



An Coimisiún
um Rialáil Fónntas
Commission for
Regulation of Utilities



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Audit Report of Gas Suppliers' compliance with their Safety Cases

2020

Information Paper

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Executive Summary

The Commission for Regulation of Utilities (CRU) conducted an audit of licensed gas suppliers' compliance with their safety cases in July - September 2020.

The CRU published updated Gas Safety Case Guidelines for Natural Gas & LPG Licensed Undertakings Version 5.0 (Guidelines) in December 2019 (CRU19155). The Guidelines assist gas undertakings in the development of their respective safety cases or material changes for submission to the CRU. The key changes made as part of the December 2019 revision to the Guidelines were the updates to Parts F and G to provide more specific and detailed requirements for supply and shipper safety cases respectively.

The purpose of the audit conducted in 2020 was to ensure that;

- The suppliers had reviewed and updated their existing safety cases in accordance with the updated Guidelines
- The suppliers were compliant with the requirements set out in the Guidelines and requirements set out in Section 16(13)(j) of the Gas (Interim)(Regulation) Act 2002 (as referenced in the Guidelines)

The audit consisted of a questionnaire which was sent by the CRU to thirteen suppliers. Upon receipt of the responses, three suppliers were selected for document verification. The CRU found non-compliances by two out of three suppliers.

Audit reports detailing findings and recommendations were issued to all three suppliers and follow up meetings were held to ensure findings were understood and actioned by the two non-compliant suppliers. Findings were identified in the following areas;

- Non-compliance with Part F. 3 of the Guidelines (customer safety awareness requirements)
- Non-compliance with a requirement to have procedures in place detailing how customers are informed of a possible gas supply interruption during an emergency

The suppliers will update their safety cases and procedures in order to close out the findings. The CRU will continue to carry out compliance monitoring by auditing gas suppliers and shippers in order to ensure that they are compliant with their accepted safety cases, the requirements of the Guidelines and associated legislation.

Public/ Customer Impact Statement

- One of the CRU's key functions is to ensure energy is supplied safely.
- Gas suppliers have a direct contractual relationship with end customers for the supply of gas. As the gas supplier is the main interface with the customer, the gas supplier is required to address a range of potential safety-related customer risks that have the potential to result in a gas safety related incident occurring. These are primarily concerned with the issuing of gas safety advice to customers and communicating with customers on safety-related matters including informing customers of gas interruption as a result of a gas emergency.
- Suppliers must submit a safety case detailing their management of gas safety risks to a level that is as low as reasonably practicable (ALARP).
- The CRU published revised Guidelines in 2019 to assist gas undertakings in the development of their respective safety cases.
- The Guidelines set out that suppliers are required to confirm that they will, communicate with customers regarding gas safety awareness, engage fully with the Promotion and Public Awareness Group chaired by the CRU and, that internal procedures are in place to inform customers of gas interruption as a result of a gas emergency.
- In line with its Compliance Policy Statement¹, the CRU conducted an audit on suppliers' compliance with their accepted safety cases to ensure they are complying with their safety obligations. The CRU will follow-up with suppliers to ensure actions are completed to address the findings made by the CRU. In this way, customers are protected from risks that have the potential to result in a gas safety related incident occurring.

¹ CRU/19134 – Compliance and Enforcement Policy Statement

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Glossary of Terms and Abbreviations

Abbreviation or Term	Definition or Meaning
ALARP	As Low as is Reasonably Practicable
BGES	Bord Gáis Energy Supply
CRU	Commission for Regulation of Utilities
GNI	Gas Networks Ireland

1. Introduction

1.1 The Commission for Regulation of Utilities

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 the energy sector. 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.

1.2 Gas Safety Case Guidelines

As part of the Natural Gas Supply Licence application process to the Retail Markets and Smart Metering Team in the CRU, suppliers are required to submit a safety case to the Gas Safety Framework Team in the CRU for review and acceptance. The supplier is required to adhere to its accepted safety case as specified in Condition 15(1) of the Natural Gas Supply Licence.

Section F (Specific requirements for Gas Supply Undertakings) of the Guidelines has been prepared for suppliers to follow in the development of their respective safety cases for submission to the CRU.

A supplier's safety case is regarded by the CRU as a 'living document' and should be maintained and kept up to date. The CRU reminded suppliers upon commencement of the audit to carry out a review of their accepted safety case and ensure that it was in accordance with the revised Guidelines V5.0. The key changes made as part of the 2019 revision to the Guidelines were updates to Parts F and G to provide more specific and detailed requirements for supply and shipper safety cases respectively.

The CRU conducts audits of gas suppliers in order to ensure that they are compliant with their accepted safety cases, the requirements of the Guidelines and associated legislation. The audit conducted in 2020 focused on ensuring the following;

- each supplier had updated their safety case to reflect the updates made to the Guidelines in 2019
- each supplier had procedures in place to inform customers of gas interruption or possible interruption to the supply of gas
- each supplier had provided safety information to customers in the last calendar year

Findings and associated recommendations identified from the audit are noted in this Information Paper. The CRU will follow-up with suppliers to ensure actions are completed to address the findings made by the CRU.

Further information on the CRU's role and relevant legislation can be found on the CRU's website at www.cru.ie.

1.3 Structure of the Paper

This Information Paper provides an overview of the 2020 gas supplier safety audit methodology and presents the results of the audit setting out the non-compliances.

The paper is structured as follows;

- Section 1 sets out the background and basis for the audit
- Section 2 outlines the methodology used for the audit
- Section 3 provides the results of the audit
- Section 4 sets out audit close out and next steps

2.Methodology

Licensed suppliers with accepted safety cases were audited.

The following twelve suppliers were audited:

1. Bord Gáis Energy Supply
2. Electric Ireland Ltd
3. Energia
4. ESB Independent Energy Limited
5. Flogas Natural Gas Ltd
6. Iberdrola
7. LCC Go Power
8. Naturgy Limited
9. Panda Power SA
10. Prepay Power Ltd
11. SSE Airtricity
12. Vermillion Energy Ireland Ltd

An audit questionnaire was issued to thirteen suppliers, the twelve suppliers listed above and Gazprom Energy Ltd. Subsequently, Gazprom Energy Ltd informed the CRU that its activities had ceased in the Irish market in December 2019 and so was not required to complete the audit.

Ever Energy, Nephin Energy Ltd. and Templederry Energy Resources were not included in the audit as they were not licensed until 2020. However, they may be included in future audits conducted by the CRU.

The following audit questionnaire was issued to the suppliers (Table 1):

Supplier Name:	
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Supplier Audit Questions		
No	Audit Question	Response from Supplier
1	Confirm that a review of your safety case has been completed and that it is in accordance with the revised Gas Safety Case Guidelines Version 5.0. You are not required to resubmit your safety case to the CRU for acceptance. Please respond with Yes/No	
2	Confirm that procedures are in place to inform customers of gas interruption or possible interruption to the supply of gas as required under Section 16(13)(j) of the Gas (Interim)(Regulation) Act 2002. Please respond with Yes/No	
<i>As set out in current and previous versions of the Gas Safety Case Guidelines, suppliers are required to “Provide published material with information and adequate warnings about the potentially hazardous properties of gas, in particular the dangers of carbon monoxide, and the national emergency contact telephone number for reporting gas escapes”</i>		
3	Confirm that safety information has been provided to customers in the last calendar year, 1 st January 2019 – 31 st December 2019. Please respond with Yes/No	
4	Provide the number of calls received in the calendar year, 1 st January 2019 – 31 st December 2019 which were referred to the GNI 24 hour emergency line for reporting gas escapes (1850 20 50 50). Please respond with number of calls (note if recorded or best estimate)	

Table 1: Audit questionnaire issued to all suppliers.

Three suppliers were selected for document verification such that the CRU requested documents from the suppliers to verify their responses to the audit questionnaire. Based on data provided by the CRU Customer Care Team, the three suppliers with the largest number of general (not safety specific) complaints received in quarter 4 2019 (regardless of market share) were chosen for document verification. The three suppliers selected were Bord Gáis Energy Supply, Electric Ireland Ltd and Flogas Natural Gas Ltd.

As part of the document verification process, the three suppliers selected were requested to provide the following documentation to the CRU for assessment;

1. A copy of the supplier's safety case
2. A copy of the supplier's procedures to inform customers of gas interruption or possible interruption to the supply of gas (where there are a number of related procedures, a copy of the overarching procedure)
3. A copy of the safety information provided to customers in the last calendar year, 1st January 2019 – 31st December 2019

Each supplier complied with the request and submitted the requested documentation.

3.Results of the Audit

3.1 Audit Questionnaire

Each of the twelve suppliers which were issued the audit letter and questionnaire responded, all responses received are included in Table 2 below.

Responded with "yes"	
Responded with "no"	

No.	Undertaking	Audit Question 1 <i>Safety Case Compliant with Guidelines²</i>	Audit Question 2 <i>Gas interruption procedures in place²</i>	Audit Question 3 <i>Safety information provided²</i>	Audit Question 4 <i>Number of calls³ received 1st January 2019 – 31st December 2019 referred to the GNI 24 -hour emergency line for reporting gas escapes</i>
1	Bord Gáis Energy Supply				901
2	Electric Ireland Ltd				29
3	Energia				2
4	ESB Independent Energy Ltd				0
5	Flogas Natural Gas Ltd				0
6	Iberdrola				0
7	LCC Go Power				0
8	Naturgy Limited				0
9	Panda Power SA				0
10	Prepay Power Ltd				18
11	SSE Airtricity				10
12	Vermillion Energy Ireland Ltd				0

Table 2: Responses received from suppliers to the audit questionnaire.

² Green shading indicates supplier responded with “yes”

³ A number of suppliers indicated that the number of calls is the ‘recorded’ or ‘best estimate’ number of calls received and referred

3.2 Document Verification

The results of document verification were as follows:

1. With regard to Bord Gáis Energy Supply, the following non-compliances were found:
 - its safety case was not updated in accordance with the Guidelines (Part - customer awareness requirements). The BGES safety case was not updated to reflect the requirement to inform customers that the CCPC is one of the market surveillance authorities and the competent authority in Ireland for safety of domestic gas appliances.
 - procedures submitted did not detail how all final customers would be informed of a possible gas supply interruption during a national gas emergency

2. In respect of Electric Ireland Ltd. the following non-compliance was found:
 - its safety case was not updated in accordance with the Guidelines (Part - customer awareness requirements). The Electric Ireland safety case was not updated to reflect the requirement to inform customers that the CCPC is one of the market surveillance authorities and the competent authority in Ireland for safety of domestic gas appliances.

3. Flogas Natural Gas Ltd. was found to be compliant on document verification.

In general, findings identified were quite limited and narrow in scope. The suppliers will update their safety cases and procedures in order to close out the findings.

4. Audit close out and next steps

Audit reports detailing findings and recommendations were issued to all three suppliers and follow up meetings were held to ensure findings were understood and actioned by the two non-compliant suppliers. The suppliers engaged openly with the CRU and solutions were found readily to correct the non-compliances.

At the time of publication of this document, the two suppliers have plans in place to address findings and this will be tracked to completion by the CRU.

The CRU will continue to carry out compliance monitoring by auditing gas suppliers and shippers in order to ensure that they are compliant with their accepted safety cases, the requirements of the Guidelines and associated legislation.

In this way, customers are protected from risks that have the potential to result in a gas safety related incident occurring.