



East West
Interconnector

**EIRGRID INTERCONNECTOR DESIGNATED
ACTIVITY COMPANY**

**Use of Revenue Statement
1 January - 31 December 2020**

29 January 2021

Overview

This document is a **“Use of Revenue Statement”** provided in compliance with the requirements of Regulation (EU) 2019/943¹ by EirGrid Interconnector DAC (**“EIDAC”**) and 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”**) (Licence Reference F/5190²).

Revenues Received

Licence Requirements

Under the CRU Licence Interconnector Revenue is defined as 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.

The interconnector revenue earned during the period 1 January to 31 December 2020 across these four categories is outlined in Table 1 in Annex 1 appended to this statement. Where the allocation related to a period extending beyond 31 December 2020 the revenue relating to the period 1 January to 31 December 2020 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 31 December 2020 was €38,142,261 across the four categories above.

Regulation (EU) 2019/943

The interconnector revenue earned, from the allocation of interconnector capacity³, during the period 1 January 2020 to 31 December 2020 is outlined in the Table 2 in Annex 1 appended to this statement. Where the allocation related to a period extending beyond 31 December 2020, the

¹ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32019R0943&from=EN>

² [CRU/18/051 – EIDAC Interconnector Licence](#) It is noted that the CRU has confirmed that the revenue statement is to align with the requirements of Regulation 2019/943 and be prepared on a calendar year basis and is to be submitted in the January following the period.

³ Revenues earned from the allocation of interconnector capacity equate only to revenue items (a) and (b) as required under the CRU Licence.

revenue relating to the period 1 January 2020 to 31 December 2020 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. For this period, the total net revenue, derived from the allocation of interconnector capacity, was €17,157,146.⁴

Use of Revenue

For the year ending 31 December 2020 the net revenue of €38,142,261 (following repayments for capacity not made available) was allocated in full to⁵:

- The servicing of the capital cost of the development of the East West Interconnector (EWIC) (including EWIC 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; and
- Operational expenditure in maintaining and operating the East West Interconnector for the period in question.

EIDAC considers that the Interconnector Revenue has been used in compliance with the terms of Condition 19 of the CRU Licence and Article 19(2) and (3) of Regulation (EU) 2019/943 and that all of the revenues above come under the classification of Article 19(2)(a), 'guaranteeing the actual availability of the allocated capacity'. Article 19(2) and (3) are appended in Annex II to this statement.

For completeness EIDAC notes that there has been no change to the categorisation of revenues since the last use of revenue statement. However in line with the requirements of Regulation (EU) 2019/943 the period covered by the Use of Revenue statement has changed from a 12 month period (June to July) to an annual calendar year requirement (January to December).

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⁴ EIDAC prepares a similar statement under Condition 9 of the Electricity Interconnector Licence issued by Ofgem which reflects the reporting requirements under that licence.

⁵ The financial regulatory framework decision pertaining to EIDAC is CER/12/149. The revenue requirement for EIDAC gross of any income for the calendar year period ending December 2020 was €47.5m.

Annex I – East West Interconnector Net Revenues (1st January 2020 – 31st December 2020)

Revenue Stream	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	TOTAL
A - Allocation of Capacity (incl Congestion Income)	€2,743,411	€2,016,152	€1,330,777	€903,246	€539,447	€801,226	€1,278,629	€912,461	€1,816,164	€2,630,325	€2,978,194	€1,779,355	€19,729,387
B - Net Proceeds from Sale of Long-Term Transmission Rights	-€591,939	-€295,374	€154,773	€881,477	€858,275	€181,518	-€350,685	-€84,985	-€731,341	-€1,405,792	-€1,126,503	-€61,665	-€2,572,241
C - Ancillary Services	€1,116,794	€1,202,091	€1,639,458	€1,064,359	€574,155	€727,278	€1,194,427	€700,924	€461,378	€764,883	€991,329	€1,012,633	€11,449,709
D - Capacity Market Code Payments	€807,305	€807,305	€703,137	€806,220	€781,224	€807,305	€781,263	€807,305	€763,858	€850,551	€769,382	€850,551	€9,535,406
TOTAL	€4,075,571	€3,730,174	€3,828,145	€3,655,302	€2,753,101	€2,517,327	€2,903,634	€2,335,706	€2,310,059	€2,839,967	€3,612,402	€3,580,874	€38,142,261

Table 1 - Revenues derived from the allocation of interconnector capacity, Ancillary Services and Capacity Market Payments

Revenue Stream	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	TOTAL
A - Allocation of Capacity (incl Congestion Income)	€2,743,411	€2,016,152	€1,330,777	€903,246	€539,447	€801,226	€1,278,629	€912,461	€1,816,164	€2,630,325	€2,978,194	€1,779,355	€19,729,387
B - Net Proceeds from Sale of Long-Term Transmission Rights	-€591,939	-€295,374	€154,773	€881,477	€858,275	€181,518	-€350,685	-€84,985	-€731,341	-€1,405,792	-€1,126,503	-€61,665	-€2,572,241
TOTAL	€2,151,472	€1,720,778	€1,485,550	€1,784,723	€1,397,722	€982,744	€927,944	€827,476	€1,084,823	€1,224,533	€1,851,691	€1,717,690	€17,157,146

Table 2 – Revenues derived from the allocation of interconnector capacity

Annex II - Requirements of 19(2) and (3) of EU 2019/943

Article 19(2) states:

“The following objectives shall have priority with the respect to the allocation of any revenues resulting from the allocation of cross-zonal capacity:

(a) guaranteeing the actual availability of the allocated capacity including firmness compensation; or

(b) maintaining or increasing cross-zonal capacities through optimisation of the usage of existing interconnectors by means of coordinated remedial actions, where applicable, or covering costs resulting from network investments that are relevant to reduce interconnector congestion. 14.6.2019 L 158/83 Official Journal of the European Union EN”

Article 19(3) states:

“Where the priority objectives set out in paragraph 2 have been adequately fulfilled, the revenues may be used as income to be taken into account by the regulatory authorities when approving the methodology for calculating network tariffs or fixing network tariffs, or both. The residual revenues shall be placed on a separate internal account line until such a time as it can be spent for the purposes set out in paragraph 2.”