



An Coimisiún
um Rialáil Fóntais

**Commission for
Regulation of Utilities**

Annual Report

2022

Note to Minister

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

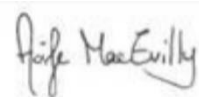
In accordance with paragraph 25 (b) of Schedule 1 to the Electricity Regulation Act, 1999, as amended by Section 10 Energy (Miscellaneous Provisions) Act, 2006, we are pleased to present to you the Annual Report of the Commission for Regulation of Utilities, in respect of the period from 1st January 2022 to 31st December 2022.

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



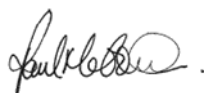
Jim Gannon

Chairperson



Aoife MacEvilly

Commissioner



Paul McGowan

Commissioner

Table of Contents

Commissioner Highlights for 2022.....	4
Governance.....	8
CRU Organisation.....	12
Energy Safety.....	14
Networks and Economic Regulation.....	21
Customer Policy and Protection (incl. Legal)	28
Security of Supply and Wholesale.....	36
Operations and Organisational Development	43
Organisational Risk.....	51
Annual Accounts and Governance Statement.....	53

Commissioner Highlights for 2022



Jim Gannon (Chairperson)



Paul McGowan



Aoife MacEvilly

Overview

Welcome to the CRU's Annual Report for 2022.

It has been a busy year for the CRU across all our areas of activity, including our Energy Safety, Water, Gas, Electricity and Operations Division. It was also the first year of implementation of our new Strategic Plan 2022-2024. The plan defines the four key priorities of the organisation; to ensure security of supply across energy and water; to drive a low carbon future; to empower and protect consumers; and to enable our people and organisational capacity. In 2022, new functions were also designated to the organisation, such as the development of a regulatory framework for District Heating in Ireland.

This year was characterised initially by the CRU, and Irish society more generally, returning to a new operating normal as the COVID-19 crisis abated. The CRU adapted operationally and culturally to a new cadence of work, which was strongly facilitated by our operations teams.

With the invasion of Ukraine by Russia on 24th February, Europe was thrown into a humanitarian crisis. The use of coal, oil and gas as an economic weapon in this conflict resulted in both immediate and enduring impacts relating to Security of Supply and energy pricing. Europe and Ireland had to plan based on a short-term energy supply crisis, a consequent energy price crisis, and to reduce dependency and exposure to these risks in the medium to longer term. Teams were mobilised across the CRU, with staff being redeployed to respond to the security of supply and energy price crises, resulting in additional pressure being felt across the whole organisation.

The CRU played a key role in the national Energy Security Emergency Group, delivering a suite of actions, including extended moratoria on household and vulnerable consumer disconnections; extended debt repayment periods; reduced debt repayment burden for pay-as-you-go consumers;

better value for those on financial hardship meters; and successful promotion of the vulnerable customer register.

Many decisions and actions taken in response to the Europe-wide crisis were made in the face of uncertainty, with low and no consultation in certain instances, and in the knowledge that not all indirect consequences could be predicted. The Commission is proud of all our staff for their response to these twin crises and is thankful to industry and other stakeholders for their own responsiveness to the solutions brought forward to address the challenges to security of supply and energy price shock.

On October 7th, the Commission learned of the tragic incident in Creeslough in Donegal, leading to the death of 10 people. CRU inspectors were immediately deployed to the site and continue to support An Garda Síochána with their ongoing investigation.

2022 Highlights – Ensure Security of Supply

- Delivery of Security of Supply Programme of Actions.
- Membership of, and delivery of actions arising from, the national Energy Security Emergency Group (ESEG).
- Publication of new Network Tariffs incentivising demand shifting at peak times.
- Evolving the Capacity Remuneration Mechanism and the delivery of successful T-3 and T-4 capacity auctions with our colleagues in the Single Electricity Market Committee.

2022 Highlights – Drive our Low Carbon Future

- Publication of the Celtic Regulatory Framework and Greenlink Licence (Interconnectors).
- Delivery of the Offshore Wind Grid Connection Policy for Phase 1 Projects.
- Support to DECC and determination of RESS competition ratios.
- Consultation on Firm Access for new and existing generation and co-ordination with SEMC on final decision.
- Supported DECC on the delivery of District Heating legislation and the establishment of our District Heating Team.

2022 Highlights – Empower and Protect Consumers

- Procurement and appointment of the new Safety Supervisory Bodies operator.
- Publication of new LPG Safety Licence and Operator Handbook.
- Delivery of the reduction to zero of the PSO Levy, and preparation for the PSO Levy Rebate.
- Delivery of Government electricity credit through retail market suppliers.
- Implementation of Emergency Customer Protection Measures.
- Continued roll-out of smart meters and smart services, including the commencement of payments for microgeneration exports.
- Successful oversight of the first three Supplier of Last Resort market exits, with no loss of supply to customers.
- Publication of new charging arrangements for Public Group Water Schemes.
- Publication of new Connection and Disconnection Policies for Irish Water (Water and Wastewater).
- Hosting the 14th EU Commission Citizens Energy Forum in Dublin.

2022 Highlights – Enable our People and Organisational Capacity

- Adaptation to a new post-COVID work environment across IT, HR and other operational teams.
- Securing sanction for a significant increase (74) in staff, profiled over a 3-year period.
- Approval of an updated Risk Appetite Statement.
- Expansion of procurement team to facilitate increased requirements for services.
- Introduction and upgrade of several ICT solutions to support the work of the CRU.
- Establishment of a new Decarbonisation Division and reorganisation of CRU divisional structure to align with strategic priorities.

The Commission would also like to take this opportunity to mark the sudden and tragic passing of Tony Weldon, who passed away while serving as Chair of our Audit and Risk Committee. Tony had served as a member and as Chair of the Audit and Risk Committee for a number of years and was a valued advisor in this regard, and very much considered a friend to the organisation. Ar dheis Dé go raibh a anam.

Finally, on behalf of the CRU, we would like to thank our wide range of stakeholders in Government, industry, NGOs and wider society for their constructive input and collaboration in 2022. A particular word of thanks goes to the CRU team for their extraordinary commitment, resilience and good humour in dealing with an ever-expanding workload and, in the face of crisis, once again rising to the challenge of protecting the public interest in water, energy and energy safety.

Governance

Strategic Plan 2022-2024

The Commission for Regulation of Utilities (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 plan was launched in January 2022 and sets out the CRU’s commitment to delivering a secure, low-carbon future at the least cost.

Our mission, vision and values determine the way we work and what we prioritise. These are the four strategic priorities for the next three years which will ensure we focus on delivering in the public interest.

Strategic Plan 2022 – 2024

The infographic is set against a solid orange background. At the top center is an icon of three upward-pointing arrows. Below it, the text 'OUR MISSION:' is centered. A horizontal line follows, and then the mission statement: 'Protecting the public interest in Water, Energy and Energy Safety.' Below this is an icon of an eye with a sunburst behind it. The text 'OUR VISION:' is centered. Another horizontal line follows, and then the vision statement: 'Safe, secure and sustainable supplies of energy and water, for the benefit of customers now and in the future.' Below this is the text 'OUR VALUES:'. A horizontal line follows, and then four icons are arranged horizontally: a hand holding a flame, a hand holding a globe, a person with a gear, and a hand holding a document. Each icon is followed by a value name and a short paragraph of text.

OUR MISSION:

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

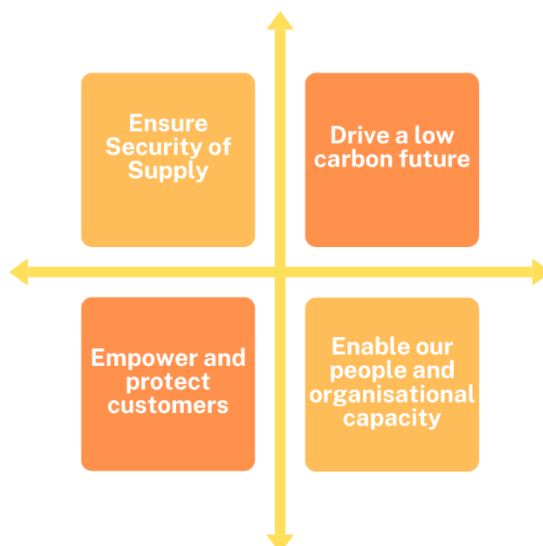
OUR VISION:

Safe, secure and sustainable supplies of energy and water, for the benefit of customers now and in the 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.
- OPPENNESS**
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.

Strategic Priorities



What we do

The Commission for Regulation of Utilities (CRU) is Ireland's independent energy and water regulator. The work of the CRU impacts every Irish home and business ensuring safe, secure and sustainable energy and water supplies for the benefit of all customers. We operate within a policy and statutory framework set by Government and have responsibility for the economic regulation of energy and water, energy safety and customer protection.

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 and Water:** Our aim is to support Irish economic competitiveness, investment and growth, while also contributing to our international obligations to address climate change. The CRU's role in energy is to maintain security of supply, ensure efficient network delivery and promote competition and innovation in the generation and supply of electricity and natural gas. As part of this role, the CRU jointly regulates the all-island wholesale Single Electricity Market with its counterpart in Northern Ireland, the Utility Regulator. As economic regulator for public water and wastewater services, the CRU sets targets and monitors the performance of Úisce Eireann in delivering services and investment in infrastructure in a cost-efficient manner.

- **Protecting Energy and Water Customers:** The CRU works to protect energy and water customers, especially the vulnerable. The CRU sets the quality of service standards in energy and water while enabling competition and innovation, this ensures customers are treated fairly and are at the heart of the transition to a low-carbon future. We provide customers with information about their rights and offer a dispute resolution service to deal with issues that customers have not been able to resolve with their energy company or Úisce Eireann. The CRU also promotes customer protection and engagement through targeted communications campaigns which inform customers on how to get the best value and service from utility companies and participate actively in decarbonisation and water conservation.
- **Energy Safety Regulation:** The CRU has a key role in protecting public safety and the prevention of major accidents in Ireland’s energy sector. This includes safety regulation of gas (networks, supply, storage, use and liquefied petroleum gas distribution); petroleum (upstream onshore and offshore) exploration and production of hydrocarbons, gas installers and electrical contractors. Our public safety remit also includes ensuring electrical contractors and gas installers operate to the relevant national standards to protect life and property, as well as promoting customer awareness of safety.

Work Plan 2022

The CRU’s work plan was published on www.cru.ie and identifies the key outputs for commencement, progression, or delivery during 2022, to achieve the priorities that are set out in the Strategic Plan. The key outputs for each of the CRU Divisions are summarised in the main section of this report.

Audit

Statement from the Audit and Risk Committee (the “ARC”)

On behalf of the Committee, I am pleased to present in this annual report, the ARC Report for the financial year ended 31 December 2022, publication of which is an effort to provide increased assurance to stakeholders about the role of the ARC in providing assurance about the integrity of the CRU’s Annual Report and Financial Statements.

I was appointed as Chair of the Committee in April 2022, following the untimely death of Mr. Tony Weldon, who had served as Chair of the Committee for 4 years. Membership of the Committee remained otherwise unchanged.

For the ARC, three themes dominated 2022: the continuing impact of COVID-19, the energy crisis and the expansion of the remit of CRU. The Committee adapted its focus accordingly and this report describes the key activities of the Committee during the year.

A formal review of ARC effectiveness at the end of the year helped to identify important focal points for future ARC attention, including:

- Adaptation of work plans to reflect the revised mandate of CRU
- Consequent expansion of operations, and,
- Refinement of Internal Audit work (including cyber, value for money and ESG).

I want to thank the Commissioners, Senior Management and those directly supporting the ARC for their assistance throughout the year. I hope you find this report informative and take assurance from the work undertaken by the Committee.

Bob Semple

Chair of the Audit and Risk Committee

31 March 2023

Organisation

As part of its evolving legislative remit, in December 2022, the CRU restructured its divisions to create an additional function that would be responsible for the development of policy to support the decarbonisation of the electricity networks. The CRU is led by up to three Commissioners at any one time. The Commissioners are assisted in their duties by a staff of 129, including six directors. Commissioner Aoife MacEivilly stepped down from her role as Chairperson following the completion of her three-year term in February 2023. Jim Gannon was appointed Chairperson on 1st March 2023. The chart below summarises the organisational structure of the CRU (as of 31st June 2023).



Protected Disclosures

As set out in the Protected Disclosures Act 2014, protected disclosures can be made to certain external regulators or 'prescribed persons'. Such disclosures are often called whistleblowing. Under the Act, protected disclosures can be made to the Commission for Regulation of Utilities (CRU) regarding compliance and regulation in the following areas:

- The natural gas market
- The electricity market
- Matters relating to the regulation of the State's public water system.

The Protected Disclosures Act requires the publication of a report by public bodies no later than 30 June each year relating to:

- the number of protected disclosures made in the preceding year
- any actions, if any, taken in response to such disclosures

This report must be clearly visible and communicated on the organisations website and annual report.

The CRU can confirm that no protected disclosures were made to the CRU between 1 January 2022 and 31 December 2022.

Energy Safety

Key Achievement 1: Improving the Safety of Liquified Petroleum Gas (LPG) Distribution Networks

Full Title of Achievement	Progressed regulation of piped (LPG) distribution networks that are not operated by a licensed LPG undertaking.
Link to Corporate Strategy	Objective: Ensure compliance and accountability through best regulatory practices.
Summary	
<p>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.</p> <p>Current legislation provides for operators who import LPG or purchase it directly from a refinery within the State and who supply 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.</p> <p>Further to consultation, completed in 2020, the identified solution to protect public safety from risks associated with operating piped LPG distribution networks was introducing a new class of safety licence, which requires operators to comply with an ‘Operator Handbook’. To enable this, the CRU requested an amendment to existing legislation to include a new Class 2 LPG safety licence.</p> <p>In 2022, the CRU published the Operator Handbook and the Class 2 LPG safety licence. The handbook clearly details safety requirements, and the conditions for compliance are clearly laid out. This handbook must be complied with in accordance with a Class 2 LPG safety licence. The handbook and Class 2 LPG Safety Licence will be effective from the date of finalisation of the required legislative amendments. In this way, all customers supplied with LPG via a distribution</p>	

network will be protected with respect to safety, regardless of where their network operator sources LPG.

In addition, following public consultation, the CRU published a decision paper in 2022 detailing how the CRU will fund its safety regulatory activities for Class 2 LPG distribution network operators. The CRU has decided on a one-off application fee of €200 for each Class 2 LPG licence.

Key Achievement 2: Closure of Enforcement Action – Entry of non-odourised gas to the transmission network

Full Title of Achievement	Closure of Enforcement Action – Entry of non-odourised gas to the transmission network in September 2017.
Link to Corporate Strategy	Objective: Empower and protect customers.
Summary	
<p>In September 2017, the CRU carried out an investigation into an incident, whereby non-odourised gas entered the gas network at Bellanaboy Bridge Gas Terminal in County Mayo. Natural gas is by nature odourless and an odour is added to make it possible to detect in the case of a gas escape. Non-odorised gas entering the network was contrary to normal operating procedures and in response to the incident, approximately 10,000 natural gas customers in the Galway Mayo region were instructed by GNI to turn off their gas. In addition, all affected gas was directed back to the terminal and flared off, to allow for the removal of the non-odourised gas from the system.</p> <p>On completion of the CRU’s investigation, enforcement actions were taken by the CRU against both Shell E&P Ireland Limited (SEPIL) and GNI.</p> <p>The investigation into SEPIL’s role in the gas incident found that deficiencies in their operating procedures led to the incident. As a result of this incident, there were no safety consequences for personnel working at the Bellanaboy Bridge Gas Terminal or for the public in the immediate vicinity. CRU directed SEPIL and partners to submit an Improvement Plan to address issues identified with their operating procedures. Action was taken and the CRU confirmed it was</p>	

satisfied that the remedial action carried out by the petroleum undertaking was adequate. The Improvement Plan was closed on the 8th of March 2018.

In relation to GNI’s role, their responsibility as the gas networks operator is to transport odourised gas to customers. Following the incident, CRU carried out an investigation to determine GNI’s compliance with its accepted safety case as it relates to odorant injection and found some deficiencies. As a result, the CRU issued GNI with an Improvement Notice to address the risk of non-odourised gas entering the GNI network. Under the Improvement Notice, GNI were required to complete two actions by July 1st 2018 and a third action by December 31st 2019. GNI provided submissions for the initial two actions ahead of the July deadline in 2018.

Extensions were granted by the CRU to allow for the completion of actions by July 2021. These extensions were granted based on equipment delivery timelines and the overarching impact to location works from the COVID-19 pandemic, including travel restrictions from other jurisdictions. A specific inspection was carried out by the CRU in September 2021 and formed the basis for closure of the third action. Final documentation for close out was submitted in March 2022 and the enforcement action was closed in 2022.

Key Achievement 3: Petroleum and Gas Safety Audit and Inspection Programmes

Full Title of Achievement	Successful completion of the Petroleum and Gas Safety Audit and Inspection Programmes.
Link to Corporate Strategy	Objective: Develop incentives for the benefit of customers and safety of the general public from energy safety risks.
Summary	
A key requirement of the Petroleum Safety Framework (PSF) and the Gas Safety Framework (GSF) is to monitor and enforce compliance by, respectively, operators and owners, and undertakings with their obligations under legislation. This is achieved by carrying out an annual programme of audit and	

inspection for operators and owners, and undertakings. The inspections are carried out against the relevant accepted safety case. The annual process involves setting a programme at the start of the year and includes deciding on the number and topics of audits and inspections to be carried out. The topics for inclusion in the audit and inspection programmes are decided by considering previous audit and inspection findings, performance reports, incident reports, emerging trends, and good practice. Relevant information from the plan is shared with the operators and owners, and undertakings of the facilities and sites to be inspected, and also with other statutory agencies to coordinate where possible.

The successful completion of the GSF audit and inspection programme involved a total of 10 on-site inspections of undertakings within the State. Two inspections related to CNG, three related to the Distribution Network, five related to Transmission Networks.

The successful completion of the PSF audit and inspection programme involved three on-site inspections of operators within the State. One of these inspections carried out was an unannounced inspection. Audit reports contain findings which should be addressed by operators and owners with written confirmation of the completion of remedial action for each finding.

Key Achievement 4: Safety Supervisory Body (SSB) Designation

Full Title of Achievement	Successful completion of the Safety Supervisory Body (SSB) Designation project.
Link to Corporate Strategy	Objective: Empower and protect customers.
Summary	
<p>The CRU discharges its safety regulation of gas installers and electrical contractors through the RGI and 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 duties and responsibilities of the GSSB and ESSB are set out in the Electricity Regulation Act 1999, as amended, and in the criteria documents.</p>	

These duties include the registration and inspection of Registered Gas Installers and Registered Electrical Contractors, managing the works certification process and the investigation of complaints.

In 2021, the CRU initiated the SSB Designation 2023 Project ('the Project') to facilitate, through a competitive procurement process, the appointment of the SSB(s) who will operate the schemes on behalf of the CRU from 2023.

To identify and make improvements to the project, the CRU, where possible, reviewed the arrangements implemented during the Second Designation (2016-2022). The CRU focused on a review and improvement of the economic model and its associated performance management framework.

Having engaged with industry stakeholders and the market, the CRU made three key decisions:

- A single SSB operator, who will separately operate the two schemes, will be appointed to gain efficiencies in the running of the schemes, as well as to ensure consistency in the level of service provided.
- The SSB will operate under a services contract.

This option, under which costs are fixed at the tender stage and not subject to retrospective reviews and cost savings can potentially be retained by the SSB, subject to the application of a Gain Share mechanism. This has greater potential to drive cost reductions and service improvements, while delivering on the objectives and principles of the schemes.

The SSB will operate under an updated Performance Management Framework (PMF), which is composed of various performance metrics, for example, Service Levels (SLs) and Key Performance Indicators (KPIs), across the key activities undertaken by the SSB and which focuses on outcomes leading to safety and customer service.

The competitive procurement process was completed in Summer 2022 and Safe Energy Ireland, fully owned by SGS Ireland, was appointed for a five-year term. There is an option to extend annually up to a further two periods of one year in total, up to a maximum duration of seven years (subject to SSB performance and at the discretion of the Commission), to perform the role of the SSB and to operate the Safe Electric and RGI schemes on behalf of the CRU from 3 January 2023.

Key Achievement 5: Electrical Safety Regulation

Full Title of Achievement	Improvements in the regulation of electrical safety.
Link to Corporate Strategy	Objective: Empower and protect customers.

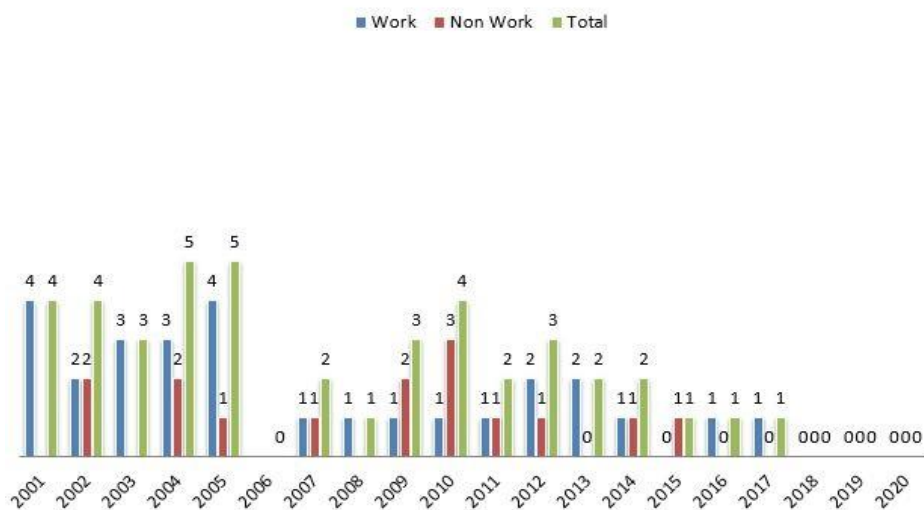
Summary

The CRU has a statutory function to regulate the activities of electrical contractors with respect to safety. Through the Safe Electric regulatory scheme operated by the Electrical Safety Supervisory Body, Registered Electrical Contractors (RECs) are required to comply with electrical safety standards.

1. The introduction of regulatory arrangements

As shown in the figures below, electrical fatalities have decreased in the last number of years. This may be the result of the implementation of the current regulatory scheme which started in 2009, the increased monitoring and improvement in inspection and testing of RECs, as well as the implementation of an electrical verification and testing programme that RECs must attend every five years.

Electrical Fatalities 2001-2020



Source: Health and Safety Authority

The CRU has a key role in protecting public safety and the prevention of major accidents and as a result needs to ensure continuous improvement in electrical standards. Thus, a new interim certificate was introduced in the Safe Electric regulatory scheme in 2022. Previously, the certification process resulted in partially completed installations being prematurely certified, as a result of seeking connection for the premises to the grid. The interim certificate process was introduced to enable certification for a partially completed installation, to facilitate for example a meter relocation. This interim certificate has an expiry period and if a final certificate is not submitted in an agreed timeframe, the premises may be disconnected due to electrical safety concerns.

2. The full implementation of I.S.10101:2020

I.S.10101 is the Irish standard which specifies the requirements for the design, erection, and verification of low-voltage electrical installations. These wiring rules for electrical installations are essential for electricians, electrical contractors, and designers to carry out electrical works with regards to safety.

The new standard, I.S.10101:2020, published by the National Standards Authority of Ireland, is the first major revision of this standard in more than 10 years and is based on internationally agreed standards for the safety of electrical installations. It is in line with recent technical developments and best practices in Europe, including new technologies such as electric cars, and guidance on energy efficiencies.

The CRU implemented a 28-month transition period which finished on 31 July 2022, by which time RECs must have been fully compliant with the new standard. All electrical installations must be designed and constructed in compliance with I.S.10101:2020 from 1 August 2022.

The application of I.S.10101:2020 maximises the safety and protection of lives and properties against hazards and ensures the protection and safety of customers.

Networks and Economic Regulation

Key Achievement 1: Decision on Electricity Network Tariffs for 2022 and 2023

Full Title of Achievement	Annual Electricity Network Allowance and Tariffs Review 2022 and 2023.
Link to Corporate Strategy	Objectives: Ensure sustainable and secure energy networks and supplies.
Summary	
<p>Electricity networks are vital to enabling the transition to a low-carbon system by 2030 and ensuring security of supply. The network companies, EirGrid and ESB Networks (ESBN), have a crucial part to play in the successful delivery of this vision for Ireland’s future.</p> <p>The CRU’s role is to protect electricity customers by ensuring that EirGrid and ESB Networks (ESBN), spend customer money appropriately and efficiently to deliver the 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 the needs of the network are met, and that customer interest is protected, both in the short and longer term.</p> <p>In 2022, the CRU approved transmission revenues, including a placeholder to secure temporary generation in Ireland and a reduction in allowances due to an over-recovery of costs. For distribution, revenues were updated to reflect high levels of inflation in the Irish economy and variance in forecasted versus outturn inflation. The combined transmission and distribution average unit price for the 2022 and 2023 period was estimated at the time to be 6 c/kWh, which was an increase of around 22% relative to the previous average unit price.</p> <p>With the decisions on allowed revenues made, the CRU continues to focus on its role in protecting electricity customers by ensuring that the network companies spend customer money appropriately and efficiently, to deliver necessary services and make investments in infrastructure.</p>	

Key Achievement 2: Gas Network Tariffs

Full Title of Achievement	Annual Gas Network Tariffs Review 2022 and 23.
Link to Corporate Strategy	Objective: Ensure sustainable and secure energy networks and supplies.
Summary	
<p>Gas Networks Ireland (GNI) owns and operates the gas network in Ireland. GNI charges for the use of the gas network through network tariffs. The network tariffs are updated annually and are set for the gas year (beginning of October to the end of September). The network tariffs are calculated from revenue allowances approved by the CRU, which sets how much money GNI can collect from its customers. This ensures that tariffs are fair and reasonable and set at a level that allows GNI to operate efficiently and effectively, maintain and develop its network in a sustainable and secure way.</p> <p>In 2021, GNI submitted its proposals to the CRU for the operation, maintenance, and development of the gas network over the next five years, from October 2023 to end of September 2027. The proposals set out the revenues that GNI was seeking to collect from customers over that 5-year period. 2022 saw significant developments, most notably the war in Ukraine, that had a real impact on markets and customers. To capture these developments in GNI’s proposals, GNI provided an updated submission to the CRU in September 2022. Those proposals are currently under review.</p> <p>With this review underway, it was necessary to set network tariffs for the gas year 2022/23, which started on the 1st October 2022 and on the 30th September 2023. The CRU engaged with GNI on the most appropriate approach to setting those tariffs. The tariffs were set based on the 2021 and 2022 gas network tariffs and updated with reasonable assumptions to account for key cost drivers, such as inflation, gas prices and current demand forecasts. This saw an increase of 1.06% in distribution tariffs and 8.67% in transmission tariffs. At the time, this was estimated to reflect a €16 increase on an average residential gas customer’s annual bill.</p>	

Key Achievement 3: National Energy Security Framework Response: Electricity Network Tariffs

Full Title of Achievement	Electricity Network Tariffs 2022/23: National Energy Security Framework Response.
Link to Corporate Strategy	Objective: Ensure sustainable and secure energy networks and supplies.
Summary	
<p>The CRU introduced changes in its annual network tariffs through a suite of measures for the tariff year 2022 and 2023. This was in response to the National Energy Security Framework (NESF), which was introduced by the Government in April 2022. Following a consultation in August 2022, the CRU published a decision in September 2022.</p> <p>As one of its customer protection measures, the CRU decided to unwind the network costs that were rebalanced in favour of Large Energy Users (LEUs) from October 2010. This will see a reduction of around €40 in domestic consumer bills. The CRU further reduced the 2023 overall revenue requirement by around €54m for distribution and by around €14m for transmission, through adjustments in inflation forecast and k-factor recoveries.</p> <p>As a part of its demand reduction schemes, the CRU will work with ESBN to expand its National Network, Local Connection Programme, and accelerate voluntary demand reduction schemes, such as ‘Beat the Peak’, for both domestic and commercial users. The CRU also introduced Peak Time-of-Use (‘ToU’) Network Tariffs for 2022 and 23, under which peak differential between standard day tariff will be set at 10% and will apply between 17:00 and 19:00. Additional to the ToU Network tariffs, the CRU sought to encourage LEUs and extra-large energy users (X-LEUs) to make voluntary demand reductions through EirGrid’s alert communications.</p> <p>Under the Security of Supply Programme of Actions, the CRU authorised EirGrid to procure emergency generation capacity. An additional €478m was included in the 2022 and 2023 transmission revenue to cover these costs within the 2022 and 2023 tariff year.</p>	

Key Achievement 4: Uisce Éireann Revenue Control 3

Full Title of Achievement	Uisce Éireann Revenue Control 3 (2020-2024): Interim Review.
Link to Corporate Strategy	Objective: Deliver secure, high-quality water and wastewater services.
Summary	
<p>Following a consultation, the CRU published a decision in November 2022 concerning an interim review of Uisce Éireann’s Revenue Control 3 (RC3). In the consultation paper, the CRU presented a framework assessment for assessing whether Uisce Éireann required additional revenues, on top of those decided at RC3 to address the impact of inflation. The consultation paper sought stakeholder feedback regarding proposed mechanisms to address the shortfall in revenue and, separately, a detailed submission from Uisce Éireann. A total of eight responses were received to the consultation.</p> <p>Having considered all stakeholder responses and after due deliberation of Uisce Éireann’s capital expenditure and operational expenditure submissions, the CRU decided on the following:</p> <ul style="list-style-type: none"> • Uisce Éireann was granted access to €556 million (in 2017 monies) of previously ring-fenced funds for diversion to its broader capital expenditure budget. • Uisce Éireann was allocated an additional 2023 of operational expenditure allowance of €137million (in 2017 monies) to address deficits caused by inflation and energy increases. <p>At the end of RC3, Uisce Éireann’s investment and delivery performance will be assessed for value for money as part of the lookback process.</p>	

Key Achievement 5: Charging Arrangements for Public Group Water Schemes

Full Title of Achievement	Water Charges Plan Update.
Link to Corporate Strategy	Objective: Deliver secure, high-quality water and wastewater services.
Summary	
<p>On 1st October 2022, the CRU published an updated Water Charges Plan which reflected the following policy decisions.</p> <p>Charging for Public Group Water Schemes</p> <p>In June 2022, the CRU published a decision paper on enduring charging arrangements for public group water schemes (pGWS). The paper outlined decisions on tariff rates, implementation dates, grace periods and transition arrangements regarding the enduring charging arrangements for pGWS. The enduring charging arrangements outlined in this paper were implemented in October 2022. Previously pGWS charges were based on charges set by various Local Authorities, and therefore varied greatly across different regions in the country.</p> <p>To achieve simplicity, equity, and transparency in pGWS charge settings, the CRU decided that Uisce Éireann should apply harmonised national tariff rates under the Non-Domestic Tariff Framework to pGWS connections. In addition, bulk meter pGWS would receive an annual domestic allowance of 213 m³, similarly to other non-domestic customers of Uisce Éireann.</p> <p>To reduce bill volatility and help customers to adapt to the new charging arrangements, similar transition arrangements to that under the Non-Domestic Tariff Framework were applied to pGWS (until October 2024). Uisce Éireann would immediately apply the new tariff rates to those pGWS connections that faced either a decrease in their annual bill or an increase of less than €250. Public GWS connections that face a €250 annual bill increase or greater will be transitioned over a two-year period.</p> <p>To protect customers from large bill increases, a 10% bill cap was applied to those pGWS connections that would see bill increases of €750 or higher. In addition, Uisce Éireann’s leak allowance policy was also applied to pGWS customers, which provided an incentive for timely leak repair and promoted efficient water usage.</p> <p>Disconnections Charging Policy</p> <p>The CRU published a consultation paper in Q1 2022 relating to Uisce Éireann’s Disconnection and Reconnection Policy.</p> <p>The CRU received one response to this consultation and, following further review, published a decision paper on Uisce Éireann’s Disconnection and Reconnection Policy and an updated Water Charges Plan (WCP) in Quarter two 2022. The policy harmonises disconnection and reconnection processes and charges within a national framework for all Uisce Éireann customers.</p>	

This policy decision clarified the approach to the following scenarios:

- Domestic customers requesting to disconnect or reconnect from the Uisce Éireann network.
- Non-domestic customers requesting to disconnect or reconnect from the Uisce Éireann network.
- Non-domestic customers who have not paid their bills.
- People who have connected to the network without authorisation.

It was decided that permanent disconnections will be free of charge for both domestic and non-domestic properties, and reasonable charges were outlined in the decision for the different scenarios involving temporary disconnections and reconnections.

The new harmonised policy empowers customers by informing them of the uniform charges that are applicable for various disconnection types and the relevant criteria which the customer must demonstrate to avail of a disconnection or reconnection. This ensures that all customers receive the same level of service when disconnecting and reconnecting to Uisce Éireann's network, regardless of their location.

Key Achievement 6: Uisce Éireann's Connection Policy

Full Title of Achievement	Uisce Éireann's Connection Policy Updates.
Link to Corporate Strategy	Objective: Deliver secure, high-quality water and wastewater services.
Summary	
Self-Lay Accreditation Scheme	
<p>In July 2022, the CRU published an update to the Water Connection Policy and approved a set of inclusion criteria for Uisce Éireann's Self-Lay Accreditation Scheme. Self-lay in the public road refers to developers installing, or using their own contractors to install, the appropriate network infrastructure to facilitate a water or wastewater connection. For example, water and wastewater infrastructure outside the boundary of the development.</p>	
<p>This policy update sets out inclusion criteria that applicants must meet to avail of the option of self-lay in the public road. This policy update protects customers by ensuring that water and wastewater infrastructure meets appropriate standards, while also facilitating the quicker delivery of water services infrastructure to connect homes and businesses to the public.</p>	

First Mover Disadvantage (FMD)

First Mover Disadvantage (FMD) can occur when a developer pays Uisce Éireann for a connection extension to the public water or wastewater network and, subsequently, other developers make use of this connection extension without contributing to the cost that the original developer incurred for the connection. The initial developer in this scenario is known as the First Mover (FM). In November 2022, the CRU published a consultation regarding this issue.

The proposed policy seeks to introduce an equitable approach to ensure that the ‘first mover’ is suitably compensated for developing infrastructure that other developers are then able to use. As it currently stands, subsequent developers are only required to pay a connection charge to Uisce Éireann and are not required to pay any additional charge which could be reimbursed to the initial developer.

The CRU plans to issue a decision paper in Q1 2023. In addition to protecting the FM developer from being at a disadvantage, the establishment of this policy may also encourage more developers to fund water and wastewater network infrastructure in areas where it does not already exist.

Customer Policy and Protection (incl. Legal)

Key Achievement 1: Smart Metering Data Access Code

Full Title of Achievement	Development work progressed on Smart Metering Data Access Code.
Link to Corporate Strategy	Objective: Develop effective communications to support customers and the regulatory process.
Summary	
<p>The CRU is responsible for developing a set of rules around access to smart meter data for suppliers and third parties, known as the Data Access Code (DAC). The CRU have engaged with technical consultants, Gemserv, to develop the DAC. The DAC is seen as a key deliverable for the implementation of smart services, as it will establish the roles and responsibilities with respect to customer smart meter data access.</p> <p>In January 2022, Articles 19-24 of the Internal Market for Electricity Directive (IMED) were transposed into Irish Law and the CRU was designated as the competent authority on developing the DAC in the Irish market.</p> <p>The CRU published a consultation paper on the DAC (CRU202265) in July 2022 alongside the draft version of the DAC (CRU202265a) which sought views from interested parties, such as suppliers, industry groups, customer interest groups and members of the public. The consultation period involved workshop sessions, both with suppliers and third parties, in August 2022. Following this, a proposed decision will issue in quarter two of 2023 followed by a final decision.</p>	

Key Achievement 2: Microgeneration Remuneration

Full Title of Achievement	Regulatory framework for the remuneration of microgeneration customers at market value for their exported electricity.
Link to Corporate Strategy	Objective: Ensure markets enable participation in the transition by all customers.
Summary	
<p>The CRU progressed the delivery of solutions to ensure that customers with microgeneration would be paid at market value for the electricity they export to the electricity grid. In December 2021, the CRU published a decision setting out the regulatory policy in relation to the “Interim Clean Export Guarantee”. The Clean Export Guarantee (CEG) enables customers with microgeneration to get paid a market value by their electricity supplier for electricity they exported to the grid. While most customers who have solar panels or other forms of microgeneration benefit primarily by using the renewably sourced electricity they produce, the CEG means that the customer can also get paid for any surplus electricity exported back to the grid, while also contributing to decarbonisation.</p> <p>The CRU followed up the December 2021 decision with a guidance document for suppliers on the treatment of customers with microgeneration. The CRU also worked with ESNB and all suppliers to put systems in place to implement the policy, resulting in approximately 45,000 customers with microgeneration receiving payment for their surplus exported electricity by the end of 2022. This is a significant step in ensuring that customers can play an increasingly active role in decarbonisation and in climate action. The CRU will review the operation of the Interim Clean Export Guarantee and will consult on changes required to implement enduring arrangements for microgeneration in 2023.</p>	

Key Achievement 3: Government Electricity Credit Schemes

Full Title of Achievement	Government Electricity Credit Schemes.
Link to Corporate Strategy	Objective: Empower and protect customers.
Summary	
<p>The Government Electricity Credit Schemes were a Government initiative to support households from the impact of rising energy prices. The schemes were operated by the Distribution System Operator (ESBN) and electricity suppliers.</p> <p>The CRU provided oversight of the schemes. This included ensuring that the DSO (ESBN) and suppliers had the appropriate administrative and operational arrangements in place. The CRU developed guidance documents and FAQs to provide electricity suppliers and customers with guidance on key aspects of the schemes and details of how the schemes would operate.</p> <p>Scheme I provided for a single credit of €176.22 excluding VAT (€200 including VAT) to be applied to all domestic electricity accounts. The payment period for customers was between 1 April 2022 and 30 June 2022. This resulted in the transfer of electricity credit totalling around €377m to 99.4% of eligible electricity customers (around 2.14 million households).</p> <p>Scheme II provided three credits of €183.49 excluding VAT (€200 including VAT) to be applied to all domestic electricity accounts. This included three payment periods, the first payment period was from 1 November 2022 to 31 December 2022, the second payment period was the 1 January 2023 to 28 February 2023 and the third payment period was 1 March 2023 to 31 April 2023.</p> <p>So far, the first payment for Scheme II has resulted in the transfer of electricity credit totaling around €395 million to 99.1% of eligible electricity customers (around 2.15 million households).</p>	

Key Achievement 4: Enhanced Customer Protection Measures

Full Title of Achievement	Implementation of Enhanced Customer Protection Measures.
Link to Corporate Strategy	Objective: Empower and protect customers.
Summary	
<p>The CRU introduced a suite of new customer protection measures for winter 2022/2023, to further enhance the existing protections that are in place. The new measures were introduced in the context of the volatility in global energy prices, with the objective of enhancing protection for domestic electricity and gas customers. In developing the new package of customer protection measures, the CRU worked with customer representative groups, energy suppliers and the network operator. The CRU conducted a review of the current Supplier Handbook to identify and address existing requirements that could be enhanced, or new requirements that could be included to further protect customers facing higher energy prices. In total, there are 15 new requirements. Some of the key measures that were introduced included:</p> <ul style="list-style-type: none"> • Extension to the Disconnection Moratorium for all domestic customers to three months from 1 December 2022 until 28 February 2023. • Extension to the Disconnection Moratorium for all registered vulnerable customers to six months from 1 October 2022 to 31 March 2023. • Debt repayment plans extended to allow for a minimum of 24 months for customers to repay debt. Customers may repay debt in a shorter period if they prefer. • Reduction in the debt repayment level on Pay-As-You-Go meters from 25% to maximum 10%. • All customers with a financial hardship meter to be placed on the cheapest tariff available from their supplier. • Enhanced requirements on suppliers to actively promote the vulnerable customer register and the protections it offers. <p>The requirements were implemented on a phased basis between October and December 2022 and will remain in place, subject to CRU review, with the first of these reviews to be undertaken in summer 2023.</p>	

Key Achievement 5: Supplier of Last Resort

Full Title of Achievement	Deliver Supplier of Last Resort for customers.
Link to Corporate Strategy	Objective: Ensure security of supply.
Summary	
<p>In 2022, there were three supplier of last resort (SoLR) events with Bright Energy, Iberdrola and Panda Power Limited exiting the gas and electricity retail markets. The CRU initiated the SoLR procedure to ensure that customers’ electricity and gas supply was not interrupted and that their consumer rights were protected.</p> <p>Under the CRU customer protection protocols, Electric Ireland is the designated electricity SoLR and Bord Gáis Energy is the gas SoLR. Customers were automatically transferred to Electric Ireland and Bord Gáis Energy when each of these respective suppliers exited the market. The SoLRs are required to supply electricity or gas to final customers of another licensed supplier, where that exiting supplier ceases operation or fails to supply electricity or gas to those customers.</p>	

Key Achievement 6: Customer Care Team

Full Title of Achievement	Complaint resolution and information service.
Link to Corporate Strategy	Strategic Priority: Empower and protect customers.
Summary	
<p>During 2022, the CRU’s Customer Care Team (CCT) continued to provide a high-quality complaint resolution service for customers along with the provision of information to the public. The CRU is</p>	

an approved dispute resolution body and the CCT provide a free dispute resolution service to customers with an unresolved complaint against an energy supplier, network operator or Uisce Éireann. Over 250 consumer complaints were investigated with the CRU in 2022.

The CCT also provide an information service to members of the public. In 2022, the team received 8,415 telephone calls to its customer care phone line (1800 404 404), 20,825 emails to its dedicated customer email address (customercare@cru.ie), 1417 web queries (via www.cru.ie) and 414 letters.

This activity led to the creation of 12,373 cases, which is an increase of 87% on the number of contact cases created in 2021. There are several reasons as to why contact volumes may have increased, including increased awareness among the public of the CRU and our role, the ongoing cost of living crisis, and customers facing more challenges in managing their energy accounts.

Due to the increased volume, the average complaint resolution time for customers increased compared to 2021.

Customer Care Annual Report

The CRU published its Customer Care Team Annual Report in May 2022. 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 Uisce Éireann on an ongoing basis to continually improve customer service levels and complaint handling.

Annual Consumer Survey

The CCT 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 2021 survey were published on the CRU website in December 2022.

Key Achievement 7: Uisce Éireann Compliance

Full Title of Achievement	Investigation into Uisce Éireann’s compliance with its statutory obligations.
Link to Corporate Strategy	Strategic Priority: Empower and protect customers.
Summary	
<p>In 2022, the CRU conducted two investigations (CRU/202294) into Uisce Éireann’s (previously known as Irish Water) compliance with the relevant requirements on customer communication and complaint handling processes. These investigations followed two water quality incidents that occurred at Dundalk Cavanhill Water Treatment Plant and Gorey Creagh Water Treatment Plant.</p> <p>Through these investigations, the CRU identified a total of six findings of non-compliance relating to the Complaint Handling Code of Practice and the Communications Code of Practice. Amongst the findings was a failure to appropriately categorise customer contacts as complaints when customers expressed dissatisfaction and an expectation for a response or resolution, failures to provide clear and updated information relating to water quality issues to customers, and failures to follow up with certain customers who contacted Uisce Éireann concerning a water quality issue. In addition to remedial actions that had been taken by Uisce Éieann, the CRU required further actions. In particular, the CRU required Uisce Éireann to conduct a review of its customer contact handling and categorisation processes against comparable water utilities, to identify best practice and potential improvements in its processes. The CRU is continuing to liaise with Uisce Éireann on any outstanding issues.</p> <p>During 2022, 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 Uisce Éireann. Over 250 consumer complaints were investigated by the CRU in 2022.</p>	

Key Achievement 8: Electricity and Supply Licences

Full Title of Achievement	Decision on Standards of Performance – Electricity and Supply Licences.
Link to Corporate Strategy	Strategic Priority: Empower and protect customers.
Summary	
<p>Administrative Sanction Powers</p> <p>Under the Electricity Regulation Act 1999, the CRU can impose administrative sanctions on licenced suppliers or network operators that are found to have breached certain conditions of their licences. The CRU may deem these breaches to be “improper conduct” and can impose a major or minor sanction on the licensee, having investigated the suspected breach. A major sanction is a direction to pay a fine of up to 10 per cent of the turnover of the licensee, a contribution to the costs of the investigation of up to €50,000, or a combination of these. A major sanction must be confirmed by the High Court. Before this regime can take effect, the CRU must specify which conditions it considers to be standards of performance.</p> <p>Gas and electricity supply licences</p> <p>During 2022, the Compliance and Enforcement Team consulted on the conditions within gas and electricity supply licences that the CRU proposed to specify as standards of performance (CRU202218 and CRU202220). This followed the CRU’s decision on its approach to administrative sanctions and the specification of standards of performance made on 9 March 2021 (CRU21029). In this consultation, the Compliance and Enforcement Team set out the criteria used to assess the suitability of each licence condition as a standard of performance and sought responses on the merits of this approach. Responses were received from eight market participants.</p> <p>In December 2022, the CRU decided to specify 10 conditions of the electricity supply licence and 13 conditions of the natural gas supply licence as standards of performance. The CRU will proceed to modifying the electricity and gas supply licences to give effect to these specified standards of performance. This will enable the CRU to carry out investigations of suspected improper conduct and to impose major and minor sanctions, where appropriate.</p>	

Security of Supply and Wholesale

Key Achievement 1: Security of Electricity Supply Programme of Actions

Full Title of Achievement	Delivery of Security of Electricity Supply Programme of Actions.
Link to Corporate Strategy	Strategic Priority: Ensure sustainable and secure energy networks and supplies.
Summary	
<p>The Security of Electricity Supply Programme of Actions was in response to EirGrid’s identification of a potential capacity shortfall, if no action was taken, from 2021 to 2026.</p> <p>The core of the programme of actions is the delivery of at least 2,000MW of enduring capacity in the form of flexible gas-fired generators, which will be procured via the Single Electricity Market Capacity Remuneration Mechanism (CRM).</p> <p>This is an ongoing programme of work and key developments in 2022 included:</p> <ul style="list-style-type: none"> • Delivery of clear and transparent communication relating to the delivery of the programme with existing and prospective market participants, our colleagues in the Utility Regulator in Northern Ireland, the European Commission, key national competent authorities, other stakeholders, and the public at large through the publishing of the Electricity Security of Supply Programme of Work Updates. • Development of appropriate oversight and reporting arrangements to ensure the successful delivery of the programme. This included system operations and emergency planning, temporary emergency generation, retaining of existing units, longer-term capacity provision, capacity market auctions, and policy development and implementation. • Providing oversight of EirGrid’s public procurement exercise for the first tranche of temporary emergency generation, which resulted in contracts being signed for 200MW at 	

Northwall (ESB) and 50MW in Huntstown (Huntstown Power Company Limited), and for a second tranche of up to 450MW of temporary emergency generation.

- The CRU commissioned EY to carry out a review of the performance of the Capacity Remuneration Mechanism (CRM) in the SEM to date, and to propose recommendations for any improvements that could be made to ensure sufficient procurement of capacity. Several changes to the design of the CRM, including recommendations from the EY review, were implemented with others in the process of being implemented.
- Capacity auctions were held in January and March of 2022. The T-3 auction in January 2022 for the period 2024/25 secured a total of 1,447 MW of derated generation capacity, this includes proposed new gas-fired generation and battery storage facilities on an All-Island basis. A further 24 MW of existing generation was also successful in the auction, bringing the total to 1,471 MW of capacity that is targeted to come online in October 2024 across the island of Ireland. The T-4 25/26 auction in March 2022, in the immediate aftermath of Russia's invasion of Ukraine, awarded 381 MW of new capacity in Ireland including 248MW of proposed new gas capacity and 104MW of existing capacity which is being converted to gas.
- The CRU provided ongoing support to the programme through national and regulatory policy and legislation advice, ongoing monitoring of contingency, and managing and progressing interactions with other agencies.
- The CRU monitored, in conjunction with EirGrid and DECC, the evolving electricity security of supply challenge, the potential capacity shortfall was assessed on an ongoing basis and the programme of actions was progressed and updated to maintain electricity security of supply.

There was also ongoing progress in other areas, particularly the delivery of new interconnection capacity. The Cap and Floor regulatory framework for the Greenlink electricity interconnector (500MW between Ireland and Wales) was finalised and relevant authorisations and licences issued. The CRU published its decision paper on the cost recovery framework for the Celtic electricity interconnector and issued Celtic interconnector with an authorisation to construct and other relevant consents.

Key Achievement 2: Directed Contracts

Full Title of Achievement	Directed Contracts.
Link to Corporate Strategy	Strategic Priority: Ensure security of supply.
Summary	
<p>Directed Contracts (DCs) are used in the Single Electricity Market (SEM) to ensure large generating companies with a significant share of the market cannot exercise market power, through potentially withholding capacity, either physically or through non-competitive pricing to manipulate market prices. At present, only the market incumbent, ESB Generation and Trading are subject to DCs.</p> <p>The CRU’s Market Modelling Group leads on the calculation of DC’s across the SEM. DC’s are allocated to suppliers with volumes based on their market share and are sold through quarterly subscriptions. During the subscription window, suppliers can purchase any given product for which they are eligible in any particular quarter from ESB Generation and Trading.</p> <p>2022 saw significant energy market volatilities and commodity price variations in the UK and European markets. As the calculation of DC prices are based on forecast fuel prices, DC rounds in Quarter one and Quarter two 2022 were suspended until later in the year.</p> <p>The postponement of the DC rounds allowed the Market Modelling Group time to develop and implement amendments to the pricing formulae for DCs and led to an extension from three to six days for the primary subscription window. The extension of the subscription window allowed participating suppliers to spread the purchase of DC volumes, thereby militating against the risks created by price volatility. It also enabled the market incumbent to hedge their exposure more effectively.</p> <p>These alterations improved the DC pricing model facility to operate under exceptional volatilities in market prices and the postponed DC rounds were held in late 2022.</p>	

Key Achievement 3: Generator Licence Capacity Threshold

Full Title of Achievement	Increase in capacity threshold for generator licence.
Link to Corporate Strategy	Strategic Priority: Drive a Low Carbon Future.
Summary	
<p>In 2021, to increase the number of renewables on the grid, the CRU increased the capacity threshold above which generators are required to submit an application for an Authorisation to Construct and a Licence to Generate to 10 MW capacity.</p> <p>A new application process was designed by the CRU’s Licensing Team, involving the completion of a simple notification form and receipt of a subsequent acknowledgement letter from the CRU, to permit the generators and legislation in the form of Statutory Instruments (SIs) were drafted to facilitate this.</p> <p>Following a review period for stakeholders, the SIs were published, signed and enacted. The updated guidance notes and pro-forma for generators to provide notification of their intent to construct or operate a generator not exceeding a capacity of 10 MW went live on the CRU website in October 2022.</p> <p>The main advantage of increasing the lower limit for applications and assessments for authorisations and licences is the reduced regulatory burden on small renewable developments. This helps to ensure projects remain within EU regulations and that smaller renewables should take no more than two years to be approved. Reducing this time for smaller projects also frees up resources to process larger projects as efficiently as possible.</p>	

Key Achievement 4: Wholesale Market Collateral Requirements

Full Title of Achievement	Amend collateral requirements in wholesale market.
Link to Corporate Strategy	Strategic Priority: Drive a low carbon future.
Summary	
<p>Wholesale gas prices rose significantly during 2022, driven predominantly by the geopolitical consequences of the war in Ukraine. As Irish, and most European, wholesale electricity prices are set by gas-fired plants, this also resulted in a spike in power prices.</p> <p>These extraordinarily high, and volatile, wholesale electricity prices not only fed into higher retail prices for consumers, but also increased the cost and risk for electricity suppliers and generation companies participating in the wholesale market.</p> <p>The collateral requirements on participants in the market increased, as rising energy prices have required higher amounts of credit cover. Combined with the increase in electricity prices themselves, this increased the collateral burden posed to suppliers.</p> <p>To mitigate this impact and reduce the risk of such entities going out of business, the CRU evaluated the requirements to post collateral in the market and decided to make these less onerous. This reduced the general risk of the wholesale markets not functioning correctly, due to the collateral burden being too great for a supplier to participate in the market.</p>	

Key Achievement 5: System Services Procurement

Full Title of Achievement	New arrangements for competitive procurement for system services in place.
Link to Corporate Strategy	Strategic Priority: Drive a Low Carbon Future.

Summary

The CRU, jointly with the Utility Regulator of Northern Ireland (UR), commenced a workstream on developing System Services Future Arrangements in 2020. The objective of the project is to deliver a competitive framework for the procurement and which ensures a secure operation of the electricity system with higher levels of non-synchronous generation.

Following on from a consultation in 2021, the SEM Committee published its decision on the High-Level Design for the project on in April 2022 (SEM-22-012). A joint Regulatory Authority letter was subsequently issued to the TSOs in June 2022, setting out the next steps for the detailed design.

Throughout the remainder of 2022, the CRU, together with the UR, engaged with the TSOs on progressing the next steps of the project. An RA-led industry workshop was held in November to provide meaningful engagement with stakeholders. As of the end of 2022, work has commenced on a consultation paper to be published in early 2023, which details the plan for implementation of the high-level design.

Key Achievement 6: System Non-Synchronous Penetration Limit

Full Title of Achievement	Increase System Non-Synchronous Penetration limit.
Link to Corporate Strategy	Strategic Priority: Drive a Low Carbon Future.
Summary	
<p>The DS3 Programme was launched in 2011 with the aim of maintaining system security while enabling increased levels of renewables on the grid. The overall aim of the project was to increase the System Non-Synchronous Penetration (SNSP) limit. This is an operational constraint relating to the amount of renewables, such as wind and solar, that can be allowed on the grid at any one time.</p>	

The programme has been a key driver in the successful progression of SNSP increases from 50% to 75% since 2015. Facilitating additional renewables on the grid should also result in lower wholesale energy prices, achieving a good outcome for consumers, as well as supporting Ireland’s transition to a low-carbon economy. This can already be seen in the day-ahead market, where increased wind generation has been placing a downward pressure on prices.

2022 marked a significant milestone with the 75% SNSP achieved, meeting the ambitions of the DS3 Programme. The CRU alongside the Utility Regulator in Northern Ireland continues to engage with the Transmission System Operators to ensure close out of the programme.

Key Achievement 7: Capacity Remuneration Mechanism Report

Full Title of Achievement	Capacity Remuneration Mechanism report.
Link to Corporate Strategy	Strategic Priority: Ensure security of supply.
Summary	
<p>In 2022, the CRU oversaw the preparation of a detailed review of the performance of the SEM Capacity Remuneration Mechanism (CRM). The report is a key part of the CRU and SEM Committee’s response to the security of supply concerns in Ireland. The report aimed to identify any shortcomings in the CRM’s design, amidst the background of ongoing security of supply concerns.</p> <p>The report identified areas in the CRM design that can be improved, in terms of capacity procured and timely delivery of new capacities. The report was subject to public consultation in summer 2022, and a decision will be published on the implementation of the report’s recommendations in April 2023. A stream of further actions based on this report and industry engagement will be implemented by the SEM Committee in the coming years.</p>	

Operations and Organisational Development

Key Achievement 1: Building and Supporting our Team

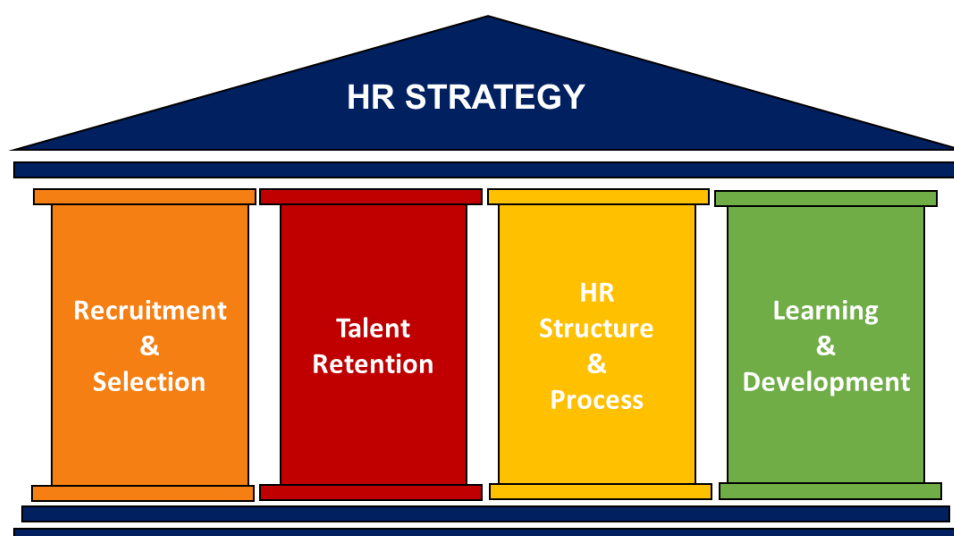
Full Title of Achievement	Building our team through recruitment and selection, resource planning and learning and development.
Link to Corporate Strategy	Objective: Foster and maintain a high-performance culture and organisation to achieve our vision.
Summary	
<p>Resource Planning</p> <p>As part of the strategic planning process, the CRU had sought approval from the Department of Environment, Climate and Communications (DECC) for an accompanying Resource Plan. This included requirement for 74 additional posts, an increase in headcount of 60%, to bring the total number of CRU employees to 196 over a three-year period. The plan was approved in May 2022 and a new six Divisional structure came into full effect in 2023.</p> <p>Recruitment and Selection</p> <p>In 2022, recruitment activities focused on building and developing the capacity of the CRU. As well as vacancies arising, posts approved in the Resource Plan were also filled during the year. On foot of 22 open competitions, a total of 48 posts were filled in multiple disciplines, including economics, analytics, law and organisational development. At the end of 2022, the CRU employed 129 staff members.</p> <p>The CRU implemented a hybrid working arrangement, interviews and inductions were conducted in person, where possible.</p>	
Table: Recruitment Campaigns 2021	
Open Competition	
Grade	Posts Filled (No.)
Manager	11
Inspector	2

Legal specialist	2
Senior Analyst	11
Graduate Analyst	4
Analyst	11
Administrator	1
Total	48

HR Strategy

The CRU’s HR Strategy was completed in 2022. The new strategy for 2023-2025 was published in November 2022, with the key priority being to “Enable our people and organisational capacity” with initiatives organised across 4 pillars:

1. Recruitment and Selection
2. Talent Retention
3. Learning and Development (L&D)
4. HR Function – Structure and Processes.



Implementation of the HR Strategy will ensure that an expanded CRU team will contribute fully to delivering national and global policy imperatives such as addressing climate change, ensuring energy and water security and protecting the safety and interest of all customers.

Training and Development

The HR department provided a range of training and development opportunities for staff to build capacity and skills in 2022.

In addition to programme attendance by individuals, several specialist subject in-house courses were held for staff including:

Course	Provider	Attended by
Regulation and Governance	UCD	Managers, Analysts
Administration Law	IPA	Managers, Analysts
Courtroom Skills	IPA	Senior Management Team
Freedom of Information	All One Corporate Solutions	FOI Decision Makers
Utilities Regulation	Florence School of Regulation	Analysts (New)

The CRU continuously invests in the training and development of its staff annually. An additional budget is allowed for technical training for specialist staff. In 2022, the CRU attended several meetings of the Economic Regulators Network subgroup on learning and development. The subgroup was set up to share learning and training opportunities across the members of the network. A senior training and development executive has been appointed to continue the development of the CRU's learning and development function in 2023.

Health, Safety and Wellbeing

With staff working from home until May 2022, the focus of health, safety and wellbeing activities was on support for remote working and return to the office. The CRU's remote working policy was reviewed and updated in Quarter four with input from staff. Ergonomic assessments were made available to current and new staff joining the CRU. Eyesight testing and flu vaccinations were also offered to all staff. The HR Department arranged a number of health and wellbeing webinars, which were 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, a highlight of the Health and Wellbeing Calendar was 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.

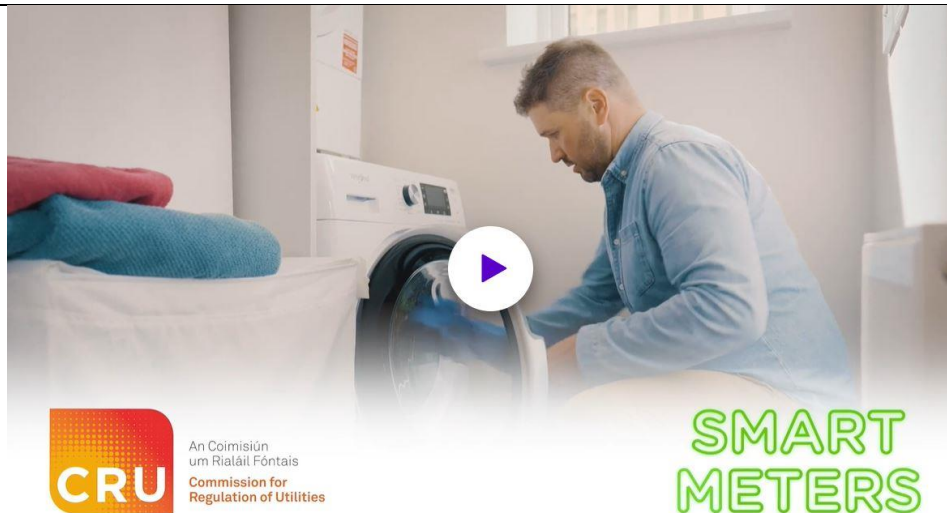
Events were also held to mark Pride Week, National Workplace Wellbeing Day, International Women's Day, International Men's Day, Men's Health Week and European Health and Safety at Work Week. International Day of Persons with Disabilities, Mental Health Awareness Month, Daffodil Day and the Darkness into Light walk were other events promoted in the CRU.

Specific training was provided to all staff on Diversity and Inclusion. Fire Warden training took place in August and eight staff members are fully trained.

The Health, Safety and Wellbeing Committee met quarterly, with the impact of COVID-19 and return to the office being key agenda items.

Key Achievement 2: Communicating Effectively

Full Title of Achievement	Consumer communication campaigns to ensure consumer rights are protected.
Link to Corporate Strategy	Objective: Empower and protect customers.
Summary	
<p>Smart Meters</p> <p>The CRU undertook a multidisciplinary communications campaign to increase awareness among all electricity customers of the benefits of smart meters. This campaign worked in close cooperation with ESB Networks to compliment the regional installation programme through local PR and bespoke targeted digital content. The objectives of the campaign were to:</p> <ul style="list-style-type: none"> - Communicate the benefits of smart meters to customers, the economy and the environment of using Smart Meters - Encourage customers to engage with their suppliers to consider a Smart Time of Use Tariff and the benefits of energy use behaviour change. <p>The campaign was active from July 2022 and was scheduled to end in April 2023.</p>	



Customer Protections Campaign

The Russian invasion of Ukraine and the unprecedented wholesale gas price increases across Europe impacted on supplier prices and customer bills. As a result, the CRU created an enhanced advertising campaign focused on national, local and urban radio stations, as well as national and local print advertising, to build upon its previous winter communications campaign in 2021 and 2022.

The CRU had integrated messages supporting the Government of Ireland's 'Reduce Your Use' campaign. These encouraged customers to reduce their energy usage in the face of threats to supply from the Ukraine crisis and the high energy prices that would put customers under financial pressure.

The CRU campaign ran from October 2022 to March 2023 and focused on increasing awareness among customers of suppliers requirements to protect vulnerable customers, the range of protections in place to support customers and the importance of engaging with suppliers if customers find themselves in financial difficulty.

Safe Electric

Overall, the Safe Electric advertising campaign again 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 sixth year from December 2022 to February 2023. A further review of the post-campaign research will be undertaken in 2023, to determine the future use of the campaign creative.

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.

Corporate Communications

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

Oireachtas

The ongoing impact of the Ukraine crisis resulted in a significant increase in media engagement and communications with members of the Oireachtas. The CRU is accountable to the Oireachtas and provided data to the Joint Oireachtas Committee on Climate Action, including a number of appearances before the Committee.

Key Achievement 3: 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	Objective: Implement best practice structures and processes to support the work of the CRU organisation and teams.
During 2022, the CRU ICT Department continued to work on enhancing the organisation’s ICT systems, applications, and networks, to ensure staff continue to be provided with secure, reliable, and robust platforms, that assist in the delivery of a high standard of service to all stakeholders, and the public.	
The key focus in 2022 was on enhancing the physical infrastructure, strengthening cybersecurity capabilities, and developing various software applications to improve key operational functions.	

ICT Strategy 2021 – 2024

Throughout 2022, the CRU ICT Department worked to deliver the key objectives as set out in the CRU ICT Strategy 2021 – 2024. This included:

- To provide the CRU with ICT solutions that are fit for purpose and aligned with 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.

Key Projects 2022

Some of the key projects that the ICT Department worked on during 2022 includes:

- Continued development of the Safety Supervisory Bodies (SSBs) new Scheme Information Management System (SIMS)
- Implementation of Managed Security Operations Centre Services (SOC-as-a-Service)
- Implementation of new physical backend server infrastructure on the production site and the replacement of the physical infrastructure in the Disaster Recovery (DR) Site
- Enhancement of backup and replication technology

- Enhancement of the RGI, Safe Electric and CRU websites;
- Upgrade of the central records management system
- Development of a new Enterprise Finance Solution and
- Delivery of various cybersecurity initiatives including cybersecurity testing and the delivery of staff training and awareness.

Key Achievement 5: Sustainability and Energy

Efficiency in the CRU

Full Title of Achievement	Further developing and implementing sustainability and energy efficiency initiatives in the CRU.
Link to Corporate Strategy	Objective: Protecting the public interest in Water, Energy and Energy Safety.
Summary	
<p>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.</p> <p>The CRU’s Energy Action Plan sets out targets to progress the organisation towards the 2030 targets as defined by DECC and SEAI. The CRU continued to make energy efficiency improvements in the office, including the further installation of LED lighting.</p> <p>The Green Machine worked on developing a data collection plan which focuses on key data to be collected, to track and measure the CRU’s environmental performance. Based on in the return to the offices post C-19 restrictions in 2022, the categories of data to be collected includes energy and water consumption, waste management and travel.</p> <p>The Green Machine also continued to submit the statistics to fulfil our Public Sector Monitoring and Reporting obligations.</p>	

Organisational Risk

Risk Mitigation

As we implement our Strategic Plan, the CRU regularly reviews risk that could have an effect on the achievement of our objectives. During 2022, the main significant risks under consideration for response were as follows:

Risks Identified 2022	Response
Safety Supervisory Scheme	The CRU completed a tender to designate an operator for the safety supervisory scheme during 2022 and completed significant work to manage the transition to the new provider.
Security of supply	<p>The CRU is leading a programme of actions to address security of supply risk with Eirgrid and the Department of Environment, Climate and Communications with 6 pillars:</p> <ul style="list-style-type: none"> • System operations and emergency planning • Temporary emergency generation • Retain existing units • Long-term capacity provision • Upcoming capacity market auctions • Policy signals. <p>A dedicated project management office is coordinating this programme of work.</p>
Supplier of Last Resort	We engaged with suppliers exiting the market to ensure supports in place for pre-payment customers. A full review of the Supplier of Last Resort process is being conducted to ensure adequate protections are in place for these customers.
Competition and increased prices	The CRU implemented additional protections for customers (via the supplier handbooks) and significantly increased communications activity to ensure widespread communication of measures. The rollout of smart meters and services also continued during 2022.

Unlicensed LPG networks	The CRU is implementing a programme of LPG network inspections and, where required, issuing instructions in relation to safety standards. We also input to the drafting of relevant legislation by the Department of Environment, Climate and Communications.
Inadequate resources	Following government approval of our resource plan in 2022, we commenced recruitment campaigns to fill approved posts in existing and new teams. A new six division structure was also formalised at the beginning of 2023.
Cybersecurity	We commissioned training for all staff to highlight the importance of continued vigilance in relation to cybersecurity threats. Particular attention was given to topics raised in advisory notes from the National Cyber Security Centre.
Records and Data on CRU systems	We upgraded our records management system in 2022 and rolled these out to all staff. The record management policy was updated and will be finalised in 2023.



CRU FINANCIAL STATEMENTS

for the year ended 31 December 2022

Contents

General Information	2
Report of the Commission	3
Comptroller and Auditor General - Report for presentation to the Houses of the Oireachtas	5
Governance Statement.....	7
Statement on Internal Control.....	13
Statement of Income and Expenditure and Retained Revenue Reserves	16
Statement of Comprehensive Income	17
Statement of Financial Position	18
Statement of Cash Flows.....	19
Notes to the Financial Statements.....	20

General Information

Commission Members

Aoife MacEvilly, Chairperson
Paul McGowan, Commissioner
Jim Gannon, Commissioner

Bank

Allied Irish Bank
7/12 Dame Street
Dublin 2

Address

The Grain House
The Exchange
Belgard Square North
Tallaght
Dublin 24,
D24 PXWO

Auditor

Comptroller and Auditor General
3A Mayor Street Upper
Dublin 1

Solicitors

Mason, Hayes & Curran
South Bank House
Barrow Street
Dublin 4

Eversheds Sutherland
One Earlsfort Centre
Earlsfort Terrace
Dublin 2

Website

www.cru.ie

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 2022.

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.

The Commission's functions and duties in the District Heating sector are set out in in S.I. No. 350 of 2022 European Union (Renewable Energy) Regulation (2) 2022 and S.I. No. 630 of 2022 European Union (Energy Efficiency) Regulations 2022.

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 ("the Applicant") 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 Applicant will submit an initial safety case fee with its safety case submission. Once the final fee is determined, the CRU will reimburse the Applicant where the final fee is lower than the initial fee paid or bill the Applicant 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

E-SIGNED by Jim Gannon
on 2023-03-28 14:37:29 GMT

E-SIGNED by Aoife MacEvilly
on 2023-03-28 12:49:53 GMT

March 28, 2023

Chairperson

Commissioner

Date:

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 2022 as required under the provisions of paragraph 25 of the schedule to 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 at 31 December 2022 and of its income and expenditure for 2022 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 2023

Appendix to the report

Responsibilities of Commission members

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

- the preparation of annual 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 it determines is necessary to enable the 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 the 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 the 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 one 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 the 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 the 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 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 I identify 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 audit. I report if I identify 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.

District Heating: S.I. No. 350 of 2022 European Union (Renewable Energy) Regulation (2) 2022 and S.I. No. 630 of 2022 European Union (Energy Efficiency) Regulations 2022.

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 2022 to 2024. 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 staff¹. Clear and predictable functioning of the Commission is set out in the Commission Rules and Procedures, updated and approved in June 2022. While the Commission is accountable for the exercise of all CRU functions, the Commission delegates authority to Directors and staff of the CRU to perform such functions which are of a complexity and/or importance that they do not warrant the individual attention of the Commission.

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 2022 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 2022.

Risk Management

The main purpose of the CRU Risk Management Framework, updated in December 2022, 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

¹ Minutes of the Commission Meetings are published on the CRU website www.cru.ie

values, and our culture. An integrated and holistic approach to risk management is one of the keystones to achieving effective corporate governance.

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 Commission has determined and continuously assesses the nature and extent of the principal risks that the CRU is exposed to and are willing to take to achieve our objectives. Our approach is to be risk aware rather than risk averse; and to embed the consideration and mitigation of risk in the CRU's activities and at all levels of the organisation. We seek to balance the trade-off between risk and reward to ensure a managed approach to achieving appropriate outcomes which align with the values of the CRU. It is also important to recognise that, as a public body, the CRU is mandated to implement policies and carry out certain activities that have an inherent level of risk attached to them and we may be obliged to take certain well managed risks in the public interest. The CRU's statement of Risk Appetite encourages appropriate caution to protect against unacceptable risk while supporting and encouraging appropriate risk-taking through proactive and agile responses to the CRU's operating environment.

Commission Structure

The CRU is structured into the Commission (formed by three Commissioners) with six 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 six 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 MacEivilly	Chairperson ²	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

² Aoife MacEivilly appointed as Chairperson on 29 February 2020

Annual Self-Assessment

The SMT completed a self-assessment evaluation in October 2022, with actions arising reported to the Commission for discussion. A plan to address these actions has been put in place.

Gender Balance

Gender representation is satisfactory with one Commissioner out of three and four Directors out of six being female; 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”.

Key Personnel changes

The key personnel changes impacting the Commission and the Senior Management Team in the 2022 financial year are outlined below:

- Loretta Joyce, Acting Director of Energy Safety joined on 1st of December 2022

Committees

The Commission has established two committees, as follows:

- ▣ **Audit and Risk Committee (ARC):** comprised of three external members, one of whom is the Chairperson for the committee and one CRU Commissioner. As set out in the ARC Terms of Reference, the ARC assess how the Commission is managing key financial and operational risks, evaluates the effectiveness of internal controls, oversees 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 members at the end of December 2022 were:

Chairperson: Bob Semple (external)³

Members: Dr. Tom Ward (external); Majella Kelleher (external)
Paul McGowan, CRU Commissioner⁴

Secretary: Office of the Commission

The CRU Risk Officer (the Director of Operations and Organisational Development) attends the ARC meetings to provide the update on the corporate risk register and operation of the risk management framework. The Senior Finance and Governance Manager also attends all meetings of the Committee.

During 2022, the Audit and Risk Committee met on four occasions.

A report from the Chairperson of the ARC is provided in the Annual Report.

³ Appointed on 1st March 2022

⁴ Commissioner Jim Gannon attends the ARC meeting if Commissioner Paul McGowan is not available.

- 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. During 2022, the FGC met on nine occasions.

Schedule of Attendance:

A schedule of attendance at the Commission and ARC meetings for 2022 is set out below including the fees received by external committee members:

Name	Title	Commission	Audit & Risk Committee	Fees 2022 €
Aoife MacEville	Chairperson	49		
Paul McGowan	Commissioner	51	3	
Jim Gannon	Commissioner	44	1 ⁵	
Bob Semple	External Member		4	€5,400
Dr. Tom Ward	External Member		4	
Majella Kelleher	External Member		4	€3,300
Total Number of Meetings in Year		51	4	

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

Other Committees: 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 in 2022 were: Aoife MacEville, Paul McGowan (Chair from May 2022), Jim Gannon, Bill Emery (Chair to end April 2022), John French, Jon Carlton, Odd Håkon Hoelsæter (to 31 October 2022), Professor David Newbery (to 31 October 2022); Jonathan Hodgkin (from 1 November 2022) and Dr Chris Harris (from 2 November 2022).

During 2022, the SEM Committee met on fourteen occasions.

⁵ Attended one meeting, in absence of CRU Commissioner Paul McGowan.

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 2022 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 2022, 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

E-SIGNED by Jim Gannon
on 2023-03-28 14:37:53 GMT

Chairperson

E-SIGNED by Aoife MacEvilly
on 2023-03-28 12:49:39 GMT

Commissioner

March 28, 2023

Date:

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 2022 and up to the date of approval of the financial statements.

Internal Audit and the Audit Committee

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 2022.

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 2022, the internal auditors concluded two 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.

Remote Working Policy

The CRU's remote working policy (August 2021) was implemented taking account of the National Remote Working Strategy, where all employees have a right to request to work remotely. It is now a requirement that home and remote work is the norm for 20 percent of public sector employment. The CRU will ensure that it meets or exceeds this policy requirement.

Procurement

I confirm that CRU ensures that there is an appropriate focus on best practice in procurement of goods and services and that procedures are in place to ensure compliance with all relevant national and EU guidelines and regulations. No non-competitive contracts in excess of €25,000 (net) were entered into by CRU during 2022 and as required a nil return was submitted to the Office of Government Procurement.

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 2022, on 1st February 2023.

Internal Control Issues

No significant weaknesses in internal controls were identified in relation to 2022 that require disclosure in the financial statements.

On behalf of the Commission

E-SIGNED by Jim Gannon
on 2023-03-28 14:38:00 GMT

March 28, 2023

Chairperson

Date:

Statement of Income and Expenditure and Retained Revenue Reserves

For the year ended 31 December 2022

	Notes	2022 Electricity €'000	2022 Gas €'000	2022 LPG €'000	2022 Petroleum €'000	2022 Water €'000	2022 Total €'000	2021 Total €'000
Income								
Levy	2	13,400	4,276	33	1,192	1,585	20,486	15,248
Licensing Fees		160	5	0	0	0	165	64
Other Income	2	0	0	0	2	0	2	75
Gross Income		13,560	4,281	33	1,194	1,585	20,653	15,387
Expenditure								
Remuneration and Other Pay	3	4,859	2,952	34	695	1,094	9,634	8,597
Retirement Benefit Costs	12 (a)	1,370	767	6	192	271	2,606	2,193
Office Accommodation Expenses		496	236	0	55	125	912	746
IT & Communications		714	299	0	68	157	1,238	795
Office Service Costs		28	15	0	3	8	54	31
Insurance Premiums		62	29	0	7	15	113	88
Advertising and R&D Costs		354	173	0	36	94	657	291
Professional & Consultancy Fees	5 (a)	4,878	1,666	0	94	313	6,951	4,344
Judicial Review Costs	5 (b)	1,365	0	0	0	0	1,365	703
Audit Fees	5 (c)	32	15	0	3	9	59	56
Other Expenses		81	38	0	9	16	144	110
Depreciation		125	79	0	10	20	234	234
Total Expenditure		14,364	6,269	40	1,172	2,122	23,967	18,188
Surplus / (Deficit) for the year before capital transfer		(804)	(1,988)	(7)	22	(537)	(3,314)	(2,801)
Transfer from / (to) capital account	11	17	(11)	0	6	17	29	(180)
Surplus / (Deficit) for the year after capital transfer		(821)	(1,977)	(7)	16	(554)	(3,343)	(2,621)
Surplus brought forward at 1 January		2,002	1,431	0	394	1,134	4,961	7,446
Retirement Benefit Cost Reserve		414	179	0	41	96	730	136
Operating Surplus / (Deficit) at 31 December		1,595	(367)	(7)	451	676	2,348	4,961

On behalf of the Commission

E-SIGNED by Jim Gannon
on 2023-03-28 14:41:47 GMT

Chairperson

E-SIGNED by Aoife MacEvilly
on 2023-03-28 12:49:44 GMT

Commissioner

March 28, 2023

Date:

Statement of Comprehensive Income

For the year ended 31 December 2022

	2022	2022	2021
	Sub-Totals	Total	Total
Notes	€'000	€'000	€'000
Surplus / (Deficit) for the year		(3,343)	(2,621)
Main Scheme			
Return on plan assets greater / (less) than discount rate	12 (biii)	(5,520)	1,934
Experience (gains) / loss	12 (bii) (1,104)		
Change in assumptions	12 (bii) 22,558	21,454	(4,943)
Actuarial (loss) / gain the the year		15,934	(3,009)
SPSPS Scheme			
Experience (gains) / loss	12 (bii) (268)		87
Change in assumptions	12 (bii) 3,460		688
Adjustment to deferred funding	12 (bii) (3,192)		(775)
Actuarial (loss) / gain the the year		0	0
Total Comprehensive Income / (Deficit) for the year		12,591	(5,630)

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

On behalf of the Commission

E-SIGNED by Jim Gannon
on 2023-03-28 14:42:22 GMT

Chairperson

E-SIGNED by Aoife MacEvilly
on 2023-03-28 12:49:47 GMT

Commissioner

March 28, 2023

Date:

Statement of Financial Position

As at 31 December 2022

	Notes	2022 €'000	2021 €'000
Fixed Assets			
Property, plant and equipment	6	1,429	1,400
Current Assets			
Receivables	7	1,649	893
Cash and cash equivalents		5,298	7,175
		6,947	8,068
Current Liabilities			
(Amounts falling due within one year)			
Payables	8	(2,804)	(2,184)
		4,143	5,884
Net Current Assets			
Long Term Liabilities			
Provision for Liabilities and charges	9	(1,795)	(923)
Retirement Benefits			
Net Pension liability (funded scheme)	12 (bi)	(1,993)	(17,197)
Deferred funded asset	12 (bi)	3,289	5,216
Pension Liability SPS	12 (bi)	(3,289)	(5,216)
		1,784	(10,836)
Total Net Assets / Liabilities			
Financed by			
Capital Account	11	1,429	1,400
Retained Revenue Reserves	13(b)	2,348	4,961
Pension Reserve	13(a)	(1,993)	(17,197)
		1,784	(10,836)

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

On behalf of the Commission

E-SIGNED by Jim Gannon
on 2023-03-28 14:42:38 GMT

Chairperson

E-SIGNED by Aoife MacEvilly
on 2023-03-28 12:49:49 GMT

Commissioner

March 28, 2023

Date:

Statement of Cash Flows

For the year ended 31 December 2022

	2022	2021
	€'000	€'000
Net Cash Flows from Operating Activities		
Excess Expenditure over Income	(3,343)	(2,621)
Depreciation and Impairment of Fixed Assets	234	234
Decrease / (Increase) in Receivables	(756)	(566)
(Decrease) / Increase in Payables	1,492	(166)
Transfer from capital account	29	(180)
Bank Interest	23	37
Difference between Pension Costs and Employers Contributions	730	136
Net Cash (Outflow) / Inflow from Operating Activities	(1,591)	(3,126)
Cash Flows from Investing Activities		
Payments to acquire Property, Plant & Equipment	(263)	(54)
Net Cash Flows from Investing Activities	(263)	(54)
Cash Flows from Financing Activities		
Bank Interest payable	(23)	(37)
Net Cash Flows from Financing Activities	(23)	(37)
Net (Decrease) / Increase in Cash and Cash Equivalents	(1,877)	(3,217)
Cash and cash equivalents at 1 January	7,175	10,392
Cash and cash equivalents at 31 December	5,298	7,175

Notes to the Financial Statements

For the year ended 31 December 2022

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. All employees are working within the parameters of the CRU Remote Working Policy 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.

	2022	2022	2022	2022	2022	2022	2021
	Electricity	Gas	LPG	Petroleum	Water	Total	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Generation	3,464	0	0	0	0	3,464	2,157
Transmission	2,999	1,425	0	0	0	4,424	3,661
Distribution	3,536	1,425	0	0	0	4,961	3,751
Supply	3,401	0	0	0	0	3,401	2,049
Shipping	0	1,426	0	0	0	1,426	1,406
Other Levies	0	0	33	1,192	1,585	2,810	2,224
	13,400	4,276	33	1,192	1,585	20,486	15,248
Other Income							
Safety Case Fees / Other	0	0	0	2	0	2	75
	0	0	0	2	0	2	75

3. Remuneration and Other Employee Costs

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

	2022	2022	2022	2022	2022	2022	2021
	Electricity	Gas	LPG	Safety	Petroleum	Water	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Staff Salaries	4,219	2,562	24	603	956	8,364	7,520
Employer PRSI	421	249	3	56	94	823	771
SEM Committee Fees	49	0	0	0	0	49	37
Recruitment and Training	146	91	0	18	38	293	247
Staff Travel and Subsistence	24	50	7	18	6	105	22
	4,859	2,952	34	695	1,094	9,634	8,597

The average number of employees during the year,

analysed by sector was as follows	62	29	1	7	16	115	111
-----------------------------------	----	----	---	---	----	-----	-----

3. Remuneration and Other Employee Costs (continued)

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 2022 €230,921 (2021 €224,618) 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 2022 comprise of €53,577 (2021 €Nil) for foreign travel, €51,618 (2021 €21,837) 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	2022	2021
€60,000	- €69,999	10	10
€70,000	- €79,999	3	8
€80,000	- €89,999	5	4
€90,000	- €99,999	13	11
€100,000	- €109,999	6	7
€110,000	- €119,999	2	1
€120,000	- €129,999	0	0
€130,000	- €139,999	0	0
€140,000	- €149,999	0	1
€150,000	- €159,999	2	2
€160,000	- €169,999	3	3
€170,000	- €179,999	2	1
€180,000	- €189,999	0	0
€190,000	- €199,999	1	1

(d) Commissioners Remuneration

The Commissioners' remuneration package for 2022 was made up as follows:

Salary Costs	2022 €'000	2021 €'000
Aoife MacEvilly - Chairperson	194	195
Paul McGowan - Commissioner	199	170
Jim Gannon - Commissioner	175	168
	568	533

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.

3. Remuneration and Other Employee Costs (continued)

(e) Key management personnel

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

	2022 €'000	2021 €'000
Aggregate Salary & Short-Term Benefits	1,346	1,252
Allowances	20	20
	1,366	1,272

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. During 2022 €283,826 (2021 €250,963) additional superannuation contributions were made by staff from CRU.

With respect to the Single Public Service Pension Scheme (SPSPS) members in 2022 an amount of €51,672 (2021 €40,285) 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.

With respect to the CER Superannuation Scheme members in 2022 an amount of €232,154 (2021 €210,678) was paid to the CER Superannuation Scheme.

4. Hospitality Expenditure

Hospitality expenditure in 2022 amounted to €7,021; analysed as follows-

	2022 €'000	2021 €'000
Staff Hospitality	7	5
Client Hospitality	0	0
	7	5

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 2022, 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:

5. Professional Fees (continued)

(a) Professional Fees Category

	Electricity €000	Gas/LPG €000	Petroleum €000	Water €000	2022 €000	2021 €000
* Technical: Consultancy	413	290	0	93	796	926
* Technical: Safety Consultancy	134	342	58	0	534	864
* Economic/ Financial : Consultancy	1,837	572	0	91	2,500	1,699
Support for Security of Supply Work Programme	1,311	0	0	0	1,311	146
* Professional incl. Market Research	527	234	16	78	855	326
* General Legal Advices	656	228	20	51	955	383
	4,878	1,666	94	313	6,951	4,344

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

(b) Judicial Review Litigation Fees & Provision

Legal Fees - legal proceedings	430	0	0	0	430	456
Judicial Review Provision	935	0	0	0	935	247
Conciliation, Mediation & Arbitration	0	0	0	0	0	0
Settlements	0	0	0	0	0	0
	1,365	0	0	0	1,365	703

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

(c) Audit Fees

	2022 €'000	2021 €'000
Audit Fees to the Office of the Comptroller and Auditor General	27	24
Internal Audit Fees	32	32
	59	56

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 2021	2,961	649	339	869	368	5,186
Additions	0	0	13	250	0	263
Disposals	0	0	0	(19)	0	(19)
At 31 December 2022	2,961	649	352	1,100	368	5,430
Accumulated Depreciation:						
At 31 December 2021	1,805	520	288	805	368	3,786
Charge for the year	119	33	18	64	0	234
Disposals	0	0	0	(19)	0	(19)
At 31 December 2022	1,924	553	306	850	368	4,001
Net Book Value:						
At 31 December 2022	1,037	96	46	250	0	1,429
At 31 December 2021	1,156	129	51	64	0	1,400

7. Receivables

	2022 €'000	2021 €'000
Levy / Fees - Electricity	473	(92)
Levy / Fees - Gas	713	319
Levy / Fees - Water	0	300
Payroll	54	55
Other	13	12
Prepayments	396	299
	1,649	893

8. Payables

	2022 €'000	2021 €'000
Trade Creditors	(4)	(8)
Accrual: Consultancy and Professional Fees	1,226	1,227
Accrual: Legal services	264	25
Accrual: Other Creditors	452	152
VAT Payable	87	113
PAYE / PRSI	428	378
Payroll including Accrued Holiday Pay	188	164
Professional Services Withholding Tax	163	133
	2,804	2,184

9. Provision for Liabilities – Judicial Review

	2022 €'000	2021 €'000
Opening Balance	923	676
Provision provided for in the Year	2,016	721
Utilised in the Year	(1,144)	(474)
	1,795	923

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 CRU. It is probable that a number of additional cases may be notified in the future in relation to decisions made prior to 31 December 2022. It is not possible to estimate the potential effect of such claims.

11. Capital Account

	2022	2022	2022	2022	2022
	Electricity	Gas	Petroleum	Water	Total
	€'000	€'000	€'000	€'000	€'000
Opening balance	1,197	66	33	104	1,400
Funds allocated to acquire fixed assets	142	68	16	37	263
Amount amortised in line with asset depreciation	(125)	(79)	(10)	(20)	(234)
Net amount of transfer	17	(11)	6	17	29
	1,214	55	39	121	1,429

12. Retirement Benefit Costs

	2022	2021
	€'000	€'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	2,262	1,995
Interest Cost	665	393
Expected return on Scheme Assets	(461)	(280)
Less: Employees Contributions	(452)	(420)
Total	2,014	1,688
Single Public Service Pension Scheme		
Net Current Service Cost	1,265	1,104
Deferred retirement benefit funding	(1,265)	(1,104)
Employer contribution	592	505
Total	592	505
Employee contributions by SPSPS members amounted to €197,310 (€168,251 in 2021) and were remitted to the Department of Public Expenditure and Reform. The total retirement benefit costs for the two schemes in 2022 amounted to €1,905,000 (2021 €2,417,000).		
bi) Net Retirement Benefit Liability		
Present value of Funded Scheme obligation	34,644	53,408
Fair value of Funded Scheme Asset	(32,651)	(36,211)
Net Funded Scheme	1,993	17,197
SPSPS Liability	3,289	5,216
SPSPS Deferred Funding Asset	(3,289)	(5,216)
	0	0

12. Retirement Benefit Costs (continued)

			2022	2021
			€'000	€'000
	Funded	SPSPS	Total	Total
bii) Present Value of Total Obligations (Funded and SPSPS) at 1 January	53,408	5,216	58,624	49,768
Current Service Cost	2,262	1,200	3,462	3,071
Interest Cost	665	65	730	421
Actuarial Loss / (Gain)	(21,454)	(3,192)	(24,646)	5,718
Benefits Paid	(237)	0	(237)	(354)
Present Value of Total Obligations (Funded and SPSPS) at 31 December	34,644	3,289	37,933	58,624
biii) Change in Scheme assets				
Fair Value of Scheme Assets at beginning of year			36,211	32,379
Expected return on Scheme Assets			461	280
Actuarial Gain / (Loss)			(5,520)	1,934
Employer Contributions			1,284	1,552
Members' Contributions			452	420
Benefits paid from Scheme			(237)	(354)
Fair Value of Scheme Assets at end of year			32,651	36,211

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 2023 by a qualified independent actuary, taking account of the requirements of the FRS in order to assess the scheme liabilities on 31st December 2022.

The principal actuarial assumptions were as follows:

	2022	2021
Discount Rate	3.60%	1.25%
Price Inflation	2.60%	2.25%
Rate of salary increase	3.85%	3.50%
Pension increases for in-payment benefits	3.35%	3.00%
Pension increase for deferred benefits	3.35%	3.00%
Plan participant census date	31-Dec-22	31-Dec-21

The scheme assets at the year-end comprised:

	2022	2021
Equity Securities	21.6%	21.9%
Debt Securities	30.6%	32.9%
Real Estate / Property	0%	0%
Secure Income Assets	47.0%	42.7%
Cash	0.8%	2.5%
	<u>100%</u>	<u>100%</u>

12. Retirement Benefit Costs (continued)

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.

	2022	2021	2020	2019	2018	2017
	€'000	€'000	€'000	€'000	€'000	€'000
Defined benefit obligations	37,933	58,624	49,768	42,129	35,263	33,310
Fair value of Scheme Assets	35,940	41,427	35,716	30,956	25,259	24,371
Surplus/ (Deficit) for funded scheme	(1,993)	(17,197)	(14,052)	(11,173)	(10,004)	(8,939)
Return on plan assets greater/(less) than discount rate	(8,712)	2,709	2,242	3,367	(1,168)	1,124

d) Funding of Retirement Benefits

The Commission expects to contribute €1,998,000 to its retirement benefit schemes in 2023.

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 €37,933,000 includes €3,289,000 in respect of members of the SPSPS. The assets as at 31 December 2022 include an asset in respect of deferred funding towards the unfunded liabilities under the Single Scheme. The value of this asset amounts to €3,289,000 as at 31 December 2022 (€5,216,000 as at 31 December 2021).

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 €789,241 (2021: €673,003); Employer contribution of €591,931 (2021: €504,752); Employee contribution of €197,310 (2021: €168,251) represents the amount paid to Department of Public Expenditure and Reform in 2022.

13 (a) Reconciliation of movements in Reserves

	Income & Expenditure Account					Capital Account	Pension Reserve	Total
	Electricity	Gas	LPG	Petroleum	Water			
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Opening Balance at 1 January	2,002	1,431	0	394	1,134	1,400	(17,197)	(10,836)
Surplus/(Deficit) for the Financial Year	(821)	(1,977)	(7)	16	(554)			(3,343)
Net Movement in Capital						29		29
Actuarial Gain/ (Loss)							15,934	15,934
Movement in Reserve	414	179	0	41	96	0	(730)	0
Closing Balance at 31 December	1,595	(367)	(7)	451	676	1,429	(1,993)	1,784

13 (a) Reconciliation of movements in Reserves (continued)

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 €2,606,000 and the employer contributions of €1,876,000.

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 €1.6 million, the water and wastewater sector of €0.7 million and petroleum safety sector of €0.4 million was taken into account in determining the levy orders for 2023. The gas levy deficit of €0.4 million for 2022 was taken into account in determining the levy order for 2023.

14. Related Party Disclosures

Key management personnel in the CRU consist of the three Commission Members – the Chairperson and Commissioners supported by six 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 2022 the Commission had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2022 €	2021 €
Payable within one year	411,933	411,933
Payable within two to five years	1,647,732	1,647,732
Payable after five years	1,304,455	1,716,388
	3,364,120	3,776,053

Operating lease payments recognised as an expense were €411,933 (2021: €411,933)

16. Approval of Financial Statements

The Commission approved these financial statements on the 28th of March 2023.