



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

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EirGrid Interconnector Designated Activity Company (DAC)

Use of Capacity Revenue 2018/19

Information Paper

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EirGrid Interconnector DAC Use of Revenue

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 Note verifying that the operator has used the 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 resulting from 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 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 the East West Interconnector (**EWIC**) in Ireland, which is subject to Regulation (EC) 714/2009.

Relevant Period: 01/07/2018 to 30/06/2019.

Capacity Revenue

EIDAC has advised the CRU that it received net Interconnector revenue of €35.3 million in the relevant period described above. (See accompanying statement by EIDAC).

Usage of EWIC

EIDAC has advised the CRU that all the revenue received has been allocated to the following uses, where sufficient to do so:

- the servicing of the capital cost of the development of EWIC; that is both interest and principal repayment on debt and principal repayment of equity;
- maintenance and operation of the East West Interconnector; and
- net under recoveries in respect of the first two bullets points relating to any previous period.

Verification

The CRU verifies that:

1. EIDAC’s use of revenue in the relevant period complies with Regulation (EC) 714/2009 and its attached Guidelines; and
2. the total amount of 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 note should be sent to Esther Fructuoso Márquez at efructuoso@cru.ie