

Use of Congestion Income Statement for 1 January 2020 – 31 December 2020

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
- the actual use of congestion 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 2020 and the actual use of congestion income pursuant to Article 19 of the Retained Electricity Regulation, as outlined in **Table 1** below.

	Total revenues (£m)	Article 19 (2)(a) (£m)	Article 19 (2)(b) (£m)	Article 19 (3) s.1	Article 19 (3) s.2
EWIC	15.2¹	15.2	-	-	-
IFA	81.6	53.9	12.5	15.2²	-
Nemo Link	61.9	61.4	0.5	-	-

Table 1: Total revenue and use of revenue

Verification

The Authority verifies that the revenues taken into account when setting network tariffs comply with the Retained Electricity Regulation.³

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 the TSOs and after consulting with the Authority, will be decided upon by the Authority. We will be engaging with TSOs in due course with respect to this.

Any queries in relation to this statement should be sent to Iqra Latif: Iqra.Latif@ofgem.gov.uk

¹ The primary reporting currency for EWIC is Euros, the original submission was €17,157,146. For the purposes of this report, we have used the XUAMERS index (monthly average rate of 1.1255) to convert to GBP.

² IFA submitted a Use of Revenue statement in July 2020 with respect to 1 July 2019 – 29 June 2020, which reflected a figure of £14.8m to be taken into account when calculating network tariffs. In October 2020, the Authority approved this figure. IFA have submitted a figure of £15.2m that reflects the total figure to be taken into account when calculating network tariffs in the reporting period 1 Jan 2020 – 31 December 2020.

³ 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.



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Stuart Borland
Head of Interconnectors
Duly authorised on behalf of the Authority

1 March 2021