



East West
Interconnector

**EIRGRID INTERCONNECTOR
DESIGNATED ACTIVITY COMPANY**

Use of Revenue Statement

12 July 2018

Overview

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

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

This Use of Revenue Statement is in respect of the year ending 30 June 2018.

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/EWIC-Auction-Calendar-2018-to-I-SEM-Go-Live-12122017.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 on our website at <http://www.eirgridgroup.com/customer-and-industry/interconnection/> where you will be connected to the Auction Management Platform.

The revenue earned from the allocation of capacity during the period 1 July 2017 – 30 June 2018 is outlined in the table appended to this statement. Where the allocation related to a period extending beyond 30 June 2018 the revenue relating to the period 1 July 2017 – 30 June 2018 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 2018 (taking into account capacity receipts refunded where EWIC was unavailable of €2,225,908) was €17,848,940.

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

In the case of the year ending 30 June 2018 the net income of €17,848,940 (following repayments for capacity not made available) is less than that required under the first bullet above as per CRU Information Note CER/12/149 (€36.84m for the period 1 July 2017 – 30 June 2018).

EIDAC considers that the Capacity Revenue has been used in compliance with the terms of Condition 19 of the CRU 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 DAC

12 July 2018

Annex I – Capacity Receipts from East West Interconnector

| 2017 | | | | | | | 2018 | | | | | | |
|----------------------|--------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|----------------------|----------------------|----------------------|-----------------------|----------------------|--------------------|
| | Total Capacity Revenue € | | | | | | | | | | | | |
| Revenues | July | August | September | October | November | December | January | February | March | April | May | June | Total |
| LT Auction | €740,869 | €814,451 | €811,701 | €1,566,356 | €1,340,162 | €1,464,056 | €1,696,227 | €2,024,293 | €1,881,743 | €1,949,299 | €1,263,914 | €855,785 | €16,408,856 |
| Daily Auction | €164,885 | €315,787 | €313,699.20 | €246,942 | €273,832 | €390,362 | €308,145.73 | €258,639.17 | €44,058.85 | €264,592.17 | €257,553.81 | €229,291.85 | €3,067,789 |
| Intra-Day | €8,482 | €44,563 | €7,937.03 | €105,443 | €94,517 | €90,405 | €60,205 | €162,603.43 | €0 | €14,977 | €5,687.61 | €3,382.82 | €598,203 |
| Total Auction | €914,235 | €1,174,801 | €1,133,338 | €1,918,741 | €1,708,512 | €1,944,823 | €2,064,577 | €2,445,535.20 | €1,925,802.64 | €2,228,867.97 | €1,527,155 | €1,088,459.47 | €20,074,848 |
| Compensation | €0 | €0 | €0 | €0 | -€66,397 | €0 | €0 | -€74,177 | -€1,537,455 | -€74,917 | -€472,962 | €0 | -€2,225,908 |
| Net Revenue | €914,235 | €1,174,801 | €1,133,338 | €1,918,741 | €1,642,115 | €1,944,823 | €2,064,577 | €2,371,358 | €388,348 | €2,153,950.71 | € 1,054,193.50 | €1,088,459.47 | €17,848,940 |

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”.