EirGrid TSO Annual Compliance & Assurance Officer Report 2024

Period 1st January 2024 to 31st December 2024

16 July 2025

EirGrid

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1. Background & Scope

1.1. Background

Condition 21A of EirGrid's Transmission System Operator Licence (the Licence) requires the Compliance & Assurance Officer to report at least annually to the directors of the Licensee on his activities during the period covered by the report and the investigations she has conducted and shall specifically include the Compliance & Assurance Officer's assessment of the compliance of the Licensee with the requirements of Conditions:

- Independence of the Compliance & Assurance Officer.
- Complaints.
- Compliance with Condition 17 Duty of Non-Discrimination.
- Compliance with Condition 21 Restriction on Use of Certain Information.
- Compliance with Condition 23 Prohibition of Subsidies and Cross-Subsidies; and
- An explanation of the practices, procedures and systems adopted to effect compliance with such conditions.

The Licence also requires that EirGrid shall, following consideration of the Compliance & Assurance Officer's Final report and within one calendar month, or such other period agreed by the Commission, provide a copy of the Compliance & Assurance Officer's Final report, together with its response to that report to the Commission. Following approval of the Compliance & Assurance Officer's Final report by the Commission, EirGrid shall publish it and any part of its response to the report specified by the Commission on its website once directed to do so by the Commission.

1.2. Objectives & Scope

The objectives of this review are to provide assurance over compliance with Condition 21A of the Licence in the reporting period 1st January 2024 to 31st December 2024, specifically:

- Independence of the Compliance & Assurance Officer.
- Complaints.
- Compliance with Condition 17 Duty of Non-Discrimination.
- Compliance with Condition 21 Restriction on Use of Certain Information.
- Compliance with Condition 23 Prohibition of Subsidies and Cross-Subsidies; and
- An explanation of the practices, procedures and systems adopted to effect compliance with such conditions.

2. Detailed Observations

2.1. Independence of the Compliance & Assurance Officer

Condition 21A of the EirGrid Transmission System Operator Licence requires the licensee to appoint a competent person who is a senior member of its personnel (the Compliance & Assurance Officer), for the purpose of verifying the licensee's compliance with its obligations under Conditions 17, 21 and 23 and to provide independent assurance of such verifications.

Additionally, the licensee is required to ensure that the Compliance & Assurance Officer is independent and has access to such staff, premises, systems, information, documentation, equipment, facilities and other resources as he/she might reasonably expect to require to fulfil the duties and tasks assigned to him/her.

EirGrid TSO's Compliance & Assurance Officer is the Senior Governance, Risk & Compliance Specialist responsible for the development, implementation and management of the Compliance Programme for EirGrid. The Compliance & Assurance Officer is responsible for scheduling compliance activities through an annual Compliance Coverage and Monitoring Plan and reporting on the outcome of these activities to the EirGrid Board via the Audit & Risk Committee.

In line with Condition 21A (2) the Compliance & Assurance Officer can confirm that during the reporting period (1st January 2024 to 31st December 2024) she has had access to such staff, premises, systems, information, documentation, equipment, facilities and other resources as she might reasonably expect to require to fulfil the duties and tasks assigned to her.

2.2. Complaints

1. The Licensee shall provide a copy of any complaints received by it in respect of Conditions 17, 21 and 23 to the Compliance and Assurance Officer as soon as reasonably practicable and in any event within one month of receiving any such complaint.

The Compliance & Assurance Officer can confirm that no complaints in respect of Conditions 17, 21 and 23 have been received in the reporting period (1st January 2024 to 31st December 2024).

2.3. Condition 17 – Duty of Non-Discrimination

Condition 17

1. In the carrying out of its functions under this Licence, the Licensee shall not discriminate unfairly between persons or classes of persons, or between system users or classes of system users, particularly in favour of its subsidiaries, associated or affiliated undertakings, joint ventures or shareholders.
2. The Licensee shall establish a compliance programme on the measures taken to ensure that discriminatory conduct by it or its employees is prevented, which shall include specific obligations imposed on its employees to prevent discrimination.
2. The Licensee shall report to the Commission at intervals of not more than one year, in such form as the Commission determines, specifying the measures taken and the level of compliance in relation to paragraph 2. The report shall be published by the Licensee in such manner as shall be determined by the Commission.

EirGrid has several reporting and monitoring obligations under EU regulations. The goal is to increase integrity and transparency of wholesale energy markets. This fosters open and fair competition in wholesale energy markets, benefitting final consumers of energy.

Regarding our duty of non-discrimination within the SEM, the Capacity Market Code and Balancing Market Principles Statement require EirGrid to publish a range of reports ensuring transparency, particularly around the capacity market data and scheduling/dispatch processes. Independent audits of

the Market and Scheduling & Dispatch processes are performed on an annual basis and reported to the Regulatory Authorities[1]. Capacity Market Auctions are also subjected to independent audits and reported to the Regulatory Authorities.

The Compliance & Assurance Officer maintains an Annual Compliance Monitoring Plan which continually assesses whether the compliance framework operates as intended and includes a review of licence obligations to keep commercial information confidential and to ensure that it does not discriminate unfairly/unduly in operating its business. An element of this framework includes ensuring that the above reporting requirements are honoured, which has been the case during this reporting period.

The Compliance & Assurance Officer can confirm that she is not aware or been advised of any incident/occasion where EirGrid has been accused of or found to have acted in an unduly discriminatory fashion.

2.4. Condition 21 – Restriction on Use of Certain Information

Condition 21

1. The Licensee shall preserve the confidentiality of commercially sensitive information held and/or obtained by it in the discharge of its functions as transmission system operator in accordance with SI 445 of 2000, SI 60 of 2005, the Act, the System Operator Agreement, the Infrastructure Agreement and this Licence.

2. The Licensee shall prevent information about its own activities which may be commercially advantageous being disclosed in a discriminatory manner.

3. The Licensee shall implement such measures and procedures and take all such other steps as it shall reasonably consider and/or shall be specified in directions issued by the Commission from time to time to be necessary for the purpose of securing compliance by the Licensee with its obligations under paragraphs 1 and 2.

4. The Licensee shall ensure that confidential information is only disclosed to authorised recipients, classes of authorised recipients or authorised advisors.

5. The Licensee shall ensure that when any member of staff is to be transferred between the Transmission System Operation Business and any Separate Business or vice versa and an unfair commercial advantage could accrue to either or both businesses, the Licensee shall inform the Commission of the proposed transfer(s) and shall make the Commission aware of the steps being taken to ensure that no unfair commercial advantage will accrue to either business. In particular (and insofar as is legally possible) the transfer of any members of staff that has been involved in the establishment or operation of the Capacity market to an affiliate to perform activities in relation to an Interconnector (where appropriate) shall be the subject to a cooling-off period of a duration to be agreed with the Commission. The Commission may determine in certain cases that no cooling-off period is required.

6. Paragraphs 1, 2 and 4 shall not apply to:

(a) any confidential information which, before or after it is furnished to the Licensee's employees, is in the public domain; or

(b) the disclosure of any confidential information:

(i) in compliance with the duties of the Licensee under the Act, SI 445 of 2000, SI 60 of 2005, the Single Market Regulations, the System Operator Agreement the Infrastructure Agreement or any other requirement of a competent authority; or

(ii) in compliance with the Conditions granted in this Licence or any document referred to in this Licence with which the Licensee is required by virtue of the Act, SI 445 of 2000, SI 60 of 2005, the

[1] As the Market and Scheduling & Dispatch processes and Capacity Auction arrangements are carried out jointly by EirGrid plc as licensed TSO for Ireland and SONI ltd as licenced TSO for Northern Ireland –single reports in respect of these activities are submitted to the Commission for Regulation of Utilities in Ireland and the Utility Regulator Northern Ireland (together the 'Regulatory Authorities').

Single Market Regulations, the System Operator Agreement, the Infrastructure Agreement or this Licence to comply; or

(iii) in compliance with any other requirement of law; or

(iv) pursuant to any judicial or other arbitral process or tribunal of competent jurisdiction; or

(c) any confidential information to the extent that the Licensee is expressly permitted or required to disclose that information under the terms of any agreement or arrangement (including the Grid Code, the Distribution Code, the Metering Code and the Single Electricity Market Trading and Settlement Code) with the relevant person to whose affairs such confidential information relates.

7. Without prejudice to the other provisions of this Condition, the Licensee shall procure that any additional copies made of the confidential information, whether in hard copy or computerised form, will clearly identify the confidential information as confidential.

8. The Licensee shall take all reasonable measures to prevent (so far as the Licensee can so require) any person who is or ceases to be employed by the Licensee, whether that person is or was employed part-time or full time in the Transmission System Operation Business, from disclosing confidential information.

9. The Licensee shall take all reasonable steps to ensure that every authorised adviser, consultant, director or member of staff to whom the Licensee discloses confidential information does not use that confidential information for any purpose other than that for which it was provided and does not disclose that confidential information otherwise than in accordance with the provisions of this Condition and pursuant to Regulation 49 (Prohibition on unauthorised disclosure of information) of SI 445 of 2000.

10. This Condition is without prejudice to the duties at law of the Licensee towards outside persons.

11. The provisions of this Condition inserted (or, as the case may be, removed) by virtue of decision of the Commission dated 10 March 2017 shall come into (or, as the case may be, continue to have) effect on (or, as the case may be, until) such day, and subject to such transitional arrangements, as the Commission may by direction appoint. Different days may be so appointed for different provisions and for different purposes.

A range of policies are in place within EirGrid to protect confidential information, namely:

- **Acceptable Use Policy**

  Our Acceptable Use Policy is mandatory for all employees, business partners and contractors and covers access controls, information confidentiality, non-disclosure of data requirements and data transfer restrictions. Additionally, all new employees/business partners/contractors are required to complete information security awareness training immediately following commencement.

  The Compliance & Assurance Officer can confirm that she has obtained assurances that all employees of the licensee received mandatory training in relation to Information Security during the reporting period.

- **Codes of Conduct**

  The Directors' Code of Conduct establishes a set of ethical principles underpinning Directors' conduct, promotes and maintains confidence and trust in EirGrid, prevents the development, continuance or acceptance of unethical practices and provides a frame of reference for decision-making. The Directors' Code of Conduct pertaining in 2024 was applicable to all directors of EirGrid plc, to all directors of subsidiary companies of EirGrid plc and to all EirGrid appointed directors to Joint Venture entities.

  The Compliance & Assurance Officer can confirm that the Directors' Code of Conduct was reviewed and approved by the EirGrid plc Board in May 2024 and communicated to all staff. The changes made to the document were administrative in nature, improving conciseness and reflecting the changed governance structures within the EirGrid Group, as a result of the amended licence requirements placed on SONI Ltd.

The Employee Code of Conduct forms part of the terms of employment of all employees. The general principles underlying the code, which applies to all employees of the EirGrid Group, irrespective of level or location, are integrity, loyalty, legal & regulatory compliance, confidentiality, and fairness.

The Compliance & Assurance Officer can confirm that the Employee Code of Conduct is reviewed and approved by the EirGrid plc Board on a two-yearly basis and was last reviewed/approved by the EirGrid plc Board in May 2024. The Code was submitted to CRU in July 2024 and was subsequently approved.

- **Anti-Bribery & Corruption**

  The Anti-Bribery & Corruption Policy sets out EirGrid's position on bribery, corruption (including modern slavery/human trafficking) and provides guidance on recognising bribery and corruption in its various guises. It is EirGrid's policy to conduct all business in an honest and ethical manner. EirGrid takes a zero-tolerance approach to bribery and corruption (including modern slavery and human trafficking) and is committed to acting professionally, fairly and with integrity in all business dealings and relationships wherever EirGrid operates and implement and enforce systems to counter bribery and corruption.

  The Compliance & Assurance Officer can confirm that the Anti-Bribery & Corruption Policy was reviewed and approved by the EirGrid plc Board in April 2024 and communicated to all employees.

- **Protected Disclosures**

  The Protected Disclosures Policy documents EirGrid's commitment to conducting its business to the highest standards of integrity, fairness, honesty and in compliance with statutory and regulatory obligations. It addresses the requirements as laid out in Protected Disclosures (Amendment) Act 2022.

  The Compliance & Assurance Officer can confirm that the Protected Disclosures Policy was reviewed and approved by the EirGrid plc Board in March 2024 and communicated to all employees.

- **Fraud**

  The Fraud Policy documents the Group's zero tolerance commitment to fraudulent or attempted fraudulent activity, in line with its core values of being transparent, collaborative, accountable and ambitious. It lays out the Group's commitment to investigate all frauds which are discovered or suspected, and take appropriate action against all parties involved in, or assisting with, committing fraudulent activity.

  The Compliance & Assurance Officer can confirm that the Fraud Policy was reviewed and approved by the EirGrid plc Board in March 2024 and communicated to all employees.

Additionally, each employee signing a contract of employment that includes a section of confidentiality must sign a confidentiality agreement as part of contract of employment.

The Compliance & Assurance Officer can confirm, as she is aware, there are no compliance issues in relation to the use of information and the preservation of the confidentiality of Commercially Sensitive information held/obtained in the discharge of its functions as Transmission System Operator licensee.

Restrictions Regarding Personnel & Advisors

A protocol for staff movements is in operation which applies to all staff movements into or out of the EIDAC business operations to ensure that the above licence condition is met in the context of the management of conflicts of interest.

Specifically, prior to the appointment of any EIDAC resource (recruitment process, internal transfer or agency staff selection) the Compliance & Assurance Officer shall determine if Condition 21 has been satisfactorily met.

To facilitate the decision-making process, the Compliance & Assurance Officer shall be furnished with:

- CV of proposed candidate.
- Role profile of relevant EIDAC post; and
- Role profile of relevant TSO post.

If required, the Compliance & Assurance Officer may also request the attendance of the relevant EIDAC or TSO recruiting manager.

The Compliance & Assurance Officer will seek to determine:

i. Could the transfer result in an unfair commercial advantage or what may be perceived an unfair commercial advantage to either or both businesses?

ii. Does the transfer involve a member of staff that has been involved in the establishment or operation of the Capacity market?

If the Compliance & Assurance Officer determines that the response to both the above questions is "no", then Condition 21 has been met, and HR shall be notified to progress the recruitment/transfer.

If the Compliance & Assurance Officer determines that the response to either the above questions is "yes", then Condition 21 has not been met, and two options shall be offered:

Option 1 – the recruitment/transfer of the proposed resource is cancelled; and

Option 2 – in line with Condition 21, Group Regulation notify the Regulatory Authorities of the proposed recruitment/transfer and provide details of steps/mitigations being taken to ensure that no unfair commercial advantage accrues or in the case of Capacity market involvement, a request for the determination of an appropriate cooling-off period.

The role of the protocol is to ensure an independent assessment of licence compliance specifically in relation to Condition 21 further to a decision being taken by the business. Should the Compliance & Assurance Officer consider the decision taken by the business to result in breach of Condition 21 then she shall recommend the transfer not be progressed. Should the business dispute the Compliance & Assurance Officer's recommendation, the issue shall be escalated to the EirGrid CEO.

The Compliance & Assurance Officer can confirm that during the reporting period, no such transfers occurred.

2.5. Condition 23 – Prohibition of Subsidies and Cross Subsidies

Condition 23

1. The Licensee shall procure that the Transmission System Operator Business shall not give any subsidy or cross-subsidy (direct or indirect) to any Separate Business of the Licensee and/or any affiliate or related undertaking of the Licensee.

2. For the purposes of this Condition, the Commission shall determine whether or not subsidisation or cross-subsidisation is taking place. Where the Commission determines that a subsidy or cross-subsidy is taking place, the Commission may issue a direction to that effect and require the cessation of same.

3. Nothing which the Licensee is obliged or permitted to do or not do pursuant to this Licence shall be regarded as a subsidy or cross-subsidy for the purposes of this Condition.

EirGrid Plc is structured on a group basis and contains a number of business units, operating under different licencing arrangements. To ensure that costs are appropriately incurred by each licence and business unit, EirGrid allocates costs to the correct business units and licences monthly.

The methodology for the reallocation of costs is outlined in the Cost Allocation & Recharge Policy, established in April 2014 and reviewed regularly. The policy identifies the following overarching principles, which apply to initial cost allocation:

1. Where costs are clearly incurred on a licensee basis, they are charged directly as such; and

2. Where costs are incurred in providing for more than one licensee, cost allocation arrangements apply, as detailed in the policy.

On a regular basis an Internal Audit is performed to assess the application of the corporate recharging policy operating within the Group, as documented in the Implementation of Cost Allocation & Recharge Policy. Substantive testing is performed on a sample of recharges across the six categories identified in the policy:

- Corporate Centre.
- Executive Directors.
- Managers
- Staff.
- Specific Items; and
- EWIC.

The most recent Internal Audit of the Application of Corporate Recharging Policy applied an overall rating for the report as **SATISFACTORY**.

The Compliance & Assurance Officer can confirm that the systems and processes embedded within EirGrid operated consistently with the prior year and compliant with Condition 23.

2.6. Additional Assurance Related Activities

The Internal Control Framework in operation within the business is subject to an annual review of effectiveness by the Head of Governance, Risk & Compliance.

The scope of the internal control framework operating within EirGrid comprises of but is not restricted to:

- Governance framework.
- Internal Audit activity.
- External Audit activity; and
- Group Risk Management Framework.

Governance Framework

Key matters considered by the Board of EirGrid plc relating to the internal control framework the Board for the reporting period included:

- Receiving briefings from the Chair of each Board Committee on matters arising and matters requiring Board review/decision and reviewed the minutes of the previous Committee meetings.
- Reviewing the interim Chairperson's Report to Minister for first half of FY24.
- Reviewing quarterly Management Accounts and Business Plan Progress.
- Reviewing and approving the 5 Year Corporate Plan (2024 – 2028) in advance of submission to the Minister.
- Reviewing and approving FY24 Business Plan Priorities.
- Reviewing and approving the Report on the Control of Publications on EirGrid websites.
- Reviewing and approving the Annual Report from EirGrid members of CJVs.
- Reviewing and approving the Directors' Compliance Policy Statement.
- Reviewing and approving the Annual Review of Effectiveness of Internal Control.
- Approving capital investment projects in line with the Schedule of Matters Reserved for the Board throughout the year.

- Reviewing the preliminary FY24 annual accounts and the unaudited interim Consolidated Financial Statements for the first 6 months of FY24.
- Receiving briefings and analysis on key strategic initiatives/developments e.g. Security of Supply, Shaping Our Electricity Future, Climate Action Plan, Interconnection Policy, National Hydrogen Strategy, Generation Capacity Statement, Tomorrow's Energy Scenarios, SONI Governance, Offshore, Markets, Celtic Interconnector, EU Efficiency Directive, North South Interconnector, HR.
- Approving the Board Terms of Reference, Board Committee Terms of Reference, Schedule of Matters Reserved for the Board, Directors' Code of Conduct, Directors' Disclosure of Interests Policy, Anti-Bribery & Corruption Policy, Hospitality & Gifts Policy, Fraud Policy, Protected Disclosures Policy and Internal Audit Charter; and
- Receiving updates on the status of Legal Cases and Regulatory Disputes.

On matters relating to risk management, the Board:

- Reviewed the material risks facing the Group as a standing agenda item at each Board meeting during the year.
- Received briefings and analysis on principal risks throughout the year e.g. Security of Supply, Cyber Security, Governance, HR, Health & Safety.
- Approved the Enterprise Risk Management Framework.
- Reviewed and approved the Group Risk Universe.
- Received the annual Chief Risk Officer Report.

Internal Audit Assurance

An Annual Internal Audit Plan is created to ensure maximum value is driven from the assurance process and each individual engagement links directly to strategic objectives and key risks facing the Group and its entities. The Head of Internal Audit reported on all issues arising from engagements to each Audit & Risk Committee and provided a summary of key issues within the quarterly progress reporting process. Each individual internal audit report was uploaded to the Diligent Boards platform Resource Centre enabling visibility to all Board Members throughout the year.

External Audit Assurance

External Audit assurance relates specifically to the annual report and financial statements of EirGrid plc. During the 2023/2024 financial year, external audit attended all Audit & Risk Committee meetings and provided updates on key matters as follows:

- 2023/2024 Audit Plan.
- Update on key financial regulations; and
- Audited financial statements for 2023/2024.