



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

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Commission for Regulation of Utilities

Compliance and Enforcement Annual Report 2019

Annual Report

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Executive Summary

In the 2019-2021 Strategic Plan, the Commission for Regulation of Utilities (CRU) committed to strengthen its compliance and enforcement framework across safety, water, and energy to ensure best regulatory practice across all areas of the organisation's remit.

In line with the commitments of the 2019-2021 Strategic Plan, 2019 saw the CRU broaden its Compliance and Enforcement activities and provide greater transparency for stakeholders. Firstly, the CRU published the Compliance and Enforcement Policy Statement (CRU19134), which outlined the objectives and principles underpinning all CRU Compliance and Enforcement actions. Further to this, the CRU published an Information Paper on Administrative Sanctions (CRU19135), which set out, at a high level, the CRU's proposed approach to implementing the provisions of the Energy Act, 2016 in a way that is transparent, consistent, and responsive, whilst providing certainty to market participants and strengthening the CRU's customer protection measures.

In parallel with work on enhancing the compliance framework, throughout 2019 there was an increase in proactive compliance monitoring and greater emphasis on raising awareness and understanding amongst stakeholders of the CRU's compliance activities, with the aim of ensuring compliance across all sectors within the CRU's economic regulation brief.

Some of the compliance and enforcement activities in 2019 included:

- Statements of licence compliance from all licensees for 2018;
- Multiple investigations/audits arising from external complaints or internal initiative in energy markets, energy networks and water;
- Improved processes, including better stakeholder management and proactive feedback on decisions and the publication of a range of 'general clarifications';
- Annual Supplier Audit in energy retail energy markets (CRU20044);
- Introduction of quarterly 'spot checks' on specific aspects of supplier compliance in the retail energy markets (CRU19070, CRU19141, CRU20032R);
- Price Comparison Website Accreditation Framework Audits 2019 (CRU19149, CRU19142); and
- Overseeing compliance in the Single Electricity Market (SEM), specifically through annual audits, for example the Trading and Settlement Code market audit and the initiation of the first Scheduling and Dispatch audit.

This document provides a more comprehensive overview of the CRU's compliance activities throughout 2019

Public / Customer Impact Statement

Compliance and enforcement activities are a vital element in achieving the CRU's mission to protect the public interest in water, energy and energy safety. The purpose of this report is to inform consumers, the industry and other interested stakeholders on the Compliance and Enforcement activities and investigations conducted by the CRU throughout 2019.

In line with the CRU Compliance and Enforcement Policy Statement, the publication of this document seeks to further strengthen the regulatory principle of transparency, ensuring the CRU is accountable for its compliance monitoring and enforcement processes, which are independent and open to scrutiny.

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Glossary of Terms and Abbreviations

Abbreviation	Definition or Meaning
ACER	Agency for the Cooperation of Energy Regulators
BMPS	Balancing Market Principles Statement
BWN	Boil Water Notice
CRU	Commission for the Regulation of Utilities
CoP	Code of Practice
EAB	Estimated Annual Bill
EAI	Electricity Association of Ireland
ESB	Electricity Supply Board
ERA	Electricity Regulation Act 1999
HE CHP	High Efficiency Combined Heat and Power
PCW	Price Comparison Website
REMIT	EU Regulation on Energy Market Integrity and Transparency
SEM	Single Electricity Market
SEMO	Single Electricity Market Operator
SONI	System Operator for Northern Ireland
ToR	Terms of Reference
UR	Utility Regulator (of Northern Ireland)

1. Introduction

1.1 Background

The CRU is Ireland's independent energy and water regulator. The CRU was established in 1999 and has a wide range of economic, customer protection and safety responsibilities in energy. The CRU is also the regulator of Ireland's public water and wastewater system. Our mission is to protect the public interest in water, energy and energy safety.

Section 14(11) of the Electricity Regulation Act (1999) and section 16(7) of the Gas (Interim) Regulation Act (2002) sets out the Commission's responsibilities in relation to monitoring compliance with licences.

S14. (11) The Commission shall monitor licensees to ensure that they continue to conform to all the conditions and requirements of their licences.

S16. (7) The Commission shall monitor the activities of a holder of a natural gas licence to ensure that the holder complies with all the terms and conditions of the licence.

The Water Services (No. 2) Act 2013 sets out the Commission's responsibilities in relation to Irish Water's compliance with the consumer codes of practice. Section 32(1) requires Irish Water to prepare and submit to the Commission a code or codes of practice and section 32(5) and (6) set out Irish Water's obligations to comply.

S32(5) The Commission may direct Irish Water to comply with a code of practice approved under this section or a provision of a code of practice so approved.

S32(6) Irish Water shall comply with a direction under subsection (5).

In the 2019-2021 Strategic Plan, the CRU has committed to strengthen the CRU's compliance and enforcement framework across safety, water, and energy to ensure best regulatory practice in all areas of the organisation's remit. The strategy aims to enhance the core values of the organisation, which include integrity, professionalism, openness and accountability.

1.2 Compliance and Enforcement Activities

The CRU undertakes a range of compliance and enforcement activities across the various entities that it regulates. This is the second annual report to outline the yearly compliance and enforcement activities of the CRU. In 2019, compliance and enforcement activities undertaken by the CRU continued to expand, particularly in line with the objectives of the 2019-2021 Strategic Plan.

Notably, the emphasis on proactive compliance monitoring in the energy supply markets increased and was expanded to include Irish Water.

In addition, the compliance and enforcement framework underwent further development, in line with the 2019-2021 Strategic Plan. This saw the publication of the Compliance and Enforcement Policy Statement and of an Information Paper on Administrative Sanctions.

The activities of the CRU in the area of Compliance and Enforcement in 2019 can be placed under three core pillars, as shown below:

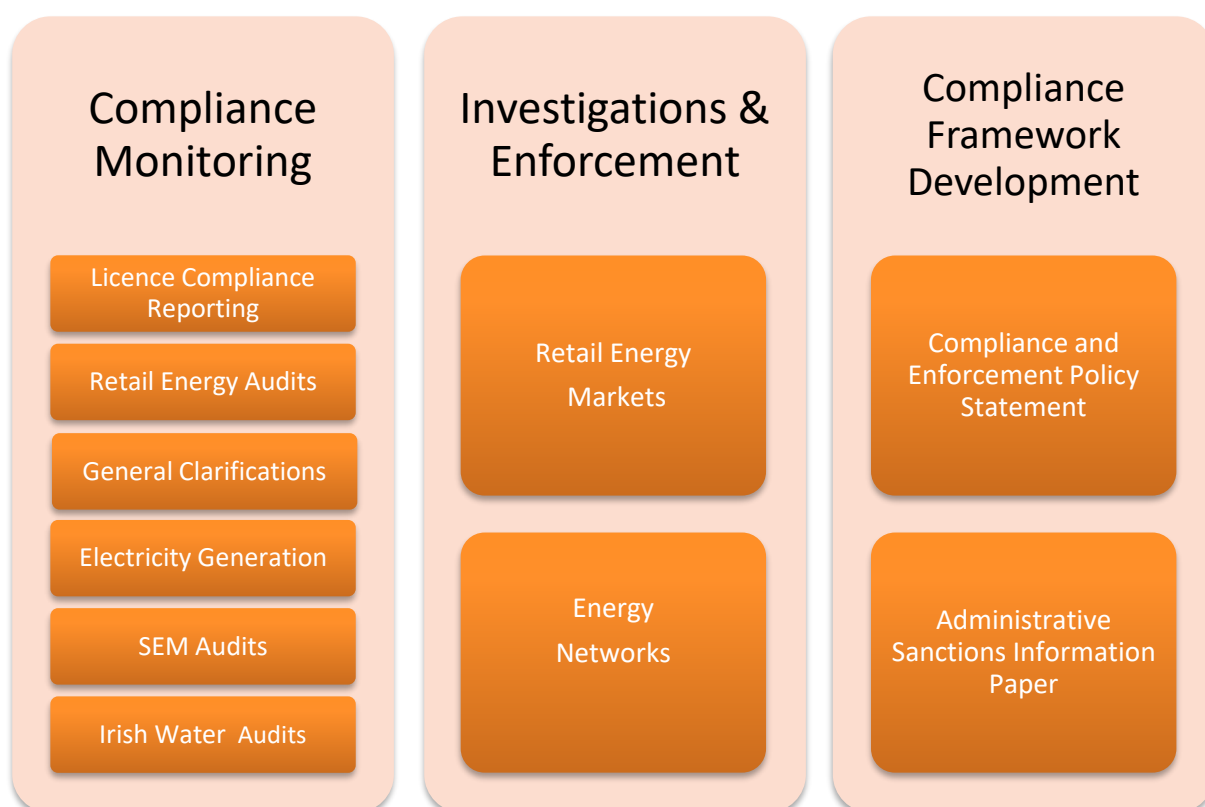


Figure 1.2 Pillars of Compliance and Enforcement activity in 2019.

2. Compliance Monitoring and Investigations

2.1 Energy Supply and Networks Licence Compliance Reporting 2018

In line with the strengthening of the CRU's compliance and enforcement framework under the 2019-2021 Strategic Plan, the CRU standardised the process for annual reporting across all energy supply and network licence holders in 2019. In Q4 2019, the CRU requested all licence holders to submit a single Licence Compliance Report to demonstrate how the licence holder had fulfilled each condition of the relevant licence in 2018.

The rationale behind the decision to initiate a standardisation of licence compliance reporting is two-fold. Firstly, considering the range of licence conditions, it is not possible to devote resources to initiate audits on every condition and therefore, it is necessary to request self-reporting of licence compliance. The provision of this information allows the CRU to monitor licence compliance in a comprehensive, systematic and transparent way. Secondly, the process licensees undergo to put together a report on licence compliance focuses attention on evaluating their own business processes to be able to determine compliance. This approach aims to promote a greater culture of compliance and standards of service across all regulated utilities.

In carrying out this process, some concerns were raised by suppliers in relation to the format of the reports to be submitted. In future, the CRU may consider taking a more prescriptive approach to the format of responses required in order to simplify the process for respondents and ensure consistency in responses.

There have been a number of findings, which the CRU is pursuing through investigations and enforcement procedures as appropriate. Some issues raised require further communication with licenses in order to ensure compliance and clear reporting going forward, while others merit more detailed investigation by the CRU. The issues raised include the following;

- Provision of separate accounts
- Payment of the CRU levy
- Reporting of known breaches of obligations

2.2 Electricity Generation Licence Compliance Reporting 2018

2.2.1 Electricity Generation

The CRU has issued 413 electricity generation licences and 383 authorisations to construct since January 2000. The CRU monitors licensees' compliance with the key obligations regarding submissions of regulatory accounts, payment of the electricity levy, environmental performance, fuel stocks, progress reports etc. In November 2019, the licensing team contacted all licenced generators >10 MW to request their Compliance Submissions for the year 2018. For 2018, submissions were required on four related conditions, namely financial accounts for the year, payment of the electricity levy, security of supply and environmental. The closing date for receipt of submissions was 29th November 2019. In total, 86% of the applicants responded to the initial request for their annual generation licence compliance. The remainder were submitted in 2020 further to preliminary compliance action.

2.2.2 High Efficiency Combined Heat and Power

High Efficiency Combined Heat and Power (HE CHP) plants deliver considerable primary energy savings compared to what would be required from separate heat and power production processes. EU and Irish legislation provide incentives for the development and operation of HE CHP plants. To receive these supports, CHP plants require a valid HE CHP certification from the CRU.

Between 2015-2019, an average of 60 HE CHP certificates were issued annually. In 2019, the CRU issued 49 HE CHP certificates.

To ensure the robustness of the certification process, there is an auditing regime in place for plants which have been certified. As part of the CRU's audit and monitoring program for HE CHP, the CRU has adopted a more risk-based approach to auditing. The CRU conducted a site visit for one randomly selected CHP generator during the course of 2019.

2.3 Retail Supply Licence Compliance & Investigations

2.3.1 Retail Supply Licence Audits

The CRU undertakes both scheduled and ad-hoc audits on the activities of various market participants including suppliers and price comparison websites to ensure compliance. There were four retail energy supply audits completed in 2019.

Description	Scope	Findings	Further actions	Report
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available				
Q1 Spot Check 2019	Section 2.3.1 of the Code of Practice on Marketing and Advertising, which outlines the minimum information which can be included on marketing and advertising material.	High level of compliance overall with issues found amongst three of ten suppliers. Examples of issues were a lack of information in the main body of the advertisement, the inclusion of non-energy elements in the calculation of the EAB and the use of footnotes for core product information.	A General Clarification (CRU/19071) was issued on foot of the findings. The CRU clarified that social media advertising can make mandatory information available to customers through an easily accessible 'clickable link' when not contained in the first image of the advertisement.	CRU/19070
Q2 Spot Check 2019	A number of requirements relating to consumer interfaces of licenced suppliers.	Breaches were uncovered in the following areas: <ul style="list-style-type: none"> • overarching requirements; • non-domestic billing; • complaint handling; • marketing & advertising; • vulnerable customers; • T&Cs. 	All suppliers acknowledged issues and worked to remedy them. As numerous issues were found with Waterpower, the CRU decided to carry out a full audit of Waterpower following on from this spot check.	CRU/19141
Q3 Spot Check 2019	Requirements 2.3.1 and 2.5 of the Domestic Code of Practice on Marketing and Advertising. These requirements relate to the presentation of the Estimated Annual Bill (EAB)	52 breaches were identified across all suppliers assessed, bar one. The main areas in which breaches to compliance were found related to the dates of tariffs presented, the validity periods, Nightsaver tariff	In the course of the spot check, a lack of clarity was identified in relation to the Codes of Practice (CoPs) on marketing and advertising. A general clarification (CRU/20033) was published to clarify that webpages	CRU/20032R

	figure and of tariff information.	calculations and the monetary units used.	displaying tariff information are considered by the CRU to contain marketing or advertising material and therefore must fulfil obligations of the CoP.	
Annual Energy Supplier Audit	Section 3 and Section 14 of the 2017, the CoP on Customer Sign-up.	Of the 11 suppliers audited, seven were found to be fully in compliance. Six findings were made in relation to the remaining four suppliers, primarily relating to issues of inconsistency in customer communication.	All remedial actions were completed as requested.	CRU/20044

Table 2.3.1 Table of retail energy market audits in 2019

2.3.2 Retail Supply Licence Investigations

Eight retail supply licence investigations were carried out by the CRU throughout the course of 2019. In the majority of these cases, a breach to a supplier’s Codes of Practice was identified and a remediation required. In one case, the investigation concerned a breach to a licence condition. As with the previous year, the most common area of non-compliance concerned the Code of Practice on Marketing and Advertising. These investigations originated from a variety of sources, including complaints from suppliers and PCWs, as well as the CRU’s Customer Care Team.

The investigations outlined below did not progress to a formal compliance investigation and were resolved bilaterally with remediation actions undertaken by the licensees. This approach follows the CRU’s Compliance and Enforcement Policy Statement, which considers the scale of the impact and the behaviour of the regulated entity in deciding whether to resolve the breach of obligation bilaterally or to escalate the breach to a formal investigation. As these cases were not escalated to formal compliance investigations, suppliers are not identified in the descriptions below. This approach is in line with the Compliance and Enforcement Policy Statement, which allows the CRU to determine the appropriate action in instances of non-compliance, keeping in mind the principles of proportionality and effectiveness. Going forward, suppliers involved in formal investigations will be identified in CRU publications.

Description
1. An issue was raised in relation to a supplier's social media campaign compliance with the Suppliers' Handbook Code of Practice on Marketing and Advertising, as well as previous Decision Letters issued by the CRU. Following an investigation, the advertisements in question were removed from social media platforms.
2. An issue arose regarding a supplier's promotion of electricity from renewable sources despite not having made a submission to SEMO for the calculation of the Fuel Mix for the preceding year. A General Clarification (CRU/20083) has since been published, requiring any supplier who has not completed or received the results from the Fuel Mix Disclosure or Green Source Product Verification process to clearly provide a caveat alongside any claim to be 100 per cent renewable.
3. Following investigation in relation to a consumer network group, a general clarification (CRU/19120) was issued to all market participants on the application of the requirements of the Suppliers' Handbook to commercial arrangements with consumer network groups.
4. An issue in relation to a section of text on a supplier's website in relation to Section 2.2.5 of the Suppliers' Handbook. The supplier was required to remove the relevant text from its website.
5. An issue in relation to the presentation of EABs by a supplier with a TV advertisement which breached Section 2.3 of the Supplier Handbook. The CRU required that the supplier should withdraw any advertisement containing the miscalculated EAB until it was updated.
6. An issue was raised in relation to unlicensed reselling of electricity – this issue is still under review and related to the provision of electricity at a caravan park where prepayment meters are installed in the park's caravans.
7. A further issue was raised in relation to promotion through a consumer network group, where the supplier in question had an obligation to ensure marketing and advertising material produced by the consumer network group was fully compliant with the relevant obligations in the Suppliers' Handbook. The supplier was required to ensure that the necessary changes were implemented.
8. A further issue was raised in relation to unlicensed reselling of electricity – this issue remains under review.

Table 2.3.2 Retail Market Investigations in 2019

2.3.3 General Clarifications

The CRU Compliance & Enforcement team issued the first general clarification in 2018, and in 2019, six general clarifications were published. General clarifications are issued to market participants as required to clarify an issue emerging from a query, complaint, or investigation. The publication of a general clarification does not constitute the introduction of new policy, but rather is intended to provide clarity to market participants around the interpretation of the existing regulatory framework for consumer protection.

The table below provides an overview of the general clarifications issued in 2019, along with a brief summary and a reference to the corresponding section in the Suppliers' Handbook.

General Clarification Issue	Relevant section in the Suppliers' Handbook	Summary	CRU Document Number
Use of online registration for vulnerable customers	Section 7.4.3	The provision of an online registration form for vulnerable customers (based on the template in Appendix C of the Supplier Handbook) satisfies the Section 7.4.3 requirement. However, the provision of an online form should be in addition to the availability of a paper form. Both online and paper forms should facilitate the addition of a type of electrically powered equipment that the customer may depend on. An online form must reflect the requirement for capturing the customer's agreement to share the information with the Electricity Network Operator.	CRU19122
Use of the EAB acronym in Marketing & Advertising	Section 2.3.1	The use of the phrase 'Estimated Annual Bill' or acronym 'EAB' is in compliance with requirements but the advertisement should reference where the customer can gain more information about the EAB. If the acronym is used in the main body of the advertisement, the EAB definition should be displayed in footnotes or via a reference to more information on the supplier's website.	CRU19121
Marketing & Advertising via Consumer Network Groups	Section 3.2(a)	Clarifies that a Consumer Network Group (CNG) is considered by the CRU to be a representative of the supplier, albeit in a temporary arrangement. Hence, the supplier is responsible for ensuring that any marketing and/or advertising material	CRU19120

		that the CNG produces during this contract is fully compliant with the relevant CRU regulatory framework.	
Calculation of tariffs during a leap year.	No explicit reference to leap year calculations.	The calculation of the Estimated Annual Bill for a leap year should not be adjusted to incorporate the additional day. Similarly, the average annual consumption figures do not have to be adjusted for the extra day.	CRU19119
Code of Practice on Marketing and Advertising	Section 2.3.1	The Code of Practice does apply to digital marketing channels, including social media. However, the CRU recognises the dynamic nature of digital marketing and social media advertising and permits the presentation of mandatory information through 'clickable links'. These links should instantaneously bring customers from the digital advertisement through to the supplier's website, where the complete set of mandatory product information is available.	CRU19071
Code of Practice on Marketing and Advertising and Tied Products	Section 2.3.1	Where a supplier is advertising/marketing an energy supply product, then the conditions of the Suppliers' Handbook should apply, even if other products are advertised within the same advert. Conversely, if a supplier is advertising/marketing a product service and there is no reference to an energy supply offering, there is no requirement to comply with the conditions in the Supplier Handbook.	CRU19118

Table 2.3 General Clarifications issued in 2019

2.4 Price Comparison Websites Compliance & Investigations

2.4.1 Annual Price Comparison Website Audit

In 2019, the CRU published the Revised Accreditation Framework for Price Comparison Websites (PCWs) (CRU/19033). The framework includes 11 principles which PCWs must adhere to in order to receive CRU accreditation.

Following the revision of the PCW accreditation, the 2019 audit was the first to be conducted under the new framework. The 2019 annual audit for Bonkers and Switcher was held on 25th-27th June,

while Power to Switch was audited on 27th-28th August 2019. All three PCWs were reaccredited.

2.4.2 Price Comparison Website Investigations

In 2019, three investigations related to issues of non-compliance regarding PCWs. Remedial action was completed in all three cases.

Description	
1.	Two separate issues were raised with the CRU in relation to the presentation of supplier tariffs on a PCW. Following assessment, the CRU viewed that the term ‘not available’ for the tariffs of certain suppliers did not create an accurate picture for customers. The CRU requested that the terminology be changed to specify that the tariff was not available through the PCW and that the terminology of the filter option be amended. Remedial action was taken by the PCW on these two issues.
2.	The CRU revoked accreditation of Power to Switch and ordered it to remove the CRU logo and any reference to CRU accreditation from its website (CRU/19078). Power to Switch updated its website and reapplied for accreditation. The Compliance and Enforcement Team reviewed Power to Switch’s website to ensure it complied with the CRU Price Comparison Website Accreditation Framework and reaccredited Power to Switch.
3.	An issue was raised in relation to the presentation of a supplier’s tariffs on a PCW. The PCW was required to modify the text to correctly reflect the nature of the offering.

Table 2.4 PCW Investigations in 2019

2.5 Single Electricity Market

Under the overarching framework of the SEM Committee governance structure, the CRU oversees compliance activity related to aspects of the SEM. In some cases, this is done jointly with the Utility Regulator (UR) or on a jurisdictional lead basis. The introduction of the new SEM in October 2018 has introduced some new obligations on participants which will be monitored in the context of the broader SEM compliance framework. The following activities were completed in 2019.

2.5.1 2018/2019 Market Audit of the TSC

Period covered	1st October 2018 – 31st December 2019 (Commencement of the new SEM on 1 st October 2018)
Consultation on the Terms of Reference	Six responses received and the Terms of Reference were updated.

Scope	Implementation of a Core SEMO audit, including a separate audit on Part C of the TSC (cutover period of SEM Settlement) and report under ISRS4400 Agreed Upon Procedures. This was a different reporting structure from previous audits - which were reported under ISAE3000 Reasonable Assurance Opinion - to account for the ongoing 'stabilisation' phase that the audit covered.
Agreed Upon Procedures	The Regulatory Authorities worked with the Market Operator to develop the list of Agreed Upon Procedures to audit. These were published in Market Audit 2019 Agreed Upon Procedures Information Paper (SEM-19-067) on 28 th November 2019.

Table 2.5.1 2018/2019 Market Audit of the TSC

2.5.2 2018/19 Scheduling and Dispatch Audit

Period covered	1 st October 2018 – 31 st December 2019
ToR	Published on 21 st June 2019
Details	The Transmission System Operators in Ireland and Northern Ireland (EirGrid and SONI respectively) are required under their licence to carry out an annual audit of the scheduling and dispatch process. This is a new requirement which came into effect in September 2018 following modification to the TSO licence after statutory consultation

Table 2.5.2 2018/2019 Scheduling and Dispatch Audit

2.5.3 Balancing Market Principles Statement (BMPS)

Aim	The BMPS is a restatement of obligations, alongside an explanation of how these obligations are met. The TSO in Ireland and Northern Ireland (EirGrid and SONI) are required to develop the BMPS and publish an updated version annually. The aim of the BMPS is to increase awareness and visibility of TSOs' Scheduling & Dispatch Process, whilst providing clarity and certainty to the market on the timing and nature of TSO actions.
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Timeline	The 2019 Revised BMPS for consultation was published on 10 th January 2019. The 2019 revised BMPS was published on 14 th June 2019 on the SEMO website.
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Table 2.5.3 BMPS

2.6 Electricity Wholesale Markets

REMIT, the EU Regulation on Energy Market Integrity and Transparency, requires the maintenance of a register of European market participants and all market participants are required to register with the relevant National Regulatory Authority. Throughout the past year, the CRU has continued to liaise with market participants and to update and amend its part of this register as appropriate.

The CRU engages in co-operative monitoring with the Agency for the Cooperation of Energy Regulators (ACER). In 2019, the CRU investigated a potential case of market abuse under REMIT following a flag from ACER in their market trading data monitoring role. Upon investigation by the CRU, it was found that no abusive behaviour had occurred, and this was articulated to ACER.

2.7 Energy Networks

2.7.1 Gas Networks - Project South

On 8th March 2016, the CRU determined that GNI had breached a number of conditions of its TSO Licence in relation to financial impropriety which occurred in the company approximately ten years ago. The CRU found that GNI had breached conditions 21, 26 and 27 of its TSO licence and GNI accepted the findings.

The CRU accepted the recommendations outlined in a KPMG report on the issue and noted a number of further actions to be undertaken by GNI to address the issue. By letter dated 2nd November 2017, GNI confirmed its view that all actions identified had been addressed, other than completion of an independent audit. An independent auditor was appointed in December 2017 and the terms of reference agreed. The independent audit was completed in 2019 and the CRU has received the audit report and will publish the findings in early 2021.

2.7.2 Electricity Networks – Infrastructure Agreement

The CRU carried out one investigation in 2019 related to the electricity network licensees. A complaint was received regarding potential breaches of compliance to the Infrastructure Agreement concerning the North-South Interconnector by ESB Networks and Eirgrid. The central issues raised by the complainant involved alleged unauthorised carrying out by ESB networks of the TSO functions of Eirgrid, as well as an alleged dereliction of duty by Eirgrid in not fulfilling its responsibilities under the Infrastructure Agreement. Following investigation by the CRU and an

assessment of the responses submitted by ESB/N and Eirgrid, the CRU was satisfied that there was no breach of the Infrastructure Agreement or any other piece of legislation.

2.8 Irish Water

The 2019-2021 Strategic Plan set out a commitment to continue strengthening the CRU's compliance and enforcement framework to ensure best regulatory practice in all areas of the organisation's remit.

In 2019, the CRU focused increased compliance and enforcement activity on ensuring Irish Water was meeting the required levels of customer service and customer protection. 2019 saw the first formal audit of Irish Water by the CRU in relation to its obligations under the Customer Handbook, as outlined below. This increased focus continues in 2020, with the introduction of quarterly spot checks on Irish Water.

2.8.1 Audit: Leixlip Boil Water Notices

Background	Two Boil Water Notices (BWNs) were issued in October 2019 to customers supplied by the Leixlip Water Treatment Plant, affecting 600,000 users.
Scope	To ensure that Irish Water's customer service and customer protection obligations and commitments under the Domestic and Non-Domestic Customer Handbooks were met during an issuance of a BWN.
Findings	<p>Overall, Irish Water was found to be in compliance with the majority of its obligations. A number of instances of non-compliance were identified with some requirements of the handbooks. These included:</p> <ul style="list-style-type: none"> • A failure to highlight the anticipated duration of the notice; • The lack of an easy process for customers/potential customers to use upon experiencing difficulties with their water/wastewater service supply and wishing to make a complaint to Irish Water; • No additional contact made directly with vulnerable customers to ascertain what extra requirements they might have in relation to the BWN or whether they required assistance to access alternative supplies; • Information provided in digital maps regarding areas where BWNs applied was neither accurate nor easy to understand.

<p>Remedial actions</p>	<p>On foot of the findings above, Irish Water was requested to take the following remedial actions:</p> <ul style="list-style-type: none"> • Ensure that if information provided to customers does not detail the anticipated duration of the BWN, it is made clear that the BWN will remain in place until further notice. Irish Water has confirmed that templates for BWN communications have been updated to reflect this requirement. • Review its website to ensure that details for how a customer can make a complaint is readily accessible and that the process is straightforward. Irish Water has confirmed that it has amended the information on its complaints area. • In terms of its use of digital maps, Irish Water has introduced a standardised mapping template including appropriate legends for publishing finalised BWN/DWRN maps. Irish Water has also made plans to introduce interactive maps for larger scale incidents.
<p>Information paper</p>	<p><u>CRU/20052</u></p>

Table 2.8 Irish Water Audit 2019

3. Compliance Framework Development

The 2019-2021 Strategic Plan emphasises the development of the CRU's compliance and enforcement framework across safety, water and energy. Under the current framework, the CRU adopts an outcome-focused approach to compliance, through monitoring compliance with licence requirements, initiating investigations where there is a potential breach of obligations and engaging with licensees to take remedial actions for breaches.

In 2019, the CRU moved forward in its development of this compliance framework. Firstly, a policy statement on compliance and enforcement was published, which outlines the ambitions and regulatory principles of compliance and enforcement actions taken by the CRU. Secondly, the CRU began broadening its regulatory toolkit by outlining the planned approach to administrative sanctions, which were granted as new powers by the Energy Act 2016.

3.1 Compliance and Enforcement Policy Statement

The CRU Compliance and Enforcement Policy Statement ([CRU/19134](#)) was developed in 2019. It outlines the objectives and principles underpinning all CRU compliance and enforcement actions across the various sectors regulated by the CRU, notwithstanding the differing legislative or regulatory frameworks. Among other ambitions, the policy aims to promote a culture of compliance amongst regulated entities, provide clear expectations for regulated entities, stakeholders and the public and deliver enforcement actions that serve as a credible deterrence against non-compliance. Six key regulatory principles underpin compliance and enforcement action by the CRU:

- Clarity
- Proportionality
- Targeting
- Consistency
- Transparency
- Effectiveness

The policy statement recognises that not all breaches are of equal severity in terms of impact on people or property, operation of the network and market, or security of supply. The scale of impact and the behaviour of the entity are evaluated to establish the necessary enforcement actions.

The CRU Compliance and Enforcement Policy Statement will be reviewed as required.

3.2 Information Paper on Administrative Sanctions

The CRU published an Information Paper on Administrative Sanctions ([CRU/19135](#)) in November 2019, outlining its proposed approach to new powers introduced by the Energy Act 2016, which inserted additional provisions into the Electricity Regulation Act 1999 (ERA). The CRU aims to introduce these provisions in a transparent and consistent manner, while providing certainty to market participants and strengthening the CRU's customer protection measures.

Administrative sanctions are a new element of the regulatory toolkit available to the CRU under the ERA and will follow from the consideration of an investigation report in instances when the CRU is satisfied that improper conduct has occurred/is occurring. There are a number of steps that must be taken by the CRU before the issuance of any administrative sanction, such as the appointment of an authorised inspector to investigate the alleged improper conduct, the presentation of the inspector's findings to a decision-making committee and the review of 14 conditions listed in Section 65 of the ERA. These considerations include the seriousness of the improper conduct, the level of cooperation by the licence holder and the loss suffered from the improper conduct.

The CRU's power to issue a sanction is in addition to existing powers to issue directions, publish a notice in a newspaper or publish a direction. Under the new legislation, both minor and major sanctions may be administered where there is a finding of 'improper conduct', but only a major sanction can result in a direction to pay a financial penalty. Improper conduct includes the failure of a licence holder to comply with standards of performance specified by the CRU. The CRU will take a consistent approach in developing these standards of performance and has since published a consultation paper on this issue ([CRU/20081](#)).

A minor sanction is defined by the ERA as the issuing of advice, a caution, warning, reprimand, or any combination of the aforementioned, to a specified body. A major sanction is defined as a direction to the specified body to pay a financial penalty of a sum not exceeding €50,000, being the whole or a part of the cost to the CRU of an investigation of the specified body; or a sum not exceeding 10 per cent of the turnover of the licence holder; or a combination of the aforementioned.

4. Summary

In line with the 2019-2021 CRU Strategic Plan, throughout 2019 progress was made on the development of the compliance and enforcement framework, while there was a notable increase to the volume of activities conducted.

Overall, 2019 saw expansion and development across the three pillars of compliance and enforcement activities. Some notable activities included:

- Statements of licence compliance from all licensees for 2018;
- Multiple investigations/audits arising from external complaints or internal initiative in energy markets, energy networks and water;
- Improved processes, including better stakeholder management and proactive feedback on decisions and the publication of a range of ‘general clarifications’;
- Annual Supplier Audit in energy retail energy markets (CRU20044);
- Introduction of quarterly ‘spot checks’ on specific aspects of supplier compliance in the retail energy markets (CRU19070, CRU19141, CRU20032R);
- Price Comparison Website Accreditation Framework Audits 2019 (CRU19149, CRU19142); and
- Overseeing compliance in the Single Electricity Market (SEM), specifically through annual audits, for example the Trading and Settlement Code market audit and the initiation of the first Scheduling and Dispatch audit.

In terms of the compliance and enforcement framework, important steps have been made in 2020 towards developing policy on administrative sanctions. Notably, the CRU has decided to take a two-stage approach to developing standards of performance; firstly, through consulting and deciding on the overall approach to standards of performance that will apply across all licences, and secondly, by specifying detailed standards of performance and quality for each of the eligible licences.

In terms of the scope of the scheduled monitoring programme, 2020 has also brought about an expansion of the compliance and enforcement brief, despite the challenges of the Covid-19 pandemic. Responding to Covid-19, in March 2020 the CRU wrote to all licensees to provide assurance that it would take a pragmatic approach to enforcement during the pandemic. In doing so, the CRU also underlined the importance of customer protection and urged utilities to make every effort to comply with their obligations, particularly with regard to vulnerable customers.

Regular compliance spot checks have been introduced for Irish Water and the energy network licensees.