



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

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# Compliance and Enforcement Policy Statement

## Information Paper

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## Introduction

This policy sets out the objectives and principles underpinning all of the Commission for Regulation of Utilities (CRU) Compliance and Enforcement actions in the sectors it regulates.

The CRU is Ireland's independent energy and water regulator with a range of economic, customer care and safety functions, operating in the public interest. The work of the CRU impacts every Irish home and business, by ensuring safe, secure and sustainable energy and water supplies at a reasonable cost. The sectors regulated by the CRU underpin Irish economic competitiveness, investment and growth, while also contributing to Ireland's international obligations to address climate change. The CRU has a range of statutory functions across a number of sectors, including:

- Energy Networks
- Energy Markets
- Energy Safety; and
- Water

The CRU monitors the compliance of regulated entities with their obligations under the relevant primary and secondary legislation, licences, codes, and safety frameworks. In some instances, compliance and enforcement activities are part of a broader regime, such as in relation to the all-island market or the EU regulation on energy market integrity and transparency (REMIT).

This Compliance and Enforcement Policy Statement applies across the various sectors regulated by the CRU, notwithstanding the differing legislative or regulatory frameworks. The CRU engages with regulated entities to facilitate them in their compliance. In terms of enforcement action, the CRU can issue instructions and directions, revoke licences and permits, require improvement plans to be submitted, serve improvement and prohibition notices, appoint investigators and take prosecutions for offences under the relevant legislation.

## Objectives

This document sets out the CRU's high-level approach to compliance and enforcement across the sectors it regulates. Through the implementation of a proportionate, consistent and transparent compliance and enforcement policy, the CRU aims to make a positive difference for utility consumers in line with its corporate vision:

### CRU Vision

- **Energy supplied safely**
- **Empowered and protected customers paying reasonable prices**
- **A sustainable, reliable and efficient future for energy and water**
- **A secure, low carbon future**

The objective of this Compliance and Enforcement Policy Statement is to support the continued development and operation of a robust compliance monitoring and enforcement regime within the CRU. The target outcomes of this policy are:

- a culture of compliance amongst regulated entities
- clear expectations for compliance monitoring and enforcement activities among regulated entities, stakeholders and the public
- effective and efficient compliance monitoring and enforcement activities that are focussed on providing the greatest overall benefit to the public and network and /or market
- enforcement actions that deliver a credible deterrence against non-compliance and ensure meaningful consequences
- compliance monitoring and enforcement activities that represent value in protecting the public interest

## Regulatory Principles

When undertaking compliance monitoring and taking enforcement action the CRU follows six key principles.



### Clarity

The CRU ensures that all regulatory obligations and consequences of non-compliance are clear.



### Proportionality

The CRU adopts a proportionate approach to its compliance monitoring and enforcement activities. Action taken is proportionate to the risk and potential, or actual, impact.



### Targeting

To deliver maximum impact, the CRU prioritises its compliance monitoring and enforcement activities to provide the greatest value in the public interest.



### Consistency

The CRU is consistent in its approach to compliance monitoring and enforcement decision making.



### Transparency

The CRU is accountable for its compliance monitoring and enforcement processes which are independent and open to scrutiny.



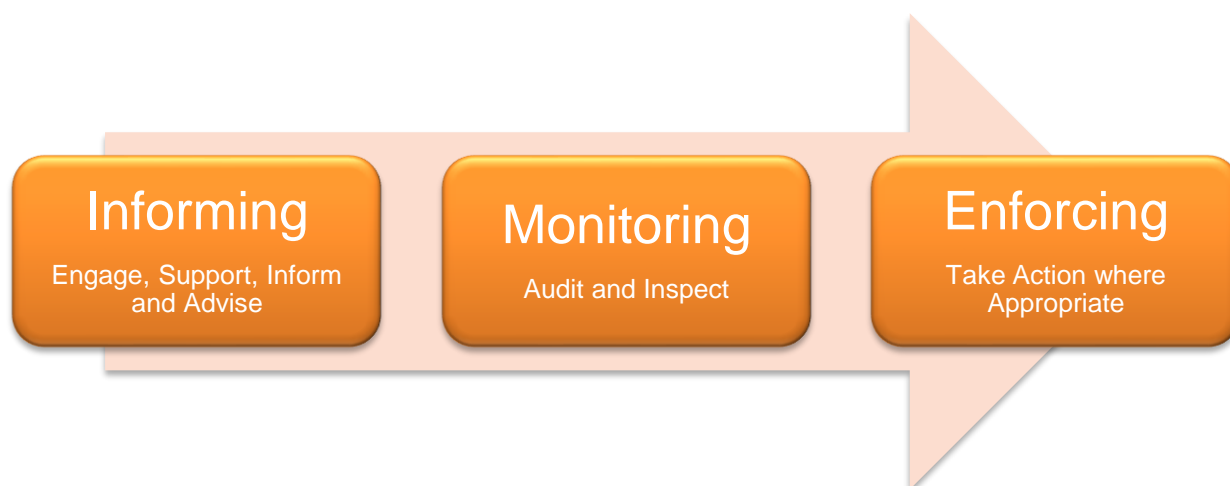
### Effectiveness

The CRU reviews, where appropriate, its compliance monitoring and enforcement processes and actions to ensure they are fit for purpose in achieving the desired outcomes

## Approach

The CRU takes an **outcome focussed** approach to compliance monitoring, continuously seeking to strengthen the culture of compliance within the sectors it regulates through engagement, providing information, audit/inspection and taking enforcement action as necessary and appropriate.

The CRU employs a number of methods to ensure compliance. These can be both proactive and reactive. The CRU will seek to employ the method best suited to each situation (which may entail more than one). Each method can generally be grouped under one of the following:



**Informing:** Prevention is preferable to action after non-compliance has occurred. The CRU engages with the entities it regulates to provide guidance and clarity on compliance expectations, to ensure they understand, and are equipped, to meet their obligations and avoid inadvertent non-compliance.

**Monitoring:** The CRU monitors regulated entities to identify non-compliance at an early stage, to limit the potential risk and impact. Compliance monitoring further verifies if regulated entities are acting in the same manner they have reported to the CRU.

**Enforcing:** Enforcement action may be taken as appropriate by the CRU if the regulated entity is found to be in breach of their obligations. The CRU determines the appropriate action to address non-compliance by an entity.

The actions taken under each method are evidence-based. The CRU will act based on the evidence available e.g. information provided by audits, inspections, investigations, reports and complaints received from the public. Compliance assurance operates as an ongoing process between the CRU and the regulated entity through engagement, self-reporting, internal auditing and internal solution development. This seeks to identify and resolve problems before they escalate and delivers continuous learning and improvement. CRU audits and inspections serve to inform both the CRU and provide reassurance to the broader stakeholder community and the public. Enforcement should be appropriate and serve to promote proactive compliance by providing visible and meaningful consequences.

The CRU operates a risk-based approach to compliance monitoring, following the six key principles of clarity, proportionality, targeting, consistency, transparency and effectiveness. Not all breaches of compliance are of equal severity in terms of impact to people or property, operation of the network and market, or security of supply. Therefore, it is deemed fair, reasonable and practical, where appropriate and permitted by law, to tailor compliance monitoring and enforcement actions to the potential impact. In determining the potential impact for compliance monitoring and enforcement actions, the CRU evaluates the following high-level criteria based on:

- 1. Scale of impact**
- 2. Behaviour of the related entity**

The factors considered under these vary on a case-by-case basis, but can include one or more of the following:

<b>Scale of Impact</b>
⇒ Safety Risk
⇒ Security of supply
⇒ Operation of the network and /or market
⇒ Number of people at risk/affected
⇒ Those at risk/affected (e.g. vulnerable customers)
⇒ History (if the problem is current, dormant or has been resolved)
⇒ Monetary value
⇒ Environmental risk/impact

### Behaviour of the related entity

- ⇒ Repetition (repeated non-compliance)
- ⇒ Intent (likely deliberative non-compliance)
- ⇒ Perceived culture of compliance
- ⇒ Engagement (engaging and co-operating with CRU to resolve the issue)

## Policy Statement Review

The CRU's Compliance and Enforcement Policy Statement is intended to promote a shared understanding of the objectives and principles underpinning the CRU's compliance monitoring and enforcement activities. It seeks to provide clarity and certainty for regulated entities, stakeholders and the public by setting out what to expect from the CRU in the exercise of its compliance monitoring and enforcement actions. The Compliance and Enforcement Policy Statement will be reviewed regularly and updated as required.

Further information and specific compliance and enforcement policies and activities can be found at [cru.ie](https://www.cru.ie).