



Annual Report

2015

Note to Ministers

To: Mr Denis Naughten, TD, Minister for Communications, Climate Action and Environment

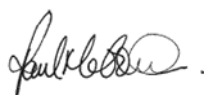
In accordance with paragraph 25 (b) of Schedule 1 to the Electricity Regulation Act, 1999, as amended by Section 10 Energy (Miscellaneous Provisions) Act, 2006, we are pleased to present to you the Annual Report of the Commission for Energy Regulation, in respect of the period from 1st January 2015 to 31st December 2015.

Cc: Simon Coveney, TD, Minister for Housing, Planning and Local Government



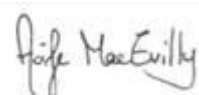
Garrett Blaney

Chairperson



Paul McGowan

Commissioner



Aoife MacEvilly

Commissioner

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Foreword by the Commissioners



(L-R) Paul McGowan, Garret Blaney (Chair), Aoife MacEvilly

Introduction

The Commission for Energy Regulation (“the CER”) is Ireland's independent energy and water regulator. Since its establishment in 1999, the CER's remit has expanded significantly to encompass a range of economic, customer protection and safety responsibilities in energy. The CER was also given the role as the economic regulator of the Irish public water and wastewater sector in 2014.

The CER has an important public interest mandate. The work we do impacts every Irish home and business, by ensuring safe, secure and sustainable energy and water supplies at a reasonable cost. The sectors we regulate underpin Irish economic competitiveness, investment and growth, while also contributing to our international obligations to address climate change.

The CER operates within both a national and EU policy framework. The CER team engages at an EU level to help influence outcomes that align with Irish and all-island priorities and to share and learn from best practice among energy, water and safety regulators.

As an economic regulator, the CER strives to ensure a stable and predictable regulatory regime to support efficient investment, competition and consumer protection. We are also responsive to the significant developments in our sectors, including the signing of the historic Paris Climate Change Agreement and the publication of the new national Energy Policy White Paper in 2015. In this context, the CER works to support and incentivise innovation resulting in better outcomes for energy consumers, and delivering decarbonisation at least cost.

In 2015, the CER team completed a challenging and complex work plan, which reflects the breadth of our functions and the significant changes underway within the energy and water sectors. Below we provide a brief summary of our main functions and projects in each sector.

Energy

The CER's aim is to promote competition in both the generation and supply of electricity and gas, ensure Ireland maintains security of supply for energy and protect the interests of energy customers.

The CER jointly regulates the all-island wholesale Single Electricity Market (SEM) through the SEM Committee, a decision-making body consisting of the CER, the Northern Ireland Utility Regulator and an independent member.

The energy sector is currently undergoing rapid change due to national, EU and global influences. In particular we must continue to work to deliver decarbonisation at least cost, facilitate new smart technologies, develop greater competition in wholesale and retail markets, engage and protect consumers, while working towards the integration of our market with the EU single energy market.

2015 saw further progress for the delivery of the Integrated Single Electricity Market (I-SEM) in 2017 through the new energy trading arrangements and a capacity remuneration mechanism which aim to enhance competition in the generation sector. The CER continued to support the development of renewable energy sources to deliver on Ireland's 2020 renewable targets.

The CER enhanced its retail market monitoring activities as competition continued to develop throughout 2015, with evidence of significant price competition and lower retail prices, particularly for active consumers.

The development of the electricity and gas networks to provide security of supply and satisfy future demand in Ireland is essential. In 2015, the CER concluded the fourth electricity networks price control, which will ensure the required and effective investment in the electricity networks to bring value and security to the Irish consumer. We also implemented significant new gas network code changes to facilitate the coming on-stream of Corrib gas and ensure EU compliance.

Customer Complaints and Advocacy

The CER provides a vital function to consumer across the energy and water sectors by providing a complaints resolution service to customers of energy suppliers and Irish Water through its Customer Care Team. The numbers of customers availing of this service indicates the ongoing need for an independent advocate to ensure the consumer can feel confident that their rights are being protected.

The CER facilitates a Consumer Stakeholder Group that meets regularly to engage with and inform a wide range of stakeholders who work directly with or on behalf of consumers to ensure they have a strong voice and to contribute to consumer protection policy. In addition, the CER has commenced work to further enhance its consumer protection and advocacy role through regular communications activity and planning for a consumer focused communications campaign.

Energy Safety Regulation

The CER's focus is firmly fixed on the protection of lives across a diverse range of areas within the energy sector, including downstream natural gas (covering storage, transportation and supply), Liquid Petroleum Gas (LPG) piped distribution systems and all upstream petroleum extraction and exploration activities (onshore and offshore oil and gas activity).

The CER is also the safety regulator for all electrical contractors and gas installers (covering both natural gas and LPG).

The CER delivers on its safety role by:

- Providing LPG safety regime frameworks and safety licences to industry operators to enhance safety for LPG customers.
- Delivering public awareness campaigns targeted at electrical and gas safety issues in conjunction with stakeholders and the relevant safety supervisory bodies.
- Pursuing the prosecutions of unregistered gas installers and electrical contractors.
- Protecting the public interest through the new Petroleum Safety Framework, including assessing safety cases, issuing safety permits and implementing compliance assurance activities such as audits and inspections.

Water

The CER works to protect the interests of water consumers by facilitating necessary investment to enhance water and waste water services in Ireland and by improving standards of service for customers in their dealings with Irish Water. In 2015 the CER undertook significant work on Irish Water's capital investment plan, with work commencing on the revenue control for 2017/18. We also reviewed Irish Water's implementation of its customer service obligations under the customer handbook.

CER Operations

The CER endeavours to work towards continual improvement in the delivery of its operational and strategic priorities.

In 2015 we introduced a more integrated approach to operations and business planning, which helped us deliver our expanded and ambitious work plan, within approved resources. This has been done through effective financial planning, successful HR management, recruitment and investment in the people of the CER, greater stakeholder communication and an organisation wide aspiration to ensure that the work of the CER can be benchmarked against best international practice in regulation.

The work of the CER, and its delivery of positive outcomes for homes, businesses and the broader economy are only possible through the knowledge, expertise and commitment of the CER team. The Commission would like to express its gratitude for their ongoing dedication and they remain the organisation's strongest asset.

Public Interest Statement

Ireland's Energy Regulator

In 2014, the CER commenced a review of its Strategic Plan and priorities for the period 2014-2018. That work is now completed and the priorities in this area are reflected in this report for 2015.

The CER is the independent body in Ireland with a mission of 'regulating water, energy and safety in the public interest'. Our vision is as follows:

The short and long run interests of the public are protected by ensuring:

- Energy is supplied safely
- The lights stay on
- The gas continues to flow
- A reliable supply of clean water and efficient treatment of wastewater
- Consumer prices for energy and water are fair and reasonable, and
- Regulation is to best international practice.

In fulfilling our mission and our statutory functions, it is vital that the CER develops and adheres to key values for the organisation so that all stakeholders, and particularly the public, trust us and have faith that we will serve them properly as an independent regulator. In regulating we stress that:

- We are committed to public service – we will always act in the public interest
- We act with integrity in everything we do
- We are professional in our dealings with stakeholders
- We are accessible to stakeholders – we listen to what people have to say
- We are proportionate and objective – we take balanced decisions
- We are transparent – we are open to scrutiny and are committed to explaining our decisions
- We are accountable for our decisions and for the way we spend our resources, and
- We value and develop our staff – they are our chief resource.

For detailed information on our work please see our website at www.cer.ie.

Duties & Functions

The CER is Ireland's independent energy and water regulator. The CER was established in 1999. Since then its powers and functions have expanded and it now has a wide range of economic, customer protection and safety responsibilities in energy. The CER has also commenced its new role as the economic regulator of the Irish public water and wastewater sector which took effect in early 2014. The Commission is financed by means of a levy on industry participants in the energy and water sector. An overview of the CER's current (as at December 2015) key functions is as follows:

- **Economic Regulation of Energy:** Our aim is to protect the interests of energy customers, maintain security of supply, and to promote competition covering the generation and supply of electricity and supply of natural gas. As part of this role, the CER jointly regulates the all-island wholesale Single Electricity Market (SEM) with its counterpart in Northern Ireland, the Utility Regulator. The SEM is governed by a decision-making body known as the SEM Committee, consisting of the CER, the Utility Regulator and an independent member.
- **Economic Regulation of Water:** The CER recently assumed the role of economic regulator for the public water and wastewater sector, covering the services provided by Irish Water. Our primary aim is to protect the interests of customers by monitoring the performance of Irish Water in delivering services and providing investment in water and wastewater infrastructure in a cost efficient manner.
- **Customer Complaints (Energy & Water):** The CER's Customer Care team has an important role in customer protection by resolving complaints that customers have with energy companies and Irish Water. .
- **Energy Safety Regulation:** In energy safety, the core focus of the CER is to protect lives across a range of areas in the energy sector. This includes safety regulation of electrical contractors and gas installers (covering both natural gas and Liquefied Petroleum Gas (LPG)). In addition, the CER is the safety regulator of the downstream natural gas industry (covering storage, transportation and supply) and LPG piped distribution systems. It is also safety regulator of upstream petroleum safety extraction and exploration activities; this includes oil and gas activity both onshore and offshore.

The following is an overview of the key legislation underpinning CER's duties and functions:

- The CER was established under the provisions of the Electricity Regulation Act, 1999, and has taken on significant additional responsibilities since then under various pieces of legislation. Responsibility for the regulation of the natural gas market was conferred upon the CER under the Gas (Interim) Regulation Act, 2002.
- The Energy (Miscellaneous Provisions) Act 2006 added to the role and functions of the CER, including providing for additional responsibilities in natural gas and electrical safety.
- The Electricity Regulation Amendment Electricity Regulation Amendment (SEM) Act, 2007 outlined the CER's functions in relation to the Single Electricity Market (SEM) for the island of Ireland. The SEM is governed through the SEM Committee consisting of the CER, the Utility Regulator in Belfast and an Independent member.

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- In 2010, the CER's statutory safety responsibilities expanded significantly with the enactment of the Petroleum (Exploration & Extraction) Safety Act, 2010. Further legislation has seen the Registered Gas Installer scheme expand to include Liquefied Petroleum Gas (LPG) installers and piped LPG distribution systems that supply domestic customers.
- The Water Services Act (WSA) was enacted in March 2013. The Act empowered the CER to commence preparation for the role of Economic Regulator for public water and waste water services as provided by Irish Water to domestic and business customers.
- The Water Services (No. 2) Act 2013 was enacted on 25 December 2013. With effect from 1st January 2014, the Act provides for the transfer of Water Services functions from Local Authorities to Irish Water and the CER assumed the role of economic regulator for the sector soon thereafter.
- The Water Services Act 2014 was enacted on 28th December 2014 and made provision for the CER to establish a Public Water Forum and a dispute resolution service for customers.

CER Organisation 2015

The CER is headed by up to three Commissioners at any one time. In 2015 the Commissioners were Garret Blaney (Chair), Paul McGowan and Aoife MacEvilly. The Commissioners are assisted in their duties by a staff of about 98, including four directors.

The current CER Directors are:

- Laura Brien, Director of Energy Markets
- John Melvin, Director of Energy Networks
- Ann McGarry, Director of Safety
- Sheenagh Rooney, Director of Water, Operations and Customer Care

Information Provision

The CER is committed to providing a high quality, user-friendly and easily accessible service to our customers in all of our areas of responsibility, as set out in our customer charter which is available on www.cer.ie. An upgrade of the CER website was completed in early 2014 with the launch of the enhanced website.

In making decisions on policy matters, the CER regularly carries out formal consultations with stakeholders over its website www.cer.ie and the associated website for all-island energy regulatory issues, at www.semcommittee.com. Responses to these consultations are considered in the formulation of decision papers. The CER also regularly communicates and meets with industry and customer stakeholders.

The CER also delivers energy information to the general public and provides a dispute resolution service for electricity and gas customers, through the CER websites at www.cer.ie and www.energycustomers.ie and through face-to-face meetings and published documents.

CER 2015 Work Plan

In its work programme for 2015, published on the CER's website on the 23rd June 2015, the CER identified the key strategic tasks for commencement, progression or delivery during 2015, all of which would allow the CER to fulfil its mission statement. These tasks are summarised in the Executive Summary and are also discussed in detail in the main section of this Report.

Executive Summary

This Executive Summary provides an overview of the CER's key work items and achievements in 2015. While the Executive Summary is designed to provide an update on the CER's progress in achieving its strategic goals during the year, many of the CER's work items are ongoing and will continue into and in some cases beyond 2015.

As part of the CER's business planning process a large number of work items were identified for commencement, continuation or delivery during 2015 as part of a detailed work plan that was published on June 23, 2015.

The CER works to detailed action plans and outputs for each division and its relevant area of work to deliver on the CER mission of 'regulating water, energy and energy safety in the public interest'. The CER's 2016 Work Programme and actions support an overarching CER Strategic Plan for the period 2014-18.

The following are some of the key achievements and outcomes in each area of work of these divisions.

Energy Safety

- We appointed Registered Electrical Contractors of Ireland (RECI) and Registered Gas Installers of Ireland (RGII) as the Safety Supervisory Bodies for seven year terms with effect from January 2016 after a public procurement process. We continued to monitor the performance of the gas installer and electrical schemes, with the number of Registered Gas Installers remaining stable and the number of Registered Electrical contractors increasing during 2015.
- We continued to investigate all allegations against unregistered electrical contractors and gas installers. This led to a doubling in the total number of successful prosecutions for illegal gas and electrical activity over the previous year from 15 to 30.
- We undertook safety permit assessments for the PSE Kinsale Limited/PSE Seven Heads Limited production activities, well work with respect to the Corrib gas field, and well work activity for a PSE Seven Heads exploration well. In July, we issued our first permit for an exploration well under the new Petroleum Safety Framework to PSE Seven Heads for the Middleton Well.
- We issued our first LPG Safety Licences to undertakings operating piped distribution networks to multiple domestic customers.
- We continued to actively engage with European safety regulators through the North Seas Offshore Authorities Forum (NSOAF) and the European Union Offshore Authorities Group (EUOAG).
- We carried out audits and inspections of the petroleum activities including offshore inspection of drilling rigs either entering Irish waters or existing undertakings.
- We investigated 43 petroleum safety incidents. Enforcement actions were issued in 2015 against a single production activity following identification of non-compliance.

- Thirty natural gas safety incidents were reported to CER and investigated.
- We commissioned two safety campaigns, the “Safe Electric” campaign and Carbon Monoxide Awareness Week. These campaigns ran across multiple media platforms including TV, radio, press and online, delivering increased awareness of the need to hire suitably registered electricians or gas installers to carry out work in the homes of consumers.

Water Regulation

- We kicked off work on the second Interim Revenue Control for Irish Water which will set an overall level of revenue which the utility can collect in 2017 and 2018. This also involves assessing how well Irish Water has performed in delivering its services and achieving its efficiency targets for 2014-2016.
- We published a revised Water Charges Plan for Irish Water customers which consisted of a simplified charging framework and put in place easier payment options for customers. This resulted in a revised lower revenue requirement for the first revenue control for Irish Water.
- In terms of consumer protection and customer service for water users, we reviewed Irish Water’s implementation of its obligations under the customer handbook. Irish Water has made good progress with more than 90% of the obligations implemented in 2016 and a plan in place to further improve compliance.
- We worked with the new chair of the Public Water Forum to get the new representative body up and running to meet for the first time in 2015. CER’s role included providing the secretariat function and running the process for the appointment of the members.
- We approved Irish Water’s Capital investment plan and continued to review its implementation to ensure the most efficient use of the funds and progress of its overall delivery.
- We worked with Irish Water to agree a process on creating a new connections charging policy across all 34 local authorities to benefit customers. The results of this analysis will form the foundation for a new Connection Charging Policy to be published in 2016.
- We continued to engage with other national key stakeholders in the wider environmental regulatory sector, including the Environmental Protection Agency (EPA) and learnt from other European regulators through our membership of the Network of European Water Service Regulators (WAREG)
- We engaged with Irish Water to develop a plan to establish Irish Water’s Non-domestic Tariff Framework to provide a clearer and fair suite of tariffs for water and wastewater services. We also established a Non-Domestic Water User Group to understand the needs and priorities of all non-domestic water and wastewater customers as future policies are developed.

Gas and Electricity Networks

- We revised the gas network entry tariff regime to facilitate the coming on stream of Corrib gas and provide investment signals to potential developers of new entry points. Changes at the gas entry points would have led to higher wholesale gas costs and a significant price increase without this reform.
- We successfully implemented new gas EU network codes, increasing transparency and enhancing access for Irish suppliers to wholesale gas markets.
- We completed the five-year electricity network review of the electricity networks system operators, ESB Networks and Eirgrid, ensuring that the utilities are able to develop and maintain the electricity network to a high standard in the most efficient way, and deliver secure electricity supplies. This five year review, which covers the period 2016 to 2020, will facilitate significant new investment in critical national infrastructure, driving efficiencies and incentivising innovation by the network companies and spreading the cost impact for consumers over the five year tariff period.
- While the current Gate 3 connection process delivered significant new connections to the grid in 2015, particularly of renewable energy, we launched a major new consultation on a revised electricity network connection policy.
- Natural gas demand has fallen in recent years, putting upward pressure on network tariffs and future customer bills. The CER approved proposals by GNI to help stimulate demand with minimal infrastructure investment to address this.
- We approved the connection of Listowel and Foynes to the natural gas grid.

Energy Markets

- We significantly enhanced our market monitoring framework, giving greater oversight of information to identify market issues and to take any necessary action in the interests of customers. This enhanced market monitoring and reporting regime provided better information and oversight of key developments in the market, including:
 - falling wholesale prices driving lower retail electricity and gas prices for consumers,
 - new entrants, more competition, deeper discounts and more innovative product and service offerings by suppliers,
 - continued active switching and more evidence of suppliers negotiating better deals with existing customers,
 - Further reductions in disconnections.
- We continued to gather the views of energy consumers through our annual consumer survey to identify key issues and develop policies to protect the consumer. The 2015 survey showed increasing satisfaction levels with suppliers, but an ongoing low level of consumer awareness and engagement with the energy market.

- We continued to monitor and audit compliance by suppliers with consumer protection requirements and identified several areas where further development was required due to the growth of supplier's offerings and different marketing and advertising strategies. This initiated a major consultation to take place in 2016 on the key consumer protection measures in the supplier handbook, which sets out minimum service requirements that suppliers must adhere to in their dealings with energy customers.
- We decided on the framework to ensure customers in debt may switch suppliers and access competitive offers.
- We significantly progressed the work, in partnership with the Utility Regulator in NI and through our membership of the SEM Committee to oversee regulation of the existing single electricity market and the re-design of a more competitive, interconnected and sustainable all-island electricity market. Significant consultation and engagement with industry throughout 2015 facilitated key decisions by the Single Electricity Market Committee on the I-SEM and DS3 projects, which included:
 - the detailed design of the new energy markets,
 - the designation of Eirgrid as the National Electricity Market Operator (NEMO),
 - Progressed the detailed rules development for other aspects of market design, including capacity markets, identification of measures to mitigate market power, and rules for access to cross border transmission capacity.
- We continued to play a role in the development of European energy policy as members of Council of Energy Regulators (CEER) and Agency for the Cooperation of Energy Regulators (ACER), contributing to the market monitoring reports to assess assessment on the development of competitive retail markets, as well as working groups implementing the pan-European internal energy market.
- We progressed several key areas of the National Smart Metering Programme (NSMP) including the transition from old mechanical meters to smart meters, the introduction of Time of Use tariffs within the programme based on customer choice and readiness, how Smart Pay As You Go will be integrated into the programme, the codes of practice for suppliers for smart metering and how the changes that smart meters will bring will be communicated to consumers.

Customer Complaints and Advocacy

- The Customer Care Team completed the first full year of handling water complaints and queries in respect of Irish Water.
- The Customer Care Team reduced from 29% to 12% the number of Complex Complaints outside our targeted timeline for resolution of 120 days and reduced the average time for resolving a Complex Complaint from 111 to 108 days.

Energy Efficiency 2015

The CER, as a public sector agency, is fully committed to playing its part in the achievement of energy efficiency (reduction) targets – currently 33% - across the public sector by 2020. Since 2011 the CER has appointed an Energy Manager and an Energy Management Team. The CER's Energy Policy was updated in April 2014.

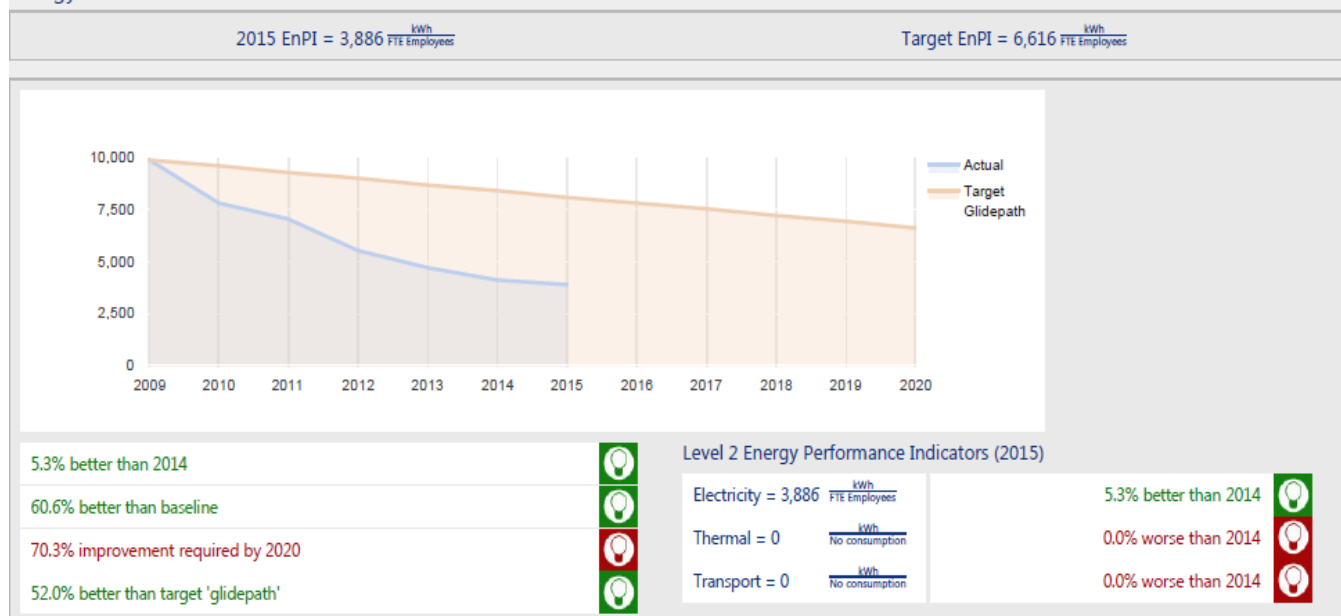
The CER is participating in SEAI's Public Sector Programme "The Public Sector Energy Partnership". The CER is an active member of Sustainable Energy Ireland (SEAI's) Energy Consumption in the Public Sector Programme.

The CER's objective for 2015 in this area continued to be exemplary performance in energy management and energy efficiency in the public sector.

With regards to awareness, the CER ran an Energy Efficiency Competition between the different floors in the office with frequent energy themed contemporary quizzes. It also promoted awareness through the implementation of signage and a dedicated Energy Efficiency Week of talks, films and events for all staff.

The initial results from the SEAI monitoring and reporting system demonstrate the CER has made strong progress in terms of achieving our energy efficiency target; those initial results indicate that we achieved 1st place in 2015 compared to the baseline year of 2009 for both savings compared to all public bodies and office based organisations, for the second year consecutively. Our challenge now is to maintain and improve upon this performance. To this end, the CER will be setting a revised, more stringent, energy savings target in 2016.

Energy Performance Indicators - 2015



Energy Usage

The CER's office accounts for 100% of its energy usage. During 2015, an estimated total of 163.89MWh of energy was consumed, consisting solely of electricity. This represents a decrease of 2.8 MWh on 2014 (-2%). The floor by floor breakdown of this 2015 figure is represented in the table below. This shows that the ground floor consumed the most electricity when compared to the other floors.

Floor	% of Total
Ground Floor	34%
First Floor	26%
Second Floor	22%
Third Floor	18%

In 2015 a degree day analysis was undertaken to assess the 2015 electricity consumption data in more detail. The aim of this study was to try and understand the CER's electricity baseload and as such the electricity consumption related to the HVAC heating system.

Separating out the electrical baseload and the thermal load revealed that the reduction in total electricity consumption was related to the electrical baseload of the CER offices and not the heating requirement of the building. The consumption related to the heating of the floor space actually showed an increase relative to 2014 (when normalised).

This increase was not linked to a decrease in annual temperatures, in fact the outside air temperature, on average, was higher in 2015 compared to 2014. This suggests that the use of the HVAC system to heat or cool the floor space needs to be considered more carefully in the 2016.

Statement of Best Practice

We wish to state that the CER continues and will continue to adopt best practice in the area of corporate governance in carrying out its functions and duties. In this regard, the CER is required to comply with the “*Code of Practice for the Governance of State Bodies*” which was published by the Department of Finance in October 2001 and updated in May 2009. The CER is committed to complying with the revised Code.

The CER is in compliance with the revised Code issued in May 2009 save for a few generic elements which are not relevant to an independent regulatory authority. The CER has agreed with the Department of Communications, Energy and Natural Resources on the extent to which requirements are adapted to the CER.

Procedures that the CER currently has in place in this regard include:

- A code of conduct for Commissioners and employees;
- Ensuring compliance with Irish and EU tendering and procurement requirements;
- CER Corporate Procurement Plan;
- Procedures for the disposal of assets;
- Compliance with Government Policy on the remuneration of Commissioners and members of staff;
- Provision of details of Members of the Commission’s emoluments and details of the Chairperson’s remuneration package within Financial Statements published with the Annual Report;
- Appointment of external expertise to perform the internal audit function. The report of the CER Audit Committee is included in the Financial Statements section of this Annual Report;
- Submission, to the Department of Communications, Energy and Natural Resources, of a statement confirming compliance with taxation laws and confirming that all tax liabilities are paid on or before the due date;
- Submission of “*Report on Compliance with the Code of Practice for the Governance of State Bodies*” to the Minister for Communications, Energy and Natural Resources with the Annual Report and Financial Statements;
- Completion of Strategic Plan - a new Strategic Plan covering the period 2014 to 2018 was completed in 2014.
- Development of an annual Work Programme to be submitted to the Minister by 30 November each year. The Work Programme for 2016 was published on the CER’s website on 22nd February 2015.
- Implementation of a Risk Management Policy, which is monitored by the CER;
- Establishment of a Risk Committee;

- Implementation of a policy on foreign travel; and
- Adoption of a policy for confidential disclosures regarding possible irregularities in financial reporting.

The Commission met formally on 58 occasions in 2015 and the number of Special meetings was 3. Chairperson Garrett Blaney attended 46 Commission meetings and 2 Special Commission meetings. Commissioner Paul McGowan attended 52 Commission meetings and 3 Special Commission meetings. Commissioner Aoife MacEvilly attended 55 Commission meetings and 3 Special Commission meetings.

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.



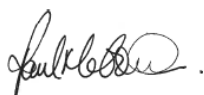
Garrett Blaney

Chairperson



Aoife MacEvilly

Commissioner



Paul McGowan

Commissioner

Background to the Annual Report

Report Structure

This Annual Report provides an overview of the CER's key work items and achievements in 2015. While the Annual Report is designed to provide an update on the CER's progress in achieving its strategic goals during the year, many of the CER's work items are ongoing and will continue into and in some cases beyond 2015.

As part of the CER's business planning process a large number of work items were identified for commencement, continuation or delivery during 2015. The following section of this Annual Report focus primarily on the work carried out by the CER in meeting these key strategic tasks, and related matters, in 2015.

The Report then informs on the outcomes against the "Key Performance Indicators" (KPIs) which were agreed with the Department of Communications, Energy and Natural Resources as part of Department of the Taoiseach's "Better Regulation" drive.

Finally, the audited Financial Statements for the year ended 31st December 2015 are provided at the end of this Annual Report.

Energy Safety

Upstream Energy Safety Regime

Petroleum Safety

The CER commenced regulating upstream petroleum exploration and extraction activities in December 2013 in accordance with its functions under the *Petroleum (Exploration and Extraction) Safety Act 2010* (the Act). The regulations are supplemented by a collection of written regulatory documents and procedures –collectively titled the Petroleum Safety Framework (the Framework). All documents are available via the Energy Safety -Petroleum section of the CER website.

The main functions of the CER under the Act are to:

- Regulate designated petroleum activities with respect to safety;
- Issue safety permits;
- Monitor and enforce compliance by petroleum undertakings;
- Investigate and report to the Minister on petroleum incidents; and
- Provide safety information to the public, when appropriate.

Safety Permits

Petroleum undertakings must obtain a safety permit from the CER prior to carrying out designated petroleum activities, including well work, production and decommissioning activities. During 2015, the CER undertook four assessments of applications for safety permits.

In November 2014, the CER commenced the assessment of the safety permit application for the PSE Kinsale Limited/PSE Seven Heads Limited production activities. The assessment of the safety permit application continued throughout 2015 and was completed January 2016.

In December 2014 the CER received a safety permit application for well work with respect to the Corrib gas field. This assessment was completed in March 2015 and a safety permit was issued for the well work, which commenced in June 2015.

In April 2015 CER received and commenced the assessment of a safety permit application for well work activity for a PSE Seven Heads exploration well. The assessment was completed in July 2015 and a safety permit was issued for the well work, which commenced later that month.

In May 2015 the CER assessed a temporary material change application for the existing Shell Exploration and Production Ireland Limited (SEPIL) production safety permit SP01. This assessment was completed in June 2015 and a new safety permit issued to incorporate the temporary material change to the originally accepted safety case.

Table 1: Completed safety permit application assessments by the CER 2015

Safety Permit Type	Application date	Petroleum Undertaking(s)	Application Status
Well Work	December 2014	SEPIL Statoil Vermilion	SP10 permit issued March 2015. Well work completed
Well Work	April 2015	PSE Seven Heads Limited Lansdowne Celtic Sea Limited	SP11 permit issued July 2015. Well work completed
Production (temporary material change)	May 1 st 2015	SEPIL Statoil Vermilion	SP 01B permit issued June 11 th 2015.

The safety permit SP01B for SEPIL and partners production activity was the only safety permit in operation at the end of 2015.

Monitoring compliance - Audits and Inspections

During the assessment of applications for safety permits and following the issuance of safety permits, the CER carries out audits and inspections of the petroleum activities. In 2015, these included:

- The offshore inspection of drilling rigs prior to entering Irish waters;
- The offshore inspection of the well work activities on location during operations in Ireland;
- The offshore inspections of the Kinsale Alpha and Bravo platforms; and
- The onshore inspection of the Corrib gas field terminal at Bellanaboy, Co. Mayo.

Reports of Audits and Inspections (ROAIs) were issued to the petroleum undertakings for each of the inspections above. Petroleum undertakings were required to submit a plan to the CER for addressing the findings set out in the ROAIs within one month of receipt of the ROAI. In all cases in 2015, the petroleum undertakings responded to the ROAI with a plan for addressing the findings within the required month. The findings of the inspections are also tracked by CER as part of its ongoing monitoring function. This tracking ensures all actions and findings are closed out to CER satisfaction.

Enforcement Actions

The CER issued enforcement actions in 2015 against a production activity following identification of a non-compliance. As the non-compliance was associated with a designated petroleum activity being carried out under two separate safety permits, two *Directions to Submit an Improvement Plan* were issued.

The non-compliance was identified as part of CER's ongoing compliance assurance activities and related to the provision of a safe refuge, as required by the Safety Case Guidelines. The CER directed the petroleum undertaking to submit an improvement plan specifying the actions proposed to

return the activity to a state of compliance with the approved safety case. The petroleum undertaking submitted the Improvement Plan and on review, the CER was satisfied that the Improvement Plan submitted was adequate. Progress against the Improvement Plan is monitored until the actions are closed out.

Petroleum Incidents

All petroleum undertakings were required to report on petroleum incidents to the CER in 2015, regardless of whether they held a safety permit or not. Guidance for petroleum undertakings for the reporting of petroleum incidents is provided in the CER document *Guidance for Notification of Petroleum Incidents*. The guidance document provides the full list of incident types as referenced in the following table. It should be noted that the numbers below include all well work and production activities in 2015.

Table 2: Petroleum incidents reported to the CER in 2015

Incident Reference	Incident Type	Number reported
B1	<i>Injury to worker resulting from a designated petroleum activity</i>	6
E	<i>Failure or malfunction of plant and equipment used as part or in a manner closely associated with petroleum infrastructure</i>	6
F1+F17	<i>Uncontrolled fire or explosion</i>	1
F2	<i>Uncontrolled release of petroleum gas that could have resulted in a fatality or a serious injury</i>	1
F4	<i>Uncontrolled release of a non-petroleum hazardous substance that could have resulted in a fatality or a serious injury</i>	1
F7	<i>Instance of a stand-by vessel not being in a position to provide rescue to persons on offshore petroleum infrastructure</i>	4
F9	<i>Mustering on onshore or offshore petroleum infrastructure, other than for planned drills</i>	22
F11	<i>Activation of a blow-out prevention or diversion system, or activation of any other emergency shutdown device to provide well control</i>	1
Total 2015		42

Each petroleum incident notification received was reviewed by the CER and a determination was made as to the extent of incident investigation required on a case by case basis. Where it was deemed that further information on the petroleum incident was required, this was requested from the petroleum undertaking and obtained in each case.

As with the review and recording of the safety reports, the CER reviews petroleum incidents received as part of its overall regulation of the petroleum undertakings. This means that while an individual petroleum incident as set out above may have been closed to the satisfaction of the CER at the time of the incident, the CER retained and exercised its right to follow up on the topic in question during future audits and inspections of the petroleum undertaking.

Further information on the incidents is as follows:

With regard to B1 incidents, all injuries were of a minor nature and resulted in the injured person either returning to work the following day or put on light duties.

With regard to the F1+F17 incident, the notification related to office waste management activities where a minor fire broke out inside the back of the shredding truck. The CER carried out a desktop investigation of the incident following which further information on the incident was requested from the petroleum undertaking. On receipt and review of an investigation incident report from the petroleum undertaking no further action was required by CER.

With regard to the F2 incident, the notification related to a gas leak of approximately 6kg due to a defective blank fitting. The CER carried out a desktop investigation of the incident following which further information on the incident was requested from the petroleum undertaking. On receipt and review of an investigation incident report from the petroleum undertaking no further action was required by CER.

With regard to the F4 incident, this was reported due to the potential for the release of combustion gases due to equipment failure. On activation of the associated alarms, the appropriate remedial actions were taken by the petroleum undertaking and the equipment was shut down until the internal incident investigations were progressed. On receipt and review of the information from the petroleum undertaking, no further action was required by CER.

With regard to the F7 incidents, the majority of notifications related to the stand by vessel for an offshore installation returning to shore for safety reasons due to adverse weather. Such actions can be taken by petroleum undertakings for safety reasons when adverse weather is present. On receipt of the notifications, the CER reviewed the procedures in place and discharged by the petroleum undertaking while the stand by vessel is off station. No further action was required.

With regard to the F11 incident, the notification related to a planned activation of a blowout preventer as part of a well work activity. Although this step was planned by the petroleum undertaking, it was required to be reported to the CER as per the Petroleum Incident Regulations stating that “any activation of a blow-out prevention or diversion system...” must be reported. This planned step was in line with the associated well work program and therefore the CER required no further information.

With regard to the E and F9 incidents, the majority of notifications related to commissioning activities of the SEPIL and partners production activity. During steady state operations, this number of incident notifications relating to these incident types would not be expected. However, during commissioning activities the likelihood of such occurrences is increased as safety systems are being tested. The CER carried out a desktop investigation of each incident following which further information on the incidents were requested from the petroleum undertaking. On receipt and review of the information from the petroleum undertaking, no further action was required.

Implementation of the Offshore Safety Directive 2013/30/EU

The CER continued its work on the implementation of the Offshore Safety Directive throughout 2015. Following the successful transposition of the Offshore Safety Directive via the *Petroleum (Exploration and Extraction) Safety Act 2015* in July 2015, in September the CER developed and consulted on updates to a number of key documents under the Framework. The finalised documents were published in November. A consultation process on updates to the remaining Framework documents commenced in November 2015. The decision papers on these documents are scheduled for publication in Q1 2016.

The CER also commenced work on updating a number of Memoranda of Understanding with other state agencies to incorporate its new functions under the *Petroleum (Exploration and Extraction) Safety Act 2015*. This work is scheduled for completion in 2016 once the Framework goes live.

International Engagement

The CER continued to actively engage with European safety regulators through the North Seas Offshore Authorities Forum (NSOAF). Petroleum Safety team representatives participated in the NSOAF EU Working Group, the Wells Working Group and the Health, Safety and Environment Working Group.

The CER also attended and actively engaged with the European Union Offshore Authorities Group (EUOAG). The EUOAG was set up in 2013 under Directive 2013/30/EU on the Safety of Offshore Oil and Gas Operations (the 'Offshore Safety Directive') and its objectives include the sharing, prioritisation and supervision of the development of guidelines on best practice and the rapid exchange of information on incidents. During 2015, the focus of EUOAG was on the implementation of the Offshore Safety Directive. The CER also input to multiple associated EUOAG deliverables including the development of the guidance for reporting petroleum incidents across the EU.

Downstream Energy Safety Regime

Regulatory Schemes for Gas Installers and Electrical Contractors

Under the *Electricity Regulation Act 1999*, as amended, the CER has statutory responsibility for regulating certain activities of gas installers (e.g. new installations, replacement or servicing of existing appliances) and electrical contractors with respect to safety. In order to fulfil its functions, the CER appoints Safety Supervisory Bodies (SSBs) to operate regulatory schemes for Registered Gas Installers (RGIs) and Registered Electrical Contractors (RECs).

The schemes are underpinned by Criteria Documents which set out the manner in which they are to be operated, including the responsibilities of the SSBs, RGIs and RECs. Both schemes maintain a system of registration and require certification of the work undertaken. In order to provide assurance to the CER that the SSBs are fulfilling their obligations under the relevant Criteria Document, the SSBs report against a series of safety metrics on a quarterly basis. This allows the CER to identify trends across the gas and electrical schemes. Throughout 2015, the CER also carried out a schedule of audits and inspections of the supervisory bodies.

As the existing contracts with SSBs were due to expire, during 2015, the CER undertook a public procurement process to appoint a Gas Safety Supervisory Body and an Electrical Safety Supervisory

Body for a seven period commencing January 2016. This process resulted in the appointment of the Register of Gas Installers of Ireland Ltd. (RGI) and the Registered Electrical Contractors of Ireland Ltd. (RECI) (operating under the Safe Electric brand) for the period from 2016 until the end of 2022.

Statistics for Gas Installers and Electrical Contractors

During 2015, the CER continued to monitor the performance of the gas installer and electrical schemes and to work towards improving the schemes.

The data provided by the supervisory body shows that there were 3,063 RGIs in Ireland 2015. This number has remained relatively stable over the last number of years. The sale of certificates also remained strong with 241,778 certificates relating to the servicing of appliances, 16,580 relating to boiler replacement and 9,644 relating to new gas installations.

Figures for the electrical scheme, which is branded as Safe Electric, show that the number of RECs increased during 2015 from 4,065 to 4,215. The number of certificates sold during 2015 (148,678) continued to increase with certificate sales up 20% overall compared to 2014. In particular, certificates in relation to minor works (e.g. the relocation of a light switch or the provision of an additional socket to an existing radial circuit) increased significantly by 24%, compared to 2014. Sale of domestic type certificates (<50kVA type cert) continued to steadily improve during 2015 increasing by 24%.

Electrical and Gas Safety Prosecutions

Since the 1st October 2013, by law only RECs can carry out Restricted Electrical Works, i.e. electrical work in domestic premises. Minor electrical works such as like for like changes, changing a switch, adding a socket to an existing circuit or moving a light fitting, are not covered by this legislation. It is also a legal requirement that only RGIs may carry out Gas Works as defined in S.I. 225 of 2009 and S.I. 299 of 2011. It is a criminal offence for an individual or a company to describe him/her/itself as an REC or and RGI, or in a manner likely to suggest he/she/it is a REC or an RGI, when not registered.

In 2015, the CER brought two cases of alleged illegal electrical works before the courts. Of these, one case was unsuccessful and the other case was put forward to February 2016. The CER subsequently achieved a successful prosecution in this case and the unregistered party was sentenced to six months imprisonment.

During 2015, the CER commenced 53 investigations relating to allegations of non-registered parties carrying out Gas Works, describing themselves as registered or describing themselves in a manner likely to suggest they were registered. Of these, 15 successful prosecutions were undertaken by the CER in this area in 2015. These prosecutions took place in Dublin, Laois, and Wexford.

There have now been a total of 4 successful prosecutions since the introduction of Restricted Electrical Works into the Safe Electric regulatory scheme and 26 successful prosecutions since the introduction of the RGI regulatory scheme.

Competency Assessment

In order to ensure that all RGIs remain competent to carry out Gas Works, they are required to pass an assessment that has been accredited to the ISO/IEC 17024 standard every five years. Throughout 2015 the CER has continued to oversee the interaction between industry stakeholders, certification bodies, training providers and accreditation bodies to facilitate the implementation of the domestic gas assessment.

Non-Domestic Gas Works Consultation

At present, the requirement to be registered to carry out Gas Works refers only to works conducted on domestic type appliances. The CER had previously indicated its intention to consider the extension of the RGI regulatory scheme to designate those works on gas fittings designed to be used by commercial gas customers as Gas Works. To this end, the CER published consultation paper in 2014, followed by a proposed decision paper in May 2015 and final decision paper in October 2015. The final decision paper sets how the existing scheme will be extended to include non-domestic gas works, and in particular, the types of works to be included. The CER has committed to the development of an industry working group and the publication of next steps paper in 2016.

Gas Safety Framework

The CER has statutory responsibilities relating to the safety of gas customers and the general public as regards the shipping, supply, storage, transmission, distribution and use of natural gas, as well as with regard to certain specified LPG undertakings.

The CER discharges these responsibilities through the ongoing operation of its Gas Safety Regulatory Framework, which was initially published in October 2007. During 2014, an updated version of the Gas Safety Framework High Level Approach Document was published¹ to reflect legislative developments.

Safety Cases & Material Changes Assessments

During 2015, five new natural gas undertakings submitted safety cases to the CER for assessment. These were all from shipper undertakings. Additionally, CER continued to assess material changes to existing safety cases. This included the assessment of a safety case submitted by GNI as a result of a material change regarding the transfer of the network from Gaslink to GNI.

CER also received two LPG safety cases in 2014 – the first such safety cases submitted following the inclusion of LPG undertakings operating piped distribution networks to multiple domestic customers in the Gas Safety Framework that year. The assessment of these safety cases was progressed during 2015, following which they were accepted and LPG Safety Licences issued to both undertakings.

¹ Gas Safety Regulatory Framework for Ireland – High Level Approach Decision Paper [CER/14/296](#)

The table below provides a list of all undertaking whose safety cases have been accepted by the CER to the end of 2015.

Table 3: List of accepted undertaking safety cases in 2015

Undertaking/Licensee	Transmission	Distribution	LPG Distribution	Gas Storage	Shipper	Shipper/Supplier
Aughinish Alumina					✓	
Bord Gáis Energy						✓
Calor Teoranta			✓			
Energia						✓
Electric Ireland						✓
ESB Energy International					✓	
ESB Independent Energy						✓
Flogas Ireland Limited			✓			
Flogas Natural Gas Ltd						✓
Gas Networks Ireland	✓	✓				
Gazprom Marketing & Trading Retail Ltd						✓
Huntstown Power					✓	
Manx Utilities					✓	
PSE Kinsale Energy				✓	✓	
SSE Airtricity						✓
Statoil Exploration Ireland Limited					✓	
Statoil Gas Hibernia Ltd					✓	
Shell Energy Europe Limited					✓	
SSE Energy Supply Limited					✓	
Tynagh Energy Ltd					✓	
Vayu Ltd						✓
Vayu Energy Limited					✓	
Vermilion Energy Ireland Limited					✓	

Update of the Framework

The Framework also includes a set of supporting documents that provide guidance to undertakings to assist them in meeting their obligations. During 2015, the CER published a proposed policy document providing guidance as to how safety risks can be managed to a level that is as low as reasonably practicable (ALARP). Undertakings are required to document an ALARP assessment in any safety case they submit to the CER. The CER will carry out an assessment of the safety case and

decide whether the activity can proceed. The policy document will assist undertakings in their ALARP demonstrations.

Also during 2015, the CER commenced updating the Safety Case Guidelines for Natural Gas and LPG Licensed Undertakings to assist gas undertakings in the development of their gas safety cases for submission to the CER.

A final ALARP Guidance Policy Document² and a Decision Paper on the Safety Case Guidelines for Natural Gas and LPG Undertakings³ will be published in Quarter 1 of 2016.

Monitoring and compliance - Audits and Inspections

As part of the overall Gas Safety Framework, CER completes an annual programme of audits and inspection of undertakings against elements of their safety cases. The topics to be included in the programme are decided upon by taking into account previous audit and inspection findings, incident reports and safety case risk ratings.

In 2015, a total of eleven audits and inspections were carried out on Gas Networks Ireland, the distribution and transmission system operator (DSO/TSO)). This included three inspections and one audit on the distribution network and four inspections and two audits on the transmission system. There was also one joint distribution and transmission inspection.

A total of four gas shipper and supplier audits were completed in 2015. The purpose of these audits is to ensure compliance with the Framework and to verify that previously raised actions had been addressed satisfactorily.

Enforcement Actions

The enforcement powers of the CER regarding both Natural Gas and LPG were expanded under the 2012 Act. These were incorporated into the Framework and act to significantly reinforce and strengthen the CER's role and powers as Energy Safety Regulator. These powers are progressive in nature and enable the CER to require an undertaking to submit an Improvement Plan, comply with an Improvement Notice or Prohibition Notice and the restriction of certain activities in certain circumstances. In the event of non-compliance or inadequate compliance by the natural gas or LPG undertaking with specified enforcement actions taken by the CER, the CER can bring criminal prosecutions against natural gas or LPG undertakings.

There was one formal enforcement action imposed with respect to the natural gas transmission network in 2015. During the course of a routine inspection at a Transmission Above Ground Installation (AGI), significant deficiencies were noted with respect to site security and pipeline supports. Due to the strategic importance and perceived seriousness of the deficiencies, CER issued a Direction to submit an Improvement Plan to GNI (at the time Gaslink) under section 9JA of the Electricity Regulation Act 1999, as amended. The Direction was issued to Gaslink on 3 July 2015 and

² Policy paper, ALARP Guidance Part of the Petroleum Safety Framework and the Gas Safety Regulatory Framework, was published on 29 March 2016, [CER/16/106](#).

³ Decision paper, Gas Safety Regulatory Framework for Ireland Gas Safety Case Guidelines for Natural Gas & LPG Licensed Undertakings, was published on 29 March 2016, [CER/16/101](#).

the Improvement Plan was submitted to the CER within the required timeframe. The CER was satisfied that the Improvement Plan submitted was adequate.

Gas Safety Incidents

As set out below, formal reporting arrangements are in place whereby undertakings must report specified incidents to the CER. Once an incident has been reported, the CER may seek further information regarding the incident from the undertaking involved. Depending on the nature of the incident, the CER may carry out an investigation as to the cause and circumstances of the incident. If appropriate, other agencies may be involved in this investigation. The CER uses any knowledge gained from the outcome of the investigations to help further develop safety policy and to inform promotion and public awareness activities for safe use of natural gas and LPG.

Reportable incidents – natural gas and LPG

Under the terms of their licence, all natural gas and LPG undertakings are required to report specific categories of incidents to the CER. The categories of “reportable” incidents are

- Type A which involve a fatality;
- Type B which involve inpatient hospital treatment of individuals; and
- Type C which involve property damage in excess of €6,350 (natural gas) or €6,500 (LPG).

During 2015, there was one Type C incident reported to the CER. The incident resulted in damage to property caused when an LPG cylinder was placed on top of an electric cooker during a power outage and subsequently exploded when the power was restored.

Incidents reportable under guidance – natural gas

In addition to “Reportable” incidents involving natural gas, the CER may also be notified of other incidents by Gas Networks Ireland where they are of the view that CER may be concerned or interested in the findings associated with the event(s). These incidents are referred to as “Reportable under Guidance” (RuG) incidents. During 2015, a total of 24 such incidents were reported to CER by GNI. These incidents included those involving suspected release of carbon monoxide from the use of natural gas, downstream customer related incidents and third part damage to the gas distribution or transmission networks. On investigation by CER, four of the incidents did not strictly meet the criteria, as defined in the Gas Safety Framework and, in the case of a further three incidents, the causes were not related to natural gas of GNI.

Voluntary reporting - LPG

In addition to “reportable” incidents involving LPG, undertakings may voluntarily report incidents where they are of the view that it would be desirable to report these to the CER. Two such LPG incidents were voluntarily reported to the CER in 2015. The causes of these incidents were an explosion and carbon monoxide.

Promotion and Public Awareness

Increasing public awareness of safety issues regarding electrical and gas issues is a key objective for the CER. In light of this, public awareness campaigns highlighting these issues were undertaken by the CER and other stakeholders, in 2015. Further detail is provided below.

Electrical Safety Promotion and Public Awareness

In 2015 the CER ran a “Safe Electric” safety awareness campaign. This was run across multiple media including TV, radio, press and online. The campaign emphasised that only a Registered Electrical Contractor (REC) can carry out Restricted Electrical Works, i.e. electrical work on domestic installations (excluding Minor Works) and highlighted the importance of asking for a certificate when the work is complete. It also highlighted that it is an



offence for a non-registered contractor to describe themselves as a REC or act in a manner likely to suggest that they are a REC. The advertisements directed people towards the www.safeelectric.ie website for more information. Results from consumer awareness surveys carried out in 2015 show that awareness of the Safe Electric scheme and the need to only hire a REC to carry out electrical work in the home increased.

Gas Safety Promotion and Public Awareness

The 2015 promotion programme continued to focus on developing awareness amongst the general public of the RGI scheme and Carbon Monoxide (CO) safety. One of the highlights of the 2015 campaign was the Carbon Monoxide Awareness Week held in September 2015, as further outlined below.

The programme of campaigns used a range of mediums to develop public awareness and generally includes on an on-going basis:

- Carbon Monoxide Awareness Week;
- Gas escapes awareness through TV, radio and national press;
- Carbon Monoxide awareness and prevention with TV, radio, leaflets, posters, national and local press;
- Promotion of the RGI scheme and the need to use a Registered Gas Installer through TV radio, national press;
- Increased vigilance when working in the vicinity of buried gas apparatus through national and local press and trade journals;
- Advertising of emergency details, advice and contact information;
- Instructions to landowners with gas pipelines on their property through on site advice, liaison and instruction leaflets; and
- Gas safety leaflets circulated with gas bills.

Carbon Monoxide Awareness Week

Carbon Monoxide Awareness Week took place from Monday 21st to Sunday 27th September 2015. This involved a PR launch with the Minister for Communications, Energy and Natural Resources, Alex White, together with advertising, radio, press on-line, social media and television campaigns where the risk of Carbon Monoxide poisoning and the importance of Carbon Monoxide alarms were discussed. An important element of the campaign was the active involvement of people directly affected by Carbon Monoxide.



The objective of the awareness week was to create and maintain awareness of the dangers associated with Carbon Monoxide and to communicate the preventative measures that the public should take.

The three core messages of the campaign were:

- Carbon Monoxide can be released by any fuel that burns, including coal, turf, oil, gas and wood;
- Get fuel-burning appliances serviced and chimneys swept every year;
- Install an audible carbon monoxide alarm in your home.

To find out more about Carbon Monoxide causes, symptoms, prevention and protection measures, call **1850 79 79 79** or visit **www.carbonmonoxide.ie**.

Energy Networks

Gas

The Commission for Energy Regulation (CER) is responsible for the economic regulation of the Irish gas network and the supply of gas to end customers. The CER aims to make sure that the gas network in place meets the needs of the Irish gas customer at a reasonable and efficient cost.

The CER sets the tariffs for access to and the use of the gas distribution system and transmission system. These tariffs are paid by end customers connected to the gas distribution system. Furthermore, the CER has statutory duties to protect and monitor security of supply of natural gas and to establish policies to ensure adequate gas levels.

The following details work completed by the CER's gas regulation team during 2015:

Implementation and Development of EU Network Codes

As part of the EU Third Package a suite of Network Codes were introduced in 2015. These Network Codes establish rules for the wholesale gas market that apply at interconnection points. During 2015 the Capacity Allocation Mechanism (CAM), Balancing (BAL) and Interoperability & Data Exchange (I &DE) Network Codes came into force across all Member States.

As part of the implementation of these changes the CER in its capacity as Chair of the Code Modification Forum worked with the TSO and industry to implement these rules for the 1st October. These Network Codes were successfully implemented on time. Both the CAM and Interoperability & Data Exchange Network Codes were implemented in full. For the Balancing Network Code the TSO is applying interim measures, which results in a phased approach up until 2019.

The CER worked with fellow regulators in Northern Ireland (NIAUR) and Great Britain (Ofgem) as well as the Transmission System Operators across the UK and Ireland on the commercial arrangements underpinning gas flows between Britain and Ireland. To ensure compliance with the Network Codes, the CER worked closely with fellow National Regulatory Authorities and Transmission System Operators and implemented the requirements in time for 1st October.

Finally, during 2015, the draft Network Code on Harmonised Transmission Tariff structures moved to the comitology stage of the process. The CER provided support and advice to Department of Communications Energy and Natural Resources (DCENR) as part of this process. In addition, the CER also provided input into the drafting process via the Agency for the Cooperation of Energy Regulators (ACER) Gas Working Group and Agency for the Cooperation of Energy Regulators Taskforce on Tariffs.

The successful implementation of the EU Networks codes further underpinned the competitiveness and security of the Irish gas network. It increased transparency and enhanced access to competitive wholesale gas markets for Irish shippers and suppliers. This work also clarified and underpinned the commercial arrangements for NI shippers and suppliers to access wholesale gas markets.

Gas Entry Exit Tariff Methodology

As part of the economic regulatory remit of the CER, five yearly price controls are established for Gas Networks Ireland. These Price controls set out the revenue requirements for Gas Networks Ireland which are remunerated via network tariffs. As early as 2010, it was identified that the methodology used to remunerate transmission revenues needed reform. This was because reduced throughput

from Moffat (due to new sources of gas coming on stream) would have increased the unit Moffat entry tariff, which sets the price of wholesale gas in Ireland.

This higher Moffat entry tariff would in turn have pushed up the wholesale price for gas in Ireland, as other entry points supplying gas would have been free to price up to, or just under the higher wholesale cost of gas. Therefore, although Ireland would have enjoyed more diverse sources of gas this would have come at a significantly higher price to consumers.

In 2011, the CER began the reform process and set out the rationale and principles that would endure after the reform had taken place. This included a decision to base future reform on a forward looking cost concept, which is the cost of expansion of the system. This is in contrast with the methodology then in use which was focused on recovering the historical revenues of Gas Networks Ireland. At the same time as the CER was undertaking the reform of the tariff methodology, the European Commission was also developing a Network Code on Tariffs. So as to future proof the new methodology as much as possible, the CER decided to base its reforms on the emerging European thinking on the matter.

Between 2014 and 2015 the CER undertook an extensive consultation process, which included the establishment of the Network Tariffs Liaison Group (NTLG). This group consisted of the main gas industry participants and included producers, suppliers and the Transmission System Operator (TSO) and met eight times between 2014 and 2015 before the finalisation of the CER decision on the methodology. In addition, the CER also held a public workshop in 2015 to alert the wider gas industry (such as gas users) of the reform process that was being undertaken.

In May 2015 the CER published its Draft Decision which outlined the methodology which the CER proposed to implement. The choice of methodology is known as a forward looking Matrix. This Draft Decision Paper assessed the various methodologies which the CER had modelled against a set of criteria. This Draft Decision paper was followed by the final decision paper in July 2015. This decision directed Gas Networks Ireland to develop a Matrix methodology approach which would be used to set tariffs for entry onto and exit off the transmission system.

The successful implementation of the new methodology was completed in time for the coming on stream of the new Corrib entry point in 2015 and avoided a price increase for all consumers that would have arisen under the old tariff regime. It also provides a stable regime with efficient signals for potential new entry points to the Irish gas network.

Annual Network Tariffs

The CER is responsible for setting the network tariffs that Gas Networks Ireland can charge for access to both the transmission system and the distribution system. The network tariffs are reviewed each year in August and set for the following gas year which runs from 1st October to the 30th September. In August 2015, the CER set the transmission tariffs using the new Matrix methodology. Transmission tariffs apply to the three active entry points, namely Moffat, Inch and Bellanaboy.

In addition, there is one postalised exit tariff which applies when gas exits the transmission system, either into the lower pressure distribution system or to a directly connected site such as a power plant. The CER also sets tariffs for use of the distribution system, which is the lower pressure system where businesses and households are connected. These tariffs are set at the same time as the transmission tariffs.

Overall, while there was significant change in the methodologies for calculating the tariffs, the outcome for consumers was broadly neutral, with little or no change to their network charges.

Revenue Protection

Gas Networks Ireland's Revenue Protection Team aims to prevent meter tampering of Gas Networks Ireland's gas meters. Tampering with a gas meter is illegal and a serious public safety concern. As such, Gas Networks Ireland is actively attempting to prevent any instances of meter tampering.

The CER continued to engage with industry and Gas Networks Ireland regarding the implementation of Gas Networks Ireland's Revenue Protection processes which aim to deter meter tampering. Finalisation of Revenue Protection processes are expected in 2016.

Connections Policy

The Gas Networks Ireland Network Development Plan 2014-2023 indicated that aggregate annual gas demand across the system is expected to fall by 6% over a ten year period. Given that the gas network costs are largely fixed, this declining demand would lead to an increase in unit network tariffs in the long run, and ultimately consumer bills. To address this Gas Networks Ireland submitted a number of proposals aimed at stimulating demand efficiently (without significant addition of infrastructure), this included proposed amendments to their Connections Policy. The Connections Policy is a document that sets out the detailed criteria for the evaluation of extensions to the gas network, including extensions to towns not currently served by natural gas.

In January 2015, the CER issued a Consultation Paper on Gas Networks Ireland's proposals to amend the Connections Policy (Version 3). The proposals from Gas Networks Ireland aimed to stimulate an increase in gas demand while not requiring significant infrastructural investment.

The proposed amendments to the Gas Networks Ireland Connections Policy are one part of a demand side strategy, known broadly as Gas Networks Ireland's "Infill Strategy". This strategy aims, inter alia, to increase penetration of the gas network in a cost effective manner.

In September 2015, the CER issued its decision with regard to the proposed amendments submitted by Gas Networks Ireland. The aim of the amendments are to facilitate connections to the existing gas network while minimising the need for further infrastructure investment by Gas Networks Ireland. A new Connections Policy (Version 4) was published in September 2015.

The CER will continue to monitor the effect of the changes to the Gas Networks Ireland Connections Policy, to this end Gas Networks Ireland will prepare a formal report evaluating the effectiveness of the changes. This report will be submitted to the CER with any further amendment proposals in 3 years (submitted by August 31st 2018).

New Towns

The CER assesses the connection of new towns to the natural gas grid based on submissions from Gas Networks Ireland.

The economic viability of new town connections is determined by economic test.

In September 2015, the CER received a submission from Gas Networks Ireland regarding the connection of Listowel and Foynes to the natural gas grid. The CER approved the connection of the two aforementioned towns in 2016.

Compressed Natural Gas

The CER has a duty with regard to the licensing of the supply of natural gas to end users, this includes users of natural gas for vehicular transport. In 2015, the CER issued a Consultation Paper regarding the potential licensing arrangements suitable for the suppliers of Compressed Natural Gas for vehicular transport as the Natural Gas Supply Licence was not suited to the supply of natural gas to vehicles.

The CER received nine responses to the Consultation. The CER will issue a final decision in 2016.

Gas and Electricity Security of Supply

The CER actively participated in EU Gas Co-ordination group meetings throughout 2015, which resulted in the updating of Ireland's 2014-16 National Preventive Action Plan and 2014-16 National Gas Supply Emergency Plan. Additionally, the CER submitted its Annual Report to the Minister for Communications, Energy and Natural Resources regarding the CER's implementation of Regulation (EU) 994/2010.

As part of the CER's role in ensuring electricity security of supply, the CER launched a review of existing fuel stock obligations on electricity generators operating in Ireland (CER/15/213). The objective of the review is to assess whether changes to existing fuel stock obligations (as specified in CER/09/001) are merited following recent market changes including increased interconnections, new sources of indigenous gas and the opening and closure of generation plants.

Following the conclusion of its review, the CER intends issuing a decision paper in 2016.

Additionally, during 2015, the CER inputted into the development of the EU Commission's second Projects of Common Interest (PCI) list, and hosted Gas Electricity Emergency Planning Group meetings in order to facilitate a co-ordinated approach to emergency planning by Ireland's gas and electricity Transmission System Operators (TSOs).

Licensing, Authorisations and Gas Consents

In accordance with EU Directive 2009/73/EC ("the Directive"), Regulation (EC) 715/2009 and S.I. No. 16 of 2015, the CER, as Ireland's National Regulatory Authority (NRA), is required to certify whether Ireland's gas Transmission System Operator (i.e. Gas Networks Ireland) is "effectively unbundled". On the 31st of July 2015, the CER received a Full Ownership Unbundling (FOU) certification application on behalf of Gas Networks Ireland and its wholly owned and controlled subsidiary GNI-UK.

Following a review of Gas Networks Ireland's FOU certification application, the CER issued its preliminary certification decision to the EU Commission (30th November 2015). The CER's preliminary certification decision confirmed the CER's intention to certify Gas Networks Ireland as FOU compliant in 2016. Gas Networks Ireland was certified in 2016.

Miscellaneous General Network Issues

In accordance with Article 22 of EU Directive 2009/73/EC, the CER launched a public consultation (CER/15/203) on Gas Networks Ireland's 2015 Ten Year Network Development Plan (NDP). Having considered responses received, the CER deemed that Gas Networks Ireland's NDP was consistent with ENTSOG's community wide TYNDP, and was subsequently approved by the CER (CER/15/231).

Energy Networks

Electricity

The CER has a wide range of functions related to the operation of the electricity networks in Ireland. Firstly, the CER regulates the allowed revenues and network charges of the monopoly utilities that operate and own electricity networks (Electricity Network Revenue Review).

Secondly, the CER sets the policy for a fair and non-discriminatory access to the network, and resolves disputes that network users may have with network companies with respect to connection to and use of the networks (Connection and Grid Access Policy).

Further, the Government policy to achieve the 2020 renewable targets poses significant challenges to the electricity system, and the CER must ensure that the electricity system operates in a safe and secure manner, despite the increasing levels of wind generation (DS3 Programme).

Lastly, the CER oversees the amendments of the transmission and distribution codes and ensures that the operation of the Irish electricity system is in line with the European regulations, in particular the European Network Codes (Transmission and Distribution Codes).

During 2015, the CER's Electricity Networks team focused on the following areas:

Electricity Networks Revenue Review

The CER regulates the level of revenue which the electricity System Operators and Asset Owners can recover from customers to cover their costs. ESB Networks owns the entire network; it also operates the lower voltage distribution network, while EirGrid operates the higher voltage transmission network. Electricity transmission and distribution systems are natural monopolies. If unregulated, these monopolies could be inefficient and impose prices that were too high.

As set out in legislation, CER regulates the network utilities' activities and income. This is in order to protect the interest of electricity consumers, while ensuring that the utilities are able to develop and maintain the electricity network to a high standard in the most efficient way, and deliver secure electricity supplies.

The nature of such regulation is that every five years CER sets the amount of money that the utilities can collect from electricity customers for the following five years. CER has made four price determinations so far, for the periods: 2000 to 2005; 2006 to 2010; 2011 to 2015, and 2016 to 2020. The revenue is set at a level that would allow a well-run business to fund its activities. Funding is viewed from two perspectives.

The first is having enough money to pay for their operations, maintenance and capital investments. The second is having a stable enough income to enable them to access international capital markets to borrow the funds necessary to carry out their capital investments.

The utilities' revenues are set through a combination of examining the specific underlying activities and costs of the relevant utility and also benchmarking against best international companies in this field. Through this review the utilities are given an incentive to operate efficiently, to make cost reductions, and to provide high levels of customer service.

The allowed revenue is collected from suppliers via Transmission and Distribution Use of System charges - TUoS and DUoS - which are then recovered from final customers. These form approximately 7% and 25% of the final electricity bill respectively.

This five year approach is used by many other energy regulators as well as in a number of other regulated sectors. It ensures that consumers are protected, while offering the regulated businesses a clear and stable financial environment.

During 2015, the CER completed the fourth review of electricity transmission and distribution businesses, covering the amount of revenue that ESB Networks and EirGrid can recover from their customers over the 2016 to 2020 period in the form of TUoS and DUoS charges. The review involved an assessment of the companies' investment plans and operational costs for 2016-2020, and an assessment of their performance over the previous five years (2011 to 2015).

During this review, the CER also reviewed the utilities' requests to adjust their revenues for the period of 2014/15, in accordance with the normal practice.

Commencing in mid-2014, the CER and its consultants engaged in a lengthy information gathering, analysis and consultation process with the utilities in order to determine the levels of efficiency in the companies and the appropriate allowances for the next five years. The analysis involved reviews of multiple submissions by the utilities on both their historic and forecast costs, meetings and discussions with the utilities on their submissions, site visits to network installations, and the benchmarking of selected elements of the utilities' costs and performance against comparable utilities in other jurisdictions, in this case it has been against distribution and transmission companies in the UK.

Following an extensive consultation, the CER published its decision approving network utilities' revenue in December 2015. The decision set out the network utilities' revenue for the next five years, and provided information on the work or investments underlying that revenue, the efficiencies which the utilities have built into their operations, and incentives on the utilities to provide a high quality of service to their customers.

Connection and Grid Access Policy

The CER sets the policy for a fair and non-discriminatory access to the electricity network in Ireland. Existing access policy is captured under two broad policy approaches: (1) the Group Processing Approach (GPA) and (2) the Non Group Processing Approach.

Under the GPA, the System Operators (EirGrid and ESB Networks) issue offers for connection to the electricity network in batches called 'Gates'. Eligibility for inclusion in a Gate has been based on criteria set out by CER in its decisions on each of the three Gates to date, Gate 1 in 2004, Gate 2 in 2006 and Gate 3 in 2008 and 2009. The current Gate 3 provided for circa. 3,900 MW of renewable offers to primarily wind generators, but was also open to conventional (non-renewable) generators. Since then, the CER has remained focused on ensuring that these offers are issued in an efficient manner and that associated policy allows for developers to accept their offers and proceed to build. Successful delivery of Gate 3 will play a significant role in the achievement of Ireland's 2020 renewables targets (40% of electricity consumption from renewable sources) whilst transitioning Ireland's electricity sector to a low carbon model.

The below table shows the offer acceptance status of Gate 3 at the end of 2015 indicating a significant positive uptake:

Area	DSO offers			TSO Offers			
	Contracted (yet to connect)	Lapsed/ Rejected	Projects energised/connected	Contracted (yet to connect)		Lapsed/ Rejected	Projects energised/connected
				Renewable	Conventional		
A	16		3	2	0	0	0
B	10	1	3	7	0	4	0
C	3			1	1	0	0
D	7		1	0	0	0	0
E	27	1	1	7	1	1	1
F	4		1	1	0	1	0
G	9			0	0	1	0
H1	13		5	1	1	0	1
H2	5		3	0	0	0	1
I	1			0	0	0	0
J	2			2	0	2	2
K	1		1	0	0	0	1
Total	98	2	18	21	3	9	5
Total MW accepted	1544.2	15.8MW	224.98	1395.6	297.4	727MW	513.9MW

The non GPA approach relates to the processing of connection offers for small, renewable and low carbon generators that fulfil public interest criteria. Applications for non-GPA connection offers are reviewed by the CER on a case-by-case basis.

In 2015, while continuing to monitor the Gate 3 delivery, the CER launched a review of the current connection policy to ensure it is fit for purpose for future system requirements, and in line with the existing legal framework. At the end of 2015, the CER has published its initial thinking and high-level proposals as to the future Enduring Connection Policy in a Consultation Paper CER/15/284. In particular, the CER considers that the approach taken for Gate 3 may no longer be appropriate, and that subsequent gates may need to be smaller, more frequent, and not focused on specific technology types. The CER also consulted on a number of Transitional Arrangements that could be put in place during the interim period in order to prepare the ground for the implementation of the Enduring Connection Policy. Decisions on these policies will be published in 2016 and 2017.

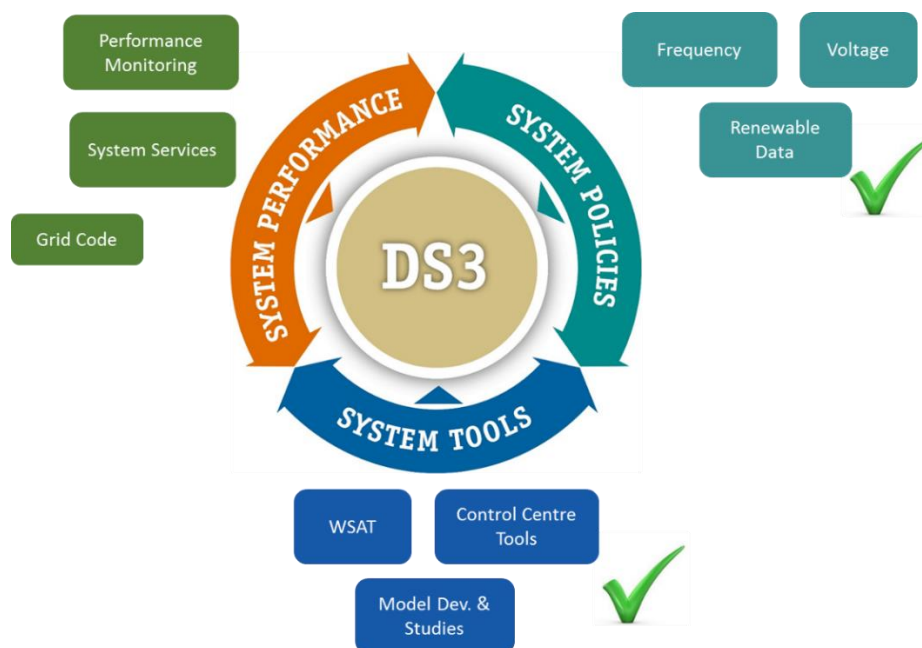
In addition, the CER continued to work on policies which underpins Gate 3 or that will facilitate successful Gate 3 outcomes. The CER reviewed the System Operators' proposals to amend rules for the progression of subgroups under the GPA. The new rules managing subgroups as they move to the construction phase are set out in CER/15/098A of May 2015. Further, the CER reviewed the existing provisions on Maximum Export Capacity (MEC) Security, and will take a decision on the matter in 2016.

DS3 Programme - Delivering a Secure, Sustainable Power System

Increasing levels of wind generation on the system poses significant challenges to system operation. In 2012, Transmission System Operators (TSOs) in Ireland and Northern Ireland (EirGrid and SONI) began a multi-year programme, 'Delivering a Secure, Sustainable Electricity System' (DS3 Programme). The aim of the DS3 Programme is to meet the challenges of operating the electricity system in a secure manner while achieving Ireland's target of 40% of electricity coming from renewable sources by 2020.

This level of renewable integration on a synchronous system is unprecedented and presents significant challenges for the real-time operation of the power system. The DS3 Programme puts in place the key policies, procedures and system tools to facilitate an increase of variable non-synchronous renewable generation over the coming years. This metric is referred to as SNSP – System Non-Synchronous Penetration. Currently the TSOs only allow up to 50% instantaneous penetration of renewables. Through successful delivery of DS3, it is aimed to increase this to 75%.

The DS3 programme is made up of 11 different work streams focusing on system performance, system policies and system tools (diagram below).



The DS3 programme progressed well during 2015, and a high level of engagement with Industry was achieved. In the wider DS3 programme significant progress was achieved in a number of areas with three work streams in the DS3 programme that have completed successfully (Grid Code, Model Development and Studies and Renewable Data).

Following on from the publication in December 2014, of the SEM Committee decision paper on the high-level design for the procurement of DS3 System Services (SEM-14-108), the CER with the Northern Ireland's Utility Regulator and the TSOs (EirGrid and SONI) have worked together during 2015 to develop detailed project plan information and to ensure delivery of key policy and technical deliverables.

Project plans were developed by both the Regulatory Authorities and TSOs and published, and specific work streams were created and resourced within the TSOs to facilitate detailed development of DS3 programme.

Quarterly updates were published during 2015 detailing progress by the TSOs and RAs within the specific work streams. Further detail on the work streams is captured in the below diagram below.

Diagram: DS3 work streams



Several industry workshops were held with industry to outline the various policy proposals under development and facilitate engagement. Throughout 2015, the CER's focus was on two of the DS3 work streams – DS3 System services which falls under the authority of the SEM Committee as an 'SEM matter' and the Rate of Change of Frequency (ROCOF, explained below) which remains a CER matter.

Rate of Change of Frequency (ROCOF)

As explained above, the DS3 Programme aims to address the challenges of integrating renewable generation on the electricity system. One of the key projects within DS3 is to resolve increased Rate of Change of Frequency (ROCOF) that may arise on the system following large system disturbances. Analysis has indicated that high ROCOF events could threaten the security of the power system during times of high wind penetration. To resolve this issue, TSOs proposed increased ROCOF standards for generators connected to the power system. The increased ROCOF standard will reduce the level of curtailment for wind farms and will deliver significant savings to consumers through lower wholesale energy prices.

In May 2014, the CER approved the TSO proposal to introduce a ROCOF Grid Code standard of 1 Hertz per second (Hz/s) for Ireland calculated over 500 milliseconds (ms). The new standard will only be implemented if this is permissible from security of supply perspective. To determine this, the CER commenced a ROCOF Implementation Project that includes three strands:

Generator Studies

Each generator on the system has been categorised as high, medium, or low priority with a deadline to complete their ROCOF studies by the end of May 2016, November 2016, or November 2017 respectively. This involves electrical and mechanical studies to determine whether the generators can comply with the new ROCOF standard of 1 Hz/s over 500ms. The table below (Table 3) outlines the sequence for carrying out these studies.

Table 3:

Category	Ireland Units			
	Station	Unit ID	Capacity (MW)	Owner
1 - High Priority 18 mths	Turlough Hill	TH1	73	ESB
		TH2	73	ESB
		TH3	73	ESB
		TH4	73	ESB
	Moneypoint	MP1	285	ESB
		MP2	285	ESB
		MP3	285	ESB
	Sealrock	SK3	81	AAL
		SK4	81	AAL
	Dublin Bay	DB1	399	SynerGen
	Aghada CCGT	AD2	431	ESB
2 - Mid Priority 24 mths	Whitegate CCGT	WG1	444	Centrica
	Meath W2E	IVV1	15	Indaver
	Huntstown	HNC	337	Viridian
		HN2	395	Viridian
	Poolbeg CCGT	PBC	463	ESB
3 - Low Priority 36 mths	Tynagh	TYC	384	TPL
	Aghada	AD1	258	ESB
	Edenderry OCGTs	ED3	58	EPL
		ED5	58	EPL
	Tawnaghmore	TP1	52	SSE
		TP3	52	SSE
	Rhode	RP1	52	SSE
		RP2	52	SSE
	Aghada OCGTs	AT1	90	ESB
		AT2	90	ESB
		AT4	90	ESB
	Tarbert	TB1	54	SSE
		TB2	54	SSE
		TB3	241	SSE
		TB4	243	SSE
	Lough Ree	LR4	91	ESB
	West Offaly	WO4	137	ESB
	Edenderry	ED1	118	EPL
	Ardnacrusha	AA1-4	86	ESB
	Erne	ER1-4	65	ESB
	Lee	LE1-3	27	ESB
	Liffey	LI1,2,4,5	38	ESB
	Marina	MRC	88	ESB
	North Wall	NW5	104	ESB
4 - Exempted (Closing)	Great Island	GI1	54	SSE
		GI2	49	SSE
		GI3	109	SSE
5 - New (Currently undergoing compliance assessment)	Great Island CCGT	GI4	431	SSE

DSO Implementation Project

In parallel, ESB Networks is progressing the DSO Implementation Project to ensure that the distribution system can operate safely if the TSO operates the system to the new 1Hz/s ROCOF standard. At the most recent Distribution Code Review Panel meeting on 15 December 2015, three modifications were passed relating to voltage and frequency withstand capabilities of all distribution connected generators. These modifications ensure that all future generator connections will be capable of tolerating a wide range of system disturbances.

Alternative / Complementary Solution

As part of the ROCOF Alternative / Complementary Solutions project, in December 2015, the TSOs issued a Report on 'ROCOF Alternative Solutions Phase 2' for stakeholder consultation.

The progress of the ROCOF Implementation Project has so far been in general very positive, and raised no significant technical issues.

Transmission and Distribution Codes

The CER has continued through 2015 to oversee the transmission and distribution grid codes, including making decisions on Grid Code and Distribution Code modifications and derogation applications. In particular, work in this area focused on taking account of developments in Demand Side Participation (DSP), DS3 and the future transposition of European Network Codes into the Irish codes.

Water

Introduction

The CER's role as the economic regulator of water and wastewater services is established in law. The Water Services Act 2013 was enacted in March 2013 and empowered the CER to commence preparation for the role of Economic Regulator for public water and waste water services as provided by Irish Water to domestic and business customers.

The Water Services (No. 2) Act 2013 was then enacted on 25th December 2013 and with effect from 1st January 2014, the Act provides for the transfer of water services functions from 31 Local Authorities (formally 34) to Irish Water with the CER assuming the role of Economic Regulator for the sector. Under this legislation, the CER approved Irish Water's Water Charges Plan for the period Q4, 2014 to 2016.

Further legislation in late 2014 reflected policy decisions taken by Government in November, including the decision to delay the introduction of domestic charges until January 2015. Following enactment of The Water Services Act 2014 domestic water charges were subject to a cap. This legislation also enabled the establishment of a customer consultative forum which is now known as The Public Water Forum. In addition, this legislation provides the statutory footing for the CER to provide a dispute resolution service for customers of Irish Water who have unresolved complaints.

The following details work completed by the CER's water regulation team during 2015:

Water Charges Plan

In March 2015, the CER published a Decision Paper alongside a revised Water Charges Plan (WCP) which captured the changes brought about by the new legislation. The modified, approved water charges plan covers the period from 1 October 2014 to 31 December 2016 and can be accessed on the CER website.

- (CER/15/005) CER Water Charges Plan Decision Paper 2015
- (CER/15/001) Irish Water's Water Charges Plan

Alongside the changes to the level of metered and unmetered charges which, following the new legislation are now subject to a cap for domestic customers (Table 4), the revised WCP reflected the delayed onset of domestic charges until January 2015. It also catered for the calculation of rebates for domestic customers and introduced charges for additional services.

The CER's decision essentially simplified the charging framework and also proposed to put in place easier payment options for customers. The new CER decision resulted in a revised lower revenue requirement of €1,969m for the first revenue control period, as The Water Services Act 2014 means that Irish Water is no longer required to pay commercial rates.

Table 4: Domestic water charges cap

Household Adult Occupancy Status	Water Supply Charge € per year	Wastewater Charge € per year	Combined Charge € per year
One Adult	80	80	160
Two and over Adults	130	130	260

Irish Water Revenue Review Project

During 2015, the CER initiated a project to put in place the second interim review control for Irish Water (IRC2). The project will set an overall level of revenue which the utility can collect from customers and through Government subvention during the period 1 Jan 2017 to 31 Dec 2018. This will cover Irish Water's costs including those associated with major capital projects and operational tasks (e.g. responding to outages).

The public consultation process on this project was initiated in May 2015 with the publication of a CER Discussion Paper (CER/15/096). The paper invited comments on the duration of the revenue control, the suitability of the Capital Asset Pricing Model (CAPM), the suitability of revenue-cap regulation, and all other matters relating to the revenue control.

In mid-2015, Business Planning Questionnaires (BPQs) were circulated to the utility. The BPQs request information on historic and forecast costs, to assist the CER in setting an appropriate level of revenue for Irish Water. The information received in response to the BPQs will feed into consultation and decision papers on appropriate revenue for Irish Water, including targets for efficiencies with respect to CAPEX, OPEX and outputs expected for money spent. The CER intends to publish in Q3, 2016 and Q4, 2016 respectively.

Irish Water Capital Investment Plan 2014-2016

Irish Water submitted its Capital Investment Plan 2014-2016 (CIP) to the CER whilst building its understanding of the scale and nature of its assets and of projects previously committed to by Local Authorities under the Water Services Investment Programme (WSIP). In addition, Irish Water was commencing work on its first Water Services Strategic Plan (WSSP) when it submitted its CIP 2014 - 2016 to the CER. The CER approved an allowance for capex of €1,946 million, which included the opening Regulatory Asset Base (RAB), from the period Q4 2014 – 2016.

Further to engagement with Irish Water regarding the necessary on-going review and refinement of the CIP 2014 -2016, during the first interim revenue control period the CER did not put in place a formal monitoring and reporting regime at this stage as wished, to ensure better information was in place on assets and plans for investment. In that context, the CER reviewed updates from Irish Water regarding the progression of the CIP 2014 -2016 throughout 2015 and is working on putting in place an appropriate monitoring regime in relation to the second capital investment plan (2017-2018).

First Fix Free Scheme

In May 2014, the Government announced a funding allocation of €51 million for a *First Fix Free Scheme* to be operated by Irish Water for households. This was to address excessive leakage in the system and to assist in water conservation. Following a public consultation (CER/15/074), the CER published a Decision Paper on Irish Water's First Fix Free Scheme (CER/15/178) in August 2015.

Under the scheme Irish Water fixes leaks for domestic customers free of charge. Since the CER decision, Irish Water has operated the scheme and estimates that over 34 million litres of drinking water per day have been saved to date. Irish Water submits quarterly reports on the operation of the scheme to the CER, and publishes these reports on its website. In accordance with the CER's Decision, the scheme will continue to the extent that Irish Water can demonstrate to the CER tangible benefits of the Scheme for customers.

Customer Handbook

In April and May 2014, the CER carried out public consultations on the requirements for Irish Water's Codes of Practice, Customer Charter and Terms & Conditions of supply for water and wastewater services. These requirements were combined into the Irish Water Customer Handbook. The preparation of these documents is in accordance with the Water Services (No. 2) Act 2013. Under this legislation, Irish Water must prepare and submit its Codes of Practice for CER approval relating to performance standards, billing, payment, communication, complaints and reporting.

In August 2014, the CER published its final decision on the Irish Water Customer Handbook comprising 353 customer service obligations which Irish Water must implement.

In 2015 the CER embarked on a programme of reviewing Irish Water's implementation of the obligations in the Customer Handbook. Irish Water has made good progress with more than 90% of the obligations now implemented and will submit plans to complete the remaining work on implementation to the CER shortly.

Irish Water Connection Policy

The Water Services Act (No.2) 2013, has empowered the CER to direct Irish Water to submit a WCP which details the charging of customers for the provision of water services and for water and/or wastewater connections. In September 2014, the CER directed Irish Water to continue to apply the existing connection charging policies and related charges, which were in place on 31st December 2013, until the CER had necessary information to examine the existing arrangements. This direction is reflected in the Water Charges Plan (CER/15/001).

In 2015 the CER worked with Irish Water to agree the project work plan and timelines for establishing Irish Water's enduring Connection Charging Policy. As well as this, the approach to consulting on the connection charges, Connection Charging Policy and associated ancillary documents was also finalised. Prior to establishing Irish Water's Connection Charging Policy, it was necessary to understand the existing connection charging regime across all 34 Local Authorities.

From an initial analysis, over 700 connection charges (including development contribution levies) exist across the 34 Local Authorities. These charges may vary in level, underlying costs and

categorisation. The aim of developing a new Irish Water Connection Charging Policy is to generate a more harmonised methodology of charging for connections to the public water and wastewater networks. A more harmonised approach will be beneficial to customers in terms of transparency, simplicity and equity.

The analysis of the connection charges commenced in 2015 and will provide context to the development of Irish Water's enduring Connection Charging Policy and proposed connection charges. The publication of the work plan and consultation process for the establishing Irish Water's Connection Charging Policy has been revised to Q3 of 2016.

Non-Domestic Tariffs

Since 1st January 2014, Irish Water has been responsible for charging non-domestic water customers. In September 2014, the CER directed Irish Water to continue to apply the existing non-domestic tariffs, which were in place on 31st December 2013, until the CER had the necessary information to examine the structure and determine the level of charges.

Currently there are 44 distinct billing authorities (effectively, the Local Authorities acting as billing agents for Irish Water) operating in the non-domestic water sector in Ireland, billing over 200,000 non-domestic customers. This has resulted in the establishment of over 500 different tariff arrangements for water and wastewater services.

Each billing authority has developed its own method of charging for water services and collecting data from their customers. This has led to a wide range of non-domestic tariff levels, tariff categories, methodologies, applications, billing arrangements and billing cycles across the country.

In 2015, the CER engaged with Irish Water to develop a project plan for the establishment of Irish Water's Non-domestic Tariff Framework. The objective of the Non-domestic Tariff Framework Project is to develop a more harmonised and coherent suite of non-domestic tariffs for water and wastewater service, which will bring benefits to customers in terms of transparency, simplicity and equity.

To date, the CER has undertaken extensive work in preparation for public consultations of the Non-Domestic Tariff Framework Project. This includes establishing the approach to consulting on Irish Water's Non-Domestic Tariff Framework and agreeing the detailed timeline and deliverables with Irish Water. The publication of the consultation papers on the Tariff Framework will commence in Q1 2017.

The Public Water Forum

The Public Water Forum was established under The Water Services Act 2014 as an independent consumer consultative forum. The primary purpose of the Forum is to represent the interests of the public, playing a crucial role in ensuring that water consumers are represented in the development of public water policy. Under the new legislation the CER was empowered with recruiting members for The Public Water Forum and completed this recruitment in October 2015.

The Forum is made up of 32 members in total plus a Chair and Secretary. Dr. Tom Collins was appointed the Chair of the Forum by the Minister following enactment of the new legislation. The CER acts a secretary to the Forum providing administrative support and technical advice. Twelve

members were drawn from organisations, each representing a specific sector of interest with the other 20 representing domestic water consumers. The domestic members have been selected in order to be representative of Irish society generally, balanced in terms of gender, age and region and reflective of the urban and rural population.

The CER recognises the important role of the Public Water Forum and looks forward to engaging fully and providing all necessary support.

Non-Domestic Water User Group

In 2015 the CER progressed work to develop a Non-Domestic Water User Group. The aim of the Group is to facilitate direct engagement with non-domestic water and wastewater customers of Irish Water and to understand their needs and priorities as regulatory policies are developed over the coming years. In 2015 the CER finalised the terms of reference for the Non-Domestic Water User Group and the 1st meeting is scheduled to take place during the summer 2016.

Tariff Discounts to Non-Domestic Large Water Users

In March and April 2015 the CER carried out a public consultation (CER/15/038) on Irish Water's proposed method for applying discounts for water not fit for human consumption to Non-Domestic Large Water Users (LWUs). In August 2015, the CER published a Decision Paper (CER/15/182) on the method for applying discounts for water not fit for human consumption to LWUs. This decision applies to all LWUs subject to Boil Water Notices/Drinking Water Restriction Notices from 1st October 2014.

Energy Markets

A role of the CER is to regulate and oversee the sustainable development of gas and electricity retail market for the benefit of all electricity customers. In this regard, the key focus is the effective monitoring and development of policy and processes that will provide a high level of protection to customers and promote competition in both wholesale and retail markets for electricity and gas.

The CER has a number of tasks in this area, including:

- Oversight of the Single Electricity Market and implementation of the pan-European internal energy market
- retail and consumer protection policy development
- licensing energy suppliers and compliance with licence and regulatory obligations
- Monitoring of the retail gas and electricity markets
- The implementation of a National Smart Metering Programme, and
- The accreditation of price comparison web sites.

Developments in the Energy Market

Competition is continuing to develop in the electricity and gas markets, and energy customers have a range of suppliers, payment options and price plans to choose from. The CER will continue to monitor the electricity and gas retail markets throughout 2016 to ensure that competition continues to develop for the benefit of consumers.

In 2015 there were a total of 8 electricity suppliers and 6 gas suppliers. Since deregulation of the electricity and gas markets, 3 new electricity suppliers and 1 new gas supplier have entered the electricity and gas retail markets. In electricity, Electric Ireland remained the largest supplier in terms of customers and MWhs across all segments. In 2015 Electric Ireland's consumption market share decreased in the domestic sector by 1.61%. Between Q4 2014 and Q4 2015, Energia showed the highest gain in domestic electricity consumption with an increase of 1.22% of market share.

In the gas market the biggest gain in domestic market share was also seen by Energia with a 1.89% increase in terms of customer numbers, while SSE had the largest loss with a decrease of 2.40%. Bord Gáis Energy remained the largest supplier in terms of customers and consumption and its market share continues to be monitored.

Overall consumption in the electricity sector grew by 3.9% in 2015. Growth was observed across all customer classes, with the highest growth rates for large energy users (LEUs).

There was also growth in the gas market, which increased by 4% in terms of customer numbers, and 3% in terms of consumption. Similar to electricity, there was growth across all customer classes with the highest growth levels seen in the Regulated Tariff Formula (RTF) segment, which represents the largest gas users. The consumption of this customer class grew by 30%.

Customer Switching

Ireland ranks well globally in terms of switching rates and is considered a "warm active" market. The 2015 ACER-CEER Market Monitoring report showed that Ireland had the second highest electricity switching rate of 14% out of 28 EU countries, while for gas it had the highest switching rate of 18.7%.

Over 300,000 electricity customers switched supplier in 2015 while the total number of customers switching gas supplier was 106,862.

Switching rates in both the electricity and gas markets were consistently above 10% in both markets for 2015. The CER has also begun to collect data on the number of customers who are renegotiating with their suppliers and aims to publish this data in the second quarter of 2016.

Electricity & Gas Prices

The most significant trend of 2015 was the decline in wholesale gas prices, which led to declines in wholesale electricity prices, and to a lesser extent decreases in retail prices. Gas prices in December 2015 were 21.67% lower than at the beginning of the year, while the decline in wholesale electricity prices was approximately 16.97% during the same period.

The price of both standard and discounted plans decreased between 2015 and 2016. Due to the way in which retail suppliers hedge their wholesale purchases, the decline in wholesale prices was slower to translate into decreases in retail prices.

The greatest savings continue to be made by customers who switch from standard to discounted plans. Prices fell between 2014 and 2015 and again between 2015 and 2016. In electricity, standard domestic prices fell between 2% and 4.57%, while in gas they fell between 2% and 5%. Prices decreases were also seen across all discounted plans.

In 2015, the difference between the highest priced standard plan and lowest priced discounted plan was €235 for domestic electricity and €126 for domestic gas (based on typical consumption of 5,300kWh for electricity and 13,800kWh for gas).

This means that large savings can be made by customers who switch from standard to discounted plans. Across the majority of suppliers, customers who opted to pay by direct debit and receive paperless bills were able to avail of the highest discounts.

In semester 1 of 2015, the average price for the dominant consumption band for customers in Ireland declined below the Euro Area average. It increased in the second half of 2015 but remained below the Euro Area average.

Business electricity prices for the dominant consumption band were above the Euro Area average in 2015. Prices in this band increased by 2.6% in the first half of 2015 and by 0.12% in the second half of 2015.

In terms of gas, domestic prices decreased in the dominant consumption band for gas in the first part of 2015, and domestic gas prices were below the Euro Area average. Prices increased in the second half of 2015 but remained below the EU average.

Business gas prices decreased in both the first half and second half of 2015 were below both the EU and Euro area average for all of 2015.

Customer Protection, Debt & Disconnections

The number of PAYG meters installed for customers experiencing financial hardship in 2015 declined compared to 2014 for both electricity and gas. This reduction was in line with a reduction in the number of disconnections. The number of customers indicating a desire to switch suppliers with outstanding debt above a €220 increased for electricity between 2014 and 2015 and reduced in gas for the same time period.

Disconnections of customers for non-payment of account (NPA) declined significantly in 2015 compared to 2014; by 11% in electricity and 12% in gas. The total number of disconnections between Q1 2015 and Q4 2015 was 7,783 for electricity and 3,542 for gas.

Oversight of Single Electricity Market

During 2015, the CER continued to oversee regulation of the existing wholesale energy market, the Single Electricity Market through its role as a member of the SEM Committee. Significant SEM Committee decisions in 2015 included:

- A Decision to approve a modification to the Trading and Settlement Code relating to make whole payments for interconnector users that protected consumers from excessive payments but ensured efficient intra-day cross border trade.
- An update of the Best New Entrant value for the Capacity Payment Mechanism for 2015-17 which resulted in a reduction of some €60 million in capacity charges to consumers for 2016 compared to 2015. This will be observed in the 2016 wholesale electricity prices.
- A revision to the definition of generation availability under the grid code to improve the efficiency of TSO and generation outage planning

Directed Contract (DC) Determination

As part of the SEM market power mitigation strategy, ESB Power Generation is required to offer Directed Contracts products for sale to eligible electricity suppliers, on a quarterly basis. The prices for these contracts are set by the Regulatory Authorities (i.e. CER & UREGNI), as well as the quantity of DCs to be offered by ESB Power Generation. During 2015, the prices of these contracts declined in line with the decline in the wholesale price for electricity.

I-SEM Detailed Design and Implementation

During 2015 the CER continued working with the Utility Regulator (UR) Northern Ireland, Government Departments and stakeholders to implement the High Level Design, developed in 2014, for the Integrated Single Electricity Market in order to meet the requirements of the EU Target Model for electricity by 2017.

The CER and UR, the Regulatory Authorities (RAs), produced a number of significant consultations and decisions on key detailed policy issues regarding the I-SEM in 2015 and continued to work with the TSOs to ensure that the project is progressing to schedule and that key stakeholders were afforded the opportunity to engage regarding the programme.

The RAs developed a high level joint plan with the TSOs to facilitate the joint monitoring of the project progress and issued regular quarterly updates throughout 2015 to ensure that the I-SEM

Design and Implementation is in line with the project time plan and remains on track for go-live in Q4 2017.

Key policy decisions in 2015 included:

- A Decision on the elements energy market in September 2015
- A Decision on key design features of the new Capacity Remuneration Mechanism (CRM) and a further detailed consultation in December 2015
- A Consultation Paper on I-SEM Market Power policy in November 2015
- A Decision paper on the policy for cross-border trading in the form of Financial Transmission Rights (FTRs) in December, 2015
- A Decision on I-SEM Roles and Responsibilities in October 2015, and a designation of Eirgrid as the National Electricity Market Operator (NEMO) for Ireland.

ACER –CEER

The development of the European internal energy market continues and the CER is actively participating in this policy development with other European regulators. The CER is a member of various working groups and task forces established by the Council of Energy Regulators (CEER) and Agency for the Cooperation of Energy Regulators (ACER), covering gas and electricity wholesale and retail markets.

In 2015, the CER contributed to the CEER-ACER market monitoring reports, covering a range of information on the national indicators on the developments in the wholesale and retail markets. The aim of the report is to provide a comprehensive assessment on progress towards the implementation of the Third Energy Legislative Package, the completion of the internal energy market (IEM) and the development in the functioning of retail markets.

The key area covered in the retail section include: the functioning of retail markets, energy prices, consumer protection and experience.

The CER also actively contributed to a number of ACER working groups and task forces including the Electricity Working Group that covering market and network issues and the Electricity Security of Supply Task Force where we inputted into ACER positions on capacity mechanisms and cross border participation and the a number of task forces responsible for pan European regulatory oversight of implementing the electricity target model. The CER is co-chair of the CEER working group looking at the future of distribution systems with associated task forces looking at cyber security, smart grids and networks benchmarking.

Renewables Support and Public Service Obligation

The Public Service Obligation (PSO) levy is an annual levy charged to all electricity customers in Ireland, with the objective of supporting the Irish Government policy objectives relating to renewable energy, indigenous fuels and security of energy supply. In accordance with Section 39 of the Electricity Regulation Act 1999 (as amended), the CER is responsible for the calculation and administration of the PSO levy on an annual basis.

Consequently, in June 2015, the CER issued a proposed decision paper for public consultation on the PSO Levy 2015/16 and a final decision on 1st of August, (CER/15/142), which set the PSO levy at €325.3 million. The resulting PSO levy charges applies for the PSO period from the 1st October 2015 to the 30th September 2016.

The CER provided input into the development of the DCENR's thinking on changes required to the existing Renewable Energy Feed In Tariff (REFIT) mechanism to facilitate the implementation of the I-SEM and the electricity target model, notably regarding the REFIT benchmark reference price and market issues related to the development of new support mechanisms.

REMIT & MMU Market Monitoring Liaison

REMIT, the Regulation on Energy Market Integrity and Transparency, entered EU law on 28th December 2011 and provides for an EU-wide market rules and monitoring framework related to wholesale energy markets in electricity and gas. As part of the REMIT implementing Acts, market participants are required to register with the relevant National Regulatory Authority, including the CER, who provide this to the Agency for the Cooperation of Energy Regulators (ACER).

In February 2015, the CER worked with market participants to ensure that they complied with the REMIT regulations. Almost 100 participants had registered with CER by the end of the year. The reporting to ACER for reportable wholesale energy supply and derivatives contracts executed at organised marketplaces commenced on the 7th October 2015.

Monitoring Retail Electricity and Gas Markets

Increased competition and deregulation in retail markets requires a more comprehensive framework to monitor the state of competition to assess if consumers are benefitting from it. EU legislation, on European electricity and gas markets, also known as the Third Package, placed a renewed emphasis on customer protection. National regulators (including the CER) are required to monitor retail markets across a range of indicators, to take action where necessary, to prevent distortion or restriction of competition in the supply of electricity and gas to final customers, and to ensure that final customers are benefitting from competition in the supply of electricity.

The CER has a detailed market monitoring framework which applies to networks and suppliers with de minimise thresholds of 1% of consumption or 4 customers in electricity and 1% of customers in gas. CER reports on a wide range of metrics, including market share, switching rates, disconnections and prices. This information is regularly published by the CER and also contained in the CER Annual Retail Markets Annual Report

In 2015 the CER began to implement an enhanced market monitoring framework with aim of introducing a range of new market indicators to be collected from suppliers and network operators. These indicators provide an enhanced level of oversight of how the market is operating and facilitates the CER to take any necessary action in the interests of customers. The first reporting of these market indicators takes place in 2016. The new insights afforded by this data will provide valuable input to policy development or actions required in the retail market. Examples of new analysis that CER intend to conduct include information on customers who renegotiate their contracts with suppliers, customers defaulting to standard plans, dual fuel customer switches, the

number of customers on standard and discounted plans and the range of discounts they avail of and information on the types of contracts available in the electricity and gas markets.

Annual Consumer Survey

Each year the CER conducts a survey of the retail and SME electricity and gas markets in the Republic of Ireland to measure customer experiences and attitudes and to help inform policy in the area of customer protection. This research has been ongoing since 2011 and in 2015 was based on a statistically robust sample of domestic customers who use gas or electricity and with low to medium consumption non-domestic customers.

Progress and Outcomes

The survey allowed for an indicative measure of consumers' awareness of the options available in the markets and their ability to switch provider, along with consumer's understanding of their tariffs and supplier communications. It is evident from the results of the consumer survey that a number of factors influence customer's perceptions of and engagement in the market.

This was the sixth year the CER undertook a consumer survey and it continues to provide valuable insights to the CER and helps form consumer protection policy.

An overview of the findings of the survey were:

Domestic customer engagement, awareness and switching		
<ul style="list-style-type: none"> -86% of domestic electricity customers and 88% of gas customers were satisfied with their current supplier in 2015. -In terms of customer's awareness of competition, 92% of respondent spontaneously mentioned Electric Ireland. -Mention of BGE and SSE Airtricity increased following a decline in 2014. -For gas, Bord Gáis Energy had the highest level of awareness among those surveyed of 96%. 	<ul style="list-style-type: none"> -Switching rates among those surveyed were 12% for electricity and 16% for gas. The rate of switching amongst dual fuel customers is 22%. -Trust and satisfaction with service were the top reasons not to switch. Amongst those who have never switched and did not consider switching, satisfaction with their current provider was their main reason for not switching. -Those who did not switch indicated that they did not believe that they would save a significant amount if they switched. Knowledge of pricing structures remains low across all four markets and represents a potential barrier to the effective evaluation of competitor's offers. 	<ul style="list-style-type: none"> -Awareness of the offers currently on the market was low across both the electricity and gas domestic markets, with about half of respondents claiming not to be aware of any offers such as unit price discounts for fixed term contracts, percentage reductions, and loyalty scheme benefits. - Customers of Prepaypower show the greatest awareness of offers, while customers of Electric Ireland have the lowest awareness. -In the gas market, Flogas customers show the greatest awareness of offers, while current customers of Bord Gais Energy and are less likely to be aware of what offers are currently on the market.

Non-Domestic customer engagement, awareness and switching

<p>-73% of SME electricity customers and 75% of gas customers were satisfied with their current supplier in 2015.</p> <p>-Electric Ireland had the top level of awareness for the electricity market, while Bord Gáis Energy received the highest unprompted mention amongst gas suppliers.</p>	<p>-A total of 35% of electricity customers and 42% of gas customers indicated that they were not aware of any offers other than their current one.</p> <p>- The level of switching amongst respondents was 30% in the SME electricity market and 23% in the IC gas market.</p>	<p>-91% of SME electricity customers who switched during the previous twelve months stated that the switching process was easy or very easy (2014: 88%, 2013: 85%).</p> <p>-86% of SME gas customers who switched during the previous twelve months stated that the switching process was easy or very easy (2014: 95%, 2013: 78%).</p>	<p>-SME respondents indicated that the motivation for switching was overwhelmingly driven by financial imperatives, with 9 in 10 electricity and 100% of gas switchers citing saving money on the bill as the primary reason for switching supplier.</p>
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Supplier Compliance

Develop compliance and enforcement framework

The CER has a statutory mandate underpinned by primary and secondary legislation to protect the interests of energy customers and promote competition in retail markets⁴.

The CER has implemented specific customer protection measures through the development of requirements and guidelines for energy suppliers and network companies, reflected in Standard Terms and Conditions of Supply, Codes of Practice and Customer Charters, the Supplier's Handbook, gas and electricity supply licences and market monitoring and market design rules.

The CER monitors compliance with requirements placed on suppliers using regular and ad-hoc audits, complaints investigations, continuous engagement with network companies, customer satisfaction surveys, assessment of energy suppliers' compliance statements and assessment of suppliers' submissions under reporting requirements.

The CER review of the compliance and enforcement framework in 2015 identified areas where further work is required to ensure that the customer protection is enduring in the face of new

⁴ The key pieces of legislation include: [Electricity Regulation Act 1999](#), [Gas \(Interim\) \(Regulation\) Act 2002](#), [S.I. No 452/2004](#), [S.I. No 60/2005](#), [S.I. No 463 / 2011](#), [S.I. 630/2011](#).

market entries, the introduction of new energy deals, different marketing and advertising strategies and different business models. These areas and work conducted to date are summarised below:

i. Review of the Supplier's Handbook

The Supplier's Handbook sets out minimum service requirements that suppliers must adhere to in their dealings with energy customers. It comprises individual Codes of Practice which cover all key areas of customer – supplier interaction, such as marketing and sign up process, billing, disconnection, PAYG meters and vulnerable customers. These rules are in place to ensure that customers enjoy a high standard of protection when interacting with energy suppliers.

The first stage in the consultative process has been completed, with the publication of the Consultation Paper Review of the Supplier's Handbook ([CER/16/031A](#)). The review process is ongoing, with the Proposed Decision Paper expected to be published in Q3 2016.

ii. Review of scope of compliance audits

The scope of compliance audits is reviewed regularly to ensure that it covers key areas of customer – supplier interaction, such as marketing, process for customer sign up, billing, disconnections, and vulnerable customers. As part of its compliance monitoring activities, the CER conducts annual audits of compliance with specific requirements set out in individual Codes of Practice. The last audit, conducted in 2015, examined suppliers' compliance with the Code of Practice for Vulnerable Customers. The findings of this audit are set out in the Information Note [CER 16/097](#). The next compliance audit will be conducted in Q4 2016.

iii. Market design rules

The CER organises and chairs regular industry meetings on an ongoing basis to review policy and operational issues relevant to the well-functioning of the retail markets, such as the Industry Governance Group (IGG) for the retail electricity market and the Gas Market Arrangements Group (GMARG) for the gas retail market.

Retail Policy

PAYG Lifestyle Choice Customer Facing Arrangements

In early 2015, the CER conducted a workshop on specific customer facing arrangements pertaining to the PAYG lifestyle choice area, which identified gaps in relation to consistency across suppliers for certain key processes in the PAYG lifestyle choice area, such as supplier switching process, removal and installation of the PAYG meter and charges associated with PAYG meters and customer retention practices.

Consumer Debt Management

In 2014, the CER consulted on whether the debt transfer should apply to customers switching to a lifestyle choice PAYG service and/or credit services ([CER/14/199](#)). Debt transfer is where an indebted customer switching supplier would remain responsible for repaying their outstanding debt via their new supplier.

Decision Paper [CER/16/014](#), published in 2016, sets out the CER's decisions in respect of debt transfer and debt flagging processes.

Deemed Contracts

The Energy Miscellaneous Provisions Act 2012 establishes the legislative framework for the regulation of deemed contracts in gas and electricity retail markets and gives the CER the power to make regulatory provisions in respect of such contracts.

Decision Paper [CER/17/779](#), published in 2014, sets out the CER's regulations in respect of deemed contracts, which were subsequently reflected in secondary legislation, [S.I. 603/2015](#).

Renewables

Fuel Mix and Guarantees of Origin

Under Regulation 25 of S.I. No. 60 of 2005, the CER is required to ensure that all suppliers provide reliable information on bills and promotional materials in relation to their fuel mix. On 7th August 2015 the fuel mix for suppliers licensed in Ireland and operating in the Single Electricity Market (SEM) for the year 2014 were published⁵.

⁵ The methodology used for this calculation is detailed in the following document: SEM Committee Decision Paper *Fuel Mix Disclosure in the Single Electricity Market: Calculation Methodology Decision Paper* (SEM-11-095).

Suppliers' Fuel Mix in 2014

The fuel mix for 2014 was published in August 2015 and is shown in the below table.

Table 5: Supplier fuel mix 2014

Supplier	Coal	Gas	Peat	Oil	Renewable	Other
All-island	15.7 %	41.7 %	6.9 %	1.1 %	34.5 %	0.2 %
Airtricity (Ireland)	14.8 %	14.9 %	6.5 %	3.1 %	60.6 %	0.2 %
Airtricity (All-Island)	17.9 %	18 %	7.9 %	2.5 %	53.5 %	0.2 %
Bord Gáis (Ireland)	12.0 %	67.2 %	5.3 %	0.5 %	14.9 %	0.1 %
Bord Gáis (All-Island)	12.5 %	66.5 %	5.5 %	0.6 %	14.8 %	0.1 %
Electric Ireland (Ireland)	17.7 %	53.5 %	7.8 %	0.8 %	19.9 %	0.2 %
<u>Electric Ireland (All-Island)</u>	16.2 %	56.3 %	7.2 %	0.7 %	19.4 %	0.2 %
Energia (Ireland)	0.0 %	0.0 %	0.0 %	0.0 %	100.0 %	0.0 %
Energia (All-Island)	0.0 %	19.2 %	0.0 %	0.0 %	80.8 %	0.0 %
Vayu (Ireland)	1.5 %	3.1 %	0.7 %	0.1 %	94.6 %	0.0 %
Vayu (All-Island)	1.6 %	3.3 %	0.7 %	0.1 %	94.3 %	0.0 %

In 2015 the CER also published a decision paper ([CER/15/205](#)) introducing a verification process for green source products. Green source products are products that are sold to customers on the basis that they are sourced from renewable sources. The verification process is to be administered by SEMO. Suppliers will be required to change their bills to ensure that customers are aware of this new process. The 2015 fuel mix (to be published in 2016) will be the first fuel mix to use this online registry.

Smart Metering

The CER, working closely with the Department of Communications Energy and Natural Resources, established the National Smart Metering Programme (NSMP) in 2007. The NSMP is a programme of strategic national importance which will underpin Irish energy policy through the realisation of the five strategic objectives of the programme, namely to:

- Encourage Energy Efficiency
- Facilitate Peak Load Management
- Support Renewable and Micro Generation
- Enhance Competition and Improve Consumer Experience, and
- Improve Network Services.

The aim of the NSMP is a national rollout of smart meters to all residential consumers and the vast majority of small-to-medium enterprise (SMEs). This programme is in line with the target in European legislation which requires that 80% of residential electricity smart meters have been installed by the end of 2020, subject to a positive Cost Benefit Analysis (CBA).

The CER is taking a consumer centric approach to the NSMP and the rollout of smart meters with a key focus on the development of consumer policy and services in the areas of Time of Use Tariffs (ToU), pay as you go (PAYG) services, Customer Protection and Information. The programme will also take account of the particular requirements of different customer groups including vulnerable customers and those in financial hardship.

The NSMP comprises 5 phases as set out below:



The following details work completed by the CER's smart metering team during 2015:

Regulatory Policy Implementation Roadmap

In March 2015, the CER published an Information Paper titled Policy Implementation Roadmap (CER/15/055). The paper set out a plan ("roadmap") of how the regulatory frameworks for electricity and gas markets will change over time to allow for the establishment and operation of a new retail market design underpinned by smart metering. The roadmap progresses in a number of stages, or "gates" and examines the roles and responsibilities of different market participants in implementing the NSMP and operating in the new retail market design that it establishes. It assesses the existing regulatory framework's ability to support the roles and responsibilities effectively and efficiently.

Subsequently, the CER issued a consultation (CER/15/135) looking at a range of new consumer policy and related activities as follows:

- **Rolling Out New Services – Time of Use Tariffs and Smart PAYG** - outlining the approach to the transition to Time-of-Use Tariffs and Smart Pay As You Go In developing the approach to the rollout of ToU, the CER has ensured that it is based on customer choice and readiness, rather than a ‘one-size fits all’ approach.
The paper outlines decisions on how customers can migrate to ToU tariffs. Smart Pay As You Go (PAYG) is being developed as the standard model for prepayment when smart meters roll-out providing greater flexibility for the consumer by making the switching process simpler and also facilitating a seamless transition between credit and PAYG. This paper outlines decisions on a series of PAYG elements including balance calculation, moving from monetary to time based credit, notification messages, disconnection and reconnection processes.
- **Empowering and Protecting Consumers** The consultation paper focused on customer information and protection. It sought views on;
 - How to ensure customers have ready access to the information they need;
 - How the framework of customer protection might need to be updated to reflect changes to how retail markets will operate;
 - How best to accommodate customers who are unable or unwilling to participate.
- **Regulating the Transition of Activities for Market Participants** - outlining a combination of obligations and incentives to promote a rollout of meters and support infrastructure that maximises the potential benefits of the NSMP for consumers and the market.
- **Information Paper on Data Access & Privacy**

In 2015 the CER commenced a programme of work on the approach to consumer engagement for the smart metering programme. For the smart metering programme to be successful it is essential that consumers are informed and empowered to engage with the changes that will take place in electricity and gas markets, and the new services which they can avail of. This piece of work is to continue with a strategy and roadmap for effective consumer engagement set to be defined in 2016.

Empowering and Protecting Consumers

In July to September 2015, the CER carried out a consultation on Empowering and Protecting Consumers (CER/15/137). The rollout of smart meters will provide a significant level of information that is currently unavailable to the energy consumer. With access to more accurate data on consumption and prices, consumers will have a rich source of information with which to compare tariffs, modify consumption patterns or provide a third party switching service, etc.

NSMP Programme Management

In December 2015, the CER issued the updated NSMP Programme Initiation Document (PrID). This updated the previous NSMP PrID to reflect the high level plan approved in May 2015. It was circulated to stakeholders for review and comments.

The NSMP PrID defines the NSMP, outlining the programme scope, structure, governance, roles and responsibilities. It ensures there is a shared understanding between all stakeholders and the CER. The PrID will act as a high level programme document for industry stakeholders to develop their own internal smart metering programmes.

The PrID defines how the CER will carry out its NSMP Programme Management responsibilities. The NSMP PrID sets two broad areas of responsibility for the CER under the NSMP:

- Programme Management/Owner, and
- Smart Metering Regulatory Policy

Each organisation that is leading a work stream produces and distributes a work stream 'Project Initiation Document' (PID). In October 2015, the CER issued an updated CER Work stream PID (version 2.0) in relation to all aspects of Smart Metering Regulatory Policy. The Consumer Engagement work stream under the PrID (which the CER is also leading) will be subject to its own PID (the 'NSMP Consumer Engagement PID'). This is due to be issued in 2016.

Information Security

The CER commenced an Information Security work stream under phase 3 of the NSMP and is reaffirming the need for end to end security to be considered and prioritised in the design and procurement of the NSMP. Security by design was "hard-wired" as a core aspect of the High Level Design; Section 2.7 of CER/14/046 stated; *"CER will work with ESBN, BGN and other industry stakeholders to ensure security is fully integrated into the smart metering solution"*.

There are three stages to the initial information security scope of work:

1. End-to-end Risk Assessment
2. Risk Treatment Plan
3. Framework for Ongoing Monitoring & Compliance

Key Performance Indicators

The Government Statement on Economic Regulation, published by the Department of the Taoiseach in October 2009, aimed at strengthening the process of assessing the performance of regulators across key economic sectors. This included a requirement that the performance of regulators be measured annually against clear indicators, and reported on in the Annual Report.

In line with this, the CER has agreed “Key Performance Indicators” (KPIs) for 2015 with the Department of Communications, Energy and Natural Resources, which were published in the CER 2015 Work Programme. The outcomes against these KPIs are shown below.

Safety		
Objective	Delivery	KPI
Reporting in the separate Annual Safety Report for the Energy Minister positive trends against published KPIs in GSF (Gas Safety Framework), PSF (Petroleum Safety Framework), SSB (Safety Supervisory Bodies)	Q4 2015	This was submitted to the Minister and subsequently published on the CER website in December 2015.
On schedule Petroleum safety permit decisions	Q4 2015	Three safety permits issued, all on schedule. <ul style="list-style-type: none"> • Safety permit SP10 issued March 11th • Safety permit SP01B issued June 11th • Safety Permit SP11 issued July 14th
On schedule decisions on safety cases	Q4 2015	All accepted safety cases were reviewed and accepted within the anticipated timelines.
On schedule audits/inspections of undertakings in line with 2015 plan	Q4 2015	Gas Safety Framework - All planned audits/inspections were completed, however, two could not be facilitated by the undertaking. Petroleum Safety Framework - Two audits/inspections of the production activity under SP01 undertaken: <ul style="list-style-type: none"> • Announced inspection August • Unannounced inspection December Inspection of well work activities <ul style="list-style-type: none"> • Offshore inspection of the SP10 well work activity July • Offshore inspection of the SP11 well work activity July
Designated bodies in place regulating electrical contractors and gas installers	Q3/Q4 2015	Following a public procurement process, Gas Safety Supervisory Body appointed in August 2015 and

		Electrical Safety Supervisory Body was appointed in November 2015.
Reduction in non-conformances by SSBs and undertakings.	Q4 2015	All identified non-conformances have been apportioned to the relevant SSBs and undertakings for completion and are being monitored by the CER.
QMS – Internal audits undertaken / annual management meeting undertaken	Q3 2015	Annual Management Review and Planning meeting was held in November 2015.
Positive trends recorded in annual survey of awareness amongst the general public of key safety messages	Q4 2015	Customer surveys show an increase in the awareness of the Safe Electric brand and the requirement to use a Registered Electrical Contractor (REC) for major electrical work in the home. Customer surveys show a continued awareness of the RGII brand and the requirement to use a Registered Gas Installer (RGII) to carry out domestic gas works.
CER shall investigate all reports of illegal activity relevant to its regulation of gas installers and electrical contractors	Q4 2015	CER received 56 reports of alleged illegal activity relevant to electrical contractors. The CER received 53 reports of alleged gas safety offences by unregistered individuals.

WATER

Objective	Delivery	KPI
Publish a decision and revised, modified water charges plan in the context of Government decisions of November 2014 as soon as all relevant information is available.	Q3 2015	Decision Paper and revised Water Charges Plan were published in March 2015.
Establish a monitoring regime regarding Irish Water's delivery of its capital investment plan and associated expenditure for	Q4 2015	This deliverable was not advanced to planned timetable but is being progressed during 2016.

the interim revenue review period to 2016.		
Establish Irish Water revenue review project, publish an information note and issue questionnaires to Irish Water to planned timelines.	Q4 2015	This project was initiated in May 2015 with the publication of a Discussion Paper. Business Planning Questionnaires were circulated to Irish Water in mid-2015. Project remains on track for 2016.
Establish a monitoring regime for matters included in Irish Water's Customer Handbook (with publications as appropriate).	Q4 2015	A programme of reviewing Irish Water's progress towards implementation of the obligations in the Customer Handbook was undertaken in 2015. Irish Water has made good progress with more than 90% of the obligations implemented in 2016. A plan is in place to further improve compliance.
Publish Work Plan and Consultation Process for Connection Charging Policy for domestic and non-domestic customers.	Q4 2015	This deliverable was not advanced to planned timetable but is being progressed during 2016.
Publish Work Plan and Consultation Process for Non-Domestic Tariff Framework.	Q4 2015	This deliverable was not advanced as planned.
Establish and hold Large Water User Group meetings.	Q3 2015	Informal meetings held with representatives during 2015 to determine terms of reference for proposed group membership.
Establish and support a Public Water Forum.	Q4 2015	Following a recruitment process in October 2015 The Public Water Forum was established with CER acting as secretariat.
Consult and decide upon the method of applying tariff discounts for water not fit for human consumption to non-domestic Large Water Users.	Q3 2015	Consultation Paper was published in March 2015. Decision Paper was published in August 2015.

Energy Networks		
Objective	Delivery	KPI
Publish Gas tariff reform decision by June 2015 and implementation by October 2015 – published in July 2015	Q2 2015	New Gas tariff reform decision published in July 2015.
Issue Gas Security of Supply report to EC July 2015 and Network Development Plan by end September 2015	Q3 2015	Network Development Plan published in October 2015.
Issue 2015/16 Transmission and Distribution Tariffs by August 2015	Q3 2015	Transmission and Distribution Tariffs published August 2015.
Implementation of EU CAM and balancing network codes by November 2015	Q4 2015	EU CAM and Balancing Network codes implemented Q4 2015.
Certification and licencing of Bord Gáis Networks as unbundled TSO by Dec 2015	Q4 2015	Published March 2016.
Security of Supply Policy Decision Paper by September 2015	Q3 2015	Review of Fuel Stock Obligations for Electricity Generators Consultation paper was published in August 2015.
Decision on Electricity Networks PR4 revenue review	Q3 2015	Decision published in December 2015
Implementation of new DUoS and TUoS tariff rates by October 2015	Q4 2015	New Tariff rates implemented.
RoCoF Generator Studies work plan finalised	Q1 2015	Plan finalised and published.
DS3 System Services Implementation Project PID by February 2015	Q1 2015	Project PID completed.
4 quarterly capex monitoring reports	Q4 2015	Monitoring reports completed and published in 2016.
Decision on Outturn Availability by August 2015	Q3 2015	SEMC decision paper published in September 2015

Decision on harmonised ancillary services (HAS) and OSC by July 2015	Q3 2015	SEMC decision paper published in June 2015
Decision on TLAfs and GTUOS by July 2015	Q3 2015	SEMC decision paper published in July 2015

Energy Markets		
Objective	Delivery	KPI
<p>Competition in electricity and gas markets:</p> <p>1.1. Ensure no decline in the switching rate of customers in the retail electricity and gas markets.</p> <p>1.2. Update Supplier Handbook as appropriate to facilitate the benefits of competition going to customers and facilitate active switching.</p> <p>1.3. Achieve an increase in the percentage of customers on discounted tariffs for each supplier.</p>	Q4 2015	<p>1.1 Switching rates in both gas and electricity have remained above 11% on both gas and electricity from 2009. In 2015 the switching rate in electricity was 13.53% and in gas was 16%. This compares to a switching rate of 14% in electricity in 2014 and of 17% in gas.</p> <p>1.2 A full review of the Supplier Handbook has taken place and it is currently being consulted on with all stakeholders in the electricity and gas retail markets. A proposed decision paper on the revised Supplier Handbook is due to be issued in Q3 of 2016, with a number of enhancements for consumer protection.</p> <p>1.3 Under a new framework of monitoring for the CER, from Q2 2015 figures for the number of customers on standard and discounted tariffs have been calculated and the CER will begin to publish this information in its quarterly reports along with information on the range of offers available in order to provide customers with more information on the options available to them.</p>
Support DCENR in Comitology process for all network codes/guidelines for Target Model.	Q3 2015	CER fully engaged in supporting DCENR with assessing Network Code/Guidelines developments, attending all meetings in the Comitology process. The Interoperability Network Code was in place on 1st October 2015 as required. In addition, during 2015 the CER provided regulatory support to the Department in relation to the comitology phase of the Interoperability Network Code.

<p>Support active, unregulated competition in retail markets through licence compliance and audit activities:</p> <p>1.1 Complete audit of all licenced suppliers</p> <p>1.2 Complete audit of two price comparison websites</p>	Q4 2015	<p>Regular and ad-hoc audits to ensure that suppliers adhere to the requirements outlined in the Supplier's Handbook. In 2015 the CER conducted an audit of compliance with the Code of Practice on Vulnerable Customers.</p> <p>During or as a result of the audit where breaches of the Code of Practice on Vulnerable Customers were found, the CER engaged with particular suppliers to remedy the breaches. A number of regulatory gaps in the current protection framework for vulnerable customers were identified and have been included in the Consultation Paper Review of the Supplier's Handbook.</p> <p>Annual independent audit of accredited price comparison websites was completed towards the end of 2015. No major infringements were found for both accredited websites, and instances of minor non-compliance were addressed.</p>
Issue appropriate DC volumes, prices and eligibilities quarterly to plan.	Q3 2015	The DC volumes, prices and eligibilities were issued in accordance with the subscription process and timelines as set out in SEM-15-015, with the exception of Round 15, which was delayed by 1 week, and products for Q1 2017 were postponed until Round 16.
Issue appropriate PSO levy 2015/16 decision to plan.	Q3 2015	On the 30th of July 2015, the CER issued a decision paper (CER/15/142), which set the 2015/16 PSO levy at €325.3 million.
Publish I-SEM consultation and decision papers across various I-SEM work stream, as listed in the I-SEM Project Plan published 10th October, 2014	Q3 2015	All consultations and decision outlines in the project plan in 2014 were completed and published.

Smart Metering		
Objective	Delivery	KPI
Completion of first round of detailed design policy consultations by Q3 2015.	Q3 2015	<p>Policy Implementation Roadmap Information Paper was published in March 2015.</p> <p>Consultations published before Q3 2015:</p> <ul style="list-style-type: none"> • Regulating the Transition Activities of Market Participants • Rolling out New Services • Time-of-Use Tariffs • Smart Pay As You Go • Empowering and Protecting Consumers <p>Decision papers published before Q4 2015:</p> <ul style="list-style-type: none"> • Time-of-Use Tariff • Rolling out New Services • Smart Pay-As-You-Go
<p>Meet EU target for replacing at least 80% of residential electricity meters with smart meters by 2020. Target implementation of the majority of gas smart meters by 2020.</p> <p>The costs of the NSMP are minimised and the benefits are maximised. A detailed CBA will be undertaken in Q3 2016 with costs taken from the procurement processes for the communications and meter infrastructure.</p>	Q4 2015	<p>All consumer policy decisions were published to the agreed timeline (due to be complete by Q1 2016). The sequence of DSO procurements due to be completed in 2016.</p> <p>Internal CER NSMP CBA work stream was established in Q4 2015. Tender for consultant support on this work stream was issued Q4 2015.</p>

Customer Care		
KPI	Delivery	Outcome
To continue to provide a high quality, efficient complaints resolution service for domestic and small business customers through the CER's Customer Care Team	Q4 2015	Number of complex customer complaints opened by the Customer Care Team each year from 2009 to 2014: 2009: 276 2010: 239 2011: 502 2012: 508 2013: 651 2014: 435 2015: 359
To monitor customer usage and awareness of the services provided by the Customer Care Team	Q4 2015	Below is the number of contacts received by the Customer Care team each year from 2009 to 2015: 2009: 1927 2010: 1930 2011: 2860 2012: 3067 2013: 5567 2014: 5554 2015: 3884
Customer Service: 80% or higher of "non-complex" customer complaints resolved by the CER within 10 working days.	Q4 2015	94% of non-complex complaints resolved within 10 working days

Appendix

Annual Accounts (Attached PDF)