



An Coimisiún
um Rialáil Fóntas
**Commission for
Regulation of Utilities**

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EirGrid Interconnector Designated Activity Company (DAC)

Use of Capacity Revenue 2017/18

Information Paper

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EirGrid Interconnector DAC Use of Revenue

Introduction

The CRU 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 Designated Activity Company (**EIDAC**) is licenced by the CRU to operate in Ireland the East West Interconnector (**EWIC**), subject to Regulation (EC) 714/2009.

In the period of time from 1 July 2017 to 30 June 2018 the net income of €17,848,940 (following repayments for capacity not made available) is less than that required for servicing the capital cost of the development of the East West Interconnector (EWIC) as per CRU Information Note CER/12/149 (€36.84m for the period 1 July 2017 – 30 June 2018).

Relevant Period: 01/07/2017 to 30/06/2018.

Capacity Revenue

EIDAC has advised the CRU that it received net capacity revenue of €17.849 million in the relevant period described above. (See accompanying statement by EIDAC).

Usage of EWIC

EIDAC has advised the CRU 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;
- maintenance and operation of the East West Interconnector; and
- net under recoveries in respect of the first two bullets relating to any previous period.

As stated above, the net income of €17.849 million for the relevant period of time is less than required for servicing the capital cost of the development of EWIC as per CRU Information Note CER/12/149 (€36.84m for the period 1 July 2017 – 30 June 2018).

Verification

The CRU 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.