



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

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Audit Report of Gas Shippers' Compliance with their Safety Cases

2021

Information Paper

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Executive Summary

The Commission for Regulation of Utilities (CRU) conducted an audit of licenced gas shipper undertaking's compliance with their safety cases in April – December 2021.

The CRU published updated Gas Safety Case Guidelines for Natural Gas & LPG Licensed Undertakings Version 5.0 in December 2019 (CRU 19155). The Guidelines assist gas undertakings in the development of their respective safety cases or material changes for submission to the CRU. Some key changes made as part of the December 2019 revision to the Guidelines were the updates to Part F and Part G to provide more specific and detailed requirements for supplier and shipper undertakings safety cases.

The purpose of the gas shipper audit conducted in 2021 was to ensure that the shipper undertakings had reviewed and updated their existing safety cases in accordance with the updated Guidelines. This audit of shipper undertakings follows the CRU's 2020 audit of gas supplier undertakings. The report can be found [here](#).

In simple terms, a gas shipper undertaking brings gas into the gas transportation system for subsequent sale to gas suppliers who interact with individual homes and businesses.¹

All active CRU licensed shipper undertakings were included in this audit.

The audit consisted of a questionnaire sent by the CRU to 24 shipper undertakings. Upon receipt of the responses, 11 shipper undertakings were selected for document verification based upon evaluated risk profile and quality of response. Five were fully compliant with the guidelines, 1 was compliant with observations and 5 were found to be non-compliant with the guidelines.

Follow up meetings were held with those with observations and those in non-compliance. This was to ensure observations and findings were understood and actioned by the shipper undertakings. Findings were identified in the following areas;

- Non-compliance with Part G 2.1, 2.2, 2.3 of the Guidelines (The same person was named as all three roles: person with overall managerial responsibility for the gas shipper business, the safety case duty holder and the person responsible for the preparation, submission and ongoing maintenance of the safety).

¹ As per Gas (Interim) Regulation Act 2002, the definition of “to ship natural gas” is “the introduction into, the conveyance by means of, or take off from the natural gas system of natural gas by persons other than the operators of the relevant pipeline or facility being used for the purpose of introducing, conveying or taking off the natural gas”

- Non-compliance with Part G 3.1 of the Guidelines (The undertaking should confirm that it will sign up to the Code of Operations and will comply with the Code).
- Non-compliance with Part G 4.1 (2) of the Guidelines (Pursuant to an Emergency, the Transporter instructs a shipper to give any notification or communication to a supplier, the gas shipper should confirm that it will do so).
- Non-compliance with Part G 5.1 of the Guidelines (The gas shipper undertaking should confirm that following any Code Modification, it will assess if its risks are still addressed by the Code of Operations, or whether further steps/managements of risks are needed).
- Non-compliance with Part G 6.1 of the Guidelines (the gas shipper undertaking should declare to the CRU if it is no longer operating within one month of ceasing operation).

In response, the shipper undertakings have updated their safety cases and the findings have been closed. The CRU will continue to carry out compliance monitoring by auditing gas supplier and shipper undertakings to ensure that they are compliant with their accepted safety cases, the requirements of the Guidelines and associated legislation.

Public/ Customer Impact Statement

The CRU is responsible for the safety regulation of natural gas and liquefied petroleum gas (LPG) undertakings.² In order to carry out this regulation, the CRU established a Gas Safety Regulatory Framework in 2007. Since then, the CRU carried out a number of consultations on the key Framework documents including Safety Case Guidelines.

The Gas Safety Framework reflects the current gas market, legal and regulatory requirements. The strategy of the Framework is twofold; to make sure that all industry safety requirements are fulfilled competently and, to promote and develop public awareness with respect to gas safety.

In line with its Compliance Policy Statement³, the CRU conducted an audit on shipper undertaking's compliance with their accepted safety cases to ensure they are complying with their safety obligations. The purpose of this report is to share the findings from this audit.

Gas shipper undertakings, as defined in the Executive Summary¹, do not have a direct contractual relationship with end customers for the supply of gas. Those entities which undertake both shipping and supplying activities do have a contractual relationship with the customer, however, as the CRU carried out a supplier safety undertaking audit in 2020, this audit was focused on the solely shipping activities of these undertakings.

Therefore, the key safety aspect identified for this audit was communication, in particular the routing of those communications from the National Gas Emergency Manager which may impact downstream suppliers. Therefore, this could impact the nature of the loss or curtailment of the continuity of gas supply to the customers.

² Under the Electricity Regulation Act 1999 as amended

³ CRU/19134 – Compliance and Enforcement Policy Statement

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Glossary of Terms and Abbreviations

Abbreviation or Term	Definition or Meaning
CRU	Commission for Regulation of Utilities
ESB G&T	Electricity Supply Board, Generation & Trading
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 Shipping Licence application process to the Retail Markets and Smart Metering Team in the CRU, shipper undertakings are required to submit a safety case to the Gas Safety Framework Team in the CRU for review and acceptance. The shipper undertaking is required to adhere to its accepted safety case as specified in Condition 11 (1) of the Natural Gas Shipping Licence.

The *Gas Safety Case Guidelines for Natural Gas & LPG Licensed Undertakings*⁴ sets out the criteria that is to be included satisfactorily in a gas undertaking's safety case for it to be accepted by the CRU. Part G (Specific Requirements for Gas Shipping Undertakings) of the Guidelines has been prepared specifically for shipper undertakings to follow in the development and maintenance of their respective safety cases.

A shipper undertaking's safety case is regarded by the CRU as a "living document" and should be maintained and kept up to date. The CRU reminded shipper undertakings in stage one 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. One of the key changes made as part of the 2019 revision to the Guidelines was an update to Part G to provide more specific and detailed requirements for the shipper safety case.

The CRU conducts audits of gas shipper undertakings to ensure that they are compliant with their accepted safety cases, the requirements of the Guidelines and associated legislation.

⁴ CRU19155 – Gas Safety Case Guidelines for Natural Gas & LPG Licensed Undertakings

The audit conducted in 2021 focused on ensuring the following:

- each shipper undertaking had updated their safety case to reflect the updates made to the Guidelines in 2019.
- each shipper undertaking had procedures in place to inform suppliers of gas interruption or possible interruption in the event of an emergency.
- each shipper undertaking has signed up to and complies with the Code of Operations.

Findings and associated recommendations identified from the audit are noted in this Information Paper.

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 2021 gas shipper 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 step

2. Methodology

Licensed shipper undertakings with accepted safety cases were audited.

The following 24 shipper undertakings were audited:

1. Aughinish Alumina Limited
2. Axpo UK Limited
3. Bord Gáis Energy Supply
4. Danske Commodities AG
5. DXT Commodities SA
6. EDF Trading Limited
7. Electric Ireland Limited
8. ElectroRoute Energy Trading Limited
9. Energia
10. EP Commodities
11. Equinor Energy Ireland Limited
12. Electricity Supply Board
13. Flogas Natural Gas Limited
14. Huntstown Power Station
15. Iberdrola
16. Manx Utilities
17. Naturgy Limited & Naturgy Energy Limited
18. Nephin Energy Limited
19. Panda Power PA
20. Prepay Power Limited
21. Shell Energy Europe Limited
22. SSE Energy Supply Limited
23. Tynagh Energy Limited
24. Vermillion Energy Ireland Limited

An audit questionnaire was issued to the above 24 shipper undertakings.

Every Energy and Templederry Energy Resources were not included in the audit as they were not licensed until 2020 and have not yet commenced shipping gas.

Ceres Energy Limited and Green Generation Limited were not included in the audit as they were not licensed until 2021.

The following two undertakings were excluded from the above list, RWE Trading (Ireland) Limited and LCC Go Power on the basis of preliminary enquiries determining that they are no longer active in Ireland.

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

Shipper Name:	
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Shipper Audit Questions		
No	Audit Question	Response from Shipper
1	Confirm that a review of your safety case has been completed and 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, in the event of a national gas emergency, to inform final customers (suppliers) of gas interruption or possible interruption to the supply, as required under Section 16(13)(j) of the Gas (Interim) Regulation) Act 2002. Please respond with Yes/No	
3	Confirm that you have signed up to the Code of Operations and comply with the code. Please respond with Yes/No	
4	Confirm that up-to-date contact details in the event of an emergency or emergency exercise have been provided to GNI. Please respond with Yes/No	
5a	Confirm that you have been involved in emergency exercises carried out by GNI in the last 5 years (2016 -2020). Please respond with Yes/No	
5b	If the response to question 5a is yes, please indicated the dates of these exercises.	
5c	If the response to question 5a is yes, please confirm that all NGEM directions were fully carried out and provide the summary of actions undertaken.	

Table 1: Audit questionnaire issued to all shipper undertakings.

3. Results of the Audit

3.1 Audit Questionnaire

Each of the 24 shipper undertakings which were issued the audit letter and questionnaire responded, all responses received are included in Table 2 below.

Responded with "yes"	<input checked="" type="checkbox"/>
Responded with "no"	<input checked="" type="checkbox"/>

Responded with "no" – reason only recently commenced gas shipping activities	<input checked="" type="checkbox"/> *
Response left blank	

No.	Undertaking	Audit Question 1 <i>Safety Case compliant with Guidelines</i>	Audit Question 2 <i>Gas interruption procedures in place</i>	Audit Question 3 <i>Comply with Code of Operations</i>	Audit Question 4 <i>Emergency contact details provided to GNI</i>	Audit Question 5a <i>Involved in emergency exercise</i>	Audit Question 5b <i>If yes, provide dates of exercise</i>	Audit Question 5c <i>If yes, confirm NGEM directions were carried out</i>
1.	Aughinish Alumina Ltd	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
2.	AXPO Ltd	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> *		
3.	Bord Gáis Energy Supply	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
4.	Danske Commodities AG	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		

No.	Undertaking	Audit Question 1 <i>Safety Case compliant with Guidelines</i>	Audit Question 2 <i>Gas interruption procedures in place</i>	Audit Question 3 <i>Comply with Code of Operations</i>	Audit Question 4 <i>Emergency contact details provided to GNI</i>	Audit Question 5a <i>Involved in emergency exercise</i>	Audit Question 5b <i>If yes, provide dates of exercise</i>	Audit Question 5c <i>If yes, confirm NGEM directions were carried out</i>
5	DXT Commodities SA	✓	✓	✓	✓	✗		
6.	EDF Trading Ltd	✓	✓	✓	✓	✗		
7.	ElectroRoute Energy Trading Ltd	✓	✓	✓	✓	✓	✓	✓
8.	Electric Ireland Ltd	✓	✓	✓	✓	✓	✓	✓
9.	Energia	✓	✓	✓	✓	✓	✓	✓
10.	EP Commodities	✓	✓	✓	✓	✗		
11	Equinor Energy Ireland Ltd	✓	✓	✓	✓	✗		
12	ESB G & T	✓	✓	✓	✓	✓	✓	✓

No.	Undertaking	Audit Question 1 <i>Safety Case compliant with Guidelines</i>	Audit Question 2 <i>Gas interruption procedures in place</i>	Audit Question 3 <i>Comply with Code of Operations</i>	Audit Question 4 <i>Emergency contact details provided to GNI</i>	Audit Question 5a <i>Involved in emergency exercise</i>	Audit Question 5b <i>If yes, provide dates of exercise</i>	Audit Question 5c <i>If yes, confirm NGEM directions were carried out</i>
13	Huntstown Power Station	✓	✓	✓	✓	✓	✓	✓
14	Flogas Natural Gas Ltd	✓	✓	✓	✓	✓	✓	✓
15	Iberdrola	✓	✓	✓	✓	✗		
16	Manx Utilities	✓	✓	✓	✓	✓	✓	✓
17	Naturgy Ltd & Naturgy Energy Ltd	✓	✓	✓	✓	✓	✓	✓
18	Nephin Energy Ltd	✓	✓	✓	✓	✗		
19	Panda Power SA	✓	✓	✓	✓	✓	✓	✓
20	Prepay Power Ltd	✓	✓	✓	✓	✓	✓	✓

No.	Undertaking	Audit Question 1 <i>Safety Case compliant with Guidelines</i>	Audit Question 2 <i>Gas interruption procedures in place</i>	Audit Question 3 <i>Comply with Code of Operations</i>	Audit Question 4 <i>Emergency contact details provided to GNI</i>	Audit Question 5a <i>Involved in emergency exercise</i>	Audit Question 5b <i>If yes, provide dates of exercise</i>	Audit Question 5c <i>If yes, confirm NGEM directions were carried out</i>
21	Shell Energy Europe Ltd	✓	✓	✓	✓	✓	✓	✓
22	SSE Energy Supply Ltd	✓	✓	✓	✓	✓	✓	✓
23	Tynagh Energy Ltd	✓	✓	✓	✓	✓	✓	✓
24	Vermillion Energy Ireland Ltd	✓	✓	✓	✓	✓	✓	✓

Table 2: Responses received from shipper undertakings to audit questionnaire.

3.2 Selection Criteria for Stage Two

In selecting the shipper undertakings for stage 2 of the audit, several factors were taken into account.

Similar selection criteria applied to the 2020 Gas Supplier Safety audit were not applied for this shipper undertaking's audit. The CRU Customer Care Team do not receive complaints about shippers-only as they do not have final customers.

At present, all gas shipper undertakings must apply for a shipping license with the CRU. A cohort of respondents confirmed in stage one of the audit that their activities were limited to trading only and do not carry out shipping activities. The identified subset solely undertaking trading activities was validated against recent platform trading information.

Analysis confirmed that of the 24 gas undertakings who have a CRU shipper licence, 8 of these undertakings are currently operating as gas traders-only and do not partake actively in shipping gas, i.e. they do not have interactions with gas suppliers directly nor do they have a role in a gas emergency. Thus, it was determined that these traders should not be invited to partake in stage two of the audit. Furthermore, one entity, Electroroute were not chosen for stage 2 of the audit based on trading activity.

For stage 2 of the audit, gas shipper undertakings were asked to submit a copy of their safety case as all questionnaires submitted in stage one of the audit confirmed that they were in accordance with the revised Gas Safety Case Guidelines Version 5.0.

Four of the undertakings had already submitted a copy of their safety case during stage 1 of the audit and all were deemed compliant with version 5.0 of the Gas Safety Case Guidelines. As the revised Safety Case format from version 5.0 of the Gas Safety Case Guidelines requires a reduced and concise level of demonstration of risk, it was deemed as a suitable second stage of audit to request copies of these revised safety cases. Therefore, the remaining 11 gas shipper undertakings were invited to submit these as stage 2 of the audit. These gas shipper undertakings and a summary position of their compliance with Part G (Gas Shipping) of the Gas Safety Guidelines are noted below.

3.3 Safety Case Compliance Verification

The results of the safety case reviews were as follows:

Compliant

- Electric Ireland, EP Commodities, ESB G&T, Panda Power and Prepay Power's safety cases were found to be in compliance with version 5 of the *Gas Safety Case Guidelines for Natural Gas & LPG Licensed Undertakings*.

Any gas shippers who were found to be compliant with the guidelines but had observations, were notified as such. Observations can be defined as minor issues within compliant safety cases which could demonstrate their specifics in a more definitive or explicit manner.

Compliant with Observations

- Iberdrola's safety case was found to be compliant with the latest guidelines however observations were noted and presented to them on 10th November 2021.

Non-compliant

Those shipping undertakings that were found to be non-compliant to the latest gas safety guidelines were:

- Aughinish Alumina
- Energia
- Huntstown Power
- Manx Utilities
- Tynagh Energy
- Upon review, Huntstown Power's safety case was found to be non-compliant with the latest guidelines. The findings were as follows:
 - G 5.1 – Confirm that following any Code Modification, the undertaking will assess if its risks are still addressed by the Code of Operations, or whether further steps/management of risks are needed.
 - G 6.1 – Confirm that the undertaking will declare to the CRU if it is no longer operating within one month of ceasing operation.

The following observations were also made:

- G 2.1 – Contact details of the person who has overall managerial responsibility.
- G 3.1 – State clearly that the undertaking will sign up to the Code of Operations and will comply with the Code.
- G 4.1 (2) – Pursuant to an Emergency, the undertaking should confirm it will give any notification or communication to a supplier.

The CRU had a meeting with Huntstown Power on 16th November to discuss these findings and observations. The revised safety case was submitted to the CRU on 18th December and subsequently accepted.

- Upon review, Manx Utilities' safety case was found to be non-compliant with the latest safety case guidelines. The finding was as follows:
 - G 6.1 – Confirm that the undertaking will declare to the CRU if it is no longer operating within one month of ceasing operation.

The following observations were also made:

- G 2.1 – Contact details of the person and position who has overall managerial responsibility for the gas shipper business.
- G 2.2 – Contact details of the duty holder.

The CRU had a meeting with Manx Utilities on 16th November to discuss these findings and observations. The revised safety case was submitted to the CRU on 17th November 2021 and subsequently accepted.

- Upon review Energia's safety case was found to be non-compliant with the latest safety case guidelines. The finding was as follows:
 - G.4.1 (2) – Confirm that pursuant to an Emergency, the gas shipper will give any notification or communication to a supplier

The following observation was also made:

- G.2.1 – Contact details of the person who has overall managerial responsibility for the gas shipper business

The CRU had a meeting with Energia on the 26th November to discuss this finding and observation. The revised safety case was submitted to the CRU on 14th December 2021 and was then accepted upon review of the revisions.

- Upon review, Aughinish Alumina's safety case was found to be non-compliant with the latest safety case guidelines. The findings were as follows:
 - G 4.1 – Confirm that pursuant to an Emergency, the undertaking will give any notification or communication to a supplier
 - G 5.1 – Confirm that following any Code Modification, the undertaking will assess if its risks are still addressed by the Code of Operations, or whether further steps/management of risks are needed.
 - G 6.1 – Confirm that the gas shipper undertaking will declare to the CRU if it is no longer operating within one month of ceasing operation.

The following observations were also made:

- G 2.1 – Contact details of the person who has overall managerial responsibility for the gas shipper business
- G 2.2 – Contact details of the Duty Holder
- G3.1 – Confirm clearly that the undertaking will sign up to the Code of Operations and will comply with the Code

The CRU had a meeting with Aughinish Alumina on 23rd November 2021 to discuss the findings and observations. The revised safety case was submitted to the CRU on 2nd December 2021 and subsequently accepted.

- Upon review, Tynagh Power's safety case was found to be non-compliant with the latest safety case guidelines. The finding was as follows:
 - G 2.1, 2.2, 2.3 – The same person is named as all three roles (person with overall managerial responsibility for the gas shipper business, the safety case duty holder and the person responsible for the preparation, submission and ongoing maintenance of the safety).

The following observation was made:

- Remove the Part F Supplier safety case appendix from the shipper safety case

The CRU had a meeting with Tynagh Power on 9th December 2021 to discuss this finding and observation. The revised safety case was submitted to the CRU on 13th December 2021 and subsequently accepted upon review of the revisions.

4. Audit close out and next steps

Audit results letters detailing findings and observations were issued to the shipper undertakings who were found to either be non-compliant version 5.0 of the safety case guidelines or compliant with observations. Follow up meetings were also held to ensure findings and observations were understood and actioned by the shipper undertakings. The shipper undertakings engaged openly with the CRU and solutions were found readily to correct the non-compliances in all cases.

At the time of publication of this document, the 5 non-compliant shipper undertakings have submitted their updated safety cases and post review, can be now deemed to be in compliance with the guidelines. Therefore, the audit output can conclude at this time as the identified gas shipper undertakings have fully compliant safety cases in place and their associated safety risks are being suitably managed.

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