

## Electricity Interconnector Use of Revenues report for 1 January 2021 – 31 December 2021

### Background

The Authority, in accordance with Article 19(5) of Regulation (EU) 2019/943 as amended by Regulation 7 and paragraph 18 of Schedule 4 of the Electricity and Gas (Internal Markets and Network Codes) (Amendment etc.) (EU Exit) Regulations 2020 (2020 No. 1006) (the “Retained Electricity Regulation”), is required to publish a report by 1 March each year detailing the:

- amount of revenues collected from the allocation of interconnector capacity; and
- a breakdown of the actual use of revenues collected by the national transmission system operators (TSOs) over the period 1 January to 31 December of the previous year.

Specifically, the report shall set out:

- the amount of revenue that has been collected;
- the use of the revenue pursuant to Article 19(2) of the Retained Electricity Regulation, including the specific projects the income has been used for, and the amount that has been placed in a separate account line;
- the amount that was used when calculating network tariffs; and
- verification that the amount that was used to calculate network tariffs complies with Article 19 of the Retained Electricity Regulation and the methodology developed pursuant to 19(3) and (4) of the Retained Electricity Regulation.

### Total revenue and use of revenue

Interconnector TSOs have reported to the Authority with respect to total revenues made in 2021 and the actual use of revenue pursuant to Article 19 of the Retained Electricity Regulation, as outlined in **Table 1** below.

**Table 1 – Total revenue and use made of revenue, £m**

	<b>Total revenues</b>	<b>Article 19(2a)</b>	<b>Article 19(2b)</b>	<b>Article 19 (3)</b>	<b>Article 19(3) s.2</b>
<b>EWIC</b>	<b>24.5<sup>1</sup></b>	<b>24.5</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>IFA</b>	<b>101.0</b>	<b>57.7</b>	<b>26.9</b>	<b>16.4<sup>2</sup></b>	<b>-</b>
<b>NGIFA2</b>	<b>85.8</b>	<b>85.8</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Nemo Link</b>	<b>130.0<sup>3</sup></b>	<b>129.3</b>	<b>0.7</b>	<b>-</b>	<b>-</b>
<b>NGNSL</b>	<b>70.2</b>	<b>70.2</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Verification

The Authority verifies that the revenues taken into account when setting network tariffs comply with the Retained Electricity Regulation.<sup>4</sup>

## Use of Revenue Methodology

Pursuant to Article 19(4) of the Retained Electricity Regulation, the Use of Revenues in accordance with Article 19(2) of the Retained Electricity Regulation is subject to a methodology. The methodology will be proposed by TSOs and after consulting with the Authority, will be decided upon by the Authority. Interconnector TSOs must submit a common methodology by 30 June 2022. The Authority will endeavour to make a decision after one month from the submission by TSOs.

Any queries in relation to this report should be sent to Iqra Latif: [iqra.latif@ofgem.gov.uk](mailto:iqra.latif@ofgem.gov.uk)

<sup>1</sup> The primary reporting currency for EWIC is Euros, the original submission was €28.5m. For the purposes of this report, we have used the XUMAERS index (monthly average rate of 1.162925) to convert to GBP (£24.5m).

<sup>2</sup> A figure of £15.839m was submitted (based on 2020/21 Statutory Accounts) by NGIC to be taken into account when calculating network tariffs and is to be settled via TNUoS in 2023/24. For the purpose of the UoR reporting period (Jan - Dec), NGIC have presented the consumer payment to reflect a full calendar view (2021) of the sum to be taken into account when calculating network tariffs (£16.4m).

<sup>3</sup> The primary reporting currency for Nemo Link is Euros, total revenues for this period was €151.1m. Nemo Link have submitted this figure in GBP, using the XUMAERS index (monthly average rate of 1.162925) to convert to GBP (£130.0m).

<sup>4</sup> Pursuant to Article 19(5)(d) of the Retained Electricity Regulation, the Authority is unable to verify that the revenues taken into account when calculating network tariffs are compliant with the methodology pursuant to Article 19(4) of the Retained Electricity Regulation, as the methodology has yet to be adopted.

A handwritten signature in black ink, appearing to be "S. Borland".

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**Stuart Borland**  
**Deputy Director**  
**Offshore Network Regulation**  
**Duly authorised on behalf of the Authority**

**28 March 2022**