



East West
Interconnector

EIRGRID INTERCONNECTOR LIMITED

Use of Revenue Statement

1 July 2016

Overview

This document is a **“Use of Revenue Statement”** given by EirGrid Interconnector Ltd (“EIL”) in accordance with Condition 19 of the Electricity Interconnector Operator Licence (the “CER Licence”) issued to EIL by the Commission for Energy Regulation (“CER”) (by CER Authorisation 2008/09-01), and Condition 9 of the Electricity Interconnector Licence issued to EIL by Ofgem (the **“Ofgem Licence”**).

It relates to revenue (**Capacity Revenue**) resulting from the auction by EIL of capacity on the East West Interconnector (**EWIC**) in compliance with Condition 20 of the CER Licence and Conditions 10 and 11 of the Ofgem Licence.

This Use of Revenue Statement is in respect of the year ending 30 June 2016.

Capacity Revenue Received

All available capacity is auctioned as per the EWIC Long-term Auction Timetable published at <http://www.eirgridgroup.com/site-files/library/EirGrid/EWICAuctionCalendar2016updated.pdf>. In addition, all remaining available capacity is auctioned in the daily auctions. For further details of the auctions and results please refer to the links under Auctions and Results on our website at <http://www.eirgridgroup.com/customer-and-industry/interconnection/key-information/> where you will be connected to the Auction Management Platform.

The revenue earned from the allocation of capacity during the period 1 July 2015 – 30 June 2016 is outlined in the table appended to this statement. Where the allocation related to a period extending beyond 30 June 2016 the revenue relating to the period 1 July 2015 – 30 June 2016 has been apportioned on the basis of the number of days which fall within the relevant period for the assessment of the Use of Revenues Statement.

Where capacity which had been sold was not made available any capacity receipts were refunded to parties who had acquired capacity.

Total net Capacity Revenue in respect of the year ending 30 June 2016 (taking into account capacity receipts refunded where EWIC was unavailable of €235,865) was €14,080,078.

Use of Revenue

This revenue has been allocated to the following uses.

- The servicing of the capital cost of the development of the East West Interconnector (including East West Readiness); 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
- Operational expenditure in maintaining and operating the East West Interconnector for the period in question
- Any net under recovery in respect of the first two bullets relating to any previous period

For the period 1st July to 30th June 2016, the net income of €14,080,078 (following repayments for capacity not made available) is less than the €37.9m required under the first bullet above, those payments being in line with the arrangements as set out in the CER Information Note CER/12/149.

EIL considers that the Capacity Revenue has been used in compliance with the terms of Condition 19 of the CER Licence Condition 9 of the Ofgem Licence and Article 16(6) of Regulation (EC) No 714/2009 and that all of the revenues above come under the classification of Article 16(6) (a), 'guaranteeing the actual availability of the allocated capacity'. Article 16(6) is appended to this statement.

EirGrid Interconnector Ltd

1 July 2016

Annex I – Capacity Receipts from East West Interconnector

2016

	Total Capacity Revenue €												
Revenues	July	August	September	October	November	December	January	February	March	April	May	June	Total
LT Auction	€1,256,408	€1,330,994	€1,318,838	€1,149,384	€1,097,345	€1,163,869	€975,385	€962,060	€959,505	€989,172	€981,038	€1,048,572	€13,232,570
Daily Auction	€8,855	€9,124	€15,531	€58,001	€93,185	€82,332	€104,667	€99,141	€116,914	€117,606	€158,990	€182,720	€1,047,066
Intra-Day	€950	€478	€177	€1,286	€2,280	€4,590	€10,838	€1,897	€1,541	€1,368	€1,528	€9,374	€36,307
Total Auction	€1,266,213	€1,340,596	€1,334,546	€1,208,671	€1,192,810	€1,250,791	€1,090,890	€1,063,098	€1,077,959	€1,108,146	€1,141,557	1,240,666	€14,315,943
Compensation	€0	€0	-€198,946	€0	€0	€0	-€11,569	-€8,318	€0	-€17,032	€0	€0	-€235,865
Net Revenue	€1,266,213	€1,340,596	€1,135,600	€1,208,671	€1,192,810	€1,250,791	€1,079,321	€1,054,780	€1,077,959	€1,091,114	€1,141,557	€1,240,666	€14,080,078

Annex II - Requirements of Article 16(6) of EC 714/2009

Article 16(6) states:

“Any revenues resulting from the allocation of interconnection 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 revenues cannot be efficiently used for the purposes set out in points (a) and/or (b) of the first subparagraph, 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.

The rest of revenues shall be placed on a separate internal account line until such time as it can be spent on the purposes set out in points (a) and/or (b) of the first subparagraph”.