



East West
Interconnector

**EIRGRID INTERCONNECTOR
DESIGNATED ACTIVITY COMPANY**

Use of Revenue Statement

12 July 2019

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 Interconnector Revenue as defined under the CRU licence, meaning all income which the Licensee receives in respect of carrying on the Interconnector Business. This includes revenues received:

- a) from the allocation of interconnector capacity;
- b) from the proceeds of the sale of Long Term Transmission Rights by the Licensee less the net remuneration paid by the Licensee to holders of Financial Transmission Rights;
- c) from the provision of Ancillary Services; and
- d) from receipts under the terms of the Capacity Market Code.

This Use of Revenue Statement is in respect of the year ending 30 June 2019. The interconnector revenue earned during the period 1 July 2018 – 30 June 2019 is outlined in the table appended to this statement. Where the allocation related to a period extending beyond 30 June 2019 the revenue relating to the period 1 July 2018 – 30 June 2019 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.

The total net Interconnector Revenue in respect of the year ending 30 June 2019 was €35,264,952.

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 2019 the net income of €35.3m is less than that required under the first bullet above as per CRU Information Note CER/12/149 (€36.87m for the period 1 July 2018 – 30 June 2019).

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 2019

Annex I – East West Interconnector Revenues (1st July 2018 – 30th June 2019)

Headings:	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Total
A - Allocation of Capacity (incl. Congestion Income)	€0	€0	€0	€1,265,185	€2,043,169	€2,575,208	€4,493,618	€2,512,778	€1,833,233	€1,607,610	€903,985	€917,360	€18,152,147
B - Net Proceeds from sale of LTRs	€1,085,829	€983,132	€1,184,888	€690,649	-€600,798	-€315,772	-€2,977,197	-€545,903	€579,561	€768,113	€283,119	€481,954	€1,617,573
C - Ancillary Services	€659,837	€584,136	€161,803	€700,000	€662,287	€735,597	€816,194	€704,842	€901,689	€860,198	€803,411	€562,789	€8,152,783
D - Capacity Market Code payments	€0	€0	€0	€816,667	€833,626	€805,652	€832,507	€832,507	€751,942	€831,388	€805,652	€832,507	€7,342,449
TOTAL	€1,745,666	€1,567,267	€1,346,691	€3,472,500	€2,938,285	€3,800,685	€3,165,122	€3,504,224	€4,066,426	€4,067,310	€2,796,166	€2,794,610	€35,264,952

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”.