or other funding necessary to bridge the debt service covenant requirements.

Verification

The CER verifies that:

1. EIDAC's use of capacity revenue in the relevant period complies with Regulation (EC) 714/2009 and its attached Guidelines; and
2. The total amount of capacity revenue received by EIDAC in the relevant period has been devoted to the purposes set out in Article 16 (6) of Regulation (EC) 714/2009.

Queries in relation to this Information Paper should be sent to Aoife Parker-Hedderman at aparkerhedderman@cer.ie.