



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

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# Consultation on Terms of Reference for the Gas Network Stakeholder Engagement Evaluation Panel 2026 and 2027

## Consultation Paper

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## Executive Summary

Gas Networks Ireland (GNI) owns and operates the Irish gas network. GNI is subject to regulation by the Commission for Regulation of Utilities (CRU). Every five years, the revenues that GNI can collect from its customers as well as the regulatory framework underpinning those revenues are re-evaluated by the CRU in a price control process. The last price control decision (PC5) was published in December 2023. That decision included the introduction of the stakeholder engagement incentive which seeks to facilitate GNI efficiently and effectively engaging with its stakeholders, with a focus on new large connections.

The design of the incentive is based on a similar incentive introduced by the CRU for the electricity network operators. A panel of stakeholder representatives (the Gas Network Stakeholder Engagement Evaluation Panel, or GNSEE Panel) will assess and score GNI's stakeholder engagement performance. The GNSEE Panel's scores will determine the level of reward that GNI may receive from the incentive mechanism. Performance will be assessed on a calendar year basis. 2026 will be the first year in which the panel will operate, assessing GNI's performance in 2025.

The CRU has drafted Terms of Reference for the GNSEE Panel, including details on the panel's purpose, scope, membership and governance as well as information on how meetings will be conducted, how GNI will be engaged with, and how the overall process may be reviewed and revised by the CRU. The CRU is seeking feedback on the proposed Terms of Reference through this consultation paper. After the consultation period closes, the CRU will review and consider the comments received. A final Decision on the Terms of Reference of the GNSEE Panel will then be published.

Additionally, the CRU is seeking expressions of interest for membership of the GNSEE Panel for the years 2026 and 2027. The CRU will appoint members to the panel based on the applications received and the selection criteria detailed in this paper. The CRU will publish the list of panel members on the CRU's website once they have been appointed.

Responses to the consultation and applications for membership of the GNSEE Panel should be submitted to the CRU by close of business on 8 November 2024 via the CRU consultation platform.

The term of membership will be two years. Panel members will be expected to review stakeholder engagement reports submitted by GNI and attend at least 2 meetings per year between April and June at the CRU's offices. In advance of the meetings, members should assess GNI's performance from the perspective of the category they have been selected for and prepare initial scores based on criteria provided by the CRU. During the meetings, members should share their views on GNI's performance in order to come to an agreement with other Panel members on a final score. Appendix B of this paper contains an application form for Panel membership alongside the criteria that the CRU will consider when selecting applicants.

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# 1. Introduction

## 1.1 The Commission for Regulation of Utilities

The Commission for Regulation of Utilities (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 and water. Our mission is to protect the public interest in water, energy and energy safety.

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

## 1.2 Background

GNI is licenced by the CRU as the owner and operator of the Irish gas distribution and transmission networks. As part of its legislative duties under the Gas (Interim) Regulation Act, 2022, as amended, the CRU approves the revenues that GNI can collect from its customers. These revenues are set every five years in a process called a 'price control'. In July 2023 the CRU published a consultation ([CRU202370](#)) setting out its proposals regarding the regulatory framework for the Price Control 5 (PC5) period.

One such proposal was to establish a stakeholder engagement incentive. That proposal built on the CRU's experience in introducing a similar incentive for the electricity system operators in the Price Review 5 (PR5) period. The electricity operators' performance is scored and assessed annually by a stakeholder engagement evaluation panel. In proposing a similar incentive for GNI as the gas network operator, the CRU aimed to encourage GNI to ensure that the potential benefits of effective stakeholder engagement would be delivered in practice, particularly with regard to ensuring that large connections are delivered as efficiently as possible during PC5.

Respondents to the consultation were largely supportive of the proposal to introduce a stakeholder engagement incentive governed by a panel similar to the system introduced in PR5. In December 2023 the CRU published its decision on the PC5 regulatory framework ([CRU2023140](#)). The decision set out that the proposals on the stakeholder engagement incentive and the GNSEE Panel would be implemented with some changes to the incentive payment and the criteria used to evaluate GNI's performance.

The CRU is now seeking to form the GNSEE Panel and to establish Terms of Reference for the Panel. The GNSEE Panel will be in place for the calendar years 2026 and 2027, during which it

will evaluate GNI's performance in the years 2025 and 2026. Following that two-year period, the CRU will review the membership of the panel and may review the effectiveness of the panel.

### **1.3 Purpose of this Consultation Paper**

This consultation paper sets out the CRU's proposed Terms of Reference for the GNSEE Panel. The draft Terms of Reference are set out in Section 3. The CRU invites feedback on the proposed Terms.

The CRU is also seeking expressions of interest for membership of the GNSEE Panel for 2026 and 2027. Further information on the Panel's role is provided in Sections 2.3 and 4.

## **2. Establishment of Network Stakeholder Engagement Evaluation Panel**

### **2.1 Background**

In December 2023, the CRU published its Decision on the PC5 Regulatory Framework ([CRU2023140](#)). Within this paper, the CRU set out its decision to establish a stakeholder engagement incentive governed by a Network Stakeholder Engagement Evaluation Panel. This decision was based on the success of a similar mechanism established for the electricity network in PR5, as well as largely supportive responses to the proposals the CRU raised in its PC5 Consultation ([CRU202370](#)). The decision also took into account that delivering large connections can involve a significant amount of stakeholder engagement, and that with the changing needs of the gas network, GNI may need to change its approach to engagement and build new relationships to ensure it can deliver the types of connections expected in PC5 as effectively and efficiently as possible.

The decision set out that GNI will be subject to a financial incentive on its stakeholder engagement performance. Evaluation shall follow the electricity network stakeholder engagement evaluation model established by the CRU in PR5. The evidence to inform the assessment shall be included in the Stakeholder Outturn Report and take the form of an annual submission consistent with guidance set by the CRU. The assessment shall be undertaken annually by a panel constituted by the CRU for this purpose and chaired by the CRU and conclude with the award of a score on a scale of 1 to 10. GNI must achieve a minimum score of 5 to receive any incentive payment. The financial reward will be a maximum of €0.25m per annum, upside only.

### **2.2 Overview of Stakeholder Engagement Incentive**

Building on the PC5 decision, the CRU's initial guidance for GNI on the requirements and assessment criteria for submissions under the stakeholder engagement incentive is set out below. Details on the incentive revenue reward are also provided.

### **2.2.1 Objective of the incentive mechanism**

To actively promote a culture within GNI that puts stakeholders at the centre of what they do and to encourage GNI to ensure the potential benefits of effective stakeholder engagement are delivered in practice.

### **2.2.2 Requirements of GNI's submissions**

To document, with evidence, the following:

- A comprehensive, up-to-date stakeholder engagement strategy, and management systems and processes to enable its delivery;
- A delivered set of channels and initiatives for engaging with stakeholders, consistent with the documented strategy;
- Demonstrable positive impacts on stakeholders, stakeholder groups or GNI consequent to the delivered channels and initiatives; and
- Consideration of lessons learned from previous experiences that can feed into improvements going forward.

### **2.2.3 Form of reporting and nature of evidence**

GNI shall, by 31 March following the year being reported on, submit the Stakeholder Engagement Plan and Stakeholder Outturn Report to the CRU. The Stakeholder Engagement Plan should describe the stakeholder engagement activities that GNI plans to conduct in the coming year and should be no more than 8 A4 pages in length. The Stakeholder Outturn Report should report on stakeholder engagement activity from the previous year. That report should be no more than 15 A4 pages in length and describe, with evidence, the following:

- What its stakeholder engagement strategy was during the year being reported on:
  - How the strategy relates to the identified needs of stakeholders and the strategic or operational challenges facing GNI
  - How the strategy is given practical effect within GNI, including how stakeholders are identified and categorised, and accountability and management reporting in respect of the strategy works within GNI
- How well the strategy was implemented:
  - What engagement channels and initiatives were deployed during the year being reported on
  - How these were tailored to the issue(s) and stakeholders involved
  - The range and diversity of issues and stakeholders involved
  - The innovative nature of methods used



- The effectiveness of the strategy
  - What impacts the deployed channels and initiatives had on stakeholders and the business during the course of the year being reported on
- Lessons learned
  - What lessons were learned in terms of reflection based on engagement with stakeholders
  - How will those lessons feed into the next strategy

As set out in the PC5 decision, there should be a particular focus on engagement relating to large connections. The submissions should be concise in nature to allow Panel members sufficient time to appropriately consider and assess the material within the timeframes specified in the Terms of Reference.

GNI shall publicly consult on the Stakeholder Outturn Report. The consultation shall be published by 31 March, i.e. on the same day as submitted to the CRU. The final Stakeholder Outturn Report – which will reflect consultation responses received, as appropriate – will be submitted to the Panel in line with the Terms of Reference.

#### **2.2.4 Assessment**

The assessment of GNI's stakeholder engagement performance will be conducted by a Panel established and chaired by the CRU. The Panel shall adopt a single score on a scale from 1 to 10 for the following categories:

- **Quality of the strategy (25% weight)** – Quality of stakeholder engagement strategy, management systems and processes within the business to enable its delivery;
- **Implementation of the strategy (25% weight)** – How well the strategy was implemented; quality of delivered set of channels and initiatives for engaging of strategy; consistence with documented strategy;
- **Effectiveness of the strategy (25% weight)** – quality of demonstrable positive impacts on stakeholders, stakeholder groups or GNI consequent to the delivered channels and initiatives;
- **Delivering large connections (15% weight)** – Stakeholder engagement to ensure successful delivery of large connections, strategy, implementation and effectiveness;
- **Lessons learnt (10% weight)** – Change in approach based on engagement with stakeholders.

Assessment criteria to guide the panel in scoring each of the five categories are set out in Appendix C. Once the single scores (on a scale of 1 to 10) have been adopted by the Panel for

each of the five categories, they will be multiplied by their weights to obtain a final score. The final score will be a number between 1 and 10 and will be linked to a financial incentive.

### **2.2.5 Incentive revenue rewards**

The final score will be a number from 1 to 10, as detailed above. GNI must achieve a minimum score of 5 to receive an incentive payment. The incentive payment for any score below 5 will be €0. For scores equal to or greater than 5, the incentive payment will be calculated using the following formula:

$$\text{Incentive payment} = z + ((x - 5) \times (\frac{y - z}{5}))$$

Where:

x = the Panel's final score

y = maximum incentive payment

z = 10% of maximum payment

For PC5, the maximum incentive payment will be fixed at €0.25m per annum. Based on this, the incentive payment formula can be simplified to the following where x = the Panel's final score:

$$\text{Incentive payment} = 25,000 + ((x - 5) \times 45,000)$$

A worked example is given below, in which a final score of 7 results in an incentive payment of €115,000.

$$\text{Incentive payment} = 25,000 + ((7 - 5) \times 45,000 = 115,000)$$

## **2.3 Role of the GNSEE Panel**

The panel will meet twice a year between April and June to assess GNI's stakeholder engagement performance during the previous year. There may be a third meeting if required. Based on performance, the panel will give GNI a score which will directly determine the stakeholder engagement incentive revenue that GNI earns in a given year.

### **2.3.1 First Meeting**

The purpose of the first meeting will be for GNI to present its stakeholder engagement submission to the panel. This meeting will be held shortly after GNI has published its outturn report for consultation. Panel members will be required to review the Stakeholder Engagement

Plan and Stakeholder Outturn Report for the year being reviewed and provide provisional scores in advance of the first meeting.

### **2.3.2 Second Meeting**

The purpose of the second meeting is for GNI to present its final submission (i.e. its Stakeholder Outturn Report updated to reflect the consultation process, as appropriate) and to address the responses received to the consultation. The second meeting is held shortly after GNI makes its final submission to the CRU.

Following this, the panel will score GNI on its submission. The score provided by the panel will determine the incentive revenue reward of GNI. This meeting will take place approximately two weeks after the first meeting to provide members of the panel time to reflect on GNI's presentation.

### **2.3.3 Third Meeting**

A third meeting may be accommodated, if required, to come to a conclusion if one cannot be reached in the second meeting.

## 3. Terms of Reference of the Panel

This section outlines the draft Terms of Reference for the Network Stakeholder Engagement Evaluation Panel.

### Purpose

1. The purpose of the panel is to assess and score GNI on its stakeholder engagement in the previous calendar year. The score will determine the CRU's decision on the annual stakeholder engagement incentive payment.

### Scope

2. The panel will assess GNI's stakeholder engagement strategy of the preceding calendar year and the outcomes achieved during such year pursuant to the strategies in place.

The strategies will be scored across five categories:

- Quality of the strategy (25% weight);
  - Implementation of the strategy (25% weight);
  - Effectiveness of the strategy (25% weight);
  - Delivering large connections (15% weight); and
  - Lessons learnt (10% weight).
3. When scoring, panel members should take into account:
    - Any guidance issued by the CRU;
    - Consultation responses to GNI's reports;
    - GNI's final submissions to the panel; and
    - The views of other members of the panel.
  4. For clarity, the panel will evaluate the stakeholder engagement of GNI, focusing on GNI's stakeholder engagement strategies and effectiveness.

### Membership

5. The panel is expected to have no more than 10 members. The CRU seeks to reach an appropriate balance in membership of the group and will consider the following categories in selecting members of the panel:

- Natural gas producers;
- Renewable gas producers;

- Suppliers / shippers;
  - Generators;
  - Large energy users;
  - Academia;
  - Communities / small customers;
  - Trade bodies; and
  - Other stakeholders where appropriate.
6. The term of membership will be two years. Members may be reappointed as appropriate. The members of the panel will be required to name an alternative, preferably from the same organisation, who can attend the panel in the event of unavailability of the nominated members. However, the CRU would like to highlight that the process will work best if the nominated members are able to commit to attend all meetings during the two years' membership to ensure continuity. The initial scores provided by the members will only be considered by the panel where either they or their alternate are in attendance at each meeting held in a particular year. The alternates may attend meetings as observers when the member is in attendance.
7. The members of the panel should assess GNI's performance from the perspective of the category they have been selected for (e.g. generator, shipper, etc.), rather than providing formal representation of the views of all stakeholders in that category. The CRU notes that GNI's submissions will be consulted upon, providing all stakeholders an opportunity to share their views.
8. In order to assess GNI effectively, the members of the panel will:
- Need to identify potential gaps within GNI's proposals;
  - Be required to understand key concerns of the respondents of the consultations and key issues in relation to GNI's strategies;
  - Be expected to share relevant views at the meetings and provide potential solutions to issues and/or concerns;
  - Be expected to make proactive and constructive contributions to discussions; and
  - Be impartial and fair when scoring GNI.
9. After the selection of the members and provision of their consent, a circulation list with contact details of all participants will be created and shared with members by the CRU. The names and organisations of the members only (i.e. not contact details) will be published on the CRU's website.

## **Governance**

10. The CRU will chair the panel meetings. Primarily the role of the Chair will be to facilitate the discussions of the panel and ensure the meetings proceed efficiently. The CRU will not provide the panel with its own view of GNI's performance or on the appropriate final score.
11. The Chair will open and close each meeting, will record the final score of the panel and confirm conclusions of the panel (rationale for score, recommendations, etc.).
12. The Secretariat will be a CRU staff member and will be responsible for the administration of the meetings.
13. Each panel member will individually prepare initial scores for GNI with rationales for those scores prior to the first meeting. The initial scores and rationale will be submitted to the CRU in advance of the meeting. Upon receipt of all member's initial scores the CRU will circulate the initial scores to the panel one working day before the meeting. At the first meeting each member will discuss their scores with the panel.
14. GNI will be invited to attend part of the meeting(s) of the panel to present on its stakeholder engagement strategy and answer questions from the panel members.
15. The panel will decide on its final score through a process of consensus. For clarity, it will not be necessary for there to be unanimity amongst members of the panel for a final score to be decided upon. The panel will, through a process of discussion, arrive at a collective view that each member of the panel agrees represents the collective view of the panel, even if not precisely that of the individual member.
16. The panel will score GNI on each of the five criteria listed above. The weightings will then be applied according to the established methodology resulting in a final score from the panel.
17. The CRU will take the panel's assessment into account when setting the stakeholder incentive revenues for GNI. The CRU may take other factors into account where appropriate. Where the panel is unable to reach a final score by consensus, the CRU will take the discussions and views expressed by the panel into account when making its decision on the allowed annual network revenues. The CRU considers the panel approach will be more effective if the panel is able to arrive at a score through consensus.

## **Meetings Timeline**

18. GNI will be required to publish an outturn report on the effectiveness of its stakeholder engagement strategy for consultation by 31 March each year. The panel's assessment and its meetings will take place between April and June each year. It is envisioned that the panel will meet at least twice during this period. The final score of the panel will be decided at the final meeting of the year.

## **GNI Submissions to the Panel**

19. GNI is required to submit and present its final stakeholder engagement outturn reports in a timely manner. Where GNI has failed to do this, the panel may take this into consideration when setting the final score.

20. After GNI's consultation has closed, GNI will submit to the CRU its final stakeholder engagement outturn report, including responses to the consultation, at least five working days in advance of the relevant panel meeting. Where there is a significant volume of material GNI will be expected to make its submission far enough in advance of the meeting for the panel members to adequately review all of the material.

## **Meeting Administration**

21. The meetings will ordinarily be held in the CRU's offices in Dublin.

22. Where meetings are being held, the CRU considers that the process will be more efficient if all members attend in person. However, remote access facilities will be made available as appropriate.

23. The CRU will issue guidance to the panel members to assist their evaluation of GNI's performance.

24. A draft agenda, the report and strategy for the year under review, and any other relevant meeting materials will be circulated to the panel in advance of the meeting. The CRU will endeavour to do this four working days prior to the meeting.

25. After each meeting, minutes will be prepared and circulated to the panel for comment. Minutes will be approved either by correspondence or at the following meeting.

26. To promote an open and creative discussion, detailed minutes will not be prepared. The minutes will cover key areas of discussion, conclusions and a list of agreed actions.

27. The conclusions of the panel, including the final scores, the rationale for the scores, any recommendations for GNI, and any other conclusions, will be agreed at the final meeting.

The CRU will then draft a close-out report outlining these conclusions and circulate it by email for comment.

28. The CRU will share the final score with GNI prior to a final decision being made on the allowed revenues.
29. The CRU will share the close-out report with GNI for information only prior to publication. The CRU will endeavour to publish the close-out report in Quarter 3 of the year the assessment is made.

### **Review and Revisions to the Process**

30. The CRU may review the effectiveness of the process in two years. As part of this review, the CRU will assess the extent to which the assessments of the panel have facilitated improvements to the quality of GNI's stakeholder engagement. The CRU will also have regard to the quality of the panel's discussions and assessments, and the extents to which its recommendations have been implemented by GNI.
31. The CRU may also review its guidance and the administration of the meetings each year, taking the views of the panel into account to make improvements to the process.
32. The membership of the panel will be reviewed every two years or as needed.



## 4. Membership of Panel

*The CRU is seeking expressions of interest for membership of the Panel. Successful applicants will be placed on the Panel for the 2026 and 2027 calendar years, evaluating GNI's performance in 2025 and 2026. Panel members should represent one of the following groups:*

- *Natural gas producers;*
- *Renewable gas producers;*
- *Suppliers;*
- *Shippers;*
- *Generators;*
- *Large Energy Users;*
- *Academia;*
- *Communities/ small customers;*
- *Trade bodies; and*
- *Other stakeholders where appropriate.*

*A template for membership application is included in the appendix materials. The CRU will consider the following when assessing applications for membership of the panel:*

- *The experience of the applicant*
- *The representation of an appropriate balance of members across different categories*
- *The ability to provide an alternate for consistency*

*These criteria aim to ensure that the panel will be well balanced with a range of relevant backgrounds represented, and that panel meetings can proceed efficiently with full attendance.*

*The panel is expected to have no more than 10 members. Following evaluation of expressions of interest received in response to this paper, the CRU will contact successful applicants to confirm their appointment. The CRU will publish a list of successful panel members alongside the finalised Terms of Reference for the panel.*

## 5. Next Steps

This consultation and call for expressions of interest for panel membership will close on 8 November 2024. After responses are received, reviewed and considered, the CRU will publish its decision on the Terms of Reference of the panel. The CRU will also appoint and contact the applicants who have been chosen to be members of the panel. The CRU will publish a list of successful panel members alongside the Terms of Reference decision.