



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

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Terms of Reference for The Electricity Networks Stakeholder Engagement Evaluation Panel 2023 and 2024

Decision Paper

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CRU Strategic Plan 2022-24

<p>Our Mission</p> <ul style="list-style-type: none">• Protecting the public interest in water, energy and energy safety.	<p>Our Strategic Priorities</p> <ul style="list-style-type: none">• Ensure Security of Supply;• Drive a Low Carbon Future;• Empower and Protect Customers; and• Enable our People and Organisational Capacity.
<p>Our Vision</p> <ul style="list-style-type: none">• Safe, secure and sustainable supplies of energy and water, for the benefit of customer now and in the future.	

Executive Summary

In December 2020, the CRU published its decision on the electricity Price Review 5 Regulatory Framework, Reporting and Incentives¹. As part of this decision, the CRU decided to retain the incentive for Network Stakeholder Engagement implemented in Price Review 4². This incentive provides for a panel of stakeholders to assess and score both EirGrid (the Transmission System Operator) and ESB Networks (the Distribution System Operator), separately, on the quality, implementation and effectiveness of their stakeholder engagement strategies during the previous year. The score given by the panel determines the level of stakeholder engagement financial incentive received by the network companies in a given year.

In April 2021, the CRU published its decision on the Terms of Reference for the Network Stakeholder Engagement Evaluation (NSEE) Panel.³ This paper set out that the CRU may assess the effectiveness of the panel every two years. Furthermore, the paper stated that members would sit on the panel for two years followed by a review of membership. In line with that decision, in March 2023, the CRU sought stakeholder input on the effectiveness of the panel and proposed some minor amendments to the Terms of Reference ('ToR'). The CRU consulted on the ToR of the panel and invited application for membership of the panel for the years 2023 and 2024 (to assess System Operators' performance in 2022 and 2023).

Following consideration of the ToR and consultation responses received, the CRU has decided to retain the existing terms of reference with minor amendments under meeting administration (Section 3). These amendments:

- Reflect hybrid working arrangements as a result of changed working practices during the COVID-19 pandemic in 2020 and 2021;
- Clarify that the SOs outturn report outlining the SOs stakeholder engagement activities during the previous year and associated strategy for the previous year will be provided at least four working days in advance of the meeting to allow members an opportunity to review the material;
- Better reflect the interaction between the NSEE Panel incentive and the allowed revenues regarding the sharing of scores and reports with the System Operators; and

¹ [CRU/20/154](#) PR5 Regulatory Framework, Incentives and Reporting Decision Paper

² [CRU/18/087](#) Reporting and Incentives under Price Review 4 Decision Paper

³ [CRU21053](#) Networks Stakeholder Engagement Evaluation Panel Terms of Reference and Membership Decision Paper

- Outline that Panel member attendance at meetings is required for a member's submitted initial scores to be considered when the Panel assigns a score to both SOs. Note attendance here refers to either the Panel member or their alternate.

Separately, within the consultation paper, the CRU sought expressions of interest from stakeholders to join the Panel for the years 2023 and 2024. The CRU continues to consider the expressions of interest submitted by stakeholders and will publish the list of Panel members for 2023 and 2024 on the CRU website once they have been appointed.

Public Impact Statement

In 2020, the CRU set out its incentives for EirGrid (as the Transmission System Operator), and ESB Networks (as the Distribution System Operator) for the years 2021-2025. One of these incentives is in relation to stakeholder engagement. The objective of this incentive is to promote cultures within EirGrid and ESB Networks that put stakeholders (i.e., customers, generators, and local communities) at the centre of what the network companies do. This ensures that the System Operators deliver high quality outcomes for energy customers and the wider public.

The CRU formed a Panel made up of representatives from stakeholders to assess and score EirGrid and ESB Networks on the quality, implementation and effectiveness of their stakeholder strategy in the previous year. This score determines the stakeholder engagement financial incentive the companies receive, impacting directly on the incentive revenues earned in a given year.

Based on the established rules of this panel, the CRU has conducted a public consultation to review the principles on which the panel operates as well as the membership of the panel. Further to this consultation, this decision paper sets out the terms of reference for the Panel for the years 2023 and 2024, which will assess EirGrid's and ESB Networks' stakeholder engagement in the years 2022 and 2023 respectively. These terms of reference aim to ensure the Panel is successful in incentivising better engagement from EirGrid and/or ESB Networks with their stakeholders.

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Glossary of Terms

Abbreviation or Term	Definition or Meaning
CRU	Commission for Regulation of Utilities
ESBN	ESB Networks
DSO	Distribution System Operator (ESB Networks)
Network Companies	EirGrid and ESB Networks
NSEE Panel	Networks Stakeholder Engagement Evaluation Panel
SOs	System Operators (TSO and DSO)
ToR	Terms of Reference
TSO	Transmission System Operator (EirGrid)
PR4	Price Review 4 (2016-2020)
PR5	Price Review 5 (2021-2025)

1 Introduction

1.1 Purpose of this Decision Paper

The NSEE Panel ('the Panel') is to be re-established by the CRU for the years 2023 and 2024. This Panel will retrospectively assess EirGrid's (as Transmission System Operator) and ESB Networks' (as Distribution System Operator) performance separately on their stakeholder engagement activities during 2022 and 2023, as part of the Price Review 5 (PR5) Decision on Reporting and Incentives⁴.

In the 2021 decision on the Terms of Reference (ToR) of the Networks Stakeholder Engagement (NSEE) Panel⁵, the CRU set out that it will review the membership of this panel, and may review the effectiveness of the Panel, after two years. In line with that decision, the CRU sought stakeholder input on the effectiveness of the panel and proposed some minor amendments to the ToR.

The CRU's consultation on the ToR of the Panel for the years 2023 and 2024 (to assess System Operators' performance in 2022 and 2023) was published in March 2023.⁶ The CRU sought stakeholders' views on the proposed amendments to the NSEE Panel ToR through this consultation paper. In addition, the CRU invited applications from stakeholders to participate as a member of the Panel for the period 2023 and 2024.

Note, the CRU did not engage with stakeholders or Systems Operators (SOs) outside of the 2021 and 2022 process in advance of the review as consulted. However, it did receive input from EirGrid which was considered when drafting the proposals.

This decision paper outlines the CRU's decision on the ToR of the Panel for the years 2023 and 2024, based on the consultation responses received, and provides the CRU's responses to comments raised during the consultation process.

The CRU's decisions have also been made in the context that it considers that the full extent of the value of the Panel during the PR5 period is not yet evident as the SOs continue to implement the provided feedback. The CRU also notes that delays in publishing the close out reports on the behalf of the Panel may have impacted on the SOs ability to implement such feedback.

⁴ [CRU/20/154](#) PR5 Regulatory Framework, Incentives and Reporting Decision Paper

⁵ [CRU21053](#) Networks Stakeholder Engagement Evaluation Panel Terms of Reference and Membership Decision Paper

⁶ [CRU202316](#) Terms of Reference for The Electricity Networks Stakeholder Engagement Evaluation Panel 2023 and 2024

Therefore, the outcome and value of the changes made by the SOs to align with the Panel's feedback may not become fully evident until later in the period.

The CRU continues to consider expressions of interest from applicants to become a Panel member for the years 2023 and 2024. Once the CRU has appointed the members of the Panel for 2023 and 2024, the CRU will publish the list of Members on its website to be available alongside this decision paper.

1.1 Responses to the Consultation Paper

The CRU received three responses to the consultation paper from the following organisations:

- EirGrid
- Electric Ireland
- Energia

These responses are published alongside this decision paper.

Separately, the CRU received expressions of interest from stakeholders to join the Panel for the years 2023 and 2024. The CRU continues to consider the expressions of interest submitted by stakeholders and will publish the list of Panel members for 2023 and 2024 on the CRU's website once they have been appointed.

1.1.1 Related Documents

- CRU202336a EirGrid Response to CRU202316 Terms of Reference for The Electricity Networks Stakeholder Engagement Evaluation Panel 2023 and 2024 Consultation Paper.
- CRU202336b Electric Ireland Response to CRU202316 Terms of Reference for The Electricity Networks Stakeholder Engagement Evaluation Panel 2023 and 2024 Consultation Paper.
- CRU202336c Energia Response to CRU202316 Terms of Reference for The Electricity Networks Stakeholder Engagement Evaluation Panel 2023 and 2024 Consultation Paper.
- [CRU202316](#) Terms of Reference for The Electricity Networks Stakeholder Engagement Evaluation Panel 2023 and 2024 Consultation Paper.
- [CRU/21/053](#) Networks Stakeholder Engagement Evaluation Panel Terms of Reference and Membership Decision Paper.
- [CRU/21/020](#) Consultation on Networks Stakeholder Engagement Evaluation Panel (NSEEP) Terms of Reference Consultation Paper.
- [CRU/20/154](#) Regulatory Framework, Reporting and Incentives under PR5 Decision Paper.

- [CER/18/087](#) Reporting and Incentives under PR4 Decision Paper.

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

2 Establishment of Electricity Networks Stakeholder Engagement Evaluation Panel

2.1 Background

In December 2020, the CRU published the PR5 Regulatory Framework, Incentives and Reporting decision paper⁷. Within that paper, the CRU set out its decision to retain the NSEE Panel as established in the Reporting and Incentives under Price Review 4 (PR4) decision paper⁸. The intention to retain this incentive was based on the effectiveness of the procedure during PR4.

2.2 Overview of Process and Incentive Revenue Rewards

The CRU guidance for EirGrid as Transmission System Operator (TSO) and ESB Networks as Distribution System Operator (DSO) on the requirements and assessment criteria for submissions under the stakeholder engagement incentive are set out in the CRU's PR5 Regulatory Framework, Incentives and Reporting decision paper and are described below. The incentive revenue rewards are also detailed at the end of this section.

2.2.1 Objective of the Incentive Mechanism

To actively promote cultures within the TSO and DSO that put stakeholders at the centre of what they do.

2.2.2 Requirements of SOs' submissions

To demonstrate, with evidence, the presence of the following:

- A comprehensive, up-to-date stakeholder engagement strategy, and management systems and processes within the business to enable its delivery;
- A delivered set of channels and initiatives for engaging with stakeholders, consistent with the documented strategy; and
- Demonstrable positive impacts on stakeholders, stakeholder groups or the business consequent to the delivered channels and initiatives.

⁷ [CRU/20/154](#) PR5 Regulatory Framework, Incentives and Reporting Decision Paper.

⁸ [CRU/18/087](#) Reporting and Incentives under Price Review 4 Decision Paper.

2.2.3 Form of reporting and nature of evidence

The TSO and DSO shall, by the 31st March following the end of the year being reported on, submit an outturn report to the CRU approximately 15 A4 pages in length describing, with evidence, the following:

- What its stakeholder engagement strategy was during the year being reported on (the previous year); how the strategy relates to the identified needs of stakeholders, and the strategic or operational challenges facing the businesses; how the strategy is given practical effect within the business – including how stakeholders are identified and categorised, and accountability and management reporting in respect of the strategy works within the business;
- 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; and
- 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.

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 ToR.

The CRU will direct the TSO and DSO to separately consult on the above stakeholder engagement outturn reports to seek views on these submissions. The consultations will be published by the 31st March i.e., on the same day as submitted to the CRU. The final outturn reports – which are to reflect consultation responses received, as appropriate – will be submitted to the Panel in line with the Terms of Reference as set out in the Appendix to this decision paper.

2.2.4 Assessment

The assessment of the quality, implementation and effectiveness of the SOs' strategies will be performed by a Panel established and chaired by the CRU. The Panel shall adopt a single score (separately for the TSO and DSO), on a scale from 1 to 10, for the following evidence presented by the TSO and DSO (A, B and C). The weightings of each category are also detailed below:

- Quality of stakeholder engagement strategy, and management systems and processes within the business to enable its delivery – 20%;
- How well the strategy was implemented; quality of delivered set of channels and initiatives for engaging with stakeholders, consistent with the documented strategy – 40%;

- Effectiveness of strategy; quality of demonstrable positive impacts on stakeholders, stakeholder groups or the business consequent to the delivered channels and initiatives – 40%.

Once the single scores (scale 1 to 10) have been adopted by the Panel for each category (A, B and C), these will be multiplied by their weightings to obtain a final score. The final score will be a number between 1 to 10 and will be linked to a financial incentive. The TSO and DSO will separately obtain a final score that can differ from each other.

Higher scores (i.e., above 5) will only be possible where the quality and effectiveness of the SOs' strategies have been clearly demonstrated.

2.2.5 Incentive Revenue Rewards

The final score of the TSO and DSO will be a number out of 10, as detailed above. The SOs must achieve at least a final score of 5.0 in order to receive any incentive payment. Therefore, the incentive payment will be €0 for any score below 5.0. For scores equal to, or greater than 5.0, the incentive payment will be calculated with the following formula:

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

Where:

- x = the Panel's final score.
- y = maximum incentive payment.
- z = 10% of maximum payment.

TSO

The maximum incentive payment for the TSO shall be €0.5m (upside only), per year. The scoring system is as set out above.

An example is given below with a final score of 7 obtained by the TSO:

$$\text{Incentive payment} = \text{€}50,000 + (2 * \text{€}90,000) = \text{€}230,000$$

DSO

The maximum incentive payment for the DSO shall be €1m (upside only), per year.

The scoring system is as set out above, such that a final score of 5 is 10% of the available pot, and an amount of €180,000 is available for every point above 5.

An example is given below with a final score of 7 obtained by the DSO:

$$\text{Incentive payment} = \text{€}100,000 + (2 * \text{€}180,000) = \text{€}460,000$$

2.3 Role of the Panel

The Panel adopts the following approach in assessing the performance of the network companies. The Panel will meet twice a year between April and June to assess the quality of the SOs' stakeholder engagement strategies, the quality of the implementation of those strategies and the effectiveness of those strategies, during the previous year. There may be an option for a third meeting if required. Based on the SO's performance, the Panel will separately give the TSO and DSO a score which will directly determine the stakeholder engagement incentive revenue that the SOs separately earn in a given year.

2.3.1 First Meeting

The purpose of the first meeting is for the TSO and DSO to separately present their stakeholder engagement strategies to the Panel. This meeting is held shortly after the TSO and DSO have both published their outturn reports for consultation. To clarify, Panel members will be required to review the stakeholder engagement strategies and the outturn reports 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 the TSO and DSO to present their final submission (i.e., their stakeholder engagement outturn reports updated to reflect the consultation process, as appropriate) and to address the responses received to the consultation. The second meeting is held shortly after the TSO and DSO respectively make their final submissions to the CRU.

Following this, the Panel will score the TSO and DSO on their submissions. The score provided by the Panel will determine the incentive revenue reward of the SOs as explained in the previous section. This meeting takes place approximately two weeks after the first meeting to provide members of the Panel time to reflect on the network companies' presentations.

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 Summary of Responses

As outlined above, the CRU received three responses to the consultation paper from the following organisations:

- EirGrid
- Electric Ireland
- Energia

Their responses to each of the CRU's consultation questions, and the CRU's response to these, is set out in turn below. The full Terms of Reference of the Panel, as decided by the CRU on consideration of consultation responses, is set out in the Appendix of this decision paper.

3.1 CRU Proposal on Terms to be Retained

Consultation Question

1. Do you agree with the CRU's proposals to retain the terms related to the purpose, scope, governance, meetings timeline, system operator submissions and review and revisions to the process as set out?

Consultation Responses

Both Electric Ireland and Energia agreed with the CRU's proposal to retain the above terms as set out.

EirGrid noted there is inclusion of a new requirement in the Terms of Reference under section 2 of the CRU's consultation paper, Establishment of National Stakeholder Engagement Evaluation Panel. The inclusion states the report to the CRU is to be no more than 15 A4 pages in length. EirGrid strongly disagreed with this inclusion and suggested it be removed from the ToR decision paper. Given the breadth of criteria to be addressed by the SOs, EirGrid considered that 15 pages is insufficient.

EirGrid also noted that there seemed to be a change to the Role of the Panel (section 2.3 of the consultation paper). The change implies the SOs are required to present to the Panel twice between April and June. This is a change from the previous structure of the Panel engagement and has not been captured in the CRU's Summary of Proposals (section 3 of the consultation paper). EirGrid stated it is not in favour of the amended approach and is of the view the SOs presentation to the Panel is based on its final submission post consultation which address the responses received to the consultation.

CRU Response

Section 2 and section 2.3 of the CRU's consultation paper is consistent with the Consultation on Networks Stakeholder Engagement Evaluation Panel (NSEEP) Terms of Reference published by the CRU in 2021⁹. The CRU did not include any new suggestions or changes in the 2023 consultation paper regarding the Establishment of the NSEE Panel, only proposals which related to the Terms of Reference. However, EirGrid's response has highlighted some areas for which further clarification is required. The CRU provides this clarification below and has updated the text in section 2 and section 2.3 of this decision paper to better reflect the intention of the original text.

Regarding the length of the submissions, the CRU considers that submissions made by the SOs should be concise in nature to allow Panel members sufficient time to consider the material in advance of the meetings. Given the ToR which state that the SOs are to submit relevant documentation to the CRU no later than five working days before a Panel meeting, and that the CRU is to circulate relevant documentation to the Panel members no later than four working days before a Panel meeting, it remains crucial that the submitted documentation is concise to be sufficiently considered within these timeframes. Panel members are also expected to provide provisional scores for both SOs after receipt of the documentation and in advance of a Panel meeting. However, the CRU notes that it is the Panel's prerogative to consider the quality of the submissions, including if the length is warranted, when scoring the SOs.

To clarify, the expectation on the SOs is to present at meetings, the intention of the meeting structure as first set out was for the First Meeting to be held during the SOs consultation period of the outturn reports of the year being assessed. This would allow the stakeholder views of the SOs engagement to be incorporated into the final submission of the outturn reports. Then, at the Second Meeting, the consultation responses, stakeholder views, and the SOs consideration of these could be finalised and presented by the SOs. However, due to timing constraints and other factors, the CRU has typically held a combined version of the First and Second Meetings as outlined in section 2.3 above which covers the SOs final outturn performance reports and their responses to consultation submissions received. The CRU considers the meetings structure as outlined in the consultation paper shall remain as intended

⁹ [CRU/21/020](#) Consultation on Networks Stakeholder Engagement Evaluation Panel (NSEEP) Terms of Reference consultation paper

to allow for future meetings to be held as outlined in section 2.3 and to ensure consistency in the role of the Panel for the entire PR5 period.

CRU Decision

Minor clarifications have been included in section 2 of this decision paper to better explain the expectation on the SOs for the purposes of submitting and presenting to the Panel. This includes a minor amendment that the SOs submissions should be 'approximately' 15 A4 pages in length rather than 'no more than' 15 A4 pages in length.

3.2 Panel Member Attendance

Consultation Question

2. Do you have any feedback on whether panel member attendance should be mandatory for both meetings?

Consultation Responses

All three respondents agreed that member attendance should be mandatory.

Electric Ireland stated that attendance should be mandatory, with either the Panel member or suitable alternate in attendance to ensure appropriate representation.

Energia raised that if an alternative cannot be provided a reserve Panel could be held to replace unavailable member. Energia also stated that meeting dates should be provided as far as possible in advance to provide members sufficient notice to ensure they can attend.

EirGrid stated it is strongly of the view that Panel member attendance should be mandatory for the meetings. Consistent attendance at the two to three meetings in the year is important to ensure the full range of stakeholder perspectives is represented in the discussions and the evaluation of the SOs. It considers it is particularly important that each member is in attendance for the SOs presentation.

EirGrid also proposed that it is important to ensure the broad range of perspectives from across the various categories of stakeholder with whom the SOs need to consult are reflected on the Panel. At present EirGrid considers a broader set of stakeholders, including community and civic society, should be represented. It raised that the CRU should give consideration of this in appointing new members through the current expressions of interest process.

CRU Response

The CRU agrees with respondents that consistent attendance by members, or their alternates, would provide more informed and consistent scoring for the SOs.

At this time, the CRU is not in a position to appoint a reserve panel to replace unavailable member, as suggested by Energia. However, the CRU could consider this in future.

The CRU also agrees with EirGrid that the Panel is most beneficial when a wide range of stakeholder views are represented. The CRU does consider this when assessing expressions of interest, however, it is limited by the virtue of which organisations put forward an application.

CRU Decision

The CRU did not include any proposed amendments to the ToR regarding meeting attendance in the consultation paper. On consideration of consultation responses, the CRU has decided to include an additional clarification on term 6 stating the following: “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 CRU considers this will ensure the scores are representative of the full content provided by the SOs and highlights the importance of Panel member attendance at meetings.

3.3 Hybrid Working Arrangements

Consultation Question

3. Do you agree with the CRU’s proposal to amend term 21 and term 22 to reflect hybrid working arrangements as a result of changed working practices during the COVID-19 pandemic in 2020 and 2021?

Consultation Responses

All three respondents agreed with the CRU’s proposed amendments to terms 21 and 22.

Energia also highlighted that emphasis should continue to be placed on in person attendance at meetings.

EirGrid noted the proposed amendments were prudent in the context of ensuring consistent attendance at the meetings.

CRU Response

The CRU agrees with the responses received.

CRU Decision

The CRU has implemented the proposed changes as outlined in its consultation paper to reflect that, while in person attendance is preferable, remote access facilities will be made available for meetings as appropriate.

3.4 SOs Submissions

Consultation Question

4. Do you agree with the CRU's proposal to amend term 24 to clarify that the SOs report for the previous year and strategy for the upcoming year will be provided at least four working days in advance of the meeting to allow members an opportunity to review the material?

Consultation Responses

Both Electric Ireland and Energinor agreed with the CRU's proposal as set out in the consultation paper.

EirGrid raised that the proposed amendment requires further consideration and clarification, as it is not clear what document the 'strategy' being referred to in the proposed amendments to term 24 is.

Under term 20, the SOs are to submit to the CRU their final stakeholder engagement reports, including responses to the consultation, at least five working days in advance of the relevant panel meeting. EirGrid states it would expect this should also include the proposed plan or strategy for the year under review i.e., the TSO's strategy for 2022 and report for 2022 will be provided to the Panel for its review of the stakeholder engagement process for 2022. However, in section 3.1.7 of the CRU's consultation paper, it appears to reference the strategy for the forthcoming year which would not appear to align with the timing of the panel.

CRU Response

The CRU accepts there were inconsistencies in the consulted ToR and agrees with EirGrid that terms 20 and 24 should refer to the strategy of the year under review.

CRU Decision

The CRU has reviewed the text throughout the decision paper and in the ToR and has clarified the documents and submissions expected of the SOs with the use of 'outturn report', 'strategy of year under review' and 'upcoming strategy', where relevant. The CRU considers this will ensure clarity on the submissions to be made.

3.5 Sharing of Scores with SOs

Consultation Question

5. Do you agree with the CRU's proposal to change term 28 and add term 29 to better reflect the interaction between the NSEE Panel incentive and the allowed revenues?

Consultation Responses

Energia agreed with the CRU's proposed changes as outlined in the consultation paper.

Electric Ireland agreed with the proposed amendments, though also suggested that the terms include a specified timeframe for the sharing of this information with the SOs.

EirGrid stated that it is highly important that the SOs receive an indication on scores prior to a final decision on allowed revenues. However, to support the SOs being capable of considering the feedback of the panel in future plans, EirGrid considers it is critical that the SOs receive feedback and recommendations from the Panel promptly following the Panel's final meeting. The timing of conclusion and publication of the NSEE Panel Close Out Report affords the SOs reasonable time to consider how to best to take cognisance of recommendations for the forthcoming year.

On that basis, EirGrid did not agree with the addition of term 28 and the proposed change to term 29 in its current form as it believes it would delay the issuance of the rationale behind the score awarded. While EirGrid welcomes the final score being shared prior to the allowed revenues decision, it considers the score is not beneficial without the rationale and recommendations from the Panel. EirGrid is of the view the CRU should share the NSEE Panel Close Out Report inclusive of the final score with the SOs prior to the publication of the allowed revenues. It stated

it would strongly disagree with the amendment proposed to term 29 and asked that the amendment is not implemented.

CRU Response

The CRU agrees that publishing and sharing the NSEE Panel Close Out Report in a timely manner is of benefit to the SOs as they can consider the feedback in preparation of future strategies. However, the CRU cannot commit to publishing the NSEE Panel Close Out Report in advance of the publication of the allowed revenues at this time due to the need to focus on the annual revenue review.

CRU Decision

The CRU has decided to reflect in term 29 of the ToR that it will endeavour to publish the NSEE Panel Close Out Report in Q3 of the year the assessment takes place.

3.6 Further Comments

Consultation Question

6. Do you have any further comments on the proposed Terms of Reference of the Network Stakeholder Engagement Evaluation Panel?

Consultation Responses

Energia had no further comments on the ToR set out in the consultation paper.

Further to its comments under question 5 regarding the sharing of scores with SOs, Electric Ireland set out that the process could benefit from the inclusion of timely target deadlines for when outputs will be made available to the SOs, to allow for learnings to be taken on board and improvements to be made. Similarly, EirGrid restated its position that timely feedback is critical to ensuring the objectives of NSEE process are met. This should be not only in the form of the score but also the timely provision of the rationale for the scoring through the panel's report.

Finally, EirGrid raised that the objective of the NSEE Panel is to incentivise strong performance on stakeholder engagement through the assessment of the panel of both the plans and reports of the SOs. The breadth and depth of engagement as part of the energy transition has significantly changed in the period since the inception of the panel. EirGrid believes that the Panel

composition needs to be considered in that regard to ensure that the full range of stakeholders and perspectives are represented.

CRU Response

As set out in response to consultation submissions made on Q5 above, the CRU agrees that publishing and sharing the NSEE Panel Close Out Report in a timely manner is of benefit to the SOs as they can consider the feedback in preparation of future strategies. However, the CRU cannot commit to publishing the NSEE Panel Close Out Report in advance of the publication of the allowed revenues at this time due to the need to focus on the annual revenue review.

The CRU agrees with EirGrid that a broad range of stakeholder groups is optimal for the Panel to ensure the scores are reflective of the variety of groups that the SOs engage with. All stakeholder groups remain open for expressions of interest to be submitted for Panel membership. The CRU aims to strike a balance between the stakeholder groups that apply whilst also ensuring an appropriate number of members is appointed.

CRU Decision

The CRU has decided to reflect in term 29 of the ToR that it will endeavour to publish the NSEE Panel Close Out Report in Q3 of the year the assessment takes place.

The CRU will continue to consider the stakeholder groups represented when appointing members to the Panel.

5 Membership of Panel

Following two years since the panel's inception, the CRU sought expressions of interest for membership to the panel. As outlined above, panel members should represent one of the following groups:

- Generators (conventional and renewable);
- Suppliers (large and small);
- Large Energy Users;
- Academia;
- Community and Small Customer Representatives;
- Small Generators; and
- Other Stakeholders where appropriate.

The CRU received a number of expressions of interest to join the Panel and is currently considering these applications. Once the CRU has appointed the members of the Panel for 2023 and 2024, the CRU will publish the list of Members on its website to be available alongside this decision paper.

6 Next Steps

The CRU will consider expressions of interest and appoint Panel members for the years 2023 and 2024. The CRU will contact the newly appointed Panel members and the SOs to set up the first two meetings of the Panel in 2023. These meetings will assess the SOs stakeholder engagement in the year 2022.

Appendix: Terms of Reference of the Panel

Purpose

1. The purpose of the Panel is to assess and score the SOs on their stakeholder engagement on the previous calendar year, which feeds into the CRU's decision on incentive payments.

Scope

2. The panel will assess each SOs' stakeholder engagement strategy of the preceding calendar year and the outcomes achieved during such year pursuant to the strategies in place (i.e., the outturn report). The strategies will be scored across three categories:
 - Quality of strategies (20%);
 - Implementation of strategies (40%); and
 - Effectiveness (outcomes achieved) (40%).
3. The panel should also take into account:
 - Any guidance issued by the CRU;
 - Consultation responses to the SOs' reports;
 - The SOs' 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 the SOs, focusing on the SOs' stakeholder engagement strategies and effectiveness.

Membership

5. The CRU seeks to reach an appropriate balance in membership of the group and therefore, will consider the following categories in selecting members of the panel:
 - Generators (conventional and renewable);
 - Suppliers (large and small);

- Large Energy Users;
 - Academia;
 - Community and Small Customer Representatives;
 - Small Generators; 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 objectively assess the performance of the SOs from the perspective of the category they have been selected for (e.g. generator, supplier, etc.), rather than providing formal representation of the views of all stakeholders in that category. The CRU notes that the SOs' submissions will be consulted upon, providing all stakeholders an opportunity to share their views.
8. In order to assess the SOs and discharge their functions effectively, the members of the panel will:
- Need to identify potential gaps within the SOs' proposals;
 - Be required to understand key concerns of the respondents of the consultations and key issues in relation to the SOs' 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 the SOs.
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 the SOs 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. The Panel members will individually prepare initial scores for the DSO and TSO with rationales for that score 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. The TSO and DSO will be invited to attend part of the meeting(s) of the panel to present on their stakeholder engagement strategies and answer the Panel member questions.
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 the TSO and DSO separately, on each of the three criteria listed above. The weightings will then be applied according to the established methodology resulting in a final score from the panel for each SO.
17. The CRU will take the Panel's assessment into account when setting the stakeholder incentive revenues for the SOs. 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. The incentive framework requires the SOs to publish an outturn report on the effectiveness of their stakeholder engagement strategies for consultation by 31st March each year. The CRU decides on allowed annual network revenues by the end of June each year. As the incentive payments are an input to this decision 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.

System Operator Submissions to the Panel

19. The SOs are required to submit and present their final stakeholder engagement outturn reports in a timely manner. Where the TSO or DSO has failed to do this, the Panel may take this into consideration when setting the final score.

20. After the SOs' consultations have closed, the SOs will submit to the CRU their final stakeholder engagement outturn reports, 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 the SOs will be expected to make their submissions far enough in advance of the meeting for the panel members to adequately review all of the material.

Meeting Administration

21. The meetings are ordinarily held in Dublin, in the CRU's offices.

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 the SOs performance.

24. A draft agenda, the outturn report and strategy for the year under review will be circulated with any other relevant meeting materials to the panel in advance of the meeting. The CRU will endeavour to do this four working days ahead of 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 will be agreed at the final meeting. That is, the final scores, the rationale for the scores, any recommendations for the SOs and any other conclusions agreed upon by the panel. 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 scores with the SOs prior to a final decision being made on the allowed revenues.
29. The CRU will share the close out report with the SOs for information only prior to publication. The CRU will endeavour to publish the close out report in Q3 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 EirGrid and ESBN'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 the network companies.
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.