



An Coimisiún
um Rialáil Fóntais
Commission for
Regulation of Utilities

Annual Report 2021



Note to Ministers

**To: Mr. Eamon Ryan, TD, Minister for Communications,
Climate Action and Environment**

In accordance with paragraph 25 (b) of Schedule 1 to the Electricity Regulation Act, 1999, as amended by Section 10 Energy (Miscellaneous Provisions) Act, 2006, we are pleased to present to you the Annual Report of the Commission for Regulation of Utilities, in respect of the period from 1st January 2021 to 31st December 2021.

Cc: Mr. Darragh O'Brien, TD, Minister for Housing, Planning and Local Government



Aoife McEvilly
Chairperson



Paul McGowan
Commissioner



Jim Gannon
Commissioner



Pictured left to right: Jim Gannon, Aoife MacEvilly, Paul McGowan

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Commissioner Highlights 2021

Welcome to the CRU's Annual Report for 2021.

Overview

Energy was centre stage throughout 2021, with sustained political, media and stakeholder focus on energy security, rising prices and the need to accelerate our decarbonisation agenda. Outages at a number of major generators gave rise to electricity System Alerts, while a number of factors including increasing demand and cancelled, or delayed delivery of new capacity gave rise to medium term security concerns.

The CRU in cooperation with EirGrid and the Department of Environment, Communications and Climate (DECC) put in place a Security of Supply Programme of Actions (SoSPoA) to address electricity capacity deficit forecasts in the short and long term. This will constitute a significant area of work for the CRU and stakeholders over the coming years.

For the first half of 2021, the CRU implemented covid-related consumer protection measures, including a moratorium on disconnections. The launch of smart services by ESBN and electricity suppliers was a major milestone for electricity customers, enabling better information on consumption and new services such as time of use tariffs. Coming into the winter, increasing wholesale gas prices led to a series of electricity and gas retail price increases and the CRU again took steps, including a Winter Communications campaign, to raise customer awareness of their rights and CRU protection measures.

In 2021, the Government published the new Climate Action Plan which has required the CRU to accelerate and reprioritise some areas of work, with key development and highlights outlined below.

In water regulation, the CRU continued to implement a new framework for the economic regulation of Irish Water, with a key highlight being the implementation of the new Non-Domestic water charges, replacing multiple Local Authority charges with a single and more equitable national charging regime.

It was the end of an era as the CRU oversaw the safe decommissioning of petroleum infrastructure at the Kinsale gas fields. The CRU carried out final inspections of the Alpha Platform, Bravo Platform, and Inch Terminal in July 2021 to confirm the "hydrocarbon free" status of the petroleum infrastructure. The last helicopter departed the Kinsale Alpha Platform in August 2021, bringing to an end 43 years of manned operations in the Kinsale gas fields.

Our workplace dramatically changed in response to COVID-19 and we have adapted continuing largely to work from home during 2021 in line with prevailing Government guidance. The benefit and challenges of remote and office working along with consultations carried out during the year have provided us with important feedback to help us shape an enduring flexible model of working which we will be implementing in the form of a hybrid model in 2022.

This was the third and final year of implementation of our Strategic Plan 2019 to 2021 and some of our milestones are highlighted below with further information in the body of this report.

During 2021, we prepared our Strategic Plan for the period 2022 to 2024. This included extensive internal and external consultation to create a Plan that is transformative and ensures the CRU will contribute to delivery of national and global policy imperatives such as urgently addressing climate change, safe delivery & utilisation of energy and ensuring energy and water security and protecting the interest of all customers. We also prepared a Resource Plan setting out requirements to deliver these priorities. The Plan, submitted to the Departments in December 2021, is for a significantly expanded organisation with 74 new posts to be assigned across six Divisions.

2021 Highlights - Deliver sustainable low carbon solutions with well-regulated markets and networks

- Development and implementation of Security of Supply Programme of Actions
- Direction to system operators on data centre grid connections
- Decision on Enduring Connection Policy Batch 2; the first stage of the ECP-2 batch processing drew to a close in December 2021, with the 2nd stage commencing in September 2021
- Consultation on Proposed decision on Offshore Wind – Grid Connection Assessments
- Publication of the Cap and Floor regulatory framework for the Greenlink Interconnector to Wales
- Publication of the proposed cost recovery model for Celtic Interconnector to France
- Publication of the Irish Water Performance Assessment Framework
- Publication of Irish Water Financial Incentives Decision
- Implementation of the Irish Water Non-Domestic Tariff Frameworks.

2021 Highlights - Ensure compliance and accountability through best regulatory practice

- Decision on the CRU approach to Administrative Sanctions and the Specification of Standards of Performance
- Compliance monitoring and investigations, including into Irish Water regarding Bailieborough Public Water Supply
- CRU webinars to gain feedback from energy communities and active customers.

2021 Highlights - Develop effective communications to support customers and the regulatory process

- Launch of smart services, including Time of Use tariffs, for electricity customers in Ireland with smart meters.
- CRU announces industry wide moratorium on domestic electricity and gas disconnections COVID 19 pandemic January 2021 to June 2021

- CRU open letter to suppliers on Supplier Handbook requirements in advance of winter
- Increase of approximately 50% in the number of contact cases logged by CRU Customer Care Team in 2021 versus 2020.

2021 Highlights - Foster and maintain a high-performance culture and organisation to achieve our vision

- Expanding workload resulting in additional procurement for services to support us carrying out our work. During 2021, 52 tenders were concluded up from 19 the previous year.
- Continued recruitment to build the CRU team, filling 17 posts through recruitment and promotion. Agreed establishment of a new Business Support Unit to focus effort on business improvement projects across the organisation.
- The continuing impact of the pandemic on the well-being and resilience of our team remained a key focus.
- Plans got under way for the return to the office including the development of a new remote working policy.
- Approval of the new 3 year ICT Strategy in 2021 which includes a number of significant projects to upgrade and introduce new systems to support the work of the CRU.

Finally, on behalf of the CRU, we would like to thank our wide range of stakeholders for their constructive input in 2021. Particular thanks goes to the CRU team for their extraordinary commitment and good humour in dealing with an ever-expanding workload and, once again, rising to the challenge of protecting the public interest in water, energy and energy safety.

Public Interest Statement

The CRU is an independent body in Ireland with a mission of 'Protecting the public interest in Water, Energy and Energy Safety'. In addition to our legislative remit, which sets out our responsibilities, the CRU is guided by an overarching strategic plan.

The CRU Strategic Plan 2019-2021 was launched at the beginning of 2019. The plan was developed as a guiding framework for the CRU's planning, resourcing, prioritisation, monitoring and reporting activities.

The Plan sets out the CRU's commitment to deliver a secure, low carbon future at least cost. It demonstrates our commitment to a co-operative approach with our stakeholders to ensure safe outcomes, sustainability (including environmental and economic), reliability and efficiency across the sectors we regulate.

In order to carry out this role effectively, the CRU revised its Mission, Vision, Values and introduced four Strategic Priorities for the 2019-2021 period, which sit alongside the core activities we undertake, to ensure our vision is realised and the public interest is protected.



OUR MISSION:

Protecting the public interest in
Water, Energy and Energy Safety.

OUR VISION:

Energy
supplied
safely

A sustainable,
reliable and
efficient future
for energy and
water

Empowered
and protected
customers
paying
reasonable
prices

A secure,
low carbon
future

OUR VALUES:



INTEGRITY

Trust is vital, so we act with integrity at all times and take balanced, evidence-based decisions that are fair and consistent



PROFESSIONALISM

We are professional in everything we do. We work as a team and always strive to develop our expertise. We are pragmatic and open to alternative processes



OPENNESS

We are committed to co-operation. We clearly explain who we are and what we do. Our processes are open, thorough and consider views from all stakeholders. We explain our decisions in clear language.



ACCOUNTABILITY

We are accountable for our decisions and for the way we spend our resources. We are independent and open to scrutiny.

PUBLIC INTEREST:

Develop effective communications to support customers and the regulatory process

Deliver sustainable low-carbon solutions with well-regulated markets and networks



Ensure compliance and accountability through best regulatory practice

Foster and maintain a high-performance culture and organisation to achieve our vision

The CRU - what we do

The CRU is Ireland's independent energy and water regulator and was originally established in 1999 as the Commission for Electricity Regulation, before changing its name to the CRU in 2017 to reflect its widened responsibilities. The Commission is financed by means of a levy on regulated entities. An overview of the CRU's current key functions is as follows:

- **Economic Regulation of Energy:** Our aim is to protect the interests of energy customers, maintain security of supply, and to promote competition covering the generation and supply of electricity and supply of natural gas. We jointly regulate the all-island wholesale Single Electricity Market (SEM) with our counterpart in Northern Ireland, the Utility Regulator through the Single Electricity Market Committee (SEMC), the joint decision-making body responsible for all matters relating to the all-island wholesale electricity market.
- **Economic Regulation of Water:** The CRU is the economic regulator for the public water and wastewater sector, covering the services provided by Irish Water. Our primary aim is to protect the interests of customers of Irish Water.
- **Customer Complaints (Energy & Water):** The CRU has an important function in customer protection by resolving complaints that customers have with energy companies and with Irish Water.
- **Energy Safety Regulation:** Our core focus is to protect lives across a range of areas in the energy sector. This includes safety regulation of electrical contractors and gas installers (covering both natural gas and Liquefied Petroleum Gas (LPG)). We are the safety regulator of the downstream natural gas industry (covering storage, transportation and supply) and LPG piped distribution systems. We are also safety regulator of upstream petroleum extraction and exploration activities; this includes oil and gas activity both onshore and offshore.



CRU 2021 Work Plan

The CRU published its work plan on its website which identifies the key outputs for commencement, progression or delivery during 2021 to achieve priorities set out in the Strategic Plan. The key outputs for each of the CRU Divisions are summarised in the main section of this Report.

CRU Organisation

The CRU is led by up to three Commissioners at any one time. In 2021, the Commissioners were Aoife MacEivilly (Chairperson), Paul McGowan and Jim Gannon. The Commissioners are assisted in their duties by a staff of about 100, including 5 directors.

The chart below summarises the organisational structure of the CRU (as of 31 December 2021).



Energy Safety



Key Achievement 1: Improving the Safety of LPG Distribution Networks

Full Title of Achievement Progressed regulation of piped Liquefied Petroleum Gas (LPG) distribution networks that are not operated by a licensed LPG undertaking.

Link to Corporate Strategy **Strategic Priority:** Ensure compliance and accountability through best regulatory practice

Service Activity / Key Objective: Strengthen the CRU's compliance and enforcement framework across safety, water and energy to ensure best regulatory practice in all areas of the organisation's remit.

Summary

It is important that all operators of piped LPG distribution networks are regulated with respect to safety so that the general public, and in particular end customers, are protected from the safety risks associated with piped LPG distribution networks.

Current legislation provides for operators who import LPG or purchase it directly from a refinery within the State and supply to it to individual domestic and commercial customers via a piped LPG distribution network, to hold an LPG Safety Licence. The legislation does not, however, cover operators of LPG distribution networks who purchase LPG from other sources.

Further to consultation, completed in 2020, the identified solution to protect public safety from the risks associated with the operation of piped LPG distribution networks was the introduction of a new class of safety licence that requires such operators to comply with an 'Operator Handbook'. To enable this, the CRU has requested an amendment to existing legislation to include a new Class 2 LPG safety licence.

In 2021, the CRU finalised an Operator Handbook in conjunction with industry experts. The Operator Handbook clearly details safety requirements, and the conditions for compliance are clearly laid out. This Operator Handbook must be complied with in accordance with a Class 2 safety licence.

The Operator Handbook and Class 2 LPG Safety Licence will be effective from the date of finalisation of the required legislative amendments which are currently being finalised by Government. In this way, all customers supplied with LPG via a distribution network will be protected with respect to safety, regardless of where their network operator sources LPG.

Key Achievement 2: Adaptation of Audit and Inspection of Onshore Gas System and Upstream Petroleum Facilities

Full Title of Achievement	Adapted audit and inspection plan due to governmental restrictions to ensure effective compliance monitoring.
Link to Corporate Strategy	<p>Strategic Priority: Ensure compliance and accountability through best regulatory practice.</p> <p>Service Activity / Key Objective: Strengthen the CRU's compliance and enforcement framework across safety, water and energy to ensure best regulatory practice in all areas of the organisation's remit.</p>

Summary

CRU prepares annual audit and inspection programmes for natural gas and LPG undertakings, and upstream petroleum facilities. The review topics are decided by taking into account previous audit and inspection findings, performance reports, incident reports and accepted safety cases. Governmental restrictions, which were put in place as part of the public health response to the COVID-19 pandemic, continued into 2021, limiting the CRU's ability to carry out inspections on site.

Successful completion of the audit and inspection programme for 2021 is one of the key elements that contributes towards the CRU's goal for ensuring that energy and gas are supplied safely. Significant innovation in the performance of audits & inspections was required for both the Gas and Petroleum Safety Frameworks throughout 2021.

Gas Safety Framework (GSF)

The GSF Team revised the audit and inspection programme during 2021 reprioritising review topics and identifying topics suitable for 'remote' or 'online' audit. Audits were carried out through a mixture of video communication platforms to facilitate regulated entities. Audit scopes were adjusted and optimised and the audit process was carefully planned to ensure it was effective and efficient for the CRU and regulated entities.

A limited number of audits and inspections were carried out on site in 2021 on the gas transmission, distribution and LPG networks, including compressed natural gas installations. These were conducted with strong cooperation from the regulated entities and in line with prevailing public health advice at the time. The GSF Team increased engagement with regulated entities throughout the pandemic to ensure early engagement and facilitate discussions on any difficulties encountered by the regulated entities in complying with their safety cases.

Petroleum Safety Framework (PSF)

CRU engagement with national governmental agencies and regulators, including the European Union Offshore Authorities Group (EUOAG), the North Sea Offshore Authorities Forum (NSOAF), the National Offshore Regulators Liaison Group, and the International Regulators' Forum (IRF) was of particular importance for 2021. From the sharing of experiences, best practices and emerging trends faced by Operators and regulators across many different jurisdictions globally especially in relation to the Covid-19 pandemic, the Petroleum Safety Team were able to work within government guidelines to complete their Audit and Inspection Programme in a safe and effective manner. This required an agile and innovative approach to travelling and carrying out of inspections by the extended PSF team. The approach was continuously reviewed and updated to reflect ongoing changes to Covid-19 related restrictions in the relevant jurisdictions throughout the year.

The PSF team performed seven on-site inspections of Operators within the State, which included the decommissioning activities underway at the Kinsale gas fields. Two further inspections were carried out in the UK, in relation to the testing of equipment to be used in a future designated petroleum activity to be carried out within the State, with onsite support from consultants. In this way it was possible to carry out the required inspections while adhering to the prevalent Covid-19 restrictions. Additionally, a new system was also trialled which allowed for remote attendees to attend part of the inspection.

Key Achievement 3: Kinsale Gas Field Decommissioning

Full Title of Achievement

Oversight of the safe decommissioning of petroleum infrastructure at the Kinsale gas fields.

Link to Corporate Strategy

Strategic Priority: Ensure compliance and accountability through best regulatory practice.

Service Activity / Key Objective: Strengthen the CRU's compliance and enforcement framework across safety, water and energy to ensure best regulatory practice in all areas of the organisation's remit.

Summary

The Kinsale Area gas fields, off the south coast of County Cork, were initially developed in 1978. As the fields were developed it drove the onshore development of the national gas infrastructure. In 2017, due to declining gas production PSE Kinsale Energy Limited, as Operator, notified the CRU of its intent to decommission and permanently plug and abandon wells at its production facilities.

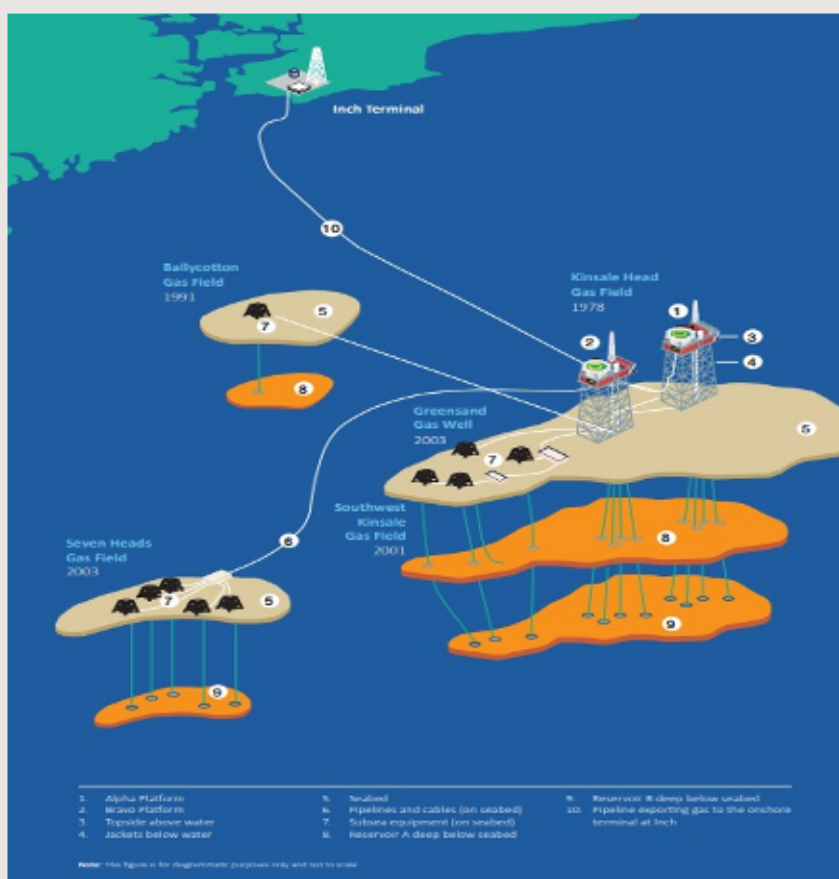


Figure: Alpha Platform & Bravo Platform (courtesy of KEL)

Platform, Terminal & Platform wells

PSE Kinsale Energy Limited submitted their decommissioning safety cases in 2019. On the 2nd July 2020, decommissioning permits were issued along with well work safety permits for the plugging and abandonment of the Alpha and Bravo Platform wells. Production ceased on 6th July 2020. In September 2020, platform well work to plug and abandon the platform wells commenced.

The CRU received daily well reports from the Operator through to completion of the work. During platform well work in 2021, the CRU carried out three inspections across the Alpha and Bravo platforms.

The CRU carried out final inspections of the Alpha Platform, Bravo Platform, and Inch Terminal in July 2021 to confirm the “hydrocarbon free” status of the petroleum infrastructure. The last helicopter departed the Kinsale Alpha Platform at 15.30 on the 6th of August 2021 bringing to an end 43 years of offshore operations in the Kinsale gas fields.

Subsea wells

In 2020 two safety cases were submitted to CRU related to decommissioning of subsea wells in the Kinsale Head and the Seven Heads gas fields. Safety permits for the subsea activities were issued in April 2021. The subsea work scope was undertaken by the Stena Spey semi-submersible mobile offshore drilling unit. An Acknowledgement of Compliance (AoC) was also issued in April 2021, and the vessel arrived in Irish waters on 15th April 2021 to carry out plugging and abandonment of the subsea wells.

Daily reports were submitted to the CRU throughout the subsea well work operations. The Stena Spey completed unmooring and departed the 500-metre zone of the last well on the 29th of November 2021. This event marked not only the completion of the 10-well subsea abandonment campaign but also the entire 24-well abandonment campaign on the Kinsale Head and Seven Heads gas fields. Subsequently, this marked the formal closure of designated petroleum activities, and the end of operations under the Petroleum Safety Framework in the Kinsale gas fields.

The decommissioning project was carried out without any major accidents or the need for any immediate onsite investigations.



Figure: Alpha Platform & Bravo Platform (courtesy of KEL)

Key Achievement 4: Multi-Agency Emergency Response Exercise

Full Title of Achievement	Carrying out of a multi-agency (DECC, IRCG & CRU) emergency response exercise to test the States response to a major offshore petroleum incident (Exercise Triassic)
Link to Corporate Strategy	<p>Strategic Priority: Ensure compliance and accountability through best regulatory practice.</p> <p>Service Activity / Key Objective: Strengthen the CRU's compliance and enforcement framework across safety, water and energy to ensure best regulatory practice in all areas of the organisation's remit.</p>

Summary

The CRU identified the need to test the combined response of relevant state agencies to a major offshore petroleum incident. It proposed that such an exercise be carried out as part of the Offshore Regulators Liaison Group. In cooperation with the Department of Environment, Climate and Communication (DECC) and with the Irish Coast Guard (IRCG), it was decided to run an exercise that would:

- a) Assess the communication and interoperability between DECC, CRU and IRCG in incident management.
- b) Test the communication and sharing of information when undertaking remote incident management.

Other objectives of the exercise were to examine the application of the National Marine Oil & HNS Spill Contingency Plan (NMOSCP); understanding roles and responsibilities of supporting government departments in responding to such an incident; and testing the media response strategies of the agencies.

The exercise was named 'Exercise Triassic' and was facilitated by consultants Ambipar Response. It was carried out as a desktop exercise across the three state agencies (CRU, DEEC & IRCG) that simulated an offshore incident. The scenario for the exercise was an incident centred on a fictional gas field off the west coast of Ireland, where a drilling rig had lost its mooring and was drifting following a well control incident and subsequent loss of containment from the subsea facilities. The simulated incident occurred on Monday 13th December 2021 with daily updates provided up to the time the exercise began in the morning of Wednesday 15th December.

The real time exercise lasted six hours, with continuous input and updates provided by all parties involved. CRU is not a primary first responder in an incident, however, as this scenario involved a well incident, the CRU provided immediate input into the Operator Response Strategy and Well Control Emergency Response Plan.

The CRU would have initiated a formal investigation. Exercise Triassic proved to be a very successful exercise which showed that all participating agencies demonstrated a high level of capability and competency in managing the response to the incident, in addition to several learnings and findings which were identified to support continuous improvement.

Key Achievement 5: Policy Update on Non-Domestic Gas Installers

Full Title of Achievement	Development of Updated Non-Domestic Gas Regulation Policy
Link to Corporate Strategy	<p>Strategic Priority: Ensure compliance and accountability through best regulatory practice.</p> <p>Service Activity / Key Objective: Implement a registration scheme for non-domestic gas installers.</p>

Summary

The CRU is responsible for the regulation of safety in domestic Gas Works through the Registered Gas Installer (RGI) scheme. The CRU appoints a Gas Safety Supervisory Body (GSSB) to operate the RGI scheme on its behalf.

In 2015, the CRU decided to also introduce regulation of non-domestic Gas Works however this decision was subsequently postponed in 2020 due to delays resulting from the Covid-19 pandemic. At the time of postponement, the CRU committed to revisit its proposed arrangements for Non-Domestic Gas Works regulation to determine if any enhancements were needed.

Throughout 2021, the CRU engaged with key stakeholders with direct involvement in Non-Domestic Gas Works safety related matters to determine the best path forward in terms of introducing regulation in this sector.

Following this review and through its engagement with stakeholders, CRU decided to proceed with the implementation of Non-Domestic Gas Works. The CRU made this decision due to the potential safety regulation gap around current non-domestic installations, and their maintenance and modification.

The CRU has also decided that Non-Domestic Gas Works regulation be folded into the existing RGI scheme without the creation of a new membership category. This regulation will take effect from July 2023 and will mean that both domestic dwellings and commercial businesses will have to engage with an RGI to carry out any Non-Domestic Gas Works from July 2023.

The implementation of this regulation aligns with the CRU’s vision that energy is supplied safely and will provide a better safety outcome in the public interest.



Key Achievement 6: Review of Safety Supervisory Body Framework

Full Title of Achievement	Review of the current SSB economic model and associated performance management framework to support new designation from 1 January 2023.
Link to Corporate Strategy	<p>Strategic Priority: Ensure compliance and accountability through best regulatory practice.</p> <p>Service Activity / Key Objective: Strengthen the CRU's compliance and enforcement framework across safety, water and energy to ensure best regulatory practice in all areas of the organisation's remit.</p>

Summary

The CRU discharges its safety regulation of gas installers and electrical contractors through the RGI and the Safe Electric schemes ('the schemes'), respectively. These schemes are operated by the Gas Safety Supervisory Body (GSSB) and the Electrical Safety Supervisory Body (ESSB), respectively, on behalf of the CRU. The GSSB and ESSB's duties and responsibilities are set out in the Electricity Regulation Act 1999, as amended, and in the Criteria Documents. These include the registration and inspection of Registered Gas Installers and Registered Electrical Contractors, managing the works certification process and investigation of complaints.

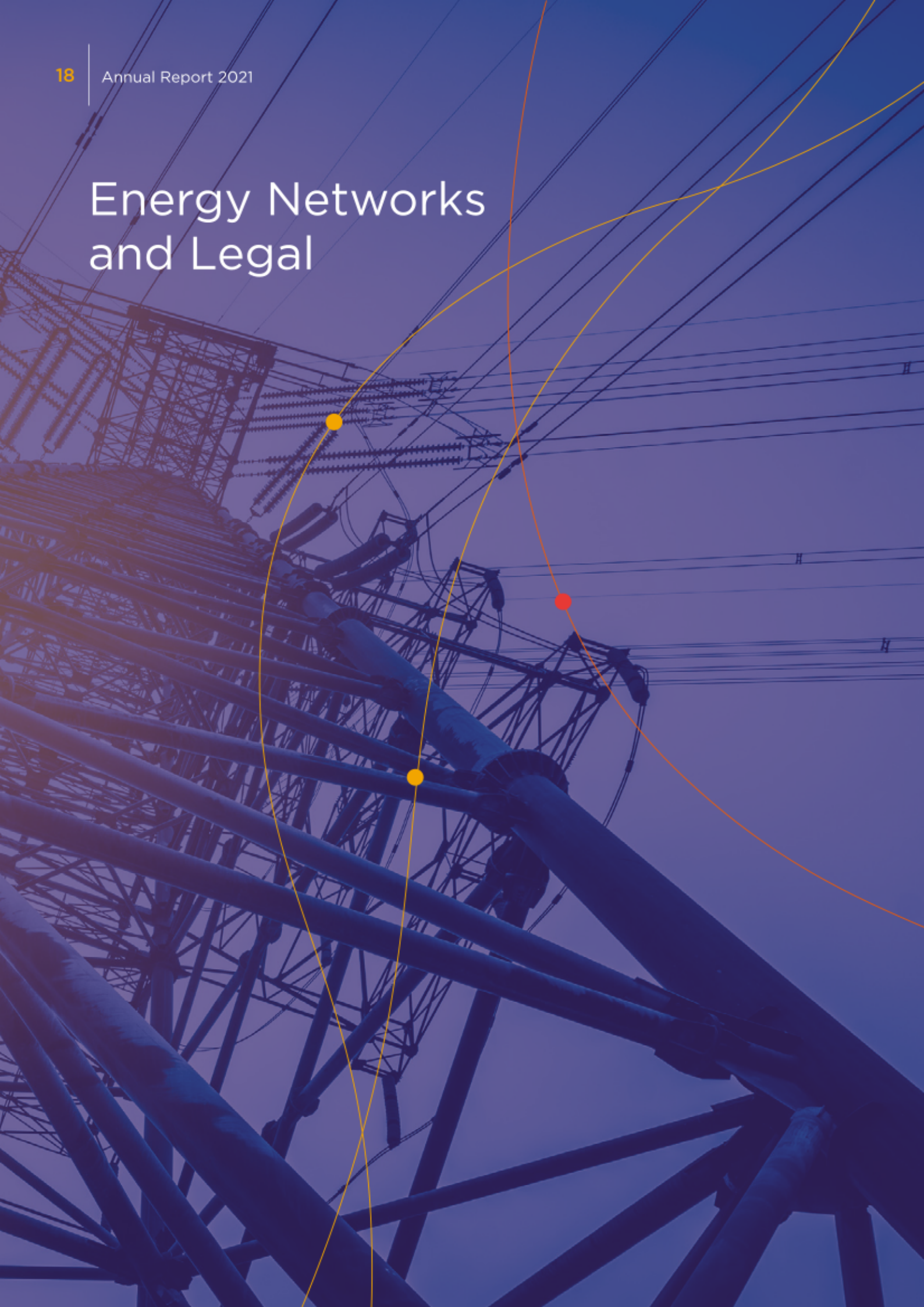
The schemes are currently operated by the Register of Gas Installers of Ireland (RGII) and the Register of Electrical Contractors of Ireland (RECI). RGII and RECI ('the SSBs') were appointed to operate the schemes from 2016 to 2022.

In advance of the SSB's contract expiration and in accordance with legislation, the CRU initiated the SSB Designation 2023 Project ('the Project') and established a team to deliver it ('the team'). The purpose of the Project is:

1. designate the SSB(s) who will operate the schemes from 2023; and
2. review the existing schemes in order to identify and make improvements, where possible - stage 1: focused on the economic model and performance management framework; stage 2: focused on regulatory and operational aspects.

As part of purpose 2 and stage 1, the team carried out a review of the current economic model and its associated performance management framework and explored options to make improvements that build on the successes of the schemes to date and enhance their delivery on the economic model objectives (i.e. efficiency, effectiveness and robustness) and principles (i.e. legitimacy, transparency and proportionality).

Energy Networks and Legal



Key Achievement 1: Decision on Stage 2 of the Enduring Connection Policy (ECP)

Full Title of Achievement Enduring Connection Policy – Stage 2 (ECP-2) Decision

Link to Corporate Strategy

Strategic Priority: Ensure utility network policies and infrastructure development deliver a low carbon future whilst supporting competitiveness and security of supply.

Service Activity / Key Objective: An enduring electricity connection policy that supports climate targets.

Summary

The first stage of the ECP-2 batch processing (ECP-2.1) drew to a close in December 2021. The second stage of the ECP-2 batch processing (ECP-2.2) commenced in September 2021, with the opening of the batch application window, whereby applicants were permitted to apply for connection offer processing to the System Operators (ESBN & EirGrid). The initial ECP-2.2 batch was formed from October – November 2021. The final batch is due to be formed and published on the EirGrid website at the end of December 2021.

On 03 February 2021 the Minister for the Environment, Climate and Communications updated the ownership eligibility requirements for a Community-Led Project from at least 51% community ownership (as outlined in the RESS-1 terms and conditions) to 100% community ownership. Following this update the CRU published a Clarification Note in March 2021 to align the definition of Community-Led Renewable Energy Projects (as defined in ECP-2) to align with the RESS-2 Community-Led Project ownership requirements of 100% (as outlined in the RESS-2 Terms & Conditions). This means that only 100% community owned projects are eligible to apply to Category C under ECP-2 rules.

The third stage of the ECP-2 batch processing (ECP-2.3) is due to commence in September 2022 with the opening of the batch application window.



Key Achievement 2: Proposed Decision on Offshore Grid Connection Assessment

Full Title of Achievement	Offshore Grid Connection Policy and Regulatory Framework Design
Link to Corporate Strategy	<p>Strategic Priority: Ensure utility network policies and infrastructure development deliver a low carbon future whilst supporting competitiveness and security of supply.</p> <p>Service Activity / Key Objective: Commence development of Offshore Wind connection policy and regulatory framework.</p>

Summary

The Government's Climate Action Plan published in June 2019 identified a role for offshore wind in decarbonisation, setting a target of at least 3.5 GW of offshore wind to be connected by 2030. The 2021 Climate Action Plan updated this target to at least 5 GW of offshore wind by 2030.

A dedicated pathway for the development of offshore wind was set out which includes delivery of the offshore grid. The actions for the CRU related to offshore grid connection policy and the regulatory framework for the treatment of offshore grid.

Since 2019, the CRU have worked closely with the Department of Housing, Local Government and Heritage (DHLGH), the Department of Environment, Climate and Communications (DECC) and EirGrid along with industry stakeholders on the progression of offshore grid for Phase 1 projects (5 projects on the east coast and one on the west coast, off Galway).

In January 2020, the CRU directed EirGrid requiring them to progress Phase 1 grid connection applications. Based on this direction EirGrid submitted a report to CRU on Offshore Phase 1 - Grid Connection Assessments in March 2021. In October 2021, the CRU published a proposed decision that would direct EirGrid to issue a Grid Connection Assessment (GCA) to each Phase 1 project. This GCA will assess the method and cost of connecting to the onshore transmission grid and will be required by the Phase 1 projects that will bid into the upcoming government support auction for offshore wind generators. The final decision for the GCA is to be published in Q1 2022.

In addition to the grid connection policy, the CRU is required to put in place a regulatory framework for offshore wind based on DECC's May 2021 decision (enacted in the Maritime Area Planning Act in December 2021) that EirGrid will own (as well as operate) the offshore transmission grid. Work is ongoing on this regulatory framework in conjunction with DECC and EirGrid to enable the construction and operation of Phase 1 projects. The CRU are also working with DECC and EirGrid on the regulatory framework for Phase 2 offshore projects, which will likely see applications from projects on the east, south and west coasts of Ireland.



Key Achievement 3: Delivering Regulatory Frameworks for Electricity Interconnectors

Full Title of Achievement

Electricity Interconnectors – Greenlink and Celtic

Link to Corporate Strategy

Strategic Priority: Deliver market policies that support a low carbon future whilst supporting competitiveness and security of supply.

Service Activity / Key Objective: New electricity interconnectors to support the integration of renewable power into the Irish energy system and provide an additional layer of security of supply.

Summary

Greenlink

The Greenlink electricity interconnector project is a proposed 504 MW subsea electrical cable linking the electricity transmission systems of Ireland and Great Britain. The link will provide a new grid connection between the Great Island transmission substation in Wexford and the Pembroke transmission substation in South Wales. The Greenlink electricity interconnector project has been designated as a Project of Common Interest by the European Commission.

In October 2018, following consultation, the CRU determined that the construction of the Greenlink interconnector was in the public interest.

In December 2020, following consultation, the CRU published its decision paper that accepted Greenlink's request that a Cap and Floor regulatory regime would be the most appropriate treatment for the interconnector. In March 2021, the CRU consulted on its minded to position on the regulatory financial design of the Cap and Floor framework that would apply to Greenlink in Ireland, including its proposed project costs. In September 2021, the CRU published its decision regarding the "Cap and Floor" regulatory framework for the project in Ireland.

The CRU will continue to engage with Greenlink's project promoters on the Greenlink Cap and Floor regulatory framework, the financial close process and its operating licence in Ireland. The Interconnector is expected to be commissioned by the end of 2024.

Celtic

The Celtic Interconnector is a proposed electrical interconnector linking Ireland and France, with a capacity of 700MW. The project promoters are the Irish and French Transmission System Operators, EirGrid and RTE respectively. In April 2019 the CRU reached a joint decision with the French Energy Regulatory Commission (CRE) on the allocation of the investment cost of the project between the two countries. The decision was to allocate 65% of the total estimated investment cost of €930 million to Ireland, and 35% to France, with any cost overrun to be shared equally. Should the cost of the project exceed that estimated by 20% or more, the CRU and the CRE agreed to review the cost allocation decision and reconsider investment in the project and/or the decision to share cost overruns equally.

On 2nd June 2021 the CRU published a Consultation Paper (CRU/21/057) on a proposed Cost Recovery Model for EirGrid in developing the Celtic Electricity Interconnector. This consultation closed on 23rd July 2021. In that paper the CRU described and considered a range of regulated revenue models that could be applied to the Celtic Interconnector. The CRU also assessed EirGrid's regulatory framework request in this consultation. Following this review, the CRU was of the view that aspects of EirGrid's requested model did not sufficiently protect Irish customers from inefficient expenditure, particularly during the construction phase. Therefore, the CRU proposed a fully regulated cost recovery model, with a Two-Phase Funding Model.

The CRU expects to publish a final decision on the Celtic regulatory cost recovery model in Q1 2022. The CRU will continue to engage with EirGrid on the detailed aspects of the regulatory cost recovery model and will determine these aspects as well as other elements necessary to allow the project to progress to Final Investment Decision (FID) in due course. The Interconnector is expected to begin commercial operation in late 2026 subject to final approval.

Key Achievement 4: Issuing the Data Centre Connection Policy Decision

Full Title of Achievement

Data Centre grid connection policy consultation and decision

Link to Corporate Strategy

Strategic Priority: Deliver market policies that support a low carbon future whilst supporting competitiveness and security of supply.

Service Activity / Key Objective: Ensuring effective "Connection Measures" to promote and maintain continuity, security and quality of supplies of electricity in the context of the challenges posed by data centres.

Summary

Following numerous interactions with EirGrid regarding the evolving risk to Security of Supply, it became apparent to the CRU that data centres and the demand load they require, are having a major impact on the Irish electricity system currently and into the foreseeable future. When this is also considered in the context of wider system security including greater insight into the delivery of generation through the Capacity Remuneration Mechanism pipeline, short term security of supply challenges and the broader public interest, it became clear that measures needed to be implemented in order to encourage data centres to address some of these risks.

On foot of continuous engagement with EirGrid, the CRU published a consultation paper in June 2021, "CRU proposed Direction to the System Operators (SOs) related to Data Centre grid connection" (CRU/21/060). This paper set out the challenges that the data centre industry poses to Security of Supply in Ireland considering the rapid demand growth from this sector. With the aim of ensuring Security of Supply of the electricity system for all consumers (an overarching statutory function of the CRU), the consultation paper set out three options for consideration and requested engagement from industry stakeholders on all options available to the CRU in mitigating the risk to Security of Supply in the context of the challenges posed by data centres.

Following consultation, the CRU published a decision in relation to Data Centre demand connections in November 2021 "CRU Direction to the System Operators related to Data Centre grid connection processing" which included copies of the associated directions that were issued to the System Operators (ESBN and EirGrid).

Taking into account industry feedback, the CRU considered the "minded to" position of "Connection Measures" to be the most proportionate and necessary route in promoting and maintaining the continuity, security and quality of supplies of electricity in the context of the challenges posed by data centres, whilst facilitating the continued connection of data centres to the greatest extent possible.

The associated directions instructed the System Operators to assess applications for the connection of data centres by reference to a set of assessment criteria whereby the System Operators will determine whether a connection offer can be made within the system stability and reliability needs of the electricity network.

The System Operators will update the CRU on the effectiveness of the decision in mitigating the risk to Security of Supply by way of bi-annual reports beginning in 2022.

Key Achievement 5: Decision on Electricity Network Tariffs for 2021/22

Full Title of Achievement Annual Electricity Network Allowed Revenue and Tariff Review

Link to Corporate Strategy **Strategic Priority:** Deliver sustainable, low-carbon solutions with well-regulated markets and networks.

Summary

The electricity networks will play an important role in enabling the transition to a low carbon system by 2030 and ensuring security of supply. The network companies, EirGrid and ESB Networks, have a crucial part to play in the successful delivery of this vision for Ireland's future.

The CRU's role is to protect electricity customers by ensuring that EirGrid and ESB Networks (ESBN), spend customers' money appropriately and efficiently to deliver necessary services. The CRU does this through the Price Review process - EirGrid and ESBN are currently operating under Price Review 5 (PR5). The PR5 revenues are updated by the CRU every year, as well as the network tariffs that will apply to all customers. This ensures that needs of the network are met, and that the customer interest is protected in the long and short-term.

In 2021, the CRU approved transmission revenues which included a placeholder to secure temporary generation in the Greater Dublin Region and a reduction in allowances due to an over-recovery of costs. For distribution, revenues were updated to reflect uncertainties surrounding COVID-19 and a forecast under-recovery of revenues in 2020. This resulted in an adjustment that effectively returned circa €70 million to customers.

With the decisions on allowed revenues, the CRU continues to focus on its role to protect electricity customers by ensuring that the network companies spend customers' money appropriately and efficiently to deliver necessary services and make necessary investments in infrastructure.



Key Achievement 6: Gas Networks Tariffs

Full Title of Achievement

Annual Gas Networks Tariffs and the Strategy on Future Role of Gas

Link to Corporate Strategy

Strategic Priority: Deliver sustainable, low-carbon solutions with well-regulated markets and networks.

Summary

Gas Networks Ireland (GNI) owns and operates the gas network in Ireland. GNI charges for the use of the gas network. To ensure that the charges are fair and reasonable, the CRU approves how much money (referred to as allowed revenues) GNI can collect from its customers.

In 2021 the CRU commenced a project (PC5) to set the allowed revenues from 01 October 2022 to 31 September 2027 (PC5 period). The allowed revenues will be set to deliver value for the customer and to allow GNI to safely operate, maintain and invest in the network. GNI charges make up approximately 30% of a domestic customer's bills.

To set the allowed revenues at the right level, the CRU is undertaking a detailed review of GNI's business plan for the PC5 period. To do this, the CRU is reviewing detailed submissions from GNI. GNI's submission must clearly demonstrate the need and the value being delivered by its proposed activities. Where this is not done, costs will not be allowed.

In reviewing GNI's proposals for PC5, it is important that the challenges and opportunities that GNI will face in delivering a reliable, safe and efficient service to its customers are considered. In June 2021, the CRU published a strategy for PC5, which set out the key challenges that GNI will likely face, and have to overcome, and opportunities that they must embrace during PC5. They included:

- adapting to the changing use of the natural gas network while maintaining a safe and resilient gas network, and;
- efficiently and safely facilitating the decarbonisation of the gas network and the economy generally.

The CRU published its PC5 Regulatory Framework Paper in December 2021. Having completed its review of GNI's proposals, the CRU will consult on the proposed allowed revenues in 2022.

In addition, in 2021 the CRU published the annual gas distribution and transmission tariffs for 2021/2022 under PC4.



Economic Regulation (Water), Compliance and Customer Affairs



Customer Affairs

Key Achievement 1: Delivering Customer Care

Full Title of Achievement	Customer Care Team: complaints resolution and information service
Link to Corporate Strategy	<p>Strategic Priority: Develop effective communications to support customers and the regulatory process.</p> <p>Service Activity / Key Objective: Proactively and transparently place the public interest at the centre of the CRU's policy development. Ensure that the customer's voice is heard and reflected in CRU decisions.</p>

Summary

Dispute Resolution and Consumer Information

During 2021, the CRU's Customer Care Team continued to provide a high-quality complaint resolution service for customers along with the provision of information to the public. The CRU is an Approved Dispute Resolution body and the Customer Care Team provide a free dispute resolution service to customers with an unresolved complaint against an energy supplier, network operator or Irish Water. Over 200 consumer complaints were investigated by the CRU in 2021.

The CRU's Customer Care Team also provides an information service to members of the public. The CRU, Customer Care Team received 4,986 telephone calls to its Customer Care Phone Line (1800 404 404), 11,993 emails to its dedicated customer email address (customercare@cru.ie), 635 web queries (via www.cru.ie) and 275 letters in 2021.

This activity led to the creation of 6,608 cases, which is an increase of approximately 50% on the number of contact cases created in 2020.

Despite the increased volume, the Customer Care Team reduced the average complaint resolution time for customers compared to what was achieved in 2020.

Customer Care Annual Report

The CRU published its Customer Care Team Annual Report in June 2021. This report provides an overview of the level and type of complaints and contacts made to the CRU. The CRU uses the information from customer contacts and complaints to promote the interests of customers in CRU policy.

The CRU also engages with suppliers, network operators and Irish Water on an ongoing basis to continually improve customer service levels and complaint handling.

Annual Consumer Survey

The Customer Care Team also conducts an annual survey of the electricity and gas markets. This consumer survey is targeted at measuring consumer engagement, experience and attitudes in the residential and SME electricity and gas markets in Ireland. The results of the 2020 survey were published on the CRU website in March 2021.

Water

Key Achievement 2: Expanded Eligibility for First Fix Free Scheme	
Full Title of Achievement	Publication of the First Fix Scheme Policy Review Decision Paper
Link to Corporate Strategy	<p>Strategic Priority: Deliver sustainable, low-carbon solutions with well-regulated markets and networks.</p> <p>Service Activity / Key Objective: Provide effective regulation of Irish Water to deliver secure, efficient, and sustainable outcomes in the public interest.</p>
Summary	
<p>In April 2021, the CRU published a decision to expand the eligibility criteria for Irish Water's First Fix Scheme.</p> <p>The First Fix Scheme entitles qualifying domestic customers to a leak investigation and repair to their external supply pipe, free of charge. It aims to reduce leakage and assist in water conservation. The scheme to date has been effective in reducing customer side leakage, while accounting for a small portion of Irish Water's overall capital programme. The Scheme saved a cumulative 155 million litres per day (ML/day) in the period 2015-2019. This vast amount of water equates to the average usage of 450,000 Irish households every year.</p> <p>Following a public consultation, the CRU expanded the scheme to the following types of customers:</p> <ul style="list-style-type: none"> • Unmetered customers • Mixed-use customers with a predominant domestic use • Customers with a shared service connection • Unregistered customers • Customers with no internal stop valve. <p>Expanding the Scheme will allow as many domestic customers as possible the opportunity to have a leak fixed and reduce usage. One accepted drawback of the scheme in recent years was its narrow scope, e.g. unmetered customers, mixed use customers and customers with no internal stop valve could not avail of the Scheme.</p> <p>Expanding the eligibility criteria will also lead to greater equity between customer types. Most significantly, unmetered customers are now able to avail of the Scheme. This is important to ensure that both metered and unmetered customers have the same opportunities to fix leaks, thereby reducing the numbers of customers who may face liability under the excess use charge for domestic customers that use water excessively (above the annual use threshold of 213,000 litres).</p>	

Key Achievement 3: Revised Irish Water Performance Assessment Framework

Full Title of Achievement	Publication of Performance Assessment Framework Decision Paper
Link to Corporate Strategy	<p>Strategic Priority: Deliver sustainable, low-carbon solutions with well-regulated markets and networks.</p> <p>Service Activity / Key Objective: Provide effective regulation of Irish Water to deliver secure, efficient, and sustainable outcomes in the public interest.</p>

Summary

In September 2021, the CRU published a decision paper on its review of the Performance Assessment Framework (PAF) applied to Irish Water. The PAF metrics were established in 2016 to provide a basis for the reporting of Irish Water's overall performance. At that time, the CRU did not set targets for Irish Water's performance. This has now been addressed.

A revised set of metrics and associated targets are set out in the 2021 decision. These will be used to track Irish Water's performance across the Revenue Control 3 (RC3) period (2020 to 2024). Over the five-year RC3 period, Irish Water plans to spend over €8 billion on water and wastewater services, on operating activities and new investments. The PAF therefore forms a foundation for the CRU to monitor Irish Water's overall performance as it strives to meet its agreed RC3 outputs and outcomes.

The CRU retained metrics from the 2016 decision where possible, for consistency of reporting and to illustrate Irish Water's performance over time. Where it was found that a metric no longer presented meaningful information - for example due to technological advances or a change in priorities on behalf of Irish Water or the CRU - the CRU decided that it should be altered or discontinued as appropriate. New metrics were included where it was found that an area of performance has either not been included in the 2016 decision or was found to be more meaningful than the original version of the metric.

Targets for Irish Water's expected delivery over the RC3 period 2020-2024 are also established. The CRU's targets were informed by the revenue control decision, CRU requirements on Irish Water regarding customer service as laid out in the Domestic and Non-Domestic Customer Handbooks, targets and performance by the other utilities monitored by the CRU, and targets and performance of other water companies in neighbouring jurisdictions (Northern Ireland, Scotland, England and Wales).

In its decision paper, the CRU identified six categories designed to capture significant areas of performance affecting customers and other stakeholders as follows:

- Customer Service
- Security of water supply
- Quality of water supply
- Sewer incidents
- Environmental performance
- Energy and emissions

Irish Water is required to make annual submissions to the CRU under the PAF providing details of its performance across all metrics for the previous year, where available. The 2020 report under the PAF will be the CRU's first time assessing Irish Water's performance against the targets in the decision paper.

Key Achievement 4: Incentivising Irish Water

Full Title of Achievement

Publication of Revenue Control 3 Financial Incentives Decision Paper

Link to Corporate Strategy

Strategic Priority: Deliver sustainable, low-carbon solutions with well-regulated markets and networks.

Service Activity / Key Objective: Provide effective regulation of Irish Water to deliver secure, efficient, and sustainable outcomes in the public interest.

Summary

In September 2021, the CRU published its decision relating to financial incentives that will apply to Irish Water during Revenue Control 3 (RC3). Financial incentives are an important tool widely used by economic regulators to encourage utilities to meet and exceed performance criteria and are a key mechanism through which the CRU seeks to protect the interests of Irish Water's customers.

The decision set out two non-domestic billing incentives that would come into force during RC3 (2020-24) ('Efficient Billing' and 'Billing Correction'), while a third billing incentive: 'Bad Debt' had been in place already. The non-domestic billing incentives encourage Irish Water to identify and correctly bill its non-domestic customers. Irish Water is incentivised to engage with the work associated with the billing incentives as it is allowed to keep a portion of the additional revenues generated through identifying and correctly billing non-domestic customers.

This is important as customers connected to the network but not paying a bill, or under-paying for their service, impose costs on the Irish Water network which is ultimately passed on to other customers. The CRU decided that Irish Water will have the opportunity to earn an additional €4m per year per incentive, capped at €10m for all three non-domestic billing incentives combined.

Additionally, a new 'Leakage Reduction' incentive was introduced for RC3. The purpose of the leakage reduction incentive is to encourage Irish Water to meet its leakage reduction targets through its various work programmes and as funded for in the CRU's RC3 decision (CRU20085). For this incentive, the CRU's decision sets Irish Water an overall leakage reduction incentive target of 176 million litres of water a day (176 MLD) by the end of 2024.





Key Achievement 5: Go-Live of Irish Water's Non-Domestic Water Tariff Framework

Full Title of Achievement

Implementation of the Non-domestic Tariff Framework

Link to Corporate Strategy

Strategic Priority: Deliver sustainable, low-carbon solutions with well-regulated markets and networks.

Service Activity / Key Objective: Provide effective regulation of Irish Water to deliver secure, efficient, and sustainable outcomes in the public interest.

Summary

Irish Water's new water service charges for businesses under its Non-Domestic Tariff Framework were implemented on 1 October 2021. CRU published its decision on Irish Water's Non-Domestic Tariff Framework on 3 July 2019 and the new charges were initially due to be implemented on 1 May 2020 but were deferred due to the COVID-19 pandemic.

The implementation of the Framework has introduced harmonised, cost-reflective charging arrangements for all non-domestic water and wastewater customers of Irish Water across the country. Prior to 1 October 2021 there were over 500 separate charges for the provision of water and wastewater services across the country. The new tariff classes and tariff rates are based on the costs of providing water and wastewater services to different customer classes, determined by volumes. They are more transparent, more equitable and simpler for non-domestic customers to understand.

The new non-domestic water charges will result in annual bill decreases for some customers and annual bill increases for other customers. The CRU recognises that bill changes can be a concern for customers. Therefore, the Framework also includes transitional arrangements which mean that non-domestic customers facing significant bill increases are being transitioned from their existing tariff rates to their new tariff rates over time.

Compliance and Enforcement

Key Achievement 6: Developing Administrative Sanctions and Standards of Performance

Full Title of Achievement

CRU Approach to Administrative Sanctions and the Specification of Standards of Performance Decision Paper

Link to Corporate Strategy

Strategic Priority: Ensure compliance and accountability through best regulatory practice.

Service Activity / Key Objective: Strengthen the CRU's compliance and enforcement framework across safety, water and energy to ensure best regulatory practice in all areas of the organisation's remit.

Summary

The Energy Act 2016 authorised the CRU to establish Standards of Performance (SoPs) for regulated entities and to impose administrative sanctions on any licence holder who fails to comply with the SoPs.

On 9 March 2021, the CRU published a decision paper on CRU Approach to Administrative Sanctions and the Specification of Standards of Performance.

This decision paper summarises the comments received from the public consultation and outlines the CRU's responses to those comments. In addition, it also notes that the CRU has decided to adopt an approach, based on the customer harm model, to the specification of SoPs.

This decision paper sets out the overall approach to the specification of the SoPs. It will provide certainty to market participants and strengthens the CRU's customer protection measures. Two consultation papers on proposed specification of SoPs in Electricity / Natural Gas Supply Licence have since been published.



Key Achievement 7: Bailieborough Water Supply – Compliance Investigation into Irish Water

Full Title of Achievement

Compliance Investigation into Irish Water regarding Bailieborough Public Water Supply

Link to Corporate Strategy

Strategic Priority: Ensure compliance and accountability through best regulatory practice.

Service Activity / Key Objective: Strengthen the CRU's compliance and enforcement framework across safety, water and energy to ensure best regulatory practice in all areas of the organisation's remit.

Summary

The Water Services (No.2) Act 2013 established the CRU as the economic regulator of Irish Water. As part of its remit, the CRU publishes Customer Handbooks which contain the minimum service standards Irish Water must fulfil. Irish Water is required to prepare Codes of Practice in line with the Customer Handbooks.

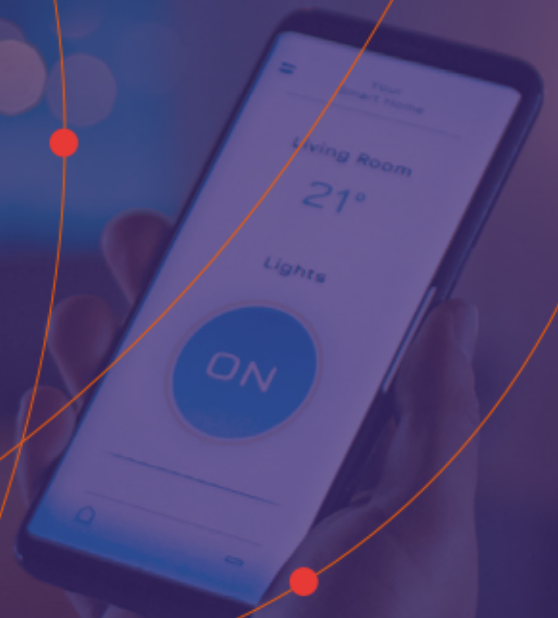
In 2021, the CRU conducted an investigation into Irish Water's handling of issues related to discoloured water from Bailieborough Public Water Supply as the findings of an audit conducted by the Environmental Protection Agency raised concerns for the CRU about Irish Water's compliance with the approved Codes of Practice.

This investigation examined whether Irish Water was compliant with its Codes of Practice. Through the investigation, the CRU found nine non-compliances, relating to the Communications Code of Practice, Complaint Handling Code of Practice, and the Billing Code of Practice. Amongst the findings was a failure to appropriately categorise all contacts expressing dissatisfaction and an expectation for a response/resolution as complaints, and a failure to escalate the cluster of customer complaints, contributing to a considerable delay in resolving the issues.

The CRU requested a set of remedial actions to address the process failings which led to the non-compliances. Irish Water submitted a progress report on remedial actions to the CRU on 12th November 2021 and the CRU is continuing to liaise with Irish Water on any outstanding issues.



Energy Markets and Smart Metering



Key Achievement 1: Establishment of Security of Electricity Supply Programme

Full Title of Achievement

Security of Supply Programme and programme of actions established to address identified Security of Supply risks.

Link to Corporate Strategy

Strategic Priority: Protect the Public Interest in Water, Energy and Energy Safety.

Service Activity / Key Objective: 1.0 Protecting the public interest in Water, Energy and Energy Safety.

Summary

Under Section 9 of the Electricity Regulation Act, the CRU has a statutory duty to ensure security of supply and ensuring that all reasonable demands for electricity are met.

The Irish energy system is currently undergoing transformational change, as we increase the penetration of renewable generation (primarily wind and solar) and reduce our dependence on more carbon intensive fossil fuels. It is imperative to the success of this transition, that electricity supplies are secure.

During 2021, EirGrid identified a serious risk to security of supply arising from the long-term outage of two large gas generators (Whitegate and Huntstown) which were initially at risk of not returning to operation until after the peak Winter 21/22 period. In addition, and based on recent experience, the latest security studies undertaken by EirGrid identified an acute risk to security of supply over the forthcoming years out to 2025/26.

Working with EirGrid and the Department of Environment, Climate, and Communications, the CRU established and chair a Security of Supply Programme to oversee and co-ordinate the response to these security of supply challenges over the coming years.

A Programme Management Office was established and a CRU Information Paper on "Security of Electricity Supply - Programme of Actions" to advise stakeholders and customers of the risks and the actions being taken to address them.

The Programme comprises 6 pillars involving the co-operation and engagement of various stakeholders, departments and agencies to address requirements including: the procurement of conventional gas generation to support the expansion and transition to a high renewables system, the deployment of emergency generation to address medium term risks, the retention of existing plant where practicable, central policy response.

The work of the Programme is ongoing.



Key Achievement 2: Delivering Customer Protection

Full Title of Achievement	Customer Protection Measures
Link to Corporate Strategy	<p>Strategic Priority: Protect the Public Interest in Water, Energy and Energy Safety.</p> <p>Service Activity / Key Objective: 1.0 Protecting the public interest in Water, Energy and Energy Safety.</p>

Summary

The CRU implemented customer protection measures for domestic customers in 2021 in response to Covid-19. These measures included a moratorium on domestic disconnections for non-payment of account. The moratorium was in place between January and June 2021.

The CRU also carried out a review of the Electricity and Gas Suppliers' Handbook. The Handbook sets out the minimum levels of service that licensed energy suppliers are required to provide in their dealings with energy customers. This included the introduction of customer focused requirements stemming from the Clean Energy Package. These requirements aim to ensure customers are being provided with the right information to make informed decisions as we transition towards a clean energy future. Furthermore, additional requirements were added to strengthen the protection of specific areas of the customer-supplier relationship.

Key Achievement 3: Smart Time-of-Use Tariffs Go-Live and Smart Pay-As-You-Go Policy Decision

Full Title of Achievement	Smart Metering – Smart Services and Smart Pay-As-You-Go
Link to Corporate Strategy	<p>Strategic Priority: Effective Communications to Support the Customer and the Regulatory Process.</p> <p>Service Activity / Key Objective: 3.1 Proactively and transparently place the public interest at the centre of CRU's policy development and decision making. Ensure that the customer's voice is heard and reflected in CRU decisions.</p>

Summary

In 2021, smart services were enabled on smart meters. As part of these new smart services, suppliers now offer a range of smart 'Time of Use' Tariffs to customers who have had a smart meter installed. These tariffs are a new way for customers to save money by moving their usage to off peak times, which will also facilitate greater levels of renewable energy to be integrated into the national grid. By the end of 2021, 622k smart meters were installed.

The CRU consulted on and published a decision paper on the policy for Smart PAYG for smart electricity meters. Smart PAYG is a prepayment service that will be enabled by the smart meters deployed by ESB Networks. It is an additional 'smart service' for customers who have an ESBN smart meter and is not intended as a replacement for other prepayment meters. In line with the National Smart Metering Programme, Smart PAYG functionality will be available from the end of Phase 2 of the programme.

In light of the above Smart PAYG decision, the CRU carried out a review of the Electricity and Gas Suppliers' Handbook. This consultation paper proposed the introduction of a new Code of Practice for Smart PAYG which applies to household customers.

Key Achievement 4: Monitoring the Performance of Regulated Utilities

Full Title of Achievement

Retail Market Monitoring and Reporting

Link to Corporate Strategy

Strategic Priority: Effective Communications to Support the Customer and the Regulatory Process.

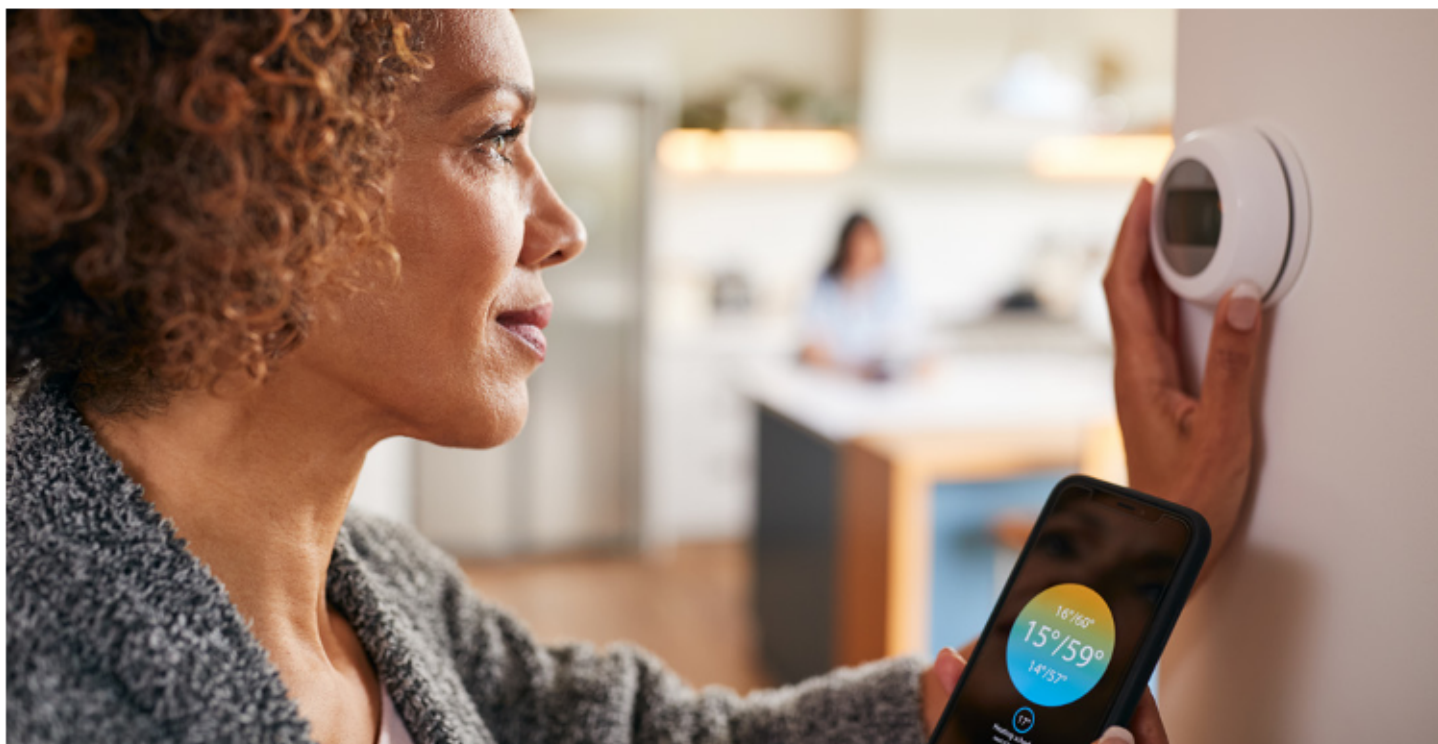
Service Activity / Key Objective: 3.1 Proactively and transparently place the public interest at the centre of CRU's policy development and decision making. Ensure that the customer's voice is heard and reflected in CRU decisions.

Summary

The CRU has a detailed market monitoring framework which reports on a wide range of metrics, including energy prices, supplier switching rates, supplier market shares and customer protection measures. These indicators provide an enhanced level of oversight of how the market is operating and facilitates the CRU to take any necessary action in the interests of customers. The CRU continued to monitor trends in arrears, switching and re-negotiation during the moratorium in early 2021 and the increases in prices seen later in 2021.

In November 2021, the CRU published its Energy and Water Report for 2020. This report shows trends in Energy Suppliers', Energy Utilities' and Irish Water's key activities and facilitates their comparison with other regulated entities. The CRU also published reports showing data on switching, as well as data on arrears and Non-Payment of Account (NPA) disconnections.





Key Achievement 5: Development of Smart Metering Data Access Code

Full Title of Achievement	Development work commenced on Smart Metering Data Access Code
Link to Corporate Strategy	<p>Strategic Priority: Effective Communications to Support the Customer and the Regulatory Process.</p> <p>Service Activity / Key Objective: 3.1 Proactively and transparently place the public interest at the centre of CRU's policy development and decision making.</p> <p>Strategic Priority: Protect the Public Interest in Water, Energy and Energy Safety</p> <p>Service Activity / Key Objective: 1.0 Protecting the public interest in Water, Energy and Energy Safety</p>

Summary

The CRU engaged with technical consultants, Gemserv, in Sept 2021 to develop a set of rules around access to smart meter data for suppliers and third parties, known as the Data Access Code (DAC). The DAC will serve as a key enabler for the rollout of Smart Services as it will clearly establish data privacy rights, roles and responsibilities in respect of the rich customer meter held on smart meters.

DECC are transposing Articles 19-24 of the Internal Market for Electricity Directive (IMED) which will designate the CRU as the competent authority on the DAC in the Irish market. The completion of this transposition is due in Jan 2022. A draft version of the DAC was completed by CRU in December 2021. The drafting of this code involved workshop sessions with suppliers and third parties in Oct 2021 and bilateral meetings with ESNB, DECC, DPC and interested parties in Q4 2021.

The CRU aim to publish a consultation on the draft version of the DAC in the first half of 2022 with the intention of issuing a decision paper and finalised version of the DAC in the second half of 2022.

Operations and Organisational Development



Key Achievement 1: Responding to Covid-19

Full Title of Achievement	Responding to Covid-19 to support continued effective functioning of CRU.
Link to Corporate Strategy	Strategic Priority: Foster and maintain a high-performance culture and organisation to achieve our vision.

Summary

In line with Government guidance to prevent the spread of COVID-19, staff in the CRU continued to work from home unless specific circumstances required that they had to work from the office.

The HR team continued to provide support for staff working remotely which included issuing of regular communications and updates on COVID-19, provision of health and safety supports and preparation and implementation of return to office protocols and procedures for those attending the office or off-site locations.

During 2021, the HR team developed a remote working policy in consultation with staff members. This included staff surveys, workshops and town hall meetings to ensure full collaboration in the development of this policy. The new policy is expected to apply from May 2022 and was prepared in line with the National Remote Work Strategy and draft Scheme of the Right to Request Remote Working Bill 2022.

Key Achievement 2: Building and Supporting our Team

Full Title of Achievement	Building our Team through recruitment and selection, resource planning and learning & development
Link to Corporate Strategy	<p>Strategic Priority: Foster and maintain a high-performance culture and organisation to achieve our vision.</p> <p>Key Objective: Deploy organisational development to deliver a high-performance culture and organisation.</p> <p>Key Objective: Implement best practice structures and processes to support the work of the CRU organisation and teams.</p>

Summary

Recruitment and Selection

Throughout 2021, we continued recruitment activity to build and develop the capacity of the CRU.

Through open competitions and internal recruitment campaigns, we filled 17 posts across the organisation in multiple disciplines including economics, analytics, law and organisational development. At the end of 2021, the CRU employed 106 staff members with an average headcount for the year of 111 (sanction is 122).

Working remotely, the HR Department continued to conduct all interviews and onboarding of new recruits virtually using Microsoft Teams.

Table: Recruitment Campaigns 2021.

Open Competition	
Grade	Posts Filled (No.)
Director	1
Manager	1
Senior Analyst	3
Analysts	10
Administrators	2
Total	17

Resource Plan

As part of the work to prepare and implement its Strategic Plan 2022-24, the CRU also developed a Resource Plan detailing resourcing requirements to address the priorities identified.

The CRU sought sanction for 74 additional posts to bring the CRU's headcount to 196, with a phased approach to recruitment of new posts during 2022-24. This request reflects both significant new and proposed functions, and the growth and acceleration of existing programmes of work in order to deliver our policy goals and the national transition to a net-zero carbon economy. The draft Strategic Plan accompanied by the Resource Plan was submitted to our parent Departments in December 2021.

Training and Development

The CRU supports staff by building capacity and skills through a range of training and development opportunities to enable performance for the purposes of delivering our strategic priorities. Training in 2021 included a range of in-house courses that were attended remotely by staff. In addition, the CRU encourages all staff members to further their educational standard by utilising our educational assistance offerings.

Health, Safety and Wellbeing

As the CRU staff continued to work from home, the focus of our health, safety and wellbeing activities was on remote working. Ergonomic assessments were made available to new staff commencing employment.

The HR Department arranged a number of health and wellbeing webinars provided by Spectrum Health and also issued reminders to staff of the availability of the Employee Assistance Programme (EAP).

Partnering with the Personal Injuries Assessment Board, the HR Department organised a four-part event called 'Soul Space' with an expert speaker providing insights on re-energising and re-focusing the mind, body and spirit, impacting positively on staff members health and performance.

The Health, Safety and Wellbeing Committee met quarterly with the impact of COVID-19 being a key agenda item.

Integrated Business Planning

The HR Department co-ordinated quarterly reports to the Commission on the implementation of the CRU's strategy through the Integrated Business Planning process. Management and staff monitored progress against planned outputs, which are also incorporated into the CRU's Performance Management and Development process to assess performance at an individual level, is coordinated through this process.



Key Achievement 3: Communicating Effectively

Full Title of Achievement	Consumer communication campaigns to ensure consumer rights are protected.
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Link to Corporate Strategy	Strategic Priority: Foster and maintain a high-performance culture and organisation to achieve our vision.
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Summary

SwitchOn

The CRU continued to use the "SwitchOn" brand as a campaign platform to promote switching, energy safety and consumer rights in relation to energy and water. The campaign focused on digital content and social media platforms to continue to promote and engage customers with the concept of getting better value by switching energy suppliers.

Winter Customer Protections Campaign

To complement these ongoing CRU digital campaigns and to broaden the awareness of existing customer protections available to vulnerable customers during the winter months, the CRU undertook an advertising campaign focused on national, local and urban radio stations as well as national and local print advertising. This was in response to the continued global rise in wholesale gas prices that was impacting on supplier prices and customer bills.

The campaign was scheduled to run from November to March 2022, as this is the time that the protections measures are primarily in place, energy use increases and the time when vulnerable customers may be in the most need of advice.

Safe Electric

The Safe Electric advertising campaign delivered positive research results on the effectiveness of the creative in terms of the safety message objectives. On this basis, the campaign was commissioned and planned to run for a fifth year from November to January 2022

Corporate Communications

The Communications and Public Affairs Function continued to provide support to all of the organisation's divisions to assist in the communication of key external consultations and decisions of the CRU to the general public.

The ongoing impact of COVID, rising global energy prices and Security of Supply continued to generate elevated levels of engagement relating to policy decisions and consumer issues. This engagement was focused on Oireachtas members and Committees, media and other relevant stakeholders.

Key Achievement 4: Using ICT to enhance and support the work of the CRU

Full Title of Achievement	Introduction of new ICT solutions, supporting remote working and ensuring business continuity
Link to Corporate Strategy	<p>Strategic Priority: Foster and maintain a high-performance culture and organisation to achieve our vision.</p> <p>Key Objective: Implement best practice structures and processes to support the work of the CRU organisation and teams.</p>

Summary

In 2021, the CRU ICT Department continued to work on enhancing the organisation's ICT systems, applications and networks to ensure staff are provided with secure, reliable and robust platforms that assist in the delivery of a high standard of service to all stakeholders and the public.

During the year, the CRU worked with external consultants to develop a new ICT Strategy to cover the period 2021 - 2024 with the following objectives:

- Provide the CRU with ICT solutions that are fit for purpose and aligned with the business needs.
- Bring new technology opportunities to the business where innovative approaches can provide added value.
- Ensure that the ICT systems and platforms remain relevant as the organisation strategy and direction changes.
- Support the business in its data analytics journey providing secure data repositories and the appropriate data analytics tools.
- Oversee and provide quality assurance for the ICT operations and development of the electricity and gas safety scheme operator platforms.
- Provide reliable and robust ICT platforms that have high levels of availability and support remote working.
- Ensure that applications meet the needs of the users allowing them to be efficient in their roles.
- Secure ICT systems and networks which provide a reasonable level of protection for ICT systems and data balancing security, usability and cost.
- Ensure that suitable disaster recovery and business continuity plans are in place to protect the organisation from unexpected outages.
- Support an ICT department that is proactive and responds to the needs of the organisation in a timely and efficient manner.
- Provide oversight on external ICT service providers to ensure that they meet their service level agreements and provide value for money; and
- Support the digital transformation of key business processes.

Following approval by the Commission, the ICT Department commenced Implementation of the Strategy which included:

- creation of new governance mechanisms.
- cybersecurity awareness initiatives.
- enhancement of the CRU central records management solution.
- implementation of a new managed print solution.
- replacement of ICT hardware; upgrade of the existing Microsoft Dynamics solution; and
- various ICT procurements for new and existing solutions and services.

Throughout the year, the ICT Department worked with the Safety Supervisory Bodies (SSBs), and an outsourced external technology provider, to develop a new Scheme Information Management System (SIMS). This new solution is a major national digital transformation project and will introduce significant efficiencies for the future delivery and management of electrical and gas scheme services.

The CRU ICT Team, also continued to provide supports to all staff working remotely in line with restrictions and guidelines to prevent the spread of COVID-19. This involved the implementation of new and enhanced solutions to support and improve business practices and procedures. New hybrid working solutions were also provided to facilitate meetings for staff based in the office and/or working remotely.

Key Achievement 5: Sustainable Procurement

Full Title of Achievement Development of a Sustainable Public Procurement Policy for CRU

Link to Corporate Strategy **Strategic Priority:** Foster and maintain a high-performance culture and organisation to achieve our vision.

Key Objective: Implement best practice structures and processes to support the work of the CRU organisation and teams.

Summary

The CRU is committed to meeting its obligations as detailed in national and EU procurement laws and regulations. In addition to compliance matters, the CRU central procurement function supports the organisations' business objectives and is focused on delivering the optimal outcome to tendering processes issued on behalf of CRU.

The CRU's Corporate Procurement Plan (CPP), covering the two-year period, 2020 to 2021, was published focusing on critical contracts and significant purchases, taking into account key findings from analysis of both past and future procurement-related spend

In 2021, with the current public procurement focus on circular procurement and social outcomes contracting, links between green, social and innovation procurement; the CRU has developed a Sustainable Public Procurement policy which:

- Outlines the concepts of sustainable procurement, the general principles underpinning it, and the options available for sustainability in CRU procurement decisions; and
- Provides information as to how CRU can include sustainability considerations in all stages of the procurement process.





Key Achievement 6: Sustainability & Energy Efficiency in the CRU

Full Title of Achievement	Further developing and implementing sustainability and energy efficiency initiatives in CRU.
Link to Corporate Strategy	Mission: Protecting the public interest in Water, Energy and Energy Safety.

Summary

The Green Machine focuses on reducing the CRU's environmental burden in relation to energy and water consumption, waste management, procurement of goods and services, and transport and travel while aiming to promote environmental awareness amongst staff. The CRU's Energy Action Plan sets out targets to progress the organisation towards the 2030 targets as defined by DECC and SEAL. While working remotely in 2021, the CRU continued to make energy efficiency improvements in the office including the further installation of LED lighting.

The CRU also introduced for the first time, a compostable waste collection service with an Irish biowaste management company. Additionally, video conferencing facilities were also enhanced to facilitate hybrid meetings in the CRU's offices. This will reduce the carbon footprint of the organisation through a reduction in staff travel particularly for meetings with external stakeholders.

Throughout 2021, the Green Machine worked on developing a data collection plan which focuses on the key data to collect in order to track and measure the CRU's environmental performance. Based on an expected return to the office in 2022, the categories of data to be collected includes energy and water consumption, waste management and travel. The plan will also highlight areas where we may need additional measures and installation of new monitoring systems may be merited.

The Green Machine also continued to submit the statistics to fulfil our Public Sector Monitoring & Reporting obligations.

In 2021, the Green Machine also assisted the Finance Team in the drafting of a Sustainable Procurement Policy for the CRU. Current Irish policy on Green Public Procurement (GPP) encourages public bodies to integrate green criteria into their procurement processes and to consider full life cycle costs.

Key Achievement 7: Developed a new Strategic Plan for 2022-2024

Full Title of Achievement Develop and submit a new CRU Strategic Plan for 2022-2024 in consultation with staff and external stakeholders.

Link to Corporate Strategy

Strategic Priority: Foster and maintain a high-performance culture and organisation to achieve our vision.

Key Objective: Implement best practice structures and processes to support the work of the CRU organisation and teams.

Summary

Throughout 2021, the cross-organisation Strategy Development Team in CRU established and led a project to develop CRU's new Strategic Plan for the period 2022 to 2024.

The approach adopted included comprehensive engagement with staff and stakeholders. Through consultation we identified the Strategic Priorities, Objectives and Outcomes that the CRU needs to deliver on if it is to fulfil its legislative mandate and ensure safe, secure and sustainable supplies of energy and water, for the benefit of customers now and in the future.

The four strategic priorities are:

- Ensure Security of Supply
- Drive a Low Carbon Future
- Empower and Protect Customers
- Enable our People and Organisational Capacity

The plan is ambitious and places the CRU at the heart of securing a safe, secure transition to a zero-carbon future.

The plan was completed and submitted for approval to both parent departments in December 2021 alongside the comprehensive Resource Plan.



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General Information

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Report of the Commission

I have pleasure in presenting the audited financial statements of the Commission for Regulation of Utilities for the year ended 31 December 2021.

Principal Activities

The Commission for Regulation of Utilities (CRU) was initially established as the Commission for Electricity Regulation under the Electricity Regulation Act, 1999. The functions of the Commission along with its name were changed by the Gas (Interim Regulation) Act, 2002. Under this Act, the functions of the Commission were expanded to include the regulation of the natural gas sector and the name was changed to the Commission for Energy Regulation (CER). Following the commencement of the Energy Act 2016, the CER was required to change its name to fully incorporate all aspects of its expanded role, namely the Commission for Regulation of Utilities (CRU).

As well as these founding pieces of legislation, the functions and duties of the CRU have been altered and expanded significantly by legislation transposing EU directives into Irish law and the introduction of new primary legislation, including the Energy (Miscellaneous Provisions) Act 2006, Electricity Regulation (Amendment) (Single Electricity Market) Act 2007 and the Petroleum (Exploration and Extraction) Safety Act 2010. Among other matters, these pieces of legislation have given the Commission powers in relation to the all-island Single Electricity Market (SEM), and they have also given the Commission safety-related responsibilities in the energy sector. The Commission's functions and duties in the water sector are set out in the Water Services Act 2013, the Water Services (No.2) Act 2013 and in more recent legislation in the Water Services Act 2017.

Income

The Commission is funded by levy, safety case fees and licence income received from the relevant electricity, gas, LPG, water, and petroleum safety regulated entities. The Petroleum Safety function is funded in two ways: an annual industry levy and safety case assessment fees. The safety case fees cover the costs associated with assessment of a safety case. The petroleum undertaking that submits the safety case for assessment is liable for the associated safety case fee. As the CRU will not know the final safety case fee until the assessment is completed, the petroleum undertaking will submit an initial safety case fee with its safety case submission. Once the final fee is determined, the CRU will reimburse the petroleum undertaking where the final fee is lower than the initial fee paid or bill the petroleum undertaking for the additional costs where the final costs are higher than the initial fee.

Financial Results

Details of the financial results of the Commission for the year are set out in the Financial Statements and in the related notes.

Auditor and Accounts

Paragraph 25 of the Schedule to the Electricity Regulation Act, 1999 as amended requires the Commission to prepare financial statements in such form as may be approved by the Minister for Environment, Climate and Communications with the concurrence of the Minister for Public Expenditure and Reform. The Commission submits accounts in respect of each year to the Comptroller and Auditor General. As soon as may be after the audit the Commission is required to present to the Minister for Environment, Climate and Communications a copy of such accounts together with the audit report of the Comptroller and Auditor General.

Going Concern

The Commissioners, after making enquiries, believe that the Commission has adequate resources to continue in operation for the foreseeable future and it is appropriate to adopt the going concern basis in preparing the financial statements.

Prompt Payment of Accounts.

The Commission acknowledges its responsibility for ensuring compliance, in all material respects, with the provision of the European Communities (Late Payments in Commercial Transactions) Regulations 2012. Procedures have been implemented to identify dates upon which invoices fall due for payment and to ensure payments are made by applicable dates. Such procedures provide reasonable assurance against material non-compliance with the provisions as referred to above. The payment policy for the year under review was to comply with the requirements as specified in the Regulations.

On behalf of the Commission
Aoife MacEvilly, Chairperson

Date: 31 March 2022

Report for presentation to the Houses of the Oireachtas Commission for Regulation of Utilities

Opinion on financial statements

I have audited the financial statements of the Commission for Regulation of Utilities for the year ended 31 December 2021 as required under the provisions of paragraph 25 of the schedule of the Electricity Regulation Act 1999 (as amended). The financial statements comprise

- the statement of income and expenditure and retained revenue reserves
- the statement of comprehensive income
- the statement of financial position
- the statement of cash flows and
- the related notes, including a summary of significant accounting policies.

In my opinion, the financial statements give a true and fair view of the assets, liabilities and financial position of the Commission for Regulation of Utilities as at 31 December 2021 and of its income and expenditure for 2021 in accordance with Financial Reporting Standard (FRS) 102 – The Financial Reporting Standard applicable in the UK and the Republic of Ireland.

Basis of opinion

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the Commission for Regulation of Utilities and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on information other than the financial statements, and on other matters

The Commission for Regulation of Utilities has presented certain other information together with the financial statements. This comprises the report of the Commission, the governance statement and the statement on internal control. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in that regard.

Mary Henry
For and on behalf of the
Comptroller and Auditor General

31 March 2022

Appendix to the report

Responsibilities of Commission members

As detailed in the governance statement, the Commission is responsible for

- the preparation of financial statements in the form prescribed under paragraph 25 of the schedule to the Electricity Regulation Act 1999 (as amended)
- ensuring that the financial statements give a true and fair view in accordance with FRS102
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as they determine is necessary to enable preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of the Comptroller and Auditor General

I am required under paragraph 25 of the schedule to the Electricity Regulation Act 1999 (as amended) to audit the Commission's financial statements and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit

procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.
- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to date of my report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records.

Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or of if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if there are material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of the audit. I report if there is any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

Governance Statement

The CRU is governed by a Chairperson and Commissioners, collectively known as the “Commission”. The sectoral responsibilities and legislative mandate of the CRU include the following:

- Electricity:** Electricity Regulation Act, 1999 and later the Energy (Miscellaneous Provisions) Act 2006 Electricity Regulation (Amendment) (Single Electricity Market) Act 2017, Energy Act 2016.
- Gas:** Gas (Interim) (Regulation) Act, 2002; Energy Act 2016.
- Energy Safety:** Gas (Interim) (Regulation) Act, 2002; Energy (Miscellaneous Provisions) Act 2006; Petroleum (Exploration and Extraction) Safety Act 2015.
- Water:** Water Services Act 2013 and Water Services Act (No.2) Act 2013, the Water Services Act 2014, and the Water Services Act 2017.

As the CRU is a regulatory body, the standard board structure for State Bodies is not applicable. Under its founding legislation CRU was set up as a Commission and consists of three members. The Chair of the Commission is selected by the Minister from the serving Commissioners on a rotating basis for a defined term.

The Commission is responsible for ensuring good governance and performs this task by setting strategic objectives and targets and taking strategic decisions on all key business issues. The Commissioners and senior management team follow the strategic direction set by the Commission in the CRU Strategy Statement 2019 to 2021. The Commission ensures that all members of the senior management team have a clear understanding of the key activities and decisions related to CRU, and of any significant risks likely to arise. The regular day-to-day management, control and direction of CRU are the responsibility of the Chairperson, the Members of the Commission, and the senior management team.

CRU falls under the aegis of the Department of Environment, Climate and Communications (DECC) for all activities except water services, which is governed by the Department of Housing, Local Government and Heritage (DHLGH). An Oversight Agreement which sets out the broad governance framework within which the CRU operates and clearly defines its relationship with the two Departments was agreed in March 2021. As the CRU is independent in the performance of its functions under the provisions of the Electricity Regulation Act, 1999 (as amended), it is not subject to a Performance Delivery Agreement with DECC and DHLGH.

Under paragraph 26 of the Schedule to the Electricity Regulation Act 1999, CRU shall, whenever so requested, account for the performance of its functions to a Joint Committee of the Oireachtas and shall have regard to any recommendations of such Joint Committee relevant to its functions.

Commission Responsibilities

The CRU has a three-person Commission which is responsible for setting the strategic direction for the CRU, monitoring its performance, and ensuring CRU’s compliance with its legislative provisions as well as the organisation’s constitution and policies. The Commissioners make all key policy decisions, which are taken collectively and, in the case of a vote, by simple majority. Commission decisions are normally based on proposals and recommendations prepared by CRU Directors and staff. Clear and predictable functioning of the Commission is set out in the Commission Rules and Procedures, updated and approved in March 2021. Commissioners delegate authority to the Directors, Safety Inspectors and Managers, as appropriate for technical decision making.

Paragraph 25 of the Schedule to the Electricity Regulation Act, 1999 as amended requires the Commission to keep, in such form as may be approved by the Minister for Environment, Climate and Communications with the consent of the Minister for Public Expenditure and Reform, all proper and usual accounts of moneys received and expended by it.

In preparing these financial statements, the Commission is required to:

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis, unless that basis is inappropriate to presume that it will continue in operation, and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Commission is responsible for keeping adequate accounting records which disclose, with reasonable accuracy at any time, its financial position and enables it to ensure that the financial statements comply with the Electricity Regulation Act 1999, as amended. The maintenance and integrity of the corporate and financial information on the CRU's website is the responsibility of the Commission.

The Commission is responsible for approving the annual work-plan and budget. An evaluation of the performance of CRU by reference to the 2021 annual work-plan and budget, was carried out quarterly during the year.

The Commission is also responsible for safeguarding its assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Commission consider that the financial statements of CRU give a true and fair view of the financial performance and the financial position of CRU on 31 December 2021.

Risk Management

The main purpose of the CRU Risk Management Framework, updated in August 2021, is to integrate the process for managing risk into the organisation's various governance and operational processes. These include strategy and planning, management, reporting, policy development, our values, and our culture. An integrated and holistic approach to risk management is one of the keystones to achieving effective corporate

governance. In applying the policy framework principles, the CRU can respond appropriately to significant business, strategic, operational, finance, compliance and other risks that threaten the successful achievement of strategic and operational objectives.

The Commission provides leadership in promoting risk management, addresses key risks in the context of the organisational Strategic Plan and determines the CRU's risk appetite. The focus of the Commission is on the key business risks / principal risks and uncertainties. The CRU maintains centralised records about the key identified risks and uncertainties in the corporate Risk Register. The register is the primary tool for risk tracking, containing the overall schedule of risks, their up-to-date assessment and the status of any risk mitigation actions. These risks are monitored on a bi-monthly basis by the Commission. Other risks are monitored and reported on at other levels within the CRU. However, assurance in the management of these risks is provided to the Commission through oversight of the Divisional Risk Registers on a bi-monthly basis.

As part of the Risk Management Framework, the CRU has developed a Risk Appetite Statement which states that the CRU has an overall conservative risk appetite. The CRU acts in accordance with this Risk Appetite Statement to achieve its strategic objectives. The CRU employs robust risk management principles, transparent decision-making, and effective communication to prioritise risk. The CRU operates with integrity, maintains strong ethical standards, and adheres to applicable legal requirements. The CRU recognises that it is not practicable or desirable to avoid all risk. Accordingly, the CRU tolerates some risk in pursuit of its mission, vision, and strategic priorities. Acceptance of any risk is subject to ensuring that potential benefits and risks are fully understood and that measures to mitigate risks have been established. The Risk Appetite Statement establishes a risk tolerance in a number of categories and the CRU have considered a number of factors to determine its tolerance for each of these risks.

Commission Structure

The CRU is structured into the Commission (formed by three Commissioners) with five separate Divisions, with each Division led by a Director. This structure reflects the CRU's varied economic, customer protection and safety responsibilities in energy as well as its role as economic water regulator. The Senior Management Team ('SMT') within CRU consists of the three Commissioners (one being the Chairperson) and five Directors. The Senior Manager – Finance and Governance fulfils the role of Secretary to the Commission.

The SMT have a formal scheduled meeting each week. Meetings are chaired by the Chairperson and are attended by other employees of the CRU as required. Minutes are maintained of all meetings which include details of any decisions made. The Members of the Commission are appointed by the Minister, the terms of appointment are prescribed in legislation as being no less than five and not more than seven years. Their mandates can be renewed once. The Chair of the Commission is selected by the Minister from the serving Commissioners on a rotating basis for a period of typically two to three years, but there is no prescribed term for this.

The table below details the appointment period for current Members of the Commission:

Commission Member	Role	Date Appointed from/to
Aoife MacEvilly	Chairperson ¹	From 6 October 2014 to 5 October 2019; re-appointed 6 October 2019 to 5 October 2024
Paul McGowan	Commissioner	From 1 March 2013 to 28 February 2018; re-appointed 1 March 2018 to 28 February 2023
Jim Gannon	Commissioner	From 7 October 2019 to 6 October 2024

In March 2020, the CRU commissioned the Institute of Public Administration (IPA) to facilitate an Effectiveness Review of the Commission. In general, an effectiveness review is a key component of good governance practice, providing the Commission and its Commissioners with an important opportunity to reflect on the Commission's own performance and to:

- consider its contribution to the organisation, highlighting areas of effectiveness, how it might enhance its role, add further value, and address potential weaknesses.
- review and reflect on the Commissions' role and performance.
- establish transparency and trust with stakeholders by providing assurance to stakeholders that the Commission is effective (or is in a process of improving effectiveness); and
- demonstrate the Commission and the organisation's dedication and commitment to good governance.

The self-assessment evaluation was concluded in January 2021, with actions arising reported to the Commission for implementation. A plan to address these actions has been progressed in 2021, with progress reviewed quarterly by the Commissioners.

Gender Balance

Gender representation is satisfactory with one Commissioner out of three and three Directors out of five being female; at 50% this is in line with the expectation of the Code of Practice (2016) as recently updated with the "Guidelines on Gender balance, Diversity and Inclusion" that refer to the need for state bodies to ensure they reflect the 40% gender balance requirement in their "Board".

The Commission has established two committees, as follows:

- **Audit and Risk Committee:** comprises of one Commissioner, and three external members, one of whom is the chairperson for the committee. The role of the Audit and Risk Committee (ARC) is to support the Commission in relation to its responsibilities of risk, control and governance and associated assurance. As set out in the Committee Terms of Reference, the ARC assess how the Commission is managing key financial and operational risks, evaluate the effectiveness of internal controls, oversee the internal audit function, and monitor implementation of Commission decisions arising from Committee recommendations. The ARC is independent from the fiscal management of the organisation. The Committee ensures that the internal control systems including audit activities are monitored actively and independently. The ARC provides an update to the Commission after each meeting. In addition to the ARC, the CRU Risk Management team meetings are held bi-monthly. The CRU Risk Management team meetings are attended by the 3 Commissioners and 5 Directors, the Risk Team (comprising of the Risk Officer and a Risk Coordinator), and 1 other member of management. The role of the Risk Management team is to review and approve the risk management framework and review and update the CRU risk register at each meeting and then report to the ARC.

Chairperson: Tony Weldon (external) (deceased)⁴
 Members: Dr. Tom Ward (external),
 Majella Kelleher (external),
 Paul McGowan, CRU
 Commissioner,
 Jim Gannon, CRU Commissioner.

With effect from 1 April 2021, it was decided that the CRU ARC membership is changed for a period of 1 year, with the CRU Commissioner membership to reduce by one. The CRU Risk Officer (the Director of Operations and Organisational Development) will attend the ARC meetings to provide the update on the corporate risk register and operation of the risk management framework.

The secretary of the Committee is a staff member of the CRU, and the Senior Finance and Governance Manager also attends all meetings of the Committee.

During 2021, the Audit and Risk Committee met on four occasions.

The Committee places significant importance on reports and assurance on governance matters such as internal controls, risk management and internal audit reports / findings. The Committee's key activities with respect to this financial accounting period, included:

- Scrutiny and endorsement of internal audit reports conducted in 2021, for Commission review and approval, as follows:
 - System of Internal Financial Controls.
 - Business Continuity and Disaster Recovery.
 - Complaints Resolution Process.
 - Follow-up Review on 2020 reports.
 - Internal Audit Annual Report.
- Input to the development and approval of CRU's Internal Audit Plan for the period 2020 to 2023 including oversight of its implementation.
- Review the Audit Tracker Report at each meeting to monitor CRU managements progress on implementation of audit findings.
- Met with the Deputy Director from the Office of the Comptroller and Auditor General to discuss the Financial Audit and Management Letter for 2020.

- On-going review of the effectiveness of the Committee as prescribed in the Code of Practice for the Governance of State Bodies (2016).
 - Consulted regularly with management in relation to the conduct of risk management, discuss key risks and mitigation work within the CRU.
 - Developing knowledge of areas of priority within the CRU by receiving regular briefings from members of the CRU senior management team.
- **Finance and Governance Committee:** comprises the CRU Chairperson, the Director of Operations and Organisational Development, the Senior Manager - Finance and Governance and the Data Protection Officer (attends meetings quarterly). The role of the Finance and Governance Committee (FGC) is to support the Commission in meeting legal and statutory requirements, as well as adopting good practice in governance and finance matters. The current members of this internal CRU advisory committee are Aoife MacEivilly (Chairperson), Loretta Lambkin, Breda Coss and Siobhan Keating. There were nine meetings of the FGC in 2021.

Schedule of Attendance

A schedule of attendance at the Commission and ARC meetings for 2021 is set out below including the fees received by external committee members:

Name	Title	Commission	Audit & Risk Committee	Fees 2018 €
Aoife MacEivilly	Chairperson	43		
Paul McGowan	Commissioner	48	4	
Jim Gannon	Commissioner	49	2 ⁵	
Tony Weldon	External Member		4	€5,400
Dr. Tom Ward	External Member		4	
Majella Kelleher	External Member		4	€3,300
Total Number of Meetings in Year		50	4	

One external committee member of the ARC, Dr. Tom Ward, does not receive a fee under the One Person One Salary (OPOS) principle.

- **SEM Committee:** The Electricity Regulation (Amendment) (Single Electricity Market) Act 2007 came into effect in 2007 and provided for the establishment and operation of a single competitive wholesale electricity market on the island of Ireland. This Act also required the establishment of Single Electricity Market (SEM) oversight structure in the form of a SEM Committee. A Memorandum of Understanding was signed between the Northern Ireland Utility Regulator ("UR") and the CRU on 5 December 2006.

The SEM Committee was established and consists of three CRU and three UR representatives along with an independent member and a deputy independent member. Under the SEM Act, the SEM Committee is responsible for any decision as to the exercise of a relevant function of the CRU Commission in relation to a SEM matter, construed in accordance with section 8A(5).

The members of the SEM Committee on 31 December 2021 are Aoife MacEvilly, Paul McGowan, Jim Gannon (Chair), Bill Emery, John French, Jon Carlton, Odd Hakon Hoelsaeter, Professor David Newbery. There were 14 meetings of the SEM Committee in 2021.

Key Personnel changes

The key personnel changes impacting the Commission and the Senior Management Team in the 2021 financial year are outlined below:

- Karen Kavanagh, Director of Economic (Water) Regulation and Compliance joined on 20th of April 2021

Disclosures Required by Code of Practice for the Governance of State Bodies (2016)

The Commission is responsible for ensuring that CRU has complied with the requirements of the Code of Practice for Governance of State Bodies ("the Code"), as published by the Department of Public Expenditure and Reform in 2016. The following disclosures are required by the Code, with a reference to the relevant disclosure note in the 2021 CRU Financial Statements.

Disclosure	Notes to the Financial Statements
Employee Short-Term Benefits Breakdown	Note 3 (c)
Consultancy Costs	Note 5 (a)
Legal Costs and Settlements	Note 5 (a) & (b)
Travel and Subsistence Expenditure	Note 3 (a)
Hospitality Expenditure	Note 4

Statement of Compliance

We wish to state that the CRU continues and will continue to adopt best practice in corporate governance in carrying out its functions and duties. In this regard, the Commission has adopted the Code of Practice for Governance of State Bodies (2016) and has put procedures in place to ensure compliance with the Code. The CRU was in compliance with the Code of Practice for the Governance of State Bodies for 2021, with the following exception:

CRU do not operate under a Board structure and as a result some of the provisions laid out in the Code are not deemed by CRU to be applicable, as agreed with DECC. In accordance with the "comply or explain principle" as set out in the Code, CRU agreed an approach in December 2017 (updated in March 2021) with the Department to provide detail of its level of compliance with the provisions of the Code to the greatest extent that its organisational structure allows.

The CRU will report compliance with the Code through submitting an agreed governance checklist to the Department annually.

Ethics in Public Office

We hereby confirm that we are not directly engaged in, concerned in, or interested in any electricity generating business or in any electricity or natural gas transmission, distribution, or supply business or in any energy business, whether as participator, investor, consultant or otherwise. In addition, in respect of the period covered by this report, there are no registerable interests, as specified in the Ethics in Public Office Acts 1995 and 2001 and the Gas (Interim) (Regulation) Act, 2002, of our own, or, to our actual knowledge, of a spouse or child, which could materially influence us in, or in relation to, the performance of the functions of our position.

On behalf of the Commission
Aoife MacEivilly, Chairperson
Date: 31 March 2022

Statement on Internal Control

Scope of Responsibility

On behalf of the Commission for Regulation of Utilities (CRU) I acknowledge the Commission's responsibility for ensuring that an effective system of internal control is maintained and operated. This responsibility takes account of the requirements of the Code of Practice for the Governance of State Bodies (2016).

Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a tolerable level rather than to eliminate it. The system can therefore provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or detected in a timely way.

The system of internal control, which accords with guidance issued by the Department of Public Expenditure and Reform has been in place in the CRU for the year ended 31 December 2021 and up to the date of approval of the financial statements.

Capacity to Handle Risk

CRU has an Audit and Risk Committee (ARC) comprising one Commissioner and three external members, with financial, governance, risk, and audit expertise, one of whom is the Chair. The ARC met four times in 2021.

CRU has also established an internal audit function, outsourced to a company with the requisite experience, which is adequately resourced and conducts a programme of work agreed with the ARC. In 2021, the internal auditors concluded three reviews which were presented to the ARC at their meetings.

The CRU in consultation with the ARC has developed a risk management policy which sets out its risk appetite, the risk management processes in place and details the roles and responsibilities of staff in relation to risk. The policy has been issued to all staff who are expected to work within CRU's risk management policies, to alert management on emerging risks and control weaknesses and assume responsibility for risks and controls within their own area of work.

Risk and Control Framework

CRU has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks. A risk register is in place which identifies the key risks facing CRU and these have been identified, evaluated, and graded according to their significance. The register is reviewed and updated by the CRU Risk Management Team on a bi-monthly basis. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level. The ARC keeps under review the effectiveness of the Commission's internal controls and risk management systems and reports from the Risk Management Team in relation to the risk register. A scrutiny and review of the risk register is a standing agenda item for each ARC meeting held on a quarterly basis, focusing on key risks. As part of its oversight role, the ARC periodically reviews the Commission's Risk Management Framework which includes the Risk Appetite statement and provides observations and recommendations to the Commission if required.

The risk register details the controls and actions needed to mitigate risks and responsibility for operation of controls assigned to specific staff. I confirm that a control environment containing the following elements is in place:

- procedures for all key business processes have been documented,
- financial responsibilities have been assigned at management level with corresponding accountability,
- there is an appropriate budgeting system with an annual budget which is kept under review by senior management,
- there are systems aimed at ensuring the security of the information and communication technology systems, and
- there are systems in place to safeguard the assets.

Ongoing Monitoring and Review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the Commission, where relevant, in a timely way. I confirm that the following ongoing monitoring systems are in place:

- key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies,
- reporting arrangements have been established at all levels where responsibility for fiscal management has been assigned, and
- there are regular reviews by senior management of periodic and annual performance and financial reports which indicate performance against budgets / forecasts.

Impact of Covid-19 on the control environment

The key Control Measures are summarised as follows:

- Business Continuity Group oversees support for staff working at home and implementation of a Return to Office plan. Risk Assessments have been completed, where relevant.
- Publication of Guidance to Return to the Office in line with public health guidelines to staff.
- Retain existing financial control framework, with modifications made for remote working, monitored by Finance and Governance Committee.
- The Commission/Directors discuss updates in relation to the Government's Plan for Living with Covid-19 and current arrangements for CRU staff at the weekly Commission meetings and at bi-monthly risk management team meetings.
- Annual work plan reviewed and expanded to include priority work to support the public, utility customers and the energy and water sectors considering Covid-19.
- The ARC regularly engages with management in relation to the conduct of risk management, discuss key risks and mitigation work regarding the impact of Covid-19.

The CRU has provided the necessary infrastructure to all staff to work securely from home, including secure connections to the CRU's network. IT provided User Guides / Help-Desk Support arrangements for the VPN & Microsoft Teams with regular updates. Monitoring controls continue to operate as normal and remote devices are subjected to the same monitoring as devices based within the office.

To date, mitigation measures have been effective with no impact on staff availability / operations.

Procurement

I confirm that CRU has procedures in place to ensure compliance with current procurement rules and guidelines. The CRU complied with the guidelines except for one contract (in excess of €25,000), totalling €118,312 (ex. VAT), for the Provision of Consultancy Emergency Support for the Security of Supply Work Programme ("the Programme") that was awarded without a competitive process and is included on the circular 40/2002 return.

It was deemed non-compliant as it was a direct contract award without a mini competition. Professional services were urgently required in relation to the Programme during November and December of 2021. The service provider was appointed by the Commission pursuant to the CRU's Multi-Supplier Framework for the Provision of Consultancy Services; this Framework was constituted following a competitive OJEU tendering process. To engage a consultant from this framework agreement, an additional tender process known as a 'mini-competition' is required. However, in this case, a mini competition was not undertaken as the CRU required professional services as a matter of urgency in relation to the Programme in the context of security of electricity supplies. The contract value was €118,312 (ex. Vat), all of which was incurred in 2021.

The CRU has provided details of the one non-competitive contract in the annual return in respect of circular 40/2002 to the Comptroller and Auditor General and the Department of Public Expenditure and Reform.

Review of Effectiveness

I confirm that CRU has procedures to monitor the effectiveness of its risk management and control procedures. CRU's monitoring and review of the effectiveness of the system of internal control is informed by the work of the internal and external auditors, the Audit and Risk Committee which oversees the work of internal audit, and the senior management within CRU responsible for the development and maintenance of the internal control framework.

I confirm that the Commission conducted an annual review of the effectiveness of the internal controls for 2021, on 9th February 2022.

Internal Control Issues

No significant weaknesses in internal financial control were identified in relation to 2021 that require disclosure in the financial statements.

An internal audit review of the CRU Complaints Resolution Process has resulted in two high priority recommendations being made to the Commission in relation to the following matters: clarifying the intended legislative remit of the CRU's Customer Care Team and strengthening the documentation of policies and procedures. The recommendations have been accepted by the Commission. A high priority has been assigned to the implementation of the internal auditors' recommendations.

On behalf of the Commission
Aoife MacEvilly, Chairperson
Date: 31 March 2022

Statement of Income and Expenditure and Retained Revenue Reserves

For the year ended 31 December 2021

	Notes	2021 Electricity €'000	2021 LPG €'000	2021 Gas €'000	2021 Petroleum €'000	2021 Water €'000	2021 Total €'000	2020 Total €'000
INCOME								
Levy	2	8,806	4,218	32	860	1,332	15,248	18,426
Licensing Fees		24	40	0	0	0	64	45
Other Income	2	0	0	0	75	0	75	238
Gross Income		8,830	4,258	32	935	1,332	15,387	18,709
EXPENDITURE								
Remuneration and Other Pay	3	4,594	2,375	27	638	963	8,597	8,436
Retirement Benefit Costs	12 (a)	1,174	591	5	163	260	2,193	1,997
Office Accommodation Expenses		395	210	0	45	96	746	794
IT & Communications		458	201	0	43	93	795	688
Office Service Costs		16	9	0	2	4	31	78
Insurance Premiums		47	25	0	5	11	88	77
Advertising and R&D Costs		154	81	0	17	39	291	160
Professional & Consultancy Fees	5 (a)	2,744	722	0	679	199	4,344	3,942
Judicial Review Costs	5 (b)	703	0	0	0	0	703	681
Audit Fees	5 (c)	31	15	0	3	7	56	70
Other Expenses		57	31	0	8	14	110	109
Depreciation		125	79	0	10	20	234	230
Total Expenditure		10,498	4,339	32	1,613	1,706	18,188	17,262
Surplus / (Deficit) for the year after capital transfer		(1,668)	(81)	0	(678)	(374)	(2,801)	1,447
Transfer from / (to) capital account	11	(96)	(64)	0	(7)	(13)	(180)	(185)
Surplus / (Deficit) for the year after capital transfer		(1,572)	(17)	0	(671)	(361)	(2,621)	1,632
Surplus brought forward at 1 January		3,492	1,417	0	1,058	1,479	7,446	5,521
Retirement Benefit Cost Reserve		82	31	0	7	16	136	293
Operating Surplus / (Deficit) at 31 December		2,002	1,431	0	394	1,134	4,961	7,446

All income and expenditure for the year relates to continuing activities at the reporting date. The Statement of Cash Flows and Notes 1 to 16 form part of these Financial Statements.

On behalf of the Commission
Aoife MacEvilly, Chairperson
Date: 31 March 2022

Statement of Comprehensive Income

For the year ended 31 December 2021

	Notes	2021 Sub-Totals €'000	2021 Total €'000	2020 Total €'000
Surplus / (Deficit) for the year			(2,621)	1,632
Main Scheme				
Return on plan assets greater / (less) than discount rate	12 (biii)		1,934	1,740
Experience (gains)/loss	12 (bii)	(383)		
Change in assumptions	12 (bii)	(4,560)	(4,943)	(4,326)
Actuarial (loss) / gain the the year			(3,009)	(2,586)
SPSPS Scheme				
Experience (gains)/loss	12 (bii)	87		(16)
Change in assumptions	12 (bii)	688		518
Adjustment to deferred funding	12 (bii)	(775)		(502)
Actuarial (loss) / gain the the year			0	0
Total Comprehensive Income / (Deficit) for the year			(5,630)	(954)

The Statement of Cash Flows and Notes 1 to 16 form part of these Financial Statements.

On behalf of the Commission
Aoife MacEivilly, Chairperson
Date: 31 March 2022

Statement of Financial Position

For the year ended 31 December 2021

	Notes	2021 Total €'000	2020 Total €'000
Fixed Assets			
Property, plant and equipment	6	1,400	1,580
Current Assets			
Receivables	7	893	327
Cash and cash equivalents		7,175	10,392
		8,068	10,719
Current Liabilities			
(Amounts falling due within one year)			
Payables	8	(2,184)	(2,597)
		5,884	8,122
Long Term Liabilities			
Provision for Liabilities and charges	9	(923)	(676)
Retirement Benefits			
Net Pension liability (funded scheme)	12 (bi)	(17,197)	(14,052)
Deferred funded asset	12 (bi)	5,216	3,337
Pension Liability Single Person Scheme	12 (bi)	(5,216)	(3,337)
		(10,836)	(5,026)
Financed by			
Capital Account	11	1,400	1,580
Retained Revenue Reserves	13(b)	4,961	7,446
Pension Reserve	13(a)	(17,197)	(14,052)
		(10,836)	(5,026)

The Statement of Cash Flows and Notes 1 to 16 form part of these Financial Statements.

On behalf of the Commission
Aoife MacEvilly, Chairperson
Date: 31 March 2022

Statement of Cash Flows

For the year ended 31 December 2021

	2020 Total €'000	2019 Total €'000
Net Cash Flows from Operating Activities		
Excess Expenditure over Income	(2,621)	1,632
Depreciation and Impairment of Fixed Assets	234	230
Decrease / (Increase) in Receivables	(566)	245
(Decrease) / Increase in Payables	(166)	1,332
Transfer from capital account	(180)	(185)
Bank Interest	37	26
Difference between Pension Costs and Employers Contributions	136	293
Net Cash (Outflow) / Inflow from Operating Activities	(3,126)	3,573
Cash Flows from Investing Activities		
Payments to acquire Property, Plant & Equipment	(54)	(45)
Net Cash from Operating Activities	(54)	(45)
Cash Flows from Financing Activities		
Bank Interest received	(37)	(26)
Net Cash Flows from Financing Activities	(37)	(26)
Net (Decrease) / Increase in Cash and Cash Equivalents	(3,217)	3,502
Cash and cash equivalents at 1 January	10,392	6,890
Cash and cash equivalents at 31 December	7,175	10,392

Notes to the Financial Statements

For the year ended 31 December 2021

1. Accounting policies

The basis of accounting and significant accounting policies adopted by the Commission, are set out below. They have all been applied consistently throughout the year and for the preceding year.

a) Establishment of the Commission

The Commission for Electricity Regulation was initially established on 14 July 1999 under the provisions of the Electricity Regulation Act 1999 (No. 23 of 1999). The enactment of the Gas (Interim) (Regulation) Act 2002 expanded the Commission's jurisdiction to include regulation of the natural gas market on 30 April 2002. The Commission was renamed the Commission for Energy Regulation (CER) to reflect this increased responsibility. Following the commencement of the Energy Act 2016, the CER was required to change its name to fully incorporate all aspects of its expanded role, namely the Commission for Regulation of Utilities (CRU).

The Minister for Environment, Climate and Communications with the agreement of the Minister of Public Expenditure and Reform expanded the Commission to a three-member Commission on 13 October 2004, as provided under Schedule 1 of the Electricity Regulation Act 1999. Commissioner Aoife MacEvilly was appointed as Chairperson on 29 February 2020. The other Members of the Commission ("Commissioners") are Jim Gannon and Paul McGowan.

b) Statement of Compliance

The financial statements have been prepared in compliance with the applicable legislation, and with FRS 102 The Financial Reporting Standard applicable in the UK and the Republic of Ireland issued by the Financial Reporting Council in the UK.

c) Basis of Preparation

The financial statements have been prepared under the historical cost convention, except for certain assets and liabilities that are measured at fair value as explained in the accounting policies below. The financial statements are in the form approved by the Minister for Environment, Climate and Communications with the concurrence of the Minister for Public Expenditure and Reform under paragraph 25 of the Schedule to the Electricity Regulation Act, 1999 as amended. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Commission's financial statements.

d) Income Recognition

Electricity, Gas, LPG Safety, Petroleum Safety and Water levy income is brought to account over the period to which it relates.

Licence income from authorisations to construct, generate and supply energy is brought to account in the year in which the licence is issued.

Petroleum safety case fee income is brought to account in the year during which expenditure is incurred on assessment of the safety case.

e) Property, Plant and Equipment

Property, Plant and Equipment are stated at cost less accumulated depreciation. Depreciation is calculated to write off property, plant, and equipment on a straight-line basis over their estimated useful lives at the following rates:

Fixtures and Fittings	15% per annum
Office Equipment	15% per annum
Computer Hardware	33 1/3% per annum
Computer Software	50% per annum
Leasehold Improvement	4% per annum

f) Foreign Currencies

Transactions denominated in foreign currencies relating to revenues and costs are translated into Euro at the rates of exchange ruling on the dates on which the transactions occurred.

Monetary assets and liabilities denominated in foreign currencies are translated into Euro at the rates of exchange at the Statement of Financial Position date.

g) Retirement Benefits

A defined-benefit pension scheme is in place for pre-2013 employees of the Commission for Regulation of Utilities (“CER Pension Scheme”). The scheme is funded by contributions from the Commission and employees which are transferred to a separate trustee administered fund. The Retirement Benefit charge in the Statement of Income and Expenditure and Retained Revenue Reserves in respect of the CER pension scheme comprises the current service cost less employer contributions plus the difference between the interest income on scheme assets and the interest cost of scheme liabilities.

The Commission also operates the Single Public Service Pension Scheme (“Single Scheme”) for staff who joined the Single Scheme on or after 1 January 2013. Single Scheme members’ contributions and an Employer contribution (as required under DPER circular 28/2016) are paid over to the Department of Public Expenditure and Reform. The Retirement Benefit charge in respect of the SPS Pension Scheme is the Employer contribution paid to DPER. Actuarial gains and losses arising from changes in actuarial assumptions and from experience surpluses and deficits are recognised in the statement of comprehensive income for the year in which they occur.

Retirement benefit scheme assets are measured at fair value. Retirement benefit scheme liabilities are measured on an actuarial basis using the projected unit credit method. An excess of scheme liabilities over scheme assets is presented on the Statement of Financial Position as a liability.

The Retirement Benefit Reserve represents the funding deficit on the defined benefit pension scheme.

h) Taxation

The Commission is not liable for Corporation Tax. Provision is made for taxation on deposit interest received. Income raised by the Commission is not subject to VAT.

i) Capital Account

The capital account represents the unamortised value of income used for capital purposes.

j) Allocation of costs

In the discharge of the Commission’s functions under section 20 of the Petroleum (Exploration and Extraction) Safety Act 2010, the financial statements identify separately all elements of cost and revenue regarding the electricity, gas, and petroleum sectors. In discharge of the Commission’s functions under the Water Services Act 2013, the financial statements identify separately all elements of costs regarding the water sector.

In drawing up the separate accounts of the Commission, a set of accounting procedures for the allocation of assets, liabilities, income, and expenditure is adhered to:

Revenues, expenses, and capital expenditure directly incurred by each sector are recorded in the separate accounts of the electricity, gas, LPG safety, petroleum, and water sectors. Shared costs are allocated to each sector in proportion to the staff numbers engaged in the relevant sector.

k) Receivables

Receivables are recognised at fair value, less a provision for doubtful debts. The provision for doubtful debts is a specific provision and is established when there is objective evidence that the Commission will not be able to collect all amounts owed to it. All movements in the provision for doubtful debts are recognised in the Statement of Income and Expenditure and Retained Revenue Reserves.

l) Operating Leases

Rental expenditure under operating leases is recognised in the Statement of Income and Expenditure and Retained Revenue Reserves over the life of the lease. Expenditure is recognised on a straight-line basis over the lease period, except where there are rental increases linked to the expected rate of inflation, in which case these increases are recognised when incurred. Any lease incentives received are recognised over the life of the lease.

m) Employee Benefits

Short-term Benefits: Short term benefits such as holiday pay are recognised as an expense in the year, and benefits that are accrued at year-end are included in the Payables figure in the Statement of Financial Position.

n) Critical Accounting Judgements and Estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on amounts recognised in the financial statements.

Depreciation and Residual Values: The Members of the Commission have reviewed the asset lives and associated residual values of all fixed asset classes, and in particular, the useful economic life and residual values of fixtures and fittings and have concluded that asset lives, and residual values are appropriate.

Provisions: The Commission makes provisions for legal and constructive obligations, which it knows to be outstanding at the period end date. These provisions are generally made based on historical or other pertinent information, adjusted for recent trends where relevant. However, they are estimates of the financial costs of events that may not occur for some years. As a result of this and the level of uncertainty attaching to the final outcomes, the actual out-turn may differ significantly from that estimated.

Impact of Covid-19 as a significant event: The Commission have evaluated whether relevant conditions related to the Covid-19 event have impacted on the financial statements. The Commission and senior management discuss updates in relation to the Government's Plan for Living with Covid-19 and current arrangements for CRU staff at the weekly Commission meetings and bi-monthly Risk Team Meetings. All employees are working remotely with the CRU operations and activities fully maintained. There has been no impact on income. Considered in the aggregate, this evaluation indicates that it is probable that the CRU will be able to meet its obligations as they become due within one year after the date that the financial statements are issued.

2. Income

Levy Income: For the purpose of meeting its expenses under the Electricity Regulation Act, 1999 as amended, the Commission may impose a levy on the relevant energy, safety, petroleum extraction and exploration undertakings and Irish Water. The Commission imposed a levy on the relevant energy undertakings for each activity of transmission, distribution, generation, supply, or shipping that is carried out in Ireland as outlined below.

Other Income: The Petroleum Safety Framework is funded in two ways, an annual industry levy and safety case assessment fees. The safety case fees cover the costs associated with assessment of a safety case. The petroleum undertaking that submits the safety case for assessment is liable for the associated safety case fee.

	2021 Electricity €'000	2021 LPG Safety €'000	2021 Gas €'000	2021 Petroleum €'000	2021 Water €'000	2021 Total €'000	2020 Total €'000
Generation	2,157	0	0	0	0	2,157	2,859
Transmission	2,255	1,406	0	0	0	3,661	3,817
Distribution	2,345	1,406	0	0	0	3,751	3,911
Supply	2,049	0	0	0	0	2,049	2,260
Shipping	0	1,406	0	0	0	1,406	1,463
Other Levies	0	0	32	860	1,332	2,224	4,116
	8,806	4,218	32	860	1,332	15,248	18,426
Other Income							
Safety Case Fees	0	0	0	75	0	75	238
	0	0	0	75	0	75	238

3. Remuneration and Other Employee Costs

(a) Remuneration and other employee costs during the year:

	2021 Electricity €'000	2021 Gas €'000	2021 LPG Safety €'000	2021 Petroleum €'000	2021 Water €'000	2021 Total €'000	2020 Total €'000
Staff Salaries	4,031	2,071	24	546	848	7,520	7,342
Employer PRSI	412	213	2	56	88	771	741
SEM Committee Fees	37	0	0	0	0	37	32
Recruitment and Training	113	85	0	22	27	247	291
Staff Travel and Subsistence	1	6	1	14	0	22	30
	4,594	2,375	27	638	963	8,597	8,436

The average number of employees during the year, analysed by sector was as follows

	59	29	1	7	15	111	109
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The Commission operate a performance related remuneration scheme which was approved by the Department of Public Expenditure and Reform and the Department of Communications, Climate Action and Environment. Of the total salary costs during 2021 €224,618 (2020 €227,793) represents the payments to staff associated with the provisions of the performance related remuneration scheme (closed to new members of staff since 1 January 2016), and the terms of their contracts of employment. The Chairperson, Members of the Commission and the Directors do not receive any performance related payments. Staff salaries include the cost of accrued holiday pay earned by employees but not availed of at the reporting date.

(b) Travel and Subsistence

It is the policy of the Commission to reimburse staff when expenses are necessarily incurred in the performance of the Commission's business. Staff travel and subsistence reimbursement claims must be clearly presented, fully vouched, and properly authorised. The totals for 2021 comprise of €Nil (2020 €9,535) for foreign travel, €21,837 (2020 €20,212) for domestic travel.

(c) Employee Benefits Breakdown

Employees' gross pay in excess of €60,000 are categorised into the following bands:

Range of total employee benefits		Number of Employees	
From	To	2021	2020
€60,000	- €69,999	10	10
€70,000	- €79,999	5	8
€80,000	- €89,999	12	3
€90,000	- €99,999	10	5
€100,000	- €109,999	2	5
€110,000	- €119,999	1	1
€120,000	- €129,999	0	0
€130,000	- €139,999	0	1
€140,000	- €149,999	2	1
€150,000	- €159,999	1	3
€160,000	- €169,999	5	0
€170,000	- €179,999	0	0
€180,000	- €189,999	1	1

(d) Commissioners Remuneration

The Commissioners' remuneration package for 2021 was made up as follows:

Salary Costs	2021	2020
	€'000	€'000
Aoife MacEvilly - Chairperson	195	183
Paul McGowan - Commissioner	170	169
Jim Gannon - Commissioner	168	165
	533	517

This does not include the value of retirement benefits earned in the period. The Commissioners pension entitlements do not extend beyond the standard entitlements in the model public sector defined benefit superannuation scheme.

(e) Key management personnel

Key management personnel in CRU consists of the Commissioners, who are assisted in their duties by five Directors. The total value of employee benefits for the Commissioners and Directors is set out below:

	2021	2020
	€'000	€'000
Aggregate Salary & Short-Term Benefits*	1,252	1,266
Allowances	20	20
	1,272	1,286

This does not include the value of retirement benefits earned in the period. The key management personnel are members of the CER Pension Scheme and Single Scheme, and their entitlements in that regard do not extend beyond the terms of the model public service pension scheme.

(f) Public Service Pay and Pensions Act, 2017

On 1 January 2019, the Additional Superannuation Contribution (ASC) was introduced, replacing the Pension Related Deduction (PRD) previously in force. During 2021 €250,963 (2020 €241,728) additional superannuation contributions were made by staff from CRU.

With respect to the Single Public Service Pension Scheme (SPSPS) members in 2021 an amount of €40,285 (2020 €83,897) ASC was paid to DECC (the Exchequer).

On the 19th of March 2021, the Minister for Public Expenditure and Reform, in accordance with Section 39 of the Public Service Pay and Pension Act 2017, has directed that the ASC receipts in respect of those employees of the CRU who are members of the CER Superannuation Scheme may be retained by the CRU and disposed of as a contribution to the CRU's funded defined benefit pension scheme.

The ASC made by CER scheme active members for 2019 and 2020 in the amount of €401,987, accrued as a payable's liability at the 2020 year-end, was remitted to the CER Superannuation Scheme in March 2021. With respect to the CER Superannuation Scheme members in 2021 an amount of €210,678 was paid to the CER Superannuation Scheme.

4. Hospitality Expenditure

Hospitality expenditure in 2020 amounted to €5,656; analysed as follows-

	2021 €'000	2020 €'000
Staff Hospitality	5	6
Client Hospitality	0	0
	5	6

The hospitality expenditure disclosed above is classified in accordance with the Code of Practice for Governance of State Bodies (2016). The CRU does not engage in Client Hospitality. The above amounts do not include expenditure on refreshments / hospitality associated with business operations such as conferences hosting, events, and meetings.

5. Professional Fees

The Commission procures professional and legal services in respect of economic, technical, and legal disciplines including litigation fees, usually on a fixed fee basis, for a defined period to perform specific self-contained tasks or projects that contribute to decision-making and policymaking in the CRU. During 2021, the Commission incurred costs for each activity of electricity, gas, safety regulation (includes petroleum safety) and water regulation per key professional services category as follows:

(a) Professional Fees Category	Electricity €'000	Gas €'000	Petroleum €'000	Water €'000	2021 €'000	2020 €'000
* Technical: Consultancy	695	141	0	90	926	1,643
* Technical: Safety Consultancy	63	156	645	0	864	480
* Economic/ Financial : Consultancy	1,445	225	0	29	1,699	957
Multiple Member Framework Agreement for I-SEM	0	0	0	0	0	129
Support for Security of Supply Work Programme	146	0	0	0	146	0
* Professional incl. Market Research	150	117	17	42	326	567
* General Legal Advices	245	83	17	38	383	166
	2,744	722	679	199	4,344	3,942

* As per guidance in the Code of Practice for the Governance of State Bodies (2016), these headings can be classified as "business as usual".

5. Professional Fees (continued)

(b) Judicial Review Litigation Fees & Provision	Electricity €'000	Gas €'000	Petroleum €'000	Water €'000	2021 €'000	2020 €'000
Legal Fees - legal proceedings	456	0	0	0	456	5
Judicial Review Provision	247	0	0	0	247	676
Conciliation, Mediation & Arbitration	0	0	0	0	0	0
Settlements	0	0	0	0	0	0
	703	0	0	0	703	681

* Refer to Note 9: Release of the Judicial Review Provision

c) Audit Fees	2021 €'000	2020 €'000
Audit Fees to the Office of the Comptroller and Auditor General	24	22
Internal Audit Fees	32	48
	56	70

6. Property, Plant and Equipment

	Leasehold Improvement €'000	Fixtures & Fittings €'000	Office Equipment €'000	Computer Hardware €'000	Computer Software €'000	Total €'000
Cost:						
At 31 December 2020	2,961	649	309	873	368	5,160
Additions	0	0	30	24	0	54
Disposals	0	0	0	(28)	0	(28)
At 31 December 2021	2,961	649	339	869	368	5,186
Accumulated Depreciation:						
At 31 December 2020	1,687	486	273	766	368	3,580
Charge for the year	118	34	15	67	0	234
Disposals	0	0	0	(28)	0	(28)
At 31 December 2021	1,805	520	288	805	368	3,786
Net Book Value:						
At 31 December 2021	1,156	129	51	64	0	1,400
At 31 December 2020	1,274	163	36	107	0	1,580

7. Receivables

	2021	2020
	€'000	€'000
Levy / Fees - Electricity	(92)	(24)
Levy / Fees - Gas	319	(8)
Levy / Fees - Water	300	0
Payroll	55	56
Other	12	11
Prepayments	299	292
	893	327

8. Payables

	2021	2020
	€'000	€'000
Trade Creditors	(8)	(6)
Accrual: Consultancy and Professional Fees	1,227	1,223
Accrual: Legal services	25	74
Accrual: Other Creditors	152	72
VAT Payable	113	50
PAYE / PRSI	378	372
Payroll including Accrued Holiday Pay	164	265
Additional Superannuation Contribution	0	401
Professional Services Withholding Tax	133	66
Deferred Income: Petroleum Safety Levy	0	80
	2,184	2,597

9. Provision for Liabilities – Judicial Review

	2021	2020
	€'000	€'000
Opening Balance	676	0
Provision provided for in the Year	721	676
Utilised in the Year	(474)	(0)
	923	676

Provisions represents a prudent estimate of liabilities that may arise to third parties, in respect of legal actions notified prior to year-end. Due to the nature of its operations the Commission is involved in legal actions, principally judicial review proceedings on its decisions. The provision is based on an assessment of the probable costs of defending known actions to the extent that such costs can be reliably estimated. The assumptions made in assessing the appropriate level of provision include the likely outcome of the actions, future trend of legal costs (both our own and third party) and the estimated date the action will be heard. The Commission is satisfied that it has made the best estimate of the appropriate provision in the financial statements for the likely outcome, the provision may be subject to revision from time to time as more information becomes available.

10. Contingent Liability

Legal Actions: As stated in Note 9 the Commission is, from time to time, party to various legal actions. The Commission makes a provision for expected legal costs associated with cases notified to it (Note 9). It is probable that a number of additional cases may be notified in the future in relation to decisions made prior to 31 December 2021. It is not possible to estimate the potential effect of such claims.

11. Capital Account

	2020 Electricity €'000	2020 Gas €'000	2020 Petroleum €'000	2020 Water €'000	2020 Total €'000
Opening balance	1,293	130	40	117	1,580
Funds allocated to acquire fixed assets	29	15	3	7	54
Amount amortised in line with asset depreciation	(125)	(79)	(10)	(20)	(234)
Net amount of transfer	(96)	(64)	(7)	(13)	(180)
	1,197	66	33	104	1,400

12. Retirement Benefit Costs

	2020 €'000	2019 €'000
a) Analysis of total retirement benefit costs charged to the Statement of Income and Expenditure and Retained Revenue Reserves.		
CER defined benefit scheme		
Current service cost	1,995	1,800
Interest Cost	393	500
Expected return on Scheme Assets	(280)	(371)
Less: Employees Contributions	(420)	(399)
Total	1,688	1,530
Single Public Service Pension Scheme		
Net Current Service Cost	1,104	803
Deferred retirement benefit funding	(1,104)	(803)
Employer contribution	505	467
Total	505	467

Employee contributions by SPSPS members amounted to €168,251 (€155,733 in 2020) and were remitted to the Department of Public Expenditure and Reform. The total retirement benefit costs for the two schemes in 2021 amounted to €2,417,000 (2020 €2,053,000).

bi) Net Retirement Benefit Liability

Present value of Funded Scheme obligation	53,408	46,431
Fair value of Funded Scheme Asset	(36,211)	(32,379)
Net Funded Scheme	17,197	14,052
SPSPS Liability	5,216	3,337
SPSPS Deferred Funding Asset	(5,216)	(3,337)
	0	0

bii) Present Value of Total Obligations (Funded and SPSPS) at 1 January	Funded	SPSPS	Total	Total
	46,431	3,337	49,768	42,129
Current Service Cost	1,995	1,076	3,071	2,578
Interest Cost	393	28	421	525
Actuarial Loss / (Gain)	4,943	775	5,718	4,828
Benefits Paid	(354)	0	(354)	(292)
Present Value of Total Obligations (Funded and SPSPS) at 31 December	53,408	5,216	58,624	49,768

	2020	2019
	€'000	€'000
biii) Change in Scheme assets		
Fair Value of Scheme Assets at beginning of year	32,379	28,924
Expected return on Scheme Assets	280	371
Actuarial Gain / (Loss)	1,934	1,740
Employer Contributions	1,552	1,237
Members' Contributions	420	399
Benefits paid from Scheme	(354)	(292)
Fair Value of Scheme Assets at end of year	36,211	32,379

The current practice of increasing pensions in line with public sector salary inflation is taken into account in measuring the defined benefit obligation.

c) Description of Scheme and Actuarial Assumptions

The retirement benefit scheme is a defined benefit final salary pension arrangement with benefits defined by reference to current "model" public sector scheme regulations (in respect of members appointed prior to 1 January 2013) and by reference to the Single Public Service Pension Scheme (in respect of members appointed from 1 January 2013). Employer and employee contribution rates are set having regard to actuarial advice and periodic review on the funding rate required for the scheme.

The valuation used for FRS102 disclosures has been based on an actuarial valuation performed on 31st January 2022 by a qualified independent actuary, taking account of the requirements of the FRS in order to assess the scheme liabilities on 31st December 2021.

The principal actuarial assumptions were as follows:	2021	2020
Discount Rate	1.25%	0.85%
Price Inflation	2.25%	1.50%
Rate of salary increase	3.50%	2.75%
Pension increases for in-payment benefits	3.00%	2.25%
Pension increase for deferred benefits	3.00%	2.25%
Plan participant census date	31-Dec-21	31-Dec-20
The scheme assets at the year-end comprised:	2021	2020
Equity Securities	21.9%	20.7%
Debt Securities	32.9%	32.1%
Real Estate / Property	0%	2.3%
Secure Income Assets	42.7%	42.1%
Cash	2.5%	2.8%
	100%	100.0%

In developing the expected long-term rate of return on assets assumption, the Commission considered the current level of expected returns on risk free investments, the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class is then weighted based on the actual asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio.

	2021	2020	2019	2018	2017	2016
	€'000	€'000	€'000	€'000	€'000	€'000
Defined benefit obligations	58,624	49,768	42,129	35,263	33,310	31,822
Fair vale of Scheme Assets	41,427	35,716	30,956	25,259	24,371	21,381
Surplus/ (Deficit) for funded scheme	(17,197)	(14,052)	(11,173)	(10,004)	(8,939)	(10,441)
Return on plan assets greater/(less) than discount rate	2,709	2,242	3,367	(1,168)	1,124	685

d) Funding of Retirement Benefits

The Commission expects to contribute €1,990,000 to its retirement benefit schemes in 2022.

e) Prior pensionable service

The assets and liabilities of the retirement benefit schemes relate to retirement benefits arising from service with the Commission. Two Commission members and six staff members have superannuation entitlements arising from service with other public-sector bodies prior to their joining the Commission. The Commission is entitled to recover the cost of funding the prior service from other public bodies under the terms of its membership of the Public Service Transfer Network.

f) Single Public-Sector Pension Scheme

The total retirement benefit liability of €58,624,000 includes €5,216,000 in respect of members of the SPSPS. The assets as at 31 December 2021 include an asset in respect of deferred funding towards the unfunded liabilities under the Single Scheme. The value of this asset amounts to €5,216,000 as at 31 December 2021 (€3,337,000 as at 31 December 2020). The Minister for Public Expenditure and Reform, based on actuarial considerations and pursuant to Section 16 (4) of the Public Service Pension (Single Scheme and Other Provisions) Act 2012 has decided that: an employer contribution is to be paid in respect of certain members of the Single Public Sector Pension Scheme and the rate of that Employer contribution is equal to three times the employee contribution paid by the single scheme member.

As a self-financing body, the sum of €673,003 (2020: €622,933); Employer contribution of €504,752 (2020: €467,200); Employee contribution of €168,251 (2020: €155,733) represents the amount paid to Department of Public Expenditure and Reform in 2021.

13(a). Reconciliation of movements in Reserves

	Income & Expenditure Account					Capital Account	Pension Reserve	Total
	Electricity	LPG	Gas	Petroleum	Water			
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Opening Balance at 1 January	3,492	1,417	0	1,058	1,479	1,580	(14,052)	(5,026)
Surplus/(Deficit) for the Financial Year	(1,572)	(17)	0	(671)	(361)			(2,621)
Net Movement in Capital						(180)		(180)
Actuarial Gain/ (Loss)							(3,009)	(3,009)
Movement in Reserve	82	31	0	7	16	0	(136)	0
Closing Balance at 31 December	2,002	1,431	0	394	1,134	1,400	(17,197)	(10,836)

The retirement benefit reserve represents the cumulative cost of retirement benefits less amounts contributed by the employer. The transfer in the year represents the difference between the full cost of retirement benefits recognised in the Income and Expenditure and Retained Revenue Reserves Account in the year of €2,193,000 and the employer contributions of €2,057,000.

13(b). Accumulated Surplus / Deficit for the year

In accordance with Paragraph 20 of the Schedule to the Electricity Regulation Act, 1999 as amended the Commission is required to apply any excess of revenue over expenditure in any year to meet its expenses. Accordingly, the accumulated surplus attributed to the electricity sector of €2million, the gas sector of €1.4 million and the water and wastewater sector of €1.1 million was taken into account in determining the levy orders for 2022. The petroleum levy surplus of €0.4 million for 2021 was taken into account in determining the levy order for 2022.

14. Related Party Disclosures

Key management personnel in the CRU consist of the three Commission Members – the Chairperson and Commissioners supported by five Directors. For a breakdown of the remuneration and benefits paid to key management personnel, please refer to Note 3.

The Commission adopted procedures in accordance with the Code of Practice for the Governance of State Bodies issued by the Department of Public Expenditure and Reform in relation to the disclosure of interests by the Members of the Commission and these procedures have been adhered to in the year. There were no transactions in the year in relation to the Commission's activities in which the Members of the Commission had any beneficial interest.

15. Commitments – Capital and Others

15.1 Capital Commitments:

The Commission had neither contracted for nor authorised any capital expenditure at the statement of financial position date.

15.2 Operating Leases

As at 31 December 2021 the Commission had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2021	2020
	€'000	€'000
Payable within one year	411,933	411,933
Payable within two to five years	1,647,732	480,589
Payable after five years	1,716,388	0
	3,776,053	892,522

Note: in 2021 decision made re not exercising the 2nd break clause and continuing with the lease.

Operating lease payments recognised as an expense were €411,933 (2020: €411,933)

16. Approval of Financial Statements

The Commission approved these financial statements on the 31st of March 2022.



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