

ELECTRICITY INDUSTRY PARTICIPATION CODE
RECONCILIATION PARTICIPANT AUDIT REPORT



For

OPUNAKE HYDRO LIMITED

Prepared by: Tara Gannon

Date audit commenced: 13 November 2018

Date audit report completed: 13 December 2018

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EXECUTIVE SUMMARY

This Electricity Industry Participation Code Reconciliation Participant audit was performed at the request of **Opunake Hydro Limited (OPHL)**, to support their application for renewal of certification in accordance with clauses 5 and 7 of schedule 15.1. The audit was conducted in accordance with the Guideline for Reconciliation Participant Audits version 7.1.

OPHL exited the retail market from 01/08/2018. All ICPs have switched out, except for five HHR and one NHH AMI ICP associated with OPHL's own sites on Powerco's network.

OPHL intends to change its agent for registry and submission tasks from Simply Energy and EMS to John Candy Consulting (JC Consulting). Clause 8(1) of Schedule 15.1 requires that if a reconciliation participant intends to make a "material" change to any certified facilities, processes or procedures then the changes must be subject to an audit prior to the change taking place. A separate material change audit was performed at the request of OPHL so that it can be supplied to the Electricity Authority to satisfy the requirements of Clause 8(1). The material change audit found that compliance is likely to be achieved, except for a technical non-compliance because the HHR aggregates submission contains volumes instead of billed volumes. No issues were identified and no recommendations were made.

OPHL's compliance is reliant on the compliance of their agents. During the audit period, the following agents provided services to OPHL:

| HHR Agents | NHH Agents |
|---------------|--------------------------|
| Simply Energy | Simply Energy |
| EMS | EMS |
| EDMI | Datacol (until 31/07/18) |
| AMS | Wells (until 31/07/18) |

Manually read NHH meters were only supplied up to 31/07/18 because OPHL's retail customers switched out effective from 01/08/18. The six ICPs currently supplied have AMS HHR or AMI meters.

As part of Simply Energy's reconciliation participant audit, Simply Energy and NHH EMS processes for OPHL were confirmed. During this audit, I have completed a review of OPHL's ICP, event, and submission information, and checked samples of data and events to confirm accuracy and reasons for discrepancies as required. Datacol, Wells, EMS, EDMl and AMS' audit reports were also reviewed.

This audit found 22 non-compliances:

- All of the registry, switching, and meter read attainment non-compliances affected very small numbers of ICPs.
- A minor non-compliance for identifying customer readings which had not been validated in accordance with the code as validated for one ICP caused non-compliance in three sections of the report. Once meter was upgraded on 09/02/18 AMI readings were received.
- Corrected data has been washed up for the submission related issues. Most of these issues were technical non-compliances, temporary issues, or affected small numbers of ICPs.

One recommendation was raised, and no issues were identified.

The future risk rating for OPHL is considered to be very low:

| Area | Future risk | Rationale |
|---------------------------------|-------------|---|
| Switching | Very low | Only six ICPs are supplied, and no further switches in or out are planned. OPHL's last CS had an event date of 08/08/18. Given that withdrawal requests should be issued within two calendar months, and read renegotiations within four calendar months, it is unlikely that any further NWs or RRs will be issued or received for the ICPs which have switched out. |
| Registry | Very low | All six ICPs are connected with certified meters, and have correct status and trader information recorded on the registry. It is unlikely that distributed generation will be added for the three ICPs that do not already have distributed generation recorded. No status updates, trader updates, or MEP nominations are expected. |
| NHH reconciliation and readings | Very low | OPHL supplies one NHH ICP. AMI readings are being received, reducing the risk of non-compliance with the read attainment, read classification, historic estimate proportion, forward estimate, and permanent estimate requirements. |
| ICP days submission | Very low | The only non-compliance related to ICP days not being calculated correctly for the day of decommissioning or the day of downgrade. No downgrades or decommissions are expected for the six remaining ICPs. |
| HHR reconciliation and volumes | Very low | All six meters have AMS as the MEP, and meter event information is being received and reviewed. All submissions are expected to be based on actual volumes, and events that could impact on submission accuracy such as decommissioning, upgrades, or downgrades are not expected to occur. |

The audit risk rating is 22, indicating that the next audit be due in 12 months. Taking into consideration OPHL's comments, the minor impact of the non-compliances (which mainly related to ICPs which have switched out), the low future risk rating, and upcoming material change, I recommend that the next audit should be completed in 24 months.

The matters identified are shown in the tables below.

AUDIT SUMMARY

NON-COMPLIANCES

| Subject | Section | Clause | Non-Compliance | Controls | Audit Risk Rating | Breach Risk Rating | Remedial Action |
|--|---------|---------------------------|--|----------|-------------------|--------------------|-----------------|
| Changes to registry information | 3.3 | 10 Schedule 11.1 | Five late status updates. Six late MEP nominations. Five late trader updates. | Strong | Low | 1 | Identified |
| Provision of information to the registry manager | 3.5 | 9 Schedule 11.1 | One late status update for a new connection. | Strong | Low | 1 | Identified |
| Losing trader response to switch request and event dates - standard switch | 4.2 | 3 and 4 Schedule 11.3 | The AA (accept and acknowledge) AN response code was applied for six ICPs with advanced meters. | Strong | Low | 1 | Identified |
| Losing trader must provide final information - standard switch | 4.3 | 5 Schedule 11.3 | Seven late CS files for transfer switches. One CS files contained an incorrect estimated daily kWh value. | Strong | Low | 1 | Identified |
| Retailers must use same reading - standard switch | 4.4 | 6(1) and 6A Schedule 11.3 | One late AC file for a transfer switch. | Strong | Low | 1 | Identified |
| Losing trader provides information - switch move | 4.8 | 10(1) Schedule 11.3 | The AA (accept and acknowledge) AN response code was applied for two ICPs with advanced meters. | Strong | Low | 1 | Identified |
| Losing trader must provide final information - switch move | 4.10 | 11 Schedule 11.3 | 16 late CS files for switch moves. | Strong | Low | 1 | Identified |
| Gaining trader changes to switch meter reading - switch move | 4.11 | 12 Schedule 11.3 | One ICP did not have the agreed switch readings applied. | Strong | Low | 1 | Identified |

| Subject | Section | Clause | Non-Compliance | Controls | Audit Risk Rating | Breach Risk Rating | Remedial Action |
|--|---------|-------------------------------|--|----------|-------------------|--------------------|-----------------|
| Losing trader provision of information - gaining trader switch | 4.13 | 15 Schedule 11.3 | The AA (accept and acknowledge) AN response code was applied for two ICPs with advanced meters and one ICP with unmetered supply. | Strong | Low | 1 | Identified |
| Withdrawal of switch requests | 4.15 | 17 and 18 Schedule 11.3 | Two late NW files. | Strong | Low | 1 | Identified |
| Derivation of meter readings | 6.6 | 3(1), 3(2) and 5 Schedule 15. | Datacol did not conduct checks for phase failure during the period where AMI meters were supplied. Some customer readings prior to 09/02/18 were treated as actual without being appropriately validated for ICP 0002995060CN7C2. | Strong | Low | 1 | Identified |
| Interrogate meters once | 6.8 | 7(1) and (2) Schedule 15.2 | One ICP did not have an actual read recorded during the period of supply. | Strong | Low | 1 | Identified |
| NHH meters 90% read rate | 6.10 | 9(1) and (2) Schedule 15.2 | For two NSPs with less than 90% of ICPs read in the previous four months, exceptional circumstances did not exist. | Strong | Low | 1 | Identified |
| Identification of readings | 9.1 | 3(3) Schedule 15.2 | Some customer readings prior to 09/02/18 were treated as actual without being appropriately validated for ICP 0002995060CN7C2. | Strong | Low | 1 | Identified |
| Electronic meter readings and estimated readings | 9.6 | 17 Schedule 15.2 | Event log information is not received from Arc for NHH meters. Event log information provided by Metrix and WEL Networks is not routinely reviewed for NHH meters. | Strong | Low | 1 | Identified |

| Subject | Section | Clause | Non-Compliance | Controls | Audit Risk Rating | Breach Risk Rating | Remedial Action |
|--|---------|------------------|---|----------|-------------------|--------------------|-----------------|
| Calculation of ICP days | 11.2 | 15.6 | ICP days are not calculated correctly for the day of decommissioning or the day of downgrade. | Strong | Low | 1 | Identified |
| HHR aggregates information provision to the reconciliation manager | 11.4 | 15.8 | HHR aggregates file does not contain electricity supplied information. | Strong | Low | 1 | Identified |
| Accuracy of submission information | 12.7 | 15.12 | <p>Historic estimate may be labelled as forward estimate where SASV are not available.</p> <p>ICP days are not calculated correctly for the day of decommissioning or the day of downgrade.</p> <p>Some customer readings prior to 09/02/18 were treated as actual without being appropriately validated for ICP 0002995060CN7C2.</p> <p>The agreed switch readings were not applied for ICP 0000171354TR14A.</p> | Strong | Low | 1 | Identified |
| Permanence of meter readings for reconciliation | 12.8 | 4 Schedule 15.2 | Some estimated readings are not replaced with permanent estimates by revision 14. | Strong | Low | 1 | Identified |
| Historical estimates and forward estimates | 12.10 | 3 Schedule 15.3 | Historic estimate may be labelled as forward estimate where SASV are not available. | Strong | Low | 1 | Identified |
| Forward estimate process | 12.12 | 6 Schedule 15.3 | The accuracy threshold was not met for one balancing area for month. | Strong | Low | 1 | Identified |
| Historical estimate reporting to RM | 13.3 | 10 Schedule 15.3 | Historic estimate thresholds were not met for some revisions. | Strong | Low | 1 | Identified |
| Future Risk Rating | | | | | | 22 | |

| | | | | | | |
|----------------------------|-----------|-----------|-----------|-----------|----------|----------|
| Future Risk Rating | 0 | 1-3 | 4-15 | 16-40 | 41-55 | 55+ |
| Indicative audit frequency | 36 months | 24 months | 18 months | 12 months | 6 months | 3 months |

RECOMMENDATIONS

| Subject | Section | Description | Recommendation |
|--|---------|-----------------------|---|
| Electricity supplied information provision to the reconciliation manager | 11.3 | As billed submissions | Wash up billed data from the point that Simply Energy ceased billing. |

ISSUES

| Subject | Section | Description | Issue |
|---------|---------|-------------|-------|
| | | Nil | |

1. ADMINISTRATIVE

1.1. Exemptions from Obligations to Comply with Code (Section 11)

Code reference

Section 11 of Electricity Industry Act 2010.

Code related audit information

Section 11 of the Electricity Industry Act provides for the Electricity Authority to exempt any participant from compliance with all or any of the clauses.

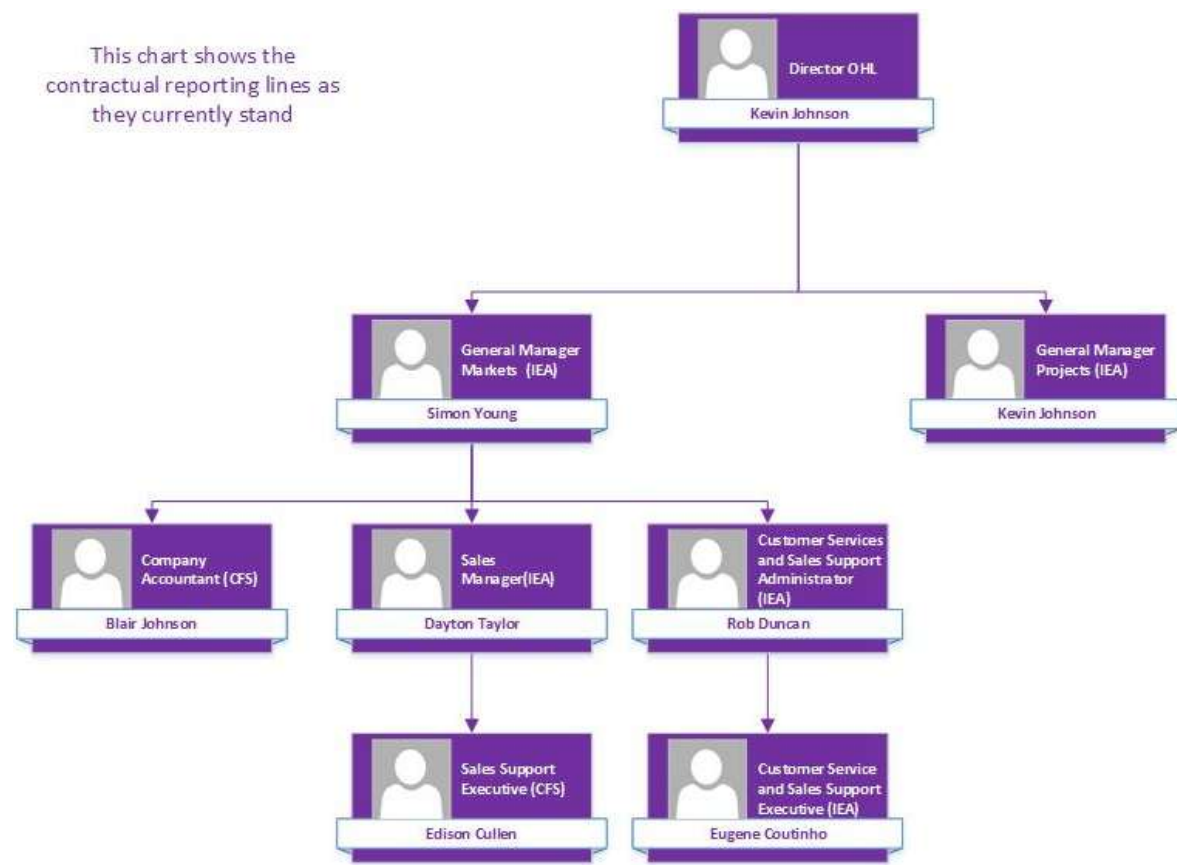
Audit observation

Current code exemptions were reviewed on the Electricity Authority website.

Audit commentary

There are no exemptions in place that are relevant to the scope of this audit.

1.2. Structure of Organisation



1.3. Persons involved in this audit

Auditor:

| Name | Company |
|-------------|-----------------|
| Tara Gannon | Veritek Limited |

Personnel assisting with this audit:

| Name | Title | Company |
|---------------|---------------------------|---------------|
| Simon Young | General Manager | OPHL |
| Stephen Kemp | Market Operations Manager | Simply Energy |
| Andrew Dickie | Data Analyst | EMS |

1.4. Use of Agents (Clause 15.34)

Code reference

Clause 15.34

Code related audit information

A reconciliation participant who uses an agent

- *remains responsible for the contractor's fulfilment of the participant's Code obligations*
- *cannot assert that it is not responsible or liable for the obligation due to something the agent has or has not done.*

Audit observation

Use of agents was discussed.

Audit commentary

The agents listed in **section 1.9** perform OPHL's responsibilities.

1.5. Hardware and Software

The hardware and software used is recorded in each agent's report.

1.6. Breaches or Breach Allegations

There have been no alleged breaches relevant to the scope of this audit between December 2017 and November 2018.

1.7. ICP Data

Active ICPs are summarised by metering category below.

| Metering Category | (2018) | (2017) | (2016) | (2015) |
|-------------------|--------|--------|--------|--------|
| 1 | 1 | 1,231 | 743 | 384 |
| 2 | 1 | 213 | 196 | 113 |
| 3 | 2 | 24 | 31 | 23 |
| 4 | 2 | 10 | 8 | 4 |
| 5 | - | - | - | - |
| 9 | - | 84 | 65 | 1 |

All ICPs are summarised by status below.

| Status | Number of ICPs (2018) | Number of ICPs (2017) | Number of ICPs (2016) | Number of ICPs (2015) |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| Active (2,0) | 6 | 1,454 | 968 | 525 |
| Inactive – new connection in progress (1,12) | - | - | - | - |
| Inactive – electrically disconnected vacant property (1,4) | - | 7 | 4 | 1 |
| Inactive – electrically disconnected remotely by AMI meter (1,7) | - | - | 1 | - |
| Inactive – electrically disconnected at pole fuse (1,8) | - | 1 | 1 | - |
| Inactive – electrically disconnected due to meter disconnected (1,9) | - | - | - | - |
| Inactive – electrically disconnected at meter box fuse (1,10) | - | - | - | - |
| Inactive – electrically disconnected at meter box switch (1,11) | - | - | - | - |
| Inactive – electrically disconnected ready for decommissioning (1,6) | 1 | 4 | 4 | 8 |
| Inactive – reconciled elsewhere (1,5) | - | - | - | - |
| Decommissioned (3) | 109 | 96 | 66 | 1 |

1.8. Authorisation Received

Email authorisation was received.

1.9. Scope of Audit

This Electricity Industry Participation Code Reconciliation Participant audit was performed at the request of OPHL, to support their application for renewal of certification in accordance with clauses 5 and 7 of schedule 15.1.

The audit was conducted in accordance with the Guideline for Reconciliation Participant Audits V7.1.

The table below shows the agents used by OPHL during the audit period and their areas of responsibility. Following the switch outs of all retail customers effective from 01/08/18, only six ICPs are supplied. All the remaining ICPs have AMS HHR or AMI metering.

| Tasks Requiring Certification Under Clause 15.38(1) of Part 15 | Agents Involved in Performance of Tasks | | MEP |
|--|---|----------------------|---|
| | HHR | NHH | |
| (a) Maintaining Registry information and performing switching | Simply Energy | Simply Energy | |
| (b) Gathering and storing raw meter data | AMS EMS EDMI | Datacol Wells | AMS Arc Innovations FCLM Metrix Smartco WEL Networks |
| (c)(iii) Creation and management of HHR & NHH volume information | EMS AMS EDMI | Simply Energy EMS | |
| (da) - delivery of electricity supplied information under clause 15.7 | Simply Energy | Simply Energy | |
| (db) - delivery of information from retailer and direct purchaser half hourly metered ICPs under clause 15.8 | EMS | EMS | |
| (e) Provision of submission information for reconciliation | EMS | EMS | |

This report only contains details of those areas where issues were identified or where additional analysis was conducted specifically for OPHL, and the agent reports contain the remaining detail.

As part of Simply Energy's reconciliation participant audit, Simply Energy and EMS processes for OPHL were confirmed. During this audit, I have completed a review of OPHL's ICP, event, and submission information, and checked samples of data and events to confirm accuracy, and reasons for discrepancies as required.

EMS, EDMI, AMS, Datacol, and Wells' audit reports were reviewed, and I confirmed that none of EMS' processes have changed since their May 2018 audit, and no clock errors outside allowable thresholds have occurred.

1.10. Summary of previous audit

OPHL provided a copy of the report from the audit conducted in December 2017 by Tara Gannon of Veritek Ltd. This audit found 17 non-compliances and no recommendations for improvement or issues were raised. The status of the non-compliances is recorded in the table below and further comment is made in the relevant sections of this report.

| Subject | Section | Clause | Non-compliance | Status |
|---|---------|-----------------------|--|---|
| Relevant information | 2.1 | 10.6, 11.2, 15.2 | 0000536719NR293 was temporarily recorded with unmetered load and trader unmetered details on the registry when no unmetered load was connected. | Cleared. The unmetered load details have been removed on the registry. |
| Assignment of contracts by the Authority | 2.8 | 11.15B | OPHL's Contract with Customers For Delivered Electricity does not specifically cover assignment by the Electricity Authority in the event of trader default. | Cleared. |
| Changes to registry information | 3.3 | 10 Schedule 11.1 | The registry was not updated within five business days for some status and MEP nomination events. | Still existing. |
| Provision of registry information | 3.5 | 9 Schedule 11.1 | Two ICPs were updated to active status more than five business days after the event. | Still existing. |
| Losing trader response to standard switch request | 4.2 | 3 and 4 Schedule 11.3 | The AA (accept and acknowledge) AN response code was applied for 178 ICPs with advanced meters. | Still existing. |
| Losing trader response to switch move request | 4.8 | 10(1) Schedule 11.3 | The AA (accept and acknowledge) AN response code was applied for two ICPs with advanced meters. One AN had backdated proposed switch date. | Still existing. Cleared, no backdated AN event dates were found. |

| Subject | Section | Clause | Non-compliance | Status |
|-----------------------------------|---------|-----------------------------------|---|--|
| Switch withdrawals | 4.15 | 17 and 18 Schedule 11.3 | One AW was issued two business days late. | Cleared, but two late NWs were identified. |
| Derivation of meter readings | 6.6 | 3(1), 3(2) and 5 Schedule 15.2 | Datacol do not conduct checks for phase failure. Meter condition checks are not completed for customer read ICP 0002995060CN7C2. | Still existing. |
| Reads during the period of supply | 6.8 | 7(1) and (2) Schedule 15.2 | Eight ICPs did not have an actual read recorded during the period of supply. | Still existing. |
| Meter event reporting | 9.6 | 17 Schedule 15.2 | AMI event logs are not monitored for Arc meters. | Still existing. |
| HHR aggregates | 11.4 | 15.8 | HHR aggregates file does not contain electricity supplied information. | Still existing. |
| Permanent estimates | 12.8 | 4 Schedule 15.2 | Some estimated readings are not replaced with permanent estimates by revision 14. | Still existing. |
| Submission preparation | 12.9 | 2 Schedule 15.3 | Some minor issues have resulted in: <ul style="list-style-type: none"> incorrect labelling of forward and historic estimate. incorrect apportionment of consumption between months where an ICP has a start date within the month. | Still existing. Cleared. |
| Historic and forward estimate | 12.10 | 3 Schedule 15.3 | Historic estimate is labelled as forward estimate where reconciliation manager published shape files are unavailable for the entire read period. Classification of customer reads as actual for ICP 0002995060CN7C2 results in historic estimate being recorded where forward estimate should be recorded. | Still existing. Still existing. |

| Subject | Section | Clause | Non-compliance | Status |
|-----------------------------|---------|--------------------------|---|-----------------------------|
| Historic estimate process | 12.11 | 4 and 5 Schedule 15.3 | Customer readings for ICP 0002995060CN7C2 were treated as actual readings when calculating historic estimate. Madras treats readings as though they occur at the end of the day, resulting in incorrect apportionment of some consumption between months for switch ins and new connections. | Still existing. Cleared. |
| Forward estimate | 12.12 | 6 Schedule 15.3 | The accuracy threshold was not met for one month. | Still existing. |
| Historic estimate reporting | 13.3 | 10 Schedule 15.3 | Historic estimate thresholds were not met for some revisions. | Still existing. |

OPHL provided a copy of the report from the material change audit conducted in December 2018 by Tara Gannon of Veritek Ltd. This audit found one non-compliance, and no recommendations for improvement or issues were raised. The status of the non-compliance is recorded in the table below and further comment is made in the relevant section of this report.

| Subject | Section | Clause | Non-compliance | Status |
|----------------|---------|--------|--|-----------------|
| HHR aggregates | 11.4 | 15.8 | HHR aggregates file does not contain electricity supplied information. | Still existing. |

2. OPERATIONAL INFRASTRUCTURE

2.1. Relevant information (Clause 10.6, 11.2, 15.2)

Code reference

Clause 10.6, 11.2, 15.2

Code related audit information

A participant must take all practicable steps to ensure that information that the participant is required to provide is:

- a) complete and accurate*
- b) not misleading or deceptive*
- c) not likely to mislead or deceive.*

If the participant becomes aware that in providing information under this Part, the participant has not complied with that obligation, the participant must, as soon as practicable, provide such further information as is necessary to ensure that the participant does comply.

Audit observation

The process to find and correct incorrect OPHL information was examined during Simply Energy's audit.

The registry list as at 31/10/18 was examined to identify any registry discrepancies, and confirm that all information was correct and not misleading.

Audit commentary

Simply Energy has processes to identify and resolve registry discrepancies in accordance with this clause. This validation identifies discrepancies between the registry, Simply Energy's Salesforce system, and data sent to EMS' Madras system.

The registry list was reviewed, and I did not identify any inaccurate or incomplete information.

| Issue | 2018 Qty | 2017 Qty | Comments |
|---|----------|----------|---|
| Blank ANZSIC codes | - | - | Compliant. |
| ANZSIC "T999" not stated | - | - | Compliant. |
| ANZSIC "T994" don't know | - | - | Compliant. |
| ANZSIC "T998 "response outside of scope" | - | - | Compliant. |
| UML load = zero | - | - | Compliant. |
| Incorrect UML load | - | 1 | The discrepancy identified in the 2017 audit was corrected effective from 19/04/2017. |
| No MEP recorded or nominated and UML= "N" | - | - | Compliant. |
| Shared unmetered load incorrect | - | - | Compliant, no shared unmetered load was identified. |

| Issue | 2018 Qty | 2017 Qty | Comments |
|--|----------|----------|------------|
| ICPs with Distributor unmetered load populated but retail unmetered load is blank and UML flag = N | - | - | Compliant. |
| Incorrect profile | - | - | Compliant. |
| Active date variance with Initial Energisation Date | - | - | Compliant. |
| Active ICP with no MEP | - | - | Compliant. |
| Active Category 9 and UML "N" | - | - | Compliant. |

Audit outcome

Compliant

2.2. Provision of information (Clause 15.35)

Code reference

Clause 15.35

Code related audit information

If an obligation exists to provide information in accordance with Part 15, a participant must deliver that information to the required person within the timeframe specified in the Code, or, in the absence of any such timeframe, within any timeframe notified by the Authority. Such information must be delivered in the format determined from time to time by the Authority.

Audit observation

Processes to provide information were reviewed and observed throughout the audit.

Audit commentary

This area is discussed in several sections in this report.

Audit outcome

Compliant

2.3. Data transmission (Clause 20 Schedule 15.2)

Code reference

Clause 20 Schedule 15.2

Code related audit information

Transmissions and transfers of data related to metering information between reconciliation participants or their agents, for the purposes of the Code, must be carried out electronically using systems that ensure the security and integrity of the data transmitted and received.

Audit observation

Data transmission processes were reviewed as part of the agent audits.

Audit commentary

Compliance is recorded in the agent audit reports for

- AMS
- EDM
- EMS
- Datacol; and
- Wells.

Process compliance was also confirmed as part of Simply Energy's audit.

Audit outcome

Compliant

2.4. Audit trails (Clause 21 Schedule 15.2)

Code reference

Clause 21 Schedule 15.2

Code related audit information

Each reconciliation participant must ensure that a complete audit trail exists for all data gathering, validation, and processing functions of the reconciliation participant.

The audit trail must include details of information:

- *provided to and received from the registry manager*
- *provided to and received from the reconciliation manager*
- *provided and received from other reconciliation participants and their agents.*

The audit trail must cover all archived data in accordance with clause 18.

The logs of communications and processing activities must form part of the audit trail, including if automated processes are in operation.

Logs must be printed and filed as hard copy or maintained as data files in a secure form, along with other archived information.

The logs must include (at a minimum) the following:

- *an activity identifier (clause 21(4)(a))*
- *the date and time of the activity (clause 21(4)(b))*
- *the operator identifier (clause 21(4)(c)).*

Audit observation

Audit trails were reviewed during Simply Energy's audit, and as part of EMS' agent audit.

Audit commentary

System audit trails were reviewed as part of Simply Energy's audit and confirmed to be compliant.

Compliance was demonstrated as part of EMS's agent audit. There have been no changes to audit trail processes since EMS' May 2018 audit.

Audit outcome

Compliant

2.5. Retailer responsibility for electricity conveyed - participant obligations (Clause 10.4)

Code reference

Clause 10.4

Code related audit information

If a participant must obtain a consumer's consent, approval, or authorisation, the participant must ensure it:

- *extends to the full term of the arrangement*
- *covers any participants who may need to rely on that consent.*

Audit observation

I reviewed OPHL's Standard Terms – Electricity as at May 2018.

Audit commentary

OPHL's standard terms include consent to access for authorised parties for the duration of the contract.

Audit outcome

Compliant

2.6. Retailer responsibility for electricity conveyed - access to metering installations (Clause 10.7(2),(4),(5) and (6))

Code reference

Clause 10.7(2),(4),(5) and (6)

Code related audit information

The responsible reconciliation participant must, if requested, arrange access for the metering installation to the following parties:

- *the Authority*
- *an ATH*
- *an auditor*
- *an MEP*
- *a gaining metering equipment provider.*

The trader must use its best endeavours to provide access:

- *in accordance with any agreements in place*
- *in a manner and timeframe which is appropriate in the circumstances.*

If the trader has a consumer, the trader must obtain authorisation from the customer for access to the metering installation, otherwise it must arrange access to the metering installation.

The reconciliation participant must provide any necessary facilities, codes, keys or other means to enable the party to obtain access to the metering installation by the most practicable means.

Audit observation

I reviewed OPHL's Standard Terms – Electricity as at May 2018.

Audit commentary

OPHL's standard terms include consent to access for authorised parties for the duration of the contract.

Audit outcome

Compliant

2.7. Physical location of metering installations (Clause 10.35(1)&(2))

Code reference

Clause 10.35(1)&(2)

Code related audit information

A reconciliation participant responsible for ensuring there is a category 1 metering installation or category 2 metering installation must ensure that the metering installation is located as physically close to a point of connection as practical in the circumstances.

A reconciliation participant responsible for ensuring there is a category 3 or higher metering installation must:

- a) if practical in the circumstances, ensure that the metering installation is located at a point of connection; or*
- b) if it is not practical in the circumstances to locate the metering installation at the point of connection, calculate the quantity of electricity conveyed through the point of connection using a loss compensation process approved by the certifying ATH.*

Audit observation

Processes for ICPs with loss compensation were reviewed during Simply Energy's audit.

The registry list and event detail report for 01/12/17 to 31/10/18 were reviewed to identify ICPs where loss compensation may be required.

Audit commentary

OPHL does not supply any ICPs which require loss compensation.

No new connections with metering category 3 or above were created during the audit period.

Audit outcome

Compliant

2.8. Trader contracts to permit assignment by the Authority (Clause 11.15B)

Code reference

Clause 11.15B

Code related audit information

A trader must at all times ensure that the terms of each contract between a customer and a trader permit:

- the Authority to assign the rights and obligations of the trader under the contract to another trader if the trader commits an event of default under paragraph (a) or (b) or (f) or (h) of clause 14.41 (clause 11.15B(1)(a)); and*
- the terms of the assigned contract to be amended on such an assignment to—*

- *the standard terms that the recipient trader would normally have offered to the customer immediately before the event of default occurred (clause 11.15B(1)(b)(i)); or*
- *such other terms that are more advantageous to the customer than the standard terms, as the recipient trader and the Authority agree (clause 11.15B(1)(b)(ii); and*
- *the terms of the assigned contract to be amended on such an assignment to include a minimum term in respect of which the customer must pay an amount for cancelling the contract before the expiry of the minimum term (clause 11.15B(1)(c)); and*
- *the trader to provide information about the customer to the Authority and for the Authority to provide the information to another trader if required under Schedule 11.5 (clause 11.15B(1)(d)); and*
- *the trader to assign the rights and obligations of the trader to another trader (clause 11.15B(1)(e)).*

The terms specified in sub-clause (1) must be expressed to be for the benefit of the Authority for the purposes of the Contracts (Privacy) Act 1982, and not be able to be amended without the consent of the Authority (clause 11.15B(2)).

Audit observation

I reviewed OPHL's Standard Terms – Electricity as at May 2018.

Audit commentary

OPHL's standard terms include assignment by the Electricity Authority in the event of retailer default.

Audit outcome

Compliant

2.9. Connection of an ICP (Clause 10.32)

Code reference

Clause 10.32

Code related audit information

A reconciliation participant must only request the connection of a point of connection if they:

- *accept responsibility for their obligations in Parts 10, 11 and 15 for the point of connection; and*
- *have an arrangement with an MEP to provide one or more metering installations for the point of connection.*

Audit observation

The connection process is managed by Simply Energy, and was reviewed as part of their audit.

The registry list with history and event detail report for 01/12/17 to 31/10/18 were reviewed to identify all new connections, and confirm compliance.

Audit commentary

Process compliance was confirmed as part of Simply Energy's audit. Five new connections were identified, and in all cases OPHL accepted responsibility and had an arrangement with the MEP.

Audit outcome

Compliant

2.10. Temporary Electrical Connection of an ICP (Clause 10.33(1))

Code reference

Clause 10.33(1)

Code related audit information

A reconciliation participant may temporarily electrically connect a point of connection, or authorise an MEP to temporarily electrically connect a point of connection, only if:

- *they are recorded in the registry as being responsible for the ICP; and*
- *one or more certified metering installations are in place at the ICP in accordance with Part 10; and*
- *for an ICP that has not previously been electrically connected, the network owner has given written approval.*

Audit observation

The connection process is managed by Simply Energy, and was reviewed as part of their agent audit.

The registry list with history and event detail report for 01/12/17 to 31/10/18 were reviewed to identify all new connections, and confirm compliance.

Audit commentary

Process compliance was confirmed as part of Simply Energy's audit. No temporary connections were completed during the audit period.

Audit outcome

Compliant

2.11. Electrical Connection of Point of Connection (Clause 10.33A)

Code reference

Clause 10.33A(1)

Code related audit information

A reconciliation participant may electrically connect or authorise the electrical connection of a point of connection only if:

- *they are recorded in the registry as being responsible for the ICP; and*
- *one or more certified metering installations are in place at the ICP in accordance with Part 10; and*
- *for an ICP that has not previously been electrically connected, the network owner has given written approval.*

Audit observation

The connection process is managed by Simply Energy, and was reviewed as part of their audit.

The registry list with history and event detail report for 01/12/17 to 31/10/18 were reviewed to identify all new connections and reconnections.

Audit commentary

Process compliance was confirmed as part of Simply Energy's audit.

Five new connections and nine reconnections were completed during the audit period.

- All five new connections were fully certified on their electrical connection date.

- All nine reconnections were fully certified on the reconnection date.

No bridged meters were identified during the audit period.

Audit outcome

Compliant

2.12. Arrangements for line function services (Clause 11.16)

Code reference

Clause 11.16

Code related audit information

Before providing the registry manager with any information in accordance with clause 11.7(2) or clause 11.18(4), a trader must ensure that it, or its customer, has made any necessary arrangements for the provision of line function services in relation to the relevant ICP

Before providing the registry manager with any information in accordance with clause 11.7(2) or clause 11.18(4), a trader must have entered into an arrangement with an MEP for each metering installation at the ICP.

Audit observation

The process to ensure an arrangement is in place before trading commences on a network was examined.

Audit commentary

Process compliance was confirmed as part of Simply Energy's audit, and OPHL has arrangements in place with all relevant distributors.

OPHL currently trades only on the Powerco network, and does not expect to supply ICPs on other networks in the foreseeable future. OPHL does not intend to switch in any ICPs or complete any new connections.

Audit outcome

Compliant

2.13. Arrangements for metering equipment provision (Clause 10.36)

Code reference

Clause 10.36

Code related audit information

A reconciliation participant must ensure it has an arrangement with the relevant MEP prior to accepting responsibility for an installation.

Audit observation

The process to ensure an arrangement is in place with the metering equipment provider before an ICP can be created or switched in were examined.

Audit commentary

Process compliance was confirmed as part of Simply Energy's audit, and OPHL has arrangements in place with all relevant MEPs.

All ICPs currently have AMS meters, and OPHL does not expect to supply ICPs with other MEPs in the foreseeable future. OPHL does not intend to switch in any ICPs, complete any new connections, or change the MEP for any existing ICPs.

Audit outcome

Compliant

3. MAINTAINING REGISTRY INFORMATION

3.1. Obtaining ICP identifiers (Clause 11.3)

Code reference

Clause 11.3

Code related audit information

The following participants must, before assuming responsibility for certain points of connection on a local network or embedded network, obtain an ICP identifier for the point of connection:

- a) a trader who has agreed to purchase electricity from an embedded generator or sell electricity to a consumer*
- b) an embedded generator who sells electricity directly to the clearing manager*
- c) a direct purchaser connected to a local network or an embedded network*
- d) an embedded network owner in relation to a point of connection on an embedded network that is settled by differencing*
- e) a network owner in relation to a shared unmetered load point of connection to the network owner's network*
- f) a network owner in relation to a point of connection between the network owner's network and an embedded network.*

ICP identifiers must be obtained for points of connection at which any of the following occur:

- a consumer purchases electricity from a trader 11.3(3)(a)*
- a trader purchases electricity from an embedded generator 11.3(3)(b)*
- a direct purchaser purchases electricity from the clearing manager 11.3(3)(c)*
- an embedded generator sells electricity directly to the clearing manager 11.3(3)(d)*
- a network is settled by differencing 11.3(3)(e)*
- there is a distributor status ICP on the parent network point of connection of an embedded network or at the point of connection of shared unmetered load 11.3(3)(f).*

Audit observation

The connection process is managed by Simply Energy, and was reviewed as part of their audit.

Audit commentary

Process compliance was confirmed as part of Simply Energy's audit.

Audit outcome

Compliant

3.2. Providing registry information (Clause 11.7(2))

Code reference

Clause 11.7(2)

Code related audit information

Each trader must provide information to the registry manager about each ICP at which it trades electricity in accordance with Schedule 11.1.

Audit observation

These processes are managed by Simply Energy, and were reviewed as part of their audit. Timeliness of new connections is discussed in **section 3.5**.

The event detail report for 01/12/17 to 31/10/18 was reviewed to identify all new connections and confirm process controls and compliance.

Audit commentary

Process compliance was confirmed as part of Simply Energy's audit.

Five new connections were completed during the audit period, and information was provided as required by this clause.

Audit outcome

Compliant

3.3. Changes to registry information (Clause 10 Schedule 11.1)

Code reference

Clause 10 Schedule 11.1

Code related audit information

If information provided by a trader to the registry manager about an ICP changes, the trader must provide written notice to the registry manager of the change no later than five business days after the change.

Audit observation

The registry processes are managed by Simply Energy, and were reviewed as part of their audit.

The process to manage status changes is assessed in **sections 3.8** and **3.9**. In this section, the event detail report for 01/12/17 to 31/10/18 was analysed determine the overall performance for that period.

Audit commentary

The event detail report was examined to confirm whether the registry is notified within five business days when information referred to in clause 9 of schedule 11.1 changes.

Simply Energy's audit found that their processes ensured most updates were processed on time, but some late updates did occur.

| Event | Year | Total ICPs | ICPs Notified Within 5 Days | ICPs Notified Greater Than 5 Days | Average Notification Days | Percentage Compliant |
|---|-------------|------------|-----------------------------|-----------------------------------|---------------------------|----------------------|
| Status updates | | | | | | |
| Change to active (2,0) | 2017 | 22 | 20 | 2 | 4.5 | 91% |
| | 2018 | 9 | 8 | 1 | 2 | 89% |
| Change to electrically disconnected vacant property (1,4) | 2017 | 12 | 12 | - | 1.3 | 100% |
| | 2018 | 6 | 4 | 2 | 7 | 67% |
| | 2017 | 27 | 20 | 7 | 14.3 | 74% |

| Event | Year | Total ICPs | ICPs Notified Within 5 Days | ICPs Notified Greater Than 5 Days | Average Notification Days | Percentage Compliant |
|---|-------------|------------|--------------------------------------|--|---------------------------------|-------------------------|
| Change to electrically disconnected ready for decommissioning (1,6) | 2018 | 9 | 7 | 2 | 4 | 78% |
| Change to Electrically disconnected remotely by AMI meter (1,7) | 2018 | 9 | 9 | - | 1 | 100% |
| Change to electrically disconnected due to meter disconnected (1,9) | 2017 | 1 | 1 | - | 2 | 100% |
| | 2018 | - | - | - | - | - |
| Trader updates | | | | | | |
| MEP nominations | 2017 | 115 | 97 | 18 | 3.9 | 84% |
| | 2018 | 96 | 90 | 6 | 1 | 94% |
| Trader updates (excluding MEP nominations and NT updates) | 2018 | 19 | 14 | 5 | 5 | 74% |

28 (85%) of the 33 status updates during the audit period were on time. Status was not updated on the registry within five business days for one update to active and four updates to inactive. All status updates were made within 27 days of the event date.

90 (94%) of the 96 MEP nominations were on time. All nominations were made within 11 business days of the event date.

14 (74%) of the 19 trader updates were on time. All five late trader updates were checked, and found to be caused by submission type and profile changes. The updates were delayed by delays in receiving confirmation of meter changes.

Late registry updates are recorded as non-compliance below. No registry updates are expected in the foreseeable future. OPHL supplies six ICPs, and no further status updates, trader updates, MEP nominations, or ICP acquisitions are expected.

Audit outcome

Non-compliant

| Non-compliance | Description | | |
|---|--|-----------------|------------------------|
| Audit Ref: 3.3 With: Clause 10 Schedule 11.1 From: 22-Dec-17 To: 01-Aug-18 | Five late status updates. Six late MEP nominations. Five late trader updates. Potential impact: Low Actual impact: Low Audit history: Multiple times Controls: Strong Breach risk rating: 1 | | |
| Audit risk rating | Rationale for audit risk rating | | |
| Low | The controls are rated as strong, OPHL currently supplies six ICPs and further updates to status and trader information are unlikely. The risk rating is low, because a small number and proportion of updates were late. | | |
| Actions taken to resolve the issue | | Completion date | Remedial action status |
| | | | Identified |
| Preventative actions taken to ensure no further issues will occur | | Completion date | |
| All the identified issues are expected to be removed going forward due to exiting the majority of our ICP's and change to a new reconciliation agent. | | Jan 2019 | |

3.4. Trader responsibility for an ICP (Clause 11.18)

Code reference

Clause 11.18

Code related audit information

A trader becomes responsible for an ICP when the trader is recorded in the registry as being responsible for the ICP.

A trader ceases to be responsible for an ICP if:

- *another trader is recorded in the registry as accepting responsibility for the ICP (clause 11.18(2)(a)); or*
- *the ICP is decommissioned in accordance with clause 20 of Schedule 11.1 (clause 11.18(2)(b)).*
- *if an ICP is to be decommissioned, the trader who is responsible for the ICP must (clause 11.18(3)):*
 - o *arrange for a final interrogation to take place prior to or upon meter removal (clause 11.18(3)(a)); and*

- *advise the MEP responsible for the metering installation of the decommissioning (clause 11.18(3)(b)).*

A trader who is responsible for an ICP (excluding UML) must ensure that an MEP is recorded in the registry for that ICP (clause 11.18(4)).

A trader must not trade at an ICP (excluding UML) unless an MEP is recorded in the registry for that ICP (clause 11.18(5)).

Audit observation

Retailers Responsibility to Nominate and Record MEP in the Registry

New connection processes are managed by Simply Energy, and were reviewed as part of their audit.

The registry list as at 31/10/18 and event detail report for 01/12/17 to 31/10/18 were examined to identify:

- any active ICPs that do not have an MEP recorded; and
- any MEP nomination rejections.

ICP Decommissioning

The process for the decommissioning of ICPs was examined. All decommissioned ICPs were checked to prove the process and confirm controls are in place.

Audit commentary

Retailers Responsibility to Nominate and Record MEP in the Registry

Process compliance was confirmed as part of Simply Energy's audit.

All active ICPs have a valid MEP recorded.

The MEP is nominated in the registry when the ICP is claimed and moved to "inactive new connection in progress" status, or "active" status. All 96 MEP nominations made during the audit period were accepted. Late MEP nominations are recorded as non-compliance in **section 3.3**.

ICP Decommissioning

OPHL continue with their obligations under this clause. ICPs that are vacant and active, or inactive are maintained.

Ten ICPs were decommissioned during the period. OPHL had met their obligation to arrange a meter interrogation prior to or upon meter removal, and notify the MEP. In one case the interrogation could not be completed because another party had already removed the meter without OPHL's knowledge.

Audit outcome

Compliant

3.5. Provision of information to the registry manager (Clause 9 Schedule 11.1)

Code reference

Clause 9 Schedule 11.1

Code related audit information

Each trader must provide the following information to the registry manager for each ICP for which it is recorded in the registry as having responsibility:

- the participant identifier of the trader, as approved by the Authority (clause 9(1)(a))*
- the profile code for each profile at that ICP, as approved by the Authority (clause 9(1)(b))*

- c) the metering equipment provider for each category 1 metering or higher (clause 9(1)(c))
- d) the type of submission information the trader will provide to the RM for the ICP (clause 9(1)(ea))
- e) if a settlement type of UNM is assigned to that ICP, either:
 - the code ENG if the load is profiled through an engineering profile in accordance with profile class 2.1 (clause 9(1)(f)(i)); or
 - in all other cases, the daily average kWh of unmetered load at the ICP (clause 9(1)(f)(ii)).
 - the type and capacity of any unmetered load at each ICP (clause 9(1)(g))
 - the status of the ICP, as defined in clauses 12 to 20 (clause 9(1)(j))
 - except if the ICP exists for the purposes of reconciling an embedded network or the ICP has distributor status, the trader must provide the relevant business classification code applicable to the customer (clause 9(1)(k)).

The trader must provide information specified in (a) to (j) above within 5 business days of trading (clause 9(2)).

The trader must provide information specified in 9(1)(k) no later than 20 business days of trading (clause 9(3)).

Audit observation

The new connection process is managed by Simply Energy, and was reviewed as part of their audit.

The event detail report from 01/12/17 to 31/10/18 was examined to identify all new connections, and the timeliness of new connection status updates.

Audit commentary

Simply Energy's audit found that their processes ensured most updates were processed on time, but some late updates did occur.

The new connection process is described in **section 2.9**. The table below shows the timeliness of updates for new connections.

| Event | Year | Total ICPs | ICPs notified within 5 days | ICPs notified greater than 5 days | Average notification days | Percentage compliant |
|---|------|------------|-----------------------------|-----------------------------------|---------------------------|----------------------|
| Status updates | | | | | | |
| Status update to active new connection (2,0) | 2017 | 4 | 2 | 2 | 7.5 | 50% |
| | 2018 | 5 | 4 | 1 | 3 | 80% |
| Status update to inactive new connection in progress (1,12) | 2018 | 3 | 3 | - | 0 | 100% |

The registry was updated to active 11 business days after the event date for one new connection. The late update is recorded as non-compliance below.

Audit outcome

Non-compliant

| Non-compliance | Description | | |
|---|--|-----------------|------------------------|
| Audit Ref: 3.5 With: Clause 9 Schedule 11.1 From: 19-Apr-18 To: 19-Apr-18 | One late status update for a new connection. Potential impact: Low Actual impact: Low Audit history: None Controls: Strong Breach risk rating: 1 | | |
| Audit risk rating | Rationale for audit risk rating | | |
| Low | The controls are rated as strong, OPHL does not intend to complete any more new connections. The risk rating is low, because only one status update was late. | | |
| Actions taken to resolve the issue | | Completion date | Remedial action status |
| | | | Identified |
| Preventative actions taken to ensure no further issues will occur | | Completion date | |
| All the identified issues are expected to be removed going forward due to exiting the majority of our ICP's and change to a new reconciliation agent. | | Jan 2019 | |

3.6. ANZSIC codes (Clause 9 (1(k) of Schedule 11.1)

Code reference

Clause 9 (1(k) of Schedule 11.1

Code related audit information

Traders are responsible to populate the relevant ANZSIC code for all ICPs for which they are responsible.

Audit observation

The registry list as at 31/10/18 was reviewed, and ANZSIC codes for all active ICPs were checked.

Audit commentary

All active ICPs had a valid ANZSIC code recorded. ANZSIC codes are unlikely to change for OPHL's existing ICPs, and OPHL does not intend to acquire any new ICPs.

Audit outcome

Compliant

3.7. Changes to unmetered load (Clause 9(1)(f) of Schedule 11.1)

Code reference

Clause 9(1)(f) of Schedule 11.1

Code related audit information

If a settlement type of UNM is assigned to that ICP, the trader must populate:

- *the code ENG - if the load is profiled through an engineering profile in accordance with profile class 2.1 (clause 9(1)(f)(i)); or*
- *the daily average kWh of unmetered load at the ICP - in all other cases (clause 9(1)(f)(ii)).*

Audit observation

Unmetered load is managed by Simply Energy, and unmetered load processes were reviewed as part of their audit.

The registry list file as at 31/10/18 was examined to identify any ICPs where:

- unmetered load is identified by the distributor, but none is recorded by OPHL; or
- OPHL's unmetered kWh differs from the distributor's unmetered kWh.

Audit commentary

Process compliance was confirmed as part of Simply Energy's audit. Daily unmetered load is converted to meter readings by Simply Energy, and sent to EMS to be processed in Madras.

None of the ICPs currently supplied have unmetered load recorded by the trader or distributor. No further ICP acquisitions are planned, and it is unlikely that any unmetered load will be supplied in the future.

Audit outcome

Compliant

3.8. Management of "active" status (Clause 17 Schedule 11.1)

Code reference

Clause 17 Schedule 11.1

Code related audit information

The ICP status of "active" is be managed by the relevant trader and indicates that:

- *the associated electrical installations are electrically connected (clause 17(1)(a))*
- *the trader must provide information related to the ICP in accordance with Part 15, to the reconciliation manager for the purpose of compiling reconciliation information (clause 17(1)(b)).*

Before an ICP is given the "active" status, the trader must ensure that:

- *the ICP has only one customer, embedded generator, or direct purchaser (clause 17(2)(a))*
- *the electricity consumed is quantified by a metering installation or a method of calculation approved by the Authority (clause 17(2)(b)).*

Audit observation

New connections

The new connection process was examined during Simply Energy's audit, and is discussed in **sections 2.9** and **3.5** above. Review of the registry list as at 31/10/18 confirmed that no ICPs had "inactive - new connection in progress" status with an initial electrical connection date populated.

Five new connections were completed during the audit period. I checked for variances between the active date, meter certification date, and the initial electrical connection date.

Reconnections

The ICP reconnection process was examined during Simply Energy's audit. The event detail report for 01/12/17 to 31/10/18 was analysed, and the findings on the timeliness of registry updates are recorded in **section 3.3**.

Audit commentary

Process compliance was confirmed as part of Simply Energy's audit.

Each of the currently supplied ICPs is metered and has one customer. No further customer acquisitions or status changes are expected.

New connections

Five new connections were completed during the audit period. In all cases, OPHL's active date was consistent with the initial electrical connection date and meter certification date.

There was one late status update to active for a new connection, which is recorded as non-compliance in **section 3.5**.

Reconnections

All nine reconnections were fully certified on the reconnection date.

There was one late status update to active for a reconnection, which is recorded as a non-compliance in **section 3.3**.

Audit outcome

Compliant

3.9. Management of "inactive" status (Clause 19 Schedule 11.1)

Code reference

Clause 19 Schedule 11.1

Code related audit information

The ICP status of "inactive" must be managed by the relevant trader and indicates that:

- *electricity cannot flow at that ICP (clause 19(a)); or*
- *submission information related to the ICP is not required by the reconciliation manager for the purpose of compiling reconciliation information (clause 19(b)).*

Audit observation

Statuses are managed by Simply Energy, and processes to manage inactive statuses were reviewed as part of Simply Energy's audit.

The event detail report for 01/12/17 to 31/10/18 was examined to identify all status changes to "inactive". A sample of ten status updates were reviewed to confirm the registry updates were correct. The findings in relation to the timeliness of updates to registry is recorded in **section 3.3**.

The list file as at 25/09/18 was examined and found no ICPs were at "inactive - new connection in progress status".

Audit commentary

Process compliance was confirmed as part of Simply Energy's audit. All ICPs currently have "active" status, and no status changes are expected.

24 status changes to "inactive" occurred during the period. I reviewed a sample of ten of these changes, and confirmed that the correct status was applied.

Audit outcome

Compliant

3.10. ICPs at new or ready status for 24 months (Clause 15 Schedule 11.1)

Code reference

Clause 15 Schedule 11.1

Code related audit information

If an ICP has had the status of "New" or "Ready" for 24 calendar months or more, the distributor must ask the trader whether it should continue to have that status, and must decommission the ICP if the trader advises the ICP should not continue to have that status.

Audit observation

Whilst this is a Distributor's code obligation, I investigated whether any queries had been received from Distributors in relation to ICPs at the new or ready status for more than 24 months, and I checked the process to manage these requests.

A registry list as at 31/10/18 was reviewed to identify all ICPs with "new" or "ready" status and OPHL recorded as the proposed trader.

Audit commentary

Process compliance was confirmed as part of Simply Energy's audit.

No ICPs currently have new or ready status and OPHL recorded as the proposed trader, and no requests for information on new or ready ICPs have been received from distributors. If received these would be actioned on a case by case basis.

No new connections were in progress on 31/10/18, and no new connections are expected in the future.

Audit outcome

Compliant

4. PERFORMING CUSTOMER AND EMBEDDED GENERATOR SWITCHING

4.1. Inform registry of switch request for ICPs - standard switch (Clause 2 Schedule 11.3)

Code reference

Clause 2 Schedule 11.3

Code related audit information

The standard switch process applies where a trader and a customer or embedded generator enters into an arrangement in which the trader commences trading electricity with the customer or embedded generator at a non-half hour or unmetered ICP at which another trader supplies electricity, or the trader assumes responsibility for such an ICP.

If the uninvited direct sale agreement applies to an arrangement described above, the gaining trader must identify the period within which the customer or embedded generator may cancel the arrangement in accordance with section 36M of the Fair Trading Act 1986. The arrangement is deemed to come into effect on the day after the expiry of that period.

A gaining trader must advise the registry manager of a switch no later than two business days after the arrangement comes into effect and include in its advice to the registry manager that the switch type is TR and one or more profile codes associated with that ICP.

Audit observation

The switching process is managed by Simply Energy, and was reviewed as part of their audit.

A typical sample of two transfer switches were checked to confirm that they were notified to the registry within two business days, and that the correct switch type was selected.

Audit commentary

Process compliance was confirmed as part of Simply Energy's audit.

The two NT files checked were sent within two business days of pre-conditions being cleared, and the correct switch type was selected.

No switching activity is expected in the foreseeable future for OPHL.

Audit outcome

Compliant

4.2. Losing trader response to switch request and event dates - standard switch (Clauses 3 and 4 Schedule 11.3)

Code reference

Clauses 3 and 4 Schedule 11.3

Code related audit information

Within three business days after receiving notice of a switch from the registry manager, the losing trader must establish a proposed event date. The event date must be no more than 10 business days after the date of receipt of such notification, and in any 12 month period, at least 50% of the event dates must be no more than five business days after the date of notification. The losing trader must then:

- *provide acknowledgement of the switch request by (clause 3(a) of Schedule 11.3):*
- *providing the proposed event date to the registry manager and a valid switch response code (clause 3(a)(i) and (ii) of Schedule 11.3); or*

- providing a request for withdrawal of the switch in accordance with clause 17 (clause 3(c) of Schedule 11.3).

When establishing an event date for clause 4, the losing trader must disregard every event date established by the losing trader for a customer who has been with the losing trader for less than two calendar months (clause 4(2) of Schedule 11.3).

Audit observation

The switching process is managed by Simply Energy, and was reviewed as part of their audit.

An event detail report for 01/12/17 to 31/10/18 was reviewed to:

- identify AN files issued by OPHL during the period; and
- assess compliance with the setting of event dates requirement.

A sample of 141 ANs were reviewed to determine whether the response codes had been correctly applied.

The switch breach report was examined for the audit period.

Audit commentary

AN timeliness

The switch breach report recorded one late AN file for a transfer switch, which was not genuine.

AN content

Event dates set by losing trader must be no more than 10 business days after receipt of an NT file. Over a 12 month period 50% of event dates must be within five business days.

All transfer AN files were examined on the event detail report. All proposed event dates were within 10 business days of NT receipt, and 90% were within five business days.

| Total transfer switches | Total over 10 business days | Total within 10 business days | Total within 5 business days | % within 5 business days |
|-------------------------|-----------------------------|-------------------------------|------------------------------|--------------------------|
| 145 | - | 145 | 130 | 90% |

The previous audit found some ANs had incorrect response codes applied. I reviewed the content of a sample of 141 transfer ANs, and identified six transfer ANs where incorrect response codes were applied. This is recorded as non-compliance below.

| ICP | Applied Code | Correct Code | Reason |
|-----------------|--------------|--------------|-------------------|
| 0101554869LC1D0 | AA | AD | Advanced metering |
| 0224179004LCC5F | AA | AD | Advanced metering |
| 0001262198UN568 | AA | AD | Advanced metering |
| 0190210265LC8BF | AA | AD | Advanced metering |
| 1000550413PC404 | AA | AD | Advanced metering |
| 1001149927UNEDF | AA | AD | Advanced metering |

Audit outcome

Non-compliant

| Non-compliance | Description | | |
|---|--|-----------------|------------------------|
| Audit Ref: 4.2 With: Clauses 3 and 4 Schedule 11.3 From: 08-Dec-17 To: 16-Apr-18 | The AA (accept and acknowledge) AN response code was applied for six ICPs with advanced meters. Potential impact: Low Actual impact: Low Audit history: Twice Controls: Strong Breach risk rating: 1 | | |
| Audit risk rating | Rationale for audit risk rating | | |
| Low | Controls over AN response codes are currently strong. No switching activity is expected in the foreseeable future for OPHL. The impact is assessed as low. Whether AMI metering is present can normally be determined from other registry information, and a small proportion of the ANs (4%) contained incorrect response codes. | | |
| Actions taken to resolve the issue | | Completion date | Remedial action status |
| | | | Identified |
| Preventative actions taken to ensure no further issues will occur | | Completion date | |
| All the identified issues are expected to be removed going forward due to exiting the majority of our ICP's and change to a new reconciliation agent. | | Jan 2019 | |

4.3. Losing trader must provide final information - standard switch (Clause 5 Schedule 11.3)

Code reference

Clause 5 Schedule 11.3

Code related audit information

If the losing trader provides information to the registry manager in accordance with clause 3(a) of Schedule 11.3 with the required information, no later than five business days after the event date, the losing trader must complete the switch by:

- *providing event date to the registry manager (clause 5(a)); and*
- *provide to the gaining trader a switch event meter reading as at the event date, for each meter or data storage device that is recorded in the registry with accumulator of C and a settlement indicator of Y (clause 5(b)); and*

- *if a switch event meter reading is not a validated reading, provide the date of the last meter reading (clause 5(c)).*

Audit observation

The switching process is managed by Simply Energy, and was reviewed as part of their audit.

An event detail report for the period from 01/12/17 to 31/10/18 was reviewed to identify CS files issued by OPHL. The accuracy of the content of CS files was confirmed by checking a sample of three records. The content checked included:

- correct identification of meter readings and correct date of last meter reading
- accuracy of meter readings; and
- accuracy of average daily consumption.

The switch breach history report for the audit period was reviewed.

Audit commentary

Process compliance was confirmed as part of Simply Energy's audit, but some errors in CS content had occurred.

The accuracy of the content of CS files was confirmed by checking a sample of three transfer CS files. The information recorded in the files was correct, apart from the CS file for 0000131465TRE60 which contained estimated daily kWh of 0 kWh, but should have contained 435 kWh.

The switch breach report recorded nine late CS files for transfer switches. Two were not genuinely late. The other seven late files were genuinely provided one to six business days late, and are recorded as non-compliance.

Audit outcome

Non-compliant

| Non-compliance | Description |
|---|--|
| <p>Audit Ref: 4.3</p> <p>With: Clause 5 Schedule 11.3</p> <p>From: 23-Feb-18</p> <p>To: 10-Aug-18</p> | <p>Seven late CS files for transfer switches.</p> <p>One CS files contained an incorrect estimated daily kWh value.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: None</p> <p>Controls: Strong</p> <p>Breach risk rating: 1</p> |

| Audit risk rating | Rationale for audit risk rating | | |
|---|--|-----------------|------------------------|
| Low | <p>Controls are currently strong. No switching activity is expected in the foreseeable future for OPHL.</p> <p>As OPHL exited the retail market a large number of ICPs switched out over a short period of time, and a small number of CS files were late.</p> <p>The impact is assessed as low.</p> <ul style="list-style-type: none"> • All files were provided within 11 business days of the event date. • The potential impact of the incorrect average daily kWh value is expected to be low. Because the ICP has AMI metering, it is unlikely that the value provided will be used to calculate forward estimate by the gaining trader. | | |
| Actions taken to resolve the issue | | Completion date | Remedial action status |
| | | | Identified |
| Preventative actions taken to ensure no further issues will occur | | Completion date | |
| All the identified issues are expected to be removed going forward due to exiting the majority of our ICP's and change to a new reconciliation agent. | | Jan 2019 | |

4.4. Retailers must use same reading - standard switch (Clause 6(1) and 6A Schedule 11.3)

Code reference

Clause 6(1) and 6A Schedule 11.3

Code related audit information

The losing trader and the gaining trader must both use the same switch event meter reading as determined by the following procedure:

- *if the switch event meter reading provided by the losing trader differs by less than 200 kWh from a value established by the gaining trader, the gaining trader must use the losing trader's validated meter reading or permanent estimate (clause 6(a)); or*
- *the gaining trader may dispute the switch meter reading if the validated meter reading or permanent estimate provided by the losing trader differs by 200 kWh or more (clause 6(b)).*

If the gaining trader disputes a switch meter reading because the switch event meter reading provided by the losing trader differs by 200 kWh or more, the gaining trader must, within four calendar months of the actual event date, provide to the losing trader a changed switch event meter reading supported by two validated meter readings.

- *the losing trader can choose not to accept the reading, however must advise the gaining trader no later than five business days after receiving the switch event meter reading from the gaining trader (clause 6A(a)); or*
- *if the losing trader notifies its acceptance or does not provide any response, the losing trader must use the switch event meter reading supplied by the gaining trader (clause 6A(b)).*

Audit observation

The read change process is managed by Simply Energy, and was reviewed as part of their audit.

The event detail report for 01/12/17 to 31/10/18 was reviewed to identify all read change requests and acknowledgements during the audit period.

- Six RR files were issued to OPHL by other traders for transfer switches. One request was rejected, and was checked to confirm the rejection was valid. Two AC files issued by OPHL were checked to confirm that the system reflected the outcome of the RR process.
- Seven RR files were issued by OPHL for transfer switches. One was initially rejected but was accepted on reissue, and the other six files were accepted. Three files were checked to confirm that the requests were supported by at least two actual readings, that the content of the files was accurate, and that the system reflected the outcome of the read change process.

The switch breach history report was reviewed to identify late RR and AC files.

Audit commentary

Process compliance was confirmed as part of Simply Energy's audit, but some late files and requests not supported by at least two actual reads were issued.

RR process

I checked three transfer RRs issued by OPHL, and confirmed that the requests were supported by at least two actual readings, that the content of the files was accurate, and that the system reflected the outcome of the read change process.

AC process

One read change request for a transfer switch was validly rejected by OPHL, because the CS file contained an actual reading on the event date.

I checked two transfer switch ACs issued by OPHL, and found that the correct process had been followed and the system reflected the outcome of the RR process.

Timeliness of RR and AC files

The switch breach report contained no late RR files for transfer switches. One AC file was provided two business days late, this is recorded as non-compliance.

Audit outcome

Non-compliant

| Non-compliance | Description |
|--|--|
| Audit Ref: 4.4 With: Clause 6(1) and 6A Schedule 11.3 From: 20-Jun-18 To: 20-Jun-18 | One late AC file for a transfer switch. Potential impact: Low Actual impact: Low Audit history: None Controls: Strong Breach risk rating: 1 |

| Audit risk rating | Rationale for audit risk rating | | |
|---|---|-----------------|------------------------|
| Low | <p>The controls are currently strong. OPHL's last transfer CS had an event date of 08/08/18. Given that read renegotiation requests should be issued within four months, it is unlikely that any further RRs will be issued or received for the ICPs which have switched out. OPHL does not intend to switch in or out any other ICPs.</p> <p>The impact is assessed as low. One file was two business days late.</p> | | |
| Actions taken to resolve the issue | | Completion date | Remedial action status |
| | | | Identified |
| Preventative actions taken to ensure no further issues will occur | | Completion date | |
| All the identified issues are expected to be removed going forward due to exiting the majority of our ICP's and change to a new reconciliation agent. | | Jan 2019 | |

4.5. Non-half hour switch event meter reading - standard switch (Clause 6(2) and (3) Schedule 11.3)

Code reference

Clause 6(2) and (3) Schedule 11.3

Code related audit information

If the losing trader trades electricity from a non-half hour meter, with a switch event meter reading that is not from an AMI certified meter flagged Y in the registry: and

- *the gaining trader will trade electricity from a meter with a half hour submission type in the registry (clause 6(2)(b));*
- *the gaining trader within five business days after receiving final information from the registry manager, may provide the losing trader with a switch event meter reading from that meter. The losing trader must use that switch event meter reading.*

Audit observation

The read change process is managed by Simply Energy, and was reviewed as part of their audit.

The event detail report for the period from 01/12/17 to 25/09/18 was reviewed to identify all read change requests and acknowledgements where clause 6(2) and (3) of schedule 11.3 applied.

Audit commentary

Process compliance was confirmed as part of Simply Energy's audit.

One RR was issued to OPHL under clause 6(2) and (3) of schedule 11.3, and it was validly accepted.

OPHL did not issue any RRs under clause 6(2) and (3) of schedule 11.3.

Audit outcome

Compliant

4.6. Disputes - standard switch (Clause 7 Schedule 11.3)

Code reference

Clause 7 Schedule 11.3

Code related audit information

A losing trader or gaining trader may give written notice to the other that it disputes a switch event meter reading provided under clauses 1 to 6. Such a dispute must be resolved in accordance with clause 15.29 (with all necessary amendments).

Audit observation

The read change process is managed by Simply Energy, and was reviewed as part of their audit.

Audit commentary

No disputes have needed to be resolved in accordance with this clause.

Audit outcome

Compliant

4.7. Gaining trader informs registry of switch request - switch move (Clause 9 Schedule 11.3)

Code reference

Clause 9 Schedule 11.3

Code related audit information

The switch move process applies where a gaining trader has an arrangement with a customer or embedded generator to trade electricity at an ICP using non half-hour metering or an unmetered ICP, or to assume responsibility for such an ICP, and no other trader has an agreement to trade electricity at that ICP, this is referred to as a switch move and the following provisions apply:

If the "uninvited direct sale agreement" applies, the gaining trader must identify the period within which the customer or embedded generator may cancel the arrangement in accordance with section 36M of the Fair Trading Act 1986. The arrangement is deemed to come into effect on the day after the expiry of that period.

In the event of a switch move, the gaining trader must advise the registry manager of a switch and the proposed event date no later than two business days after the arrangement comes into effect.

In its advice to the registry manager the gaining trader must include:

- *a proposed event date (clause 9(2)(a)); and*
- *that the switch type is "MI" (clause 9(2)(b)); and*
- *one or more profile codes of a profile at the ICP (clause 9(2)(c)).*

Audit observation

The switching process is managed by Simply Energy, and was reviewed as part of their audit.

A typical sample of two switch moves were checked to confirm that they were notified to the registry within two business days, and that the correct switch type was selected.

Audit commentary

Process compliance was confirmed as part of Simply Energy's audit.

The two NT files checked were sent within two business days of pre-conditions being cleared, and the correct switch type was selected.

No switching activity is expected in the foreseeable future for OPHL.

Audit outcome

Compliant

4.8. Losing trader provides information - switch move (Clause 10(1) Schedule 11.3)

Code reference

Clause 10(1) Schedule 11.3

Code related audit information

10(1) Within five business days after receiving notice of a switch move request from the registry manager—

- *10(1)(a) If the losing trader accepts the event date proposed by the gaining trader, the losing trader must complete the switch by providing to the registry manager:*
 - o *confirmation of the switch event date; and*
 - o *a valid switch response code; and*
 - o *final information as required under clause 11; or*
- *10(1)(b) If the losing trader does not accept the event date proposed by the gaining trader, the losing trader must acknowledge the switch request to the registry manager and determine a different event date that—*
 - o *is not earlier than the gaining trader's proposed event date, and*
 - o *is no later than 10 business days after the date the losing trader receives notice; or*
- *10(1)(c) request that the switch be withdrawn in accordance with clause 17.*

Audit observation

The switching process is managed by Simply Energy, and was reviewed as part of their audit.

An event detail report for 1/12/17 to 31/10/18 was reviewed to:

- identify AN files issued by OPHL during the period; and
- assess compliance with the setting of event dates requirement.

All ANs were reviewed to determine whether the response codes had been correctly applied.

The switch breach report was examined for the audit period.

Audit commentary

AN timeliness

The switch breach report recorded one late AN file for a switch move, which was not genuine.

AN content

All 23 switch move AN files were examined on the event detail report:

- no ANs had proposed event dates later than 10 business days after receipt of the NT; and
- no ANs had a proposed transfer date earlier than the gaining trader's proposed date.

The previous audit found some ANs had incorrect response codes applied. I reviewed the content of all 23 switch move ANs, and identified two ANs where incorrect response codes were applied. This is recorded as non-compliance below.

| ICP | Applied Code | Correct Code | Reason |
|-----------------|--------------|--------------|-------------------|
| 1001294686UNF4F | AA | AD | Advanced metering |
| 1002038616LC4C7 | AA | AD | Advanced metering |

Audit outcome

Non-compliant

| Non-compliance | Description | | |
|---|---|-----------------|------------------------|
| Audit Ref: 4.8 With: Clause 10(1) Schedule 11.3 From: 06-Jun-18 To: 07-Jun-18 | The AA (accept and acknowledge) AN response code was applied for two ICPs with advanced meters. Potential impact: Low Actual impact: Low Audit history: Once Controls: Strong Breach risk rating: 1 | | |
| Audit risk rating | Rationale for audit risk rating | | |
| Low | Controls are currently strong. No switching activity is expected in the foreseeable future for OPHL. The impact is assessed as low. Whether AMI metering is present can normally be determined from other registry information, and only two ANs contained incorrect response codes. | | |
| Actions taken to resolve the issue | | Completion date | Remedial action status |
| | | | Identified |
| Preventative actions taken to ensure no further issues will occur | | Completion date | |
| All the identified issues are expected to be removed going forward due to exiting the majority of our ICP's and change to a new reconciliation agent. | | Jan 2019 | |

4.9. Losing trader determines a different date - switch move (Clause 10(2) Schedule 11.3)

Code reference

Clause 10(2) Schedule 11.3

Code related audit information

If the losing trader determines a different date, the losing trader must also complete the switch by providing to the registry manager as described in sub-clause (1)(a):

- *the event date proposed by the losing trader; and*

- *a valid switch response code; and*
- *final information as required under clause 1.*

Audit observation

The switching process is managed by Simply Energy, and was reviewed as part of their audit.

An event detail report for 01/12/17 to 31/10/18 was reviewed to:

- identify AN files issued by OPHL during the period; and
- assess compliance with the setting of event dates requirement.

Audit commentary

Switches were completed as required by this clause.

As described in **section 4.8**, proposed event dates for switch moves were compliant.

Audit outcome

Compliant

4.10. Losing trader must provide final information - switch move (Clause 11 Schedule 11.3)

Code reference

Clause 11 Schedule 11.3

Code related audit information

The losing trader must provide final information to the registry manager for the purposes of clause 10(1)(a)(ii), including—

- *the event date (clause 11(a)); and*
- *a switch event meter reading as at the event date for each meter or data storage device that is recorded in the registry with an accumulator type of C and a settlement indicator of Y (clause 11(b)); and*
- *if the switch event meter reading is not a validated meter reading, the date of the last meter reading of the meter or storage device (clause (11(c)).*

Audit observation

The switching process is managed by Simply Energy, and was reviewed as part of their audit.

An event detail report for the period from 01/12/17 to 31/10/18 was reviewed to identify CS files issued by OPHL. The accuracy of the content of CS files was confirmed by checking a sample of three records.

The content checked included:

- correct identification of meter readings and correct date of last meter reading
- accuracy of meter readings; and
- accuracy of average daily consumption.

The switch breach history report for the audit period was reviewed.

Audit commentary

Process compliance was confirmed as part of Simply Energy's audit, but some errors in CS content had occurred.

The accuracy of the content of CS files was confirmed by checking a sample of three switch move CS files. The information recorded in the files was correct.

The switch breach report recorded 19 late CS files for switch moves. Three were not genuinely late. The other 16 late files were genuinely provided one to two business days late, and are recorded as non-compliance.

Audit outcome

Non-compliant

| Non-compliance | Description | | |
|---|---|-----------------|------------------------|
| Audit Ref: 4.10 With: Clause 11 Schedule 11.3 From: 13-Feb-18 To: 12-Jun-18 | 16 late CS files for switch moves. Potential impact: Low Actual impact: Low Audit history: None Controls: Strong Breach risk rating: 1 | | |
| Audit risk rating | Rationale for audit risk rating | | |
| Low | Controls are currently strong. No switching activity is expected in the foreseeable future for OPHL. As OPHL exited the retail market a large number of ICPs switched out over a short period of time, and a small number of CS files were late. The impact is assessed as low. All files were provided within seven business days of the event date. | | |
| Actions taken to resolve the issue | | Completion date | Remedial action status |
| | | | Identified |
| Preventative actions taken to ensure no further issues will occur | | Completion date | |
| All the identified issues are expected to be removed going forward due to exiting the majority of our ICP's and change to a new reconciliation agent. | | Jan 2019 | |

4.11. Gaining trader changes to switch meter reading - switch move (Clause 12 Schedule 11.3)

Code reference

Clause 12 Schedule 11.3

Code related audit information

The gaining trader may use the switch event meter reading supplied by the losing trader or may, at its own cost, obtain its own switch event meter reading. If the gaining trader elects to use this new switch event meter reading, the gaining trader must advise the losing trader of the switch event meter reading and the actual event date to which it refers as follows:

- *if the switch meter reading established by the gaining trader differs by less than 200 kWh from that provided by the losing trader, both traders must use the switch event meter reading provided by the gaining trader (clause 12(2)(a)); or*
- *if the switch event meter reading provided by the losing trader differs by 200 kWh or more from a value established by the gaining trader, the gaining trader may dispute the switch meter reading. In this case, the gaining trader, within four calendar months of the actual event date, must provide to the losing trader a changed validated meter reading or a permanent estimate supported by two validated meter readings and the losing trader must either (clause 12(2)(b) and clause 12(3)):*
- *advise the gaining trader if it does not accept the switch event meter reading and the losing trader and the gaining trader must resolve the dispute in accordance with the disputes procedure in clause 15.29 (with all necessary amendments) (clause 12(3)(a)); or*
- *if the losing trader notifies its acceptance or does not provide any response, the losing trader must use the switch event meter reading supplied by the gaining trader (clause 12(3)(b)).*

12(2A) If the losing trader trades electricity from a non-half hour meter, with a switch event meter reading that is not from an AMI certified meter flagged Y in the registry,

- *the gaining trader will trade electricity from a meter with a half hour submission type in the registry (clause 12(2A)(b));*
- *the gaining trader no later than five business days after receiving final information from the registry manager, may provide the losing trader with a switch event meter reading from that meter. The losing trader must use that switch event meter reading (clause 12(2B)).*

Audit observation

The read change process is managed by Simply Energy, and was reviewed as part of their audit.

The event detail report for 01/12/17 to 31/10/18 was reviewed to identify all read change requests and acknowledgements during the audit period.

- 14 RR files were issued to OPHL by other traders for transfer switches. Eight were rejected and were checked to confirm the rejection was valid. Four AC files issued by OPHL were checked to confirm that the system reflected the outcome of the RR process.
- One RR file was issued by OPHL for a switch move, and was accepted. The file was checked to confirm that it was supported by at least two actual readings, the content was accurate, and that the system reflected the outcome of the read change process.

The switch breach history report was reviewed to identify late RR and AC files.

Audit commentary

Process compliance was confirmed as part of Simply Energy's audit, but some late files and requests not supported by at least two actual reads were issued.

RR process

One RR for a switch move was issued by OPHL. I confirmed that it was supported by at least two actual readings, that the content of the files was accurate, and that the system reflected the outcome of the read change process.

AC process

Eight read change requests for a switch moves were rejected:

- two were accepted once the other trader reissued the file with different readings; and
- ICPs 0002920063WFA2B and ICP 0000003934UN3FD had three rejected RRs each, for both ICPs the CS and RR readings were estimated, and OPHL's readings were believed to be correct.

I checked four switch move ACs issued by OPHL, and found that for 0000171354TR14A the reads applied for reconciliation did not reflect the outcome of the RR process. For the other three files, the correct readings were applied.

| Meter | Register | Agreed read | Applied read | Difference (kWh) |
|--------|----------|-------------|--------------|------------------|
| 134451 | 1 | 95726 | 95504 | -222 |
| 134452 | 1 | 5299 | 4229 | -1070 |
| 134453 | 1 | 22484 | 24705 | 2221 |
| Total | | | | 929 |

Timeliness of RR and AC files

The switch breach report contained no late RR or AC files for switch moves.

Audit outcome

Non-compliant

| Non-compliance | Description | | |
|---|--|-----------------|------------------------|
| Audit Ref: 4.11 With: Clause 12 Schedule 11.3 From: 01-Aug-18 To: 01-Aug-18 | One ICP did not have the agreed switch readings applied. Potential impact: Low Actual impact: Low Audit history: None Controls: Strong Breach risk rating: 1 | | |
| Audit risk rating | Rationale for audit risk rating | | |
| Low | The controls are currently strong. OPHL's last switch move CS had an event date of 08/08/18. Given that read renegotiation requests should be issued within four months, it is unlikely that any further RRs will be issued or received for the ICPs which have switched out. OPHL does not intend to switch in or out any other ICPs. The impact is assessed as low. The difference between the applied and agreed readings was 929 kWh. | | |
| Actions taken to resolve the issue | | Completion date | Remedial action status |
| | | | Identified |

| Preventative actions taken to ensure no further issues will occur | Completion date | |
|---|-----------------|--|
| All the identified issues are expected to be removed going forward due to exiting the majority of our ICP's and change to a new reconciliation agent. | Jan 2019 | |

4.12. Gaining trader informs registry of switch request - gaining trader switch (Clause 14 Schedule 11.3)

Code reference

Clause 13 Schedule 11.3

Code related audit information

The gaining trader switch process applies when a trader has an arrangement with a customer or embedded generator to trade electricity through or assume responsibility for:

- *a half hour metering installation (that is not a category 1 or 2 metering installation) at an ICP with a submission type of half hour in the registry and an AMI flag of "N"; or*
- *a half hour metering installation at an ICP that has a submission type of half hour in the registry and an AMI flag of "N" and is traded by the losing trader as non-half hour; or*
- *a non half hour metering installation at an ICP at which the losing trader trades electricity through a half hour metering installation with an AMI flag of "N".*

If the uninvited direct sale agreement applies to an arrangement described above, the gaining trader must identify the period within which the customer or embedded generator may cancel the arrangement in accordance with section 36M of the Fair Trading Act 1986. The arrangement is deemed to come into effect on the day after the expiry of that period.

A gaining trader must advise the registry manager of the switch and expected event date no later than three business days after the arrangement comes into effect.

14(2) The gaining trader must include in its advice to the registry manager:

- a) a proposed event date; and*
- b) that the switch type is HH.*

14(3) The proposed event date must be a date that is after the date on which the gaining trader advises the registry manager, unless clause 14(4) applies.

14(4) The proposed event date is a date before the date on which the gaining trader advised the registry manager, if:

14(4)(a) – the proposed event date is in the same month as the date on which the gaining trader advised the registry manager; or

14(4)(b) – the proposed event date is no more than 90 days before the date on which the gaining trader advises the registry manager and this date is agreed between the losing and gaining traders.

Audit observation

The switching process is managed by Simply Energy, and was reviewed as part of their audit.

A typical sample of two HH switches were checked to confirm that they were notified to the registry within two business days, and that the correct switch type was selected.

Audit commentary

Process compliance was confirmed as part of Simply Energy's audit.

The two NT files checked were sent within three business days of pre-conditions being cleared, and the correct switch type was selected.

No switching activity is expected in the foreseeable future for OPHL.

Audit outcome

Compliant

4.13. Losing trader provision of information - gaining trader switch (Clause 15 Schedule 11.3)

Code reference

Clause 15 Schedule 11.3

Code related audit information

Within three business days after the losing trader is informed about the switch by the registry manager, the losing trader must:

15(a) - provide to the registry manager a valid switch response code as approved by the Authority; or

15(b) - provide a request for withdrawal of the switch in accordance with clause 17.

Audit observation

The switching process is managed by Simply Energy, and was reviewed as part of their audit.

An event detail report for 01/12/17 to 31/10/18 was reviewed to identify AN files issued during the audit period, and assess compliance.

The switch breach history report for the audit period was reviewed.

Audit commentary

AN timeliness

The switch breach report did not record any late AN files for HH switches.

AN content

Process compliance was confirmed as part of Simply Energy's audit.

I reviewed the content of a sample of all 42 HH ANs, and identified three ANs where incorrect response codes were applied. This is recorded as non-compliance below.

| ICP | Applied Code | Correct Code | Reason |
|-----------------|--------------|--------------|--|
| 0001410968UNDEC | AA | AD | Advanced metering |
| 1001153951CK8D1 | AA | AD | Advanced metering |
| 0148028039LCC7C | AA | AD | Advanced metering |
| 0006000030HBC88 | AA | MU | Unmetered supply is connected to the ICP |

Audit outcome

Non-compliant

| Non-compliance | Description | | |
|---|--|-----------------|------------------------|
| Audit Ref: 4.13 With: Clause 15 Schedule 11.3 From: 23-Jan-18 To: 03-May-18 | The AA (accept and acknowledge) AN response code was applied for two ICPs with advanced meters and one ICP with unmetered supply. Potential impact: Low Actual impact: Low Audit history: Once Controls: Strong Breach risk rating: 1 | | |
| Audit risk rating | Rationale for audit risk rating | | |
| Low | Controls are currently strong. No switching activity is expected in the foreseeable future for OPHL. The impact is assessed as low. Whether AMI metering or unmetered load is present can normally be determined from other registry information, and only four ANs contained incorrect response codes. | | |
| Actions taken to resolve the issue | | Completion date | Remedial action status |
| | | | Identified |
| Preventative actions taken to ensure no further issues will occur | | Completion date | |
| All the identified issues are expected to be removed going forward due to exiting the majority of our ICP's and change to a new reconciliation agent. | | Jan 2019 | |

4.14. Gaining trader to advise the registry manager - gaining trader switch (Clause 16 Schedule 11.3)

Code reference

Clause 16 Schedule 11.3

Code related audit information

The gaining trader must complete the switch no later than three business days, after receiving the valid switch response code, by advising the registry manager of the event date.

If the ICP is being electrically disconnected, or if metering equipment is being removed, the gaining trader must either-

16(a)- give the losing trader or MEP for the ICP an opportunity to interrogate the metering installation immediately before the ICP is electrically disconnected or the metering equipment is removed; or

16(b)- carry out an interrogation and, no later than five business days after the metering installation is electrically disconnected or removed, advise the losing trader of the results and metering component numbers for each data channel in the metering installation.

Audit observation

The switching process is managed by Simply Energy, and was reviewed as part of their audit.

The event detail report for 01/12/17 to 31/10/18 was reviewed to identify HH CS files issued by OPHL, and the content of those files was checked.

The switch breach history report for the audit period was reviewed.

Audit commentary

Process compliance was confirmed as part of Simply Energy's audit.

The switch breach report recorded two late CS files for switch moves, neither was genuinely late.

The content of the HH CS files issued during the audit period was compliant.

Audit outcome

Compliant

4.15. Withdrawal of switch requests (Clauses 17 and 18 Schedule 11.3)

Code reference

Clauses 17 and 18 Schedule 11.3

Code related audit information

A losing trader or gaining trader may request that a switch request be withdrawn at any time until the expiry of two calendar months after the event date of the switch.

If a trader requests the withdrawal of a switch, the following provisions apply:

- *for each ICP, the trader withdrawing the switch request must provide the registry manager with (clause 18(c)):*
 - o *the participant identifier of the trader making the withdrawal request (clause 18(c)(i));*
 - and*
 - o *the withdrawal advisory code published by the Authority (clause 18(c)(ii))*
- *within five business days after receiving notice from the registry manager of a switch, the trader receiving the withdrawal must advise the registry manager that the switch withdrawal request is accepted or rejected. A switch withdrawal request must not become effective until accepted by the trader who received the withdrawal (clause 18(d))*
- *on receipt of a rejection notice from the registry manager, in accordance with clause 18(d), a trader may re-submit the switch withdrawal request for an ICP in accordance with clause 18(c). All switch withdrawal requests must be resolved within 10 business days after the date of the initial switch withdrawal request (clause 18(e))*
- *if the trader requests that a switch request be withdrawn, and the resolution of that switch withdrawal request results in the switch proceeding, within two business days after receiving notice from the registry manager in accordance with clause 22(b), the losing trader must comply with clauses 3,5,10 and 11 (whichever is appropriate) and the gaining trader must comply with clause 16 (clause 18(f)).*

Audit observation

The switching process is managed by Simply Energy, and was reviewed as part of their audit.

The event detail report for 01/12/17 to 31/10/18 was reviewed to:

- identify all switch withdrawal requests (NWs) issued by OPHL; and check the content of a sample of at least one withdrawal per withdrawal code;
- identify all switch withdrawal acknowledgements (AWs) issued by OPHL, and check a sample of five AW rejections to confirm whether they were validly rejected; and
- confirm timeliness of withdrawal requests, as this is not currently being identified on the switch breach report. An extreme case sample of ten late withdrawal requests were checked.

The switch breach report was checked for any late NW and AW files.

Audit commentary

Process compliance was confirmed as part of Simply Energy's audit, but a small number of late files were identified.

NW

91 NWs were issued by OPHL; 13 (14%) were rejected by the other trader. The content of a sample of 13 files were checked, including eight files which had been rejected. All had the correct withdrawal advisory codes applied.

The switch breach report recorded two late NW files, but neither was genuinely late. Analysis of the event detail report found two (2%) of the 91 NWs were issued more than two months after the switch date. Both late files were checked, one "date failed" withdrawal was issued late due to a backdated switch, and one "metering issue" was issued late due to a backdated metering information update.

AW

47 NWs were issued to OPHL, and six (13%) of these were rejected. One of the rejected files was accepted once reissued with a different code by the other trader. The other five rejections were checked and found to be validly rejected.

The switch breach report did not record any late AW files.

Audit outcome

Non-compliant

| Non-compliance | Description |
|--|---|
| Audit Ref: 4.15 With: Clauses 17 and 18 Schedule 11.3 From: 23-May-17 To: 25-Jun-18 | Two late NW files. Potential impact: Low Actual impact: Low Audit history: Once Controls: Strong Breach risk rating: 1 |

| Audit risk rating | Rationale for audit risk rating | | |
|---|--|-----------------|------------------------|
| Low | <p>Controls are currently strong. OPHL's last CS had an event date of 08/08/18. Given that withdrawal requests should be issued within two calendar months, it is unlikely that any further NWs will be issued or received for the ICPs which have switched out. OPHL does not intend to switch in or out any other ICPs.</p> <p>The audit risk is rated as low, because only two of the 91 NW files were issued late.</p> | | |
| Actions taken to resolve the issue | | Completion date | Remedial action status |
| | | | Identified |
| Preventative actions taken to ensure no further issues will occur | | Completion date | |
| All the identified issues are expected to be removed going forward due to exiting the majority of our ICP's and change to a new reconciliation agent. | | Jan 2019 | |

4.16. Metering information (Clause 21 Schedule 11.3)

Code reference

Clause 21 Schedule 11.3

Code related audit information

For an interrogation or validated meter reading or permanent estimate carried out in accordance with Schedule 11.3:

21(a)- the trader who carries out the interrogation, switch event meter reading must ensure that the interrogation is as accurate as possible, or that the switch event meter reading is fair and reasonable.

21(b) and (c) - the cost of every interrogation or switch event meter reading carried out in accordance with clauses 5(b) or 11(b) or (c) must be met by the losing trader. The costs in every other case must be met by the gaining trader.

Audit observation

The switching process is managed by Simply Energy, and was reviewed as part of their audit.

Audit commentary

Process compliance was confirmed as part of Simply Energy's audit.

OPHL's policy regarding the management of meter reading expenses is compliant.

Audit outcome

Compliant

4.17. Switch saving protection (Clause 11.15AA to 11.15AB)

Code reference

Clause 11.15AA to 11.15AB

Code related audit information

A trader that buys electricity from the clearing manager may elect to have a switch saving protection by giving notice to the Authority in writing.

If a protected trader enters into an arrangement with a customer of another trader (the losing trader), or a trader enters into an arrangement with a customer of a protected trader, to commence trading electricity with the customer, the losing trader must not, by any means, initiate contact with the customer to attempt to persuade the customer to terminate the arrangement during the period from the receipt of the NT to the event date of the switch including by:

11.15AB(4)(a)- making a counter offer to the customer; or

11.15AB(4)(b)- offering an enticement to the customer.

Audit observation

The switching process is managed by Simply Energy, and was reviewed as part of their audit.

An event detail report for 01/12/17 to 31/10/18 was reviewed to assess compliance.

The Registry static data for switch saves protection was reviewed.

Audit commentary

Process compliance was confirmed as part of Simply Energy's audit.

OPHL is not a switch save protected retailer, and no win back activity is completed.

The event detail report was checked and found no "CX" coded switch withdrawal requests were sent prior to the switch completion date.

Audit outcome

Compliant

5. MAINTENANCE OF UNMETERED LOAD

5.1. Maintaining shared unmetered load (Clause 11.14)

Code reference

Clause 11.14

Code related audit information

The trader must adhere to the process for maintaining shared unmetered load as outlined in clause 11.14:

11.14(2) - The distributor must give written notice to the traders responsible for the ICPs across which the unmetered load is shared, of the ICP identifiers of the ICPs.

11.14(3) - A trader who receives such a notification from a distributor must give written notice to the distributor if it wishes to add or omit any ICP from the ICPs across which unmetered load is to be shared.

11.14(4) - A distributor who receives such a notification of changes from the trader under (3) must give written notice to the registry manager and each trader responsible for any of the ICPs across which the unmetered load is shared.

11.14(5) - If a distributor becomes aware of any change to the capacity of a shared unmetered load ICP or if a shared unmetered load ICP is decommissioned, it must give written notice to all traders affected by that change as soon as practicable after that change or decommissioning.

11.14(6) - Each trader who receives such a notification must, as soon as practicable after receiving the notification, adjust the unmetered load information for each ICP in the list for which it is responsible to ensure that the entire shared unmetered load is shared equally across each ICP.

11.14(7) - A trader must take responsibility for shared unmetered load assigned to an ICP for which the trader becomes responsible as a result of a switch in accordance with Part 11.

11.14(8) - A trader must not relinquish responsibility for shared unmetered load assigned to an ICP if there would then be no ICPs left across which that load could be shared.

11.14(9) - A trader can change the status of an ICP across which the unmetered load is shared to inactive status, as referred to in clause 19 of Schedule 11.1. In that case, the trader is not required to give written notice to the distributor of the change. The amount of electricity attributable to that ICP becomes UFE.

Audit observation

Unmetered load is managed by Simply Energy, and unmetered load processes were reviewed as part of their audit.

Audit commentary

Process compliance was confirmed as part of Simply Energy's audit.

None of the ICPs currently supplied have shared unmetered load recorded by the trader or distributor. No further ICP acquisitions are planned, and it is unlikely that any shared unmetered load will be supplied in the future.

Audit outcome

Compliant

5.2. Unmetered threshold (Clause 10.14 (2)(b))

Code reference

Clause 10.14 (2)(b)

Code related audit information

The reconciliation participant must ensure that unmetered load does not exceed 3,000 kWh per annum, or 6,000 kWh per annum if the load is predictable and of a type approved and published by the Authority.

Audit observation

Unmetered load is managed by Simply Energy, and unmetered load processes were reviewed as part of their audit.

Audit commentary

Process compliance was confirmed as part of Simply Energy's audit.

None of the ICPs currently supplied have unmetered load recorded by the trader or distributor. No further ICP acquisitions are planned, and it is unlikely that any unmetered load will be supplied in the future.

Audit outcome

Compliant

5.3. Unmetered threshold exceeded (Clause 10.14 (5))

Code reference

Clause 10.14 (5)

Code related audit information

If the unmetered load limit is exceeded the retailer must:

- *within 20 business days, commence corrective measure to ensure it complies with Part 10*
- *within 20 business days of commencing the corrective measure, complete the corrective measures*
- *no later than 10 business days after it becomes aware of the limit having been exceeded, advise each participant who is or would be expected to be affected of:*
 - o *the date the limit was calculated or estimated to have been exceeded*
 - o *the details of the corrective measures that the MEP proposes to take or is taking to reduce the unmetered load.*

Audit observation

Unmetered load is managed by Simply Energy, and unmetered load processes were reviewed as part of their audit.

Audit commentary

Process compliance was confirmed as part of Simply Energy's audit.

None of the ICPs currently supplied have unmetered load recorded by the trader or distributor. No further ICP acquisitions are planned, and it is unlikely that any unmetered load will be supplied in the future.

Audit outcome

Compliant

5.4. Distributed unmetered load (Clause 11 Schedule 15.3, Clause 15.37B)

Code reference

Clause 11 Schedule 15.3, Clause 15.37B

Code related audit information

An up-to-date database must be maintained for each type of distributed unmetered load for which the retailer is responsible. The information in the database must be maintained in a manner that the resulting submission information meets the accuracy requirements of clause 15.2.

A separate audit is required for distributed unmetered load data bases.

The database must satisfy the requirements of Schedule 15.5 with regard to the methodology for deriving submission information.

Audit observation

Unmetered load is managed by Simply Energy, and unmetered load processes were reviewed as part of their audit.

Audit commentary

Process compliance was confirmed as part of Simply Energy's audit.

None of the ICPs currently supplied have distributed unmetered load. No further ICP acquisitions are planned, and it is unlikely that any unmetered load will be supplied in the future.

Audit outcome

Compliant

6. GATHERING RAW METER DATA

6.1. Electricity conveyed & notification by embedded generators (Clause 10.13, Clause 10.24 and 15.13)

Code reference

Clause 10.13, Clause 10.24 and Clause 15.13

Code related audit information

A participant must use the quantity of electricity measured by a metering installation as the raw meter data for the quantity of electricity conveyed through the point of connection.

This does not apply if data is estimated or gifted in the case of embedded generation under clause 15.13.

A trader must, for each electrically connected ICP that is not also an NSP, and for which it is recorded in the registry as being responsible, ensure that:

- *there is one or more metering installations*
- *all electricity conveyed is quantified in accordance with the Code*
- *it does not use subtraction to determine submission information for the purposes of Part 15.*

An embedded generator must give notification to the reconciliation manager for an embedded generating station, if the intention is that the embedded generator will not be receiving payment from the clearing manager or any other person through the point of connection to which the notification relates.

Audit observation

The registry list and event detail reports for 01/12/17 to 31/10/18 were examined to determine compliance.

Audit commentary

Metering installations installed

No further ICP acquisitions are planned.

Five new connections were processed during the audit period. OPHL ensured that metering was installed prior to electrical connection.

All active ICPs have an MEP, and at least one meter channel. No submission information is determined using subtraction.

Distributed Generation

All OPHL ICPs with generation recorded by the distributor have generation metering installed. All generating ICPs have the HHR profile applied.

It is unlikely that distributed generation will be added for the three ICPs that do not already have distributed generation recorded.

Bridged meters

No bridged meters were identified during the audit period.

All ICPs are currently connected and it is unlikely that they would be disconnected and bridged to reconnect in the future.

Audit outcome

Compliant

6.2. Responsibility for metering at GIP (Clause 10.26 (6), (7) and (8))

Code reference

Clause 10.26 (6), (7) and (8)

Code related audit information

For each proposed metering installation or change to a metering installation that is a connection to the grid, the participant, must:

- *provide to the grid owner a copy of the metering installation design (before ordering the equipment)*
- *provide at least three months for the grid owner to review and comment on the design*
- *respond within three business days of receipt to any request from the grid owner for additional details or changes to the design*
- *ensure any reasonable changes from the grid owner are carried out.*

The participant responsible for the metering installation must:

- *advise the reconciliation manager of the certification expiry date not later than 10 business days after certification of the metering installation*
- *become the MEP or contract with a person to be the MEP*
- *advise the reconciliation manager of the MEP identifier no later than 20 days after entering into a contract or assuming responsibility to be the MEP.*

Audit observation

The NSP table was reviewed to confirm whether OPHL is responsible for any GIPs.

Audit commentary

Review of the NSP table confirmed that OPHL are not responsible for any GIPs.

Audit outcome

Not applicable

6.3. Certification of control devices (Clause 33 Schedule 10.7 and clause 2(2) Schedule 15.3)

Code reference

Clause 33 Schedule 10.7 and clause 2(2) Schedule 15.3

Code related audit information

The reconciliation participant must advise the metering equipment provider if a control device is used to control load or switch meter registers.

The reconciliation participant must ensure the control device is certified prior to using it for reconciliation purposes.

Audit observation

The registry list for 01/12/17 to 25/09/18 was reviewed, to identify any ICPs with profiles that require certification of the control device.

Audit commentary

OPHL uses only the RPS, HHR, PV1 and UML profiles, and control devices are not used for reconciliation purposes.

Audit outcome

Compliant

6.4. Reporting of defective metering installations (Clause 10.43(2) and (3))

Code reference

Clause 10.43(2) and (3)

Code related audit information

If a participant becomes aware of an event or circumstance that lead it to believe a metering installation could be inaccurate, defective, or not fit for purpose they must:

- *advise the MEP*
- *include in the advice all relevant details.*

Audit observation

These processes are managed by Simply Energy, and were reviewed as part of their audit.

A list of defective and faulty meters was requested.

Audit commentary

Process compliance was confirmed as part of Simply Energy's audit. EMS also supports compliance by advising of any potential data accuracy issues identified during data validation.

I confirmed that no faulty or defective meters were identified during the audit period. The last faulty meter identified was connected to ICP 0002222131WFF27, and was reviewed as part of the previous audit.

Audit outcome

Compliant

6.5. Collection of information by certified reconciliation participant (Clause 2 Schedule 15.2)

Code reference

Clause 2 Schedule 15.2

Code related audit information

Only a certified reconciliation participant may collect raw meter data, unless only the MEP can interrogate the meter, or the MEP has an arrangement which prevents the reconciliation participant from electronically interrogating the meter:

2(2) - The reconciliation participant must collect raw meter data used to determine volume information from the services interface or the metering installation or from the MEP

2(3) - The reconciliation participant must ensure the interrogation cycle is such that it does not exceed the maximum interrogation cycle in the registry

2(4) - The reconciliation participant must interrogate the meter at least once every maximum interrogation cycle

2(5) - When electronically interrogating the meter the participant must:

- a) ensure the system is to within +/- 5 seconds of NZST or NZDST*
- b) compare the meter time to the system time*
- c) determine the time error of the metering installation*

- d) *if the error is less than the maximum permitted error, correct the meter's clock*
- e) *if the time error is greater than the maximum permitted error then:*
 - i) *correct the metering installation's clock*
 - ii) *compare the metering installation's time with the system time*
 - iii) *correct any affected raw meter data.*
- f) *download the event log*

2(6) – *The interrogation systems must record:*

- *the time*
- *the date*
- *the extent of any change made to the meter clock.*

Audit observation

Data collection and clock synchronisation processes were reviewed as part of the agent and MEP audits.

Agents and MEPs advise Simply Energy of clock synchronisation discrepancies and adjustments. Simply Energy's processes to handle these notifications were reviewed as part of their audit.

Audit commentary

Process compliance was confirmed as part of Simply Energy's audit.

All information used to determine volume information is collected from the services interface or the metering installation by OPHL's agents, or the MEP.

EMS confirmed that there have been no changes to clock synchronisation processes, and that no clock synchronisation errors outside permissible limits have occurred during the audit period.

Audit outcome

Compliant

6.6. Derivation of meter readings (Clause 3(1), 3(2) and 5 Schedule 15.2)

Code reference

Clause 3(1), 3(2) and 5 Schedule 15.2

Code related audit information

All meter readings must in accordance with the participants certified processes and procedures and using its certified facilities be sourced directly from raw meter data and, if appropriate, be derived and calculated from financial records.

All validated meter readings must be derived from meter readings.

A meter reading provided by a consumer may be used as a validated meter reading only if another set of validated meter readings not provided by the consumer are used during the validation process.

During the manual interrogation of each NHH metering installation the reconciliation participant must:

- a) *obtain the meter register*
- b) *ensure seals are present and intact*
- c) *check for phase failure (if supported by the meter)*
- d) *check for signs of tampering and damage*
- e) *check for electrically unsafe situations.*

If the relevant parts of the metering installation are visible and it is safe to do so.

Audit observation

NHH meter readings were provided by Datacol and Wells until OPHL's retail customers switched out effective from 01/08/18. Compliance with these clauses was checked as part of their agent audits.

Simply Energy is responsible for validating meter readings, which are then sent to EMS. These processes were checked as part of their audit.

Audit commentary

Wells' 2018 report recorded full compliance and Datacol's report recorded compliance apart from checks for phase failure, which were not conducted at the time of their audit. No meter condition issues were identified for OPHL ICPs during the audit period.

Process compliance was confirmed as part of Simply Energy's audit, but a small number of customer reads were treated as validated without being validated against a set of readings from another source.

ICP 0002995060CN7C2 was read by the customer until an AMI meter was installed on 09/02/2018, because health and safety issues prevented the meter reader from accessing the meter. The customer reads were treated as actual for reconciliation, although the checks required by clause 5 of Schedule 15.2 are not completed. This is recorded as non-compliance below, and in **sections 9.1** and **12.7**.

Audit outcome

Non-compliant

| Non-compliance | Description | | |
|---|---|-----------------|------------------------|
| Audit Ref: 6.6 With: Clause 3(1), 3(2) and 5 Schedule 15.2 From: 01-Nov-17 To: 31-Jul-18 | Datacol did not conduct checks for phase failure during the period where AMI meters were supplied. Some customer readings prior to 09/02/18 were treated as actual without being appropriately validated for ICP 0002995060CN7C2. Potential impact: Low Actual impact: Low Audit history: Twice Controls: Strong Breach risk rating: 1 | | |
| Audit risk rating | Rationale for audit risk rating | | |
| Low | The controls are assessed to be strong. No manually read NHH ICPs are supplied, and no customer acquisitions are planned. The impact is assessed to be low. <ul style="list-style-type: none">Phase failure is often not indicated on non-AMI meters. No ICPs have been manually read since the retail customers switched out effective from 01/08/18.ICP 0002995060CN7C2 has received AMI readings since 09/02/18. | | |
| Actions taken to resolve the issue | | Completion date | Remedial action status |
| | | | Identified |

| Preventative actions taken to ensure no further issues will occur | Completion date | |
|---|-----------------|--|
| All the identified issues are expected to be removed going forward due to exiting the majority of our ICP's and change to a new reconciliation agent. | Jan 2019 | |

6.7. NHH meter reading application (Clause 6 Schedule 15.2)

Code reference

Clause 6 Schedule 15.2

Code related audit information

For NHH switch event meter reads, for the gaining trader the reading applies from 0000 hours on the day of the relevant event date and for the losing trader at 2400 hours at the end of the day before the relevant event date.

In all other cases, All NHH readings apply from 0000hrs on the day after the last meter interrogation up to and including 2400hrs on the day of the meter interrogation.

Audit observation

The process for the application of meter readings was examined as part of Simply Energy's audit.

Audit commentary

Process compliance was confirmed as part of Simply Energy's audit.

Audit outcome

Compliant

6.8. Interrogate meters once (Clause 7(1) and (2) Schedule 15.2)

Code reference

Clause 7(1) and (2) Schedule 15.2

Code related audit information

Each reconciliation participant must ensure that a validated meter reading is obtained in respect of every meter register for every non half hour metered ICP for which the participant is responsible, at least once during the period of supply to the ICP by the reconciliation participant, and used to create volume information.

This may be a validated meter reading at the time the ICP is switched to, or from, the reconciliation participant.

If exceptional circumstances prevent a reconciliation participant from obtaining the validated meter reading, the reconciliation participant is not required to comply with clause 7(1).

Audit observation

These processes are managed by Simply Energy, and were reviewed as part of their audit.

Simply Energy provided a list of two OPHL ICPs not read during the period of supply for the audit period. Both were examined to determine whether reasonable endeavours were used to attain reads, and if exceptional circumstances existed.

Audit commentary

Process compliance was confirmed as part of Simply Energy's audit.

The two ICPs not read during the period of supply were reviewed:

- 0000506338CECOE was supplied for 15 days, and the ICP switched out before a scheduled reading could be obtained; and
- 0263169553LC775 switched in on an actual reading, and this switch event reading is considered to be an actual reading during the period of supply. OPHL attempted to obtain readings for this ICP every month.

Not obtaining a read during the period of supply for ICP 0000506338CECOE is recorded as non-compliance below.

Audit outcome

Non-compliant

| Non-compliance | Description | | |
|---|---|-----------------|------------------------|
| Audit Ref: 6.8 With: Clause 7(1) and (2) Schedule 15.2 From: 17-Jul-18 To: 31-Jul-18 | One ICP did not have an actual read recorded during the period of supply. Potential impact: Low Actual impact: Low Audit history: Twice Controls: Strong Breach risk rating: 1 | | |
| Audit risk rating | Rationale for audit risk rating | | |
| Low | Controls are currently rated as strong. Only one NHH ICP is supplied and OPHL does not intend to acquire any new ICPs. The ICP has AMI metering and reads are being obtained. The impact is assessed as low, as one ICP which was supplied for 15 days did not have an actual reading during the period of supply. | | |
| Actions taken to resolve the issue | | Completion date | Remedial action status |
| | | | Identified |
| Preventative actions taken to ensure no further issues will occur | | Completion date | |
| All the identified issues are expected to be removed going forward due to exiting the majority of our ICP's and change to a new reconciliation agent. | | Jan 2019 | |

6.9. NHH meters interrogated annually (Clause 8(1) and (2) Schedule 15.2)

Code reference

Clause 8(1) and (2) Schedule 15.2

Code related audit information

At least once every 12 months, each reconciliation participant must obtain a validated meter reading for every meter register for non half hour metered ICPs, at which the reconciliation participant trades continuously for each 12 month period.

If exceptional circumstances prevent a reconciliation participant from obtaining the validated meter reading, the reconciliation participant is not required to comply with clause 8(1).

Audit observation

These processes are managed by Simply Energy, and were reviewed as part of their audit.

Monthly reports for the months of May to July 2018 were provided. The reports were reviewed to confirm that they met the meter reading frequency report requirements, and were submitted on time.

All ICPs not read in the previous 12 months were reviewed to determine whether exceptional circumstances existed.

Audit commentary

Process compliance was confirmed as part of Simply Energy's audit.

Copies of the reports for May to July 2018 were provided, and found to be compliant. I viewed emails to confirm that the reports were sent within 20 business days after the end of the month.

The monthly meter reading reports provided were reviewed.

| Month | Total NSPs where ICPs were supplied > 12 months | NSPs <100% read | ICPs unread for 12 months | Overall percentage read |
|-----------|---|-----------------|---------------------------|-------------------------|
| May 2018 | 146 | 0 | 0 | 100.0% |
| June 2018 | 145 | 1 | 1 | 99.91% |
| July 2018 | 145 | 1 | 1 | 99.91% |

One ICP was unread for the previous 12 months in June and July 2018, and exceptional circumstances existed.

Audit outcome

Compliant

6.10. NHH meters 90% read rate (Clause 9(1) and (2) Schedule 15.2)

Code reference

Clause 9(1) and (2) Schedule 15.2

Code related audit information

In relation to each NSP, each reconciliation participant must ensure that for each NHH ICP at which the reconciliation participant trades continuously for each four months, for which consumption information is required to be reported into the reconciliation process. A validated meter reading is obtained at least once every four months for 90% of the non half hour metered ICPs.

A report is to be sent to the Authority providing the percentage, in relation to each NSP, for which consumption information has been collected no later than 20 business days after the end of each month.

If exceptional circumstances prevent a reconciliation participant from obtaining the validated meter reading, the reconciliation participant is not required to comply with clause 9(1).

Audit observation

These processes are managed by Simply Energy, and were reviewed as part of their audit.

Monthly reports for the months of May to July 2018 were provided. The reports were reviewed to confirm that they met the meter reading frequency report requirements, and were submitted on time.

All ICPs not read in the previous 12 months were reviewed to determine whether exceptional circumstances existed.

Audit commentary

Process compliance was confirmed as part of Simply Energy's audit.

The monthly meter reading reports provided were reviewed.

| Month | Total NSPs where ICPs were supplied > 4 months | NSPs <90% read | ICPs unread for 4 months | Overall percentage read |
|-----------|--|----------------|--------------------------|-------------------------|
| May 2018 | 155 | 2 | 16 | 98.77% |
| June 2018 | 154 | 2 | 11 | 99.15% |
| July 2018 | 154 | 1 | 12 | 99.08% |

Compliance with the four month reading requirements was not achieved for all NSPs. I reviewed the two NSPs where less than 90% of ICPs were read to determine whether exceptional circumstances existed, and if best endeavours had been used to obtain readings.

- BAL0331 had one ICP unread for four months in May and June 2018 due to AMI meter communications issues.
- KCH0011 had one ICP unread for four months in May, June and July 2018 due to AMI meter issues.

No faults were logged with the MEP for either of these meters, and exceptional circumstances did not exist.

Audit outcome

Non-compliant

| Non-compliance | Description |
|---|--|
| <p>Audit Ref: 6.10</p> <p>With: Clause 9(1) and (2) Schedule 15.2</p> <p>From: 17-Jul-18</p> <p>To: 31-Jul-18</p> | <p>For two NSPs with less than 90% of ICPs read in the previous four months, exceptional circumstances did not exist.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: None</p> <p>Controls: Strong</p> <p>Breach risk rating: 1</p> |

| Audit risk rating | Rationale for audit risk rating | |
|---|--|-----------------|
| Low | Controls are currently rated as strong. Only one NHH ICP is supplied and OPHL does not intend to acquire any new ICPs. The ICP has AMI metering and reads are being obtained. The impact is assessed as low, as two ICPs were affected. | |
| Actions taken to resolve the issue | | Completion date |
| | | |
| Preventative actions taken to ensure no further issues will occur | | Completion date |
| All the identified issues are expected to be removed going forward due to exiting the majority of our ICP's and change to a new reconciliation agent. | | Jan 2019 |
| | | Identified |

6.11. NHH meter interrogation log (Clause 10 Schedule 15.2)

Code reference

Clause 10 Schedule 15.2

Code related audit information

The following information must be logged as the result of each interrogation of the NHH metering:

- 10(a) - the means to establish the identity of the individual meter reader*
- 10(b) - the ICP identifier of the ICP, and the meter and register identification*
- 10(c) - the method being used for the interrogation and the device ID of equipment being used for interrogation of the meter.*
- 10(d) - the date and time of the meter interrogation.*

Audit observation

NHH readings are provided by MEPs and agents. The data interrogation log requirements were reviewed as part of their MEP and agent audits.

Audit commentary

Compliance is recorded as part of the MEP and agent audits.

Audit outcome

Compliant

6.12. HHR data collection (Clause 11(1) Schedule 15.2)

Code reference

Clause 11(1) Schedule 15.2

Code related audit information

Raw meter data from all electronically interrogated metering installations must be obtained via the services access interface.

This may be carried out by a portable device or remotely.

Audit observation

HHR data is collected by AMS, EDMI, and EMS.

Audit commentary

Compliance with this clause has been demonstrated as part of their agent audits.

Audit outcome

Compliant

6.13. HHR interrogation data requirement (Clause 11(2) Schedule 15.2)

Code reference

Clause 11(2) Schedule 15.2

Code related audit information

The following information is collected during each interrogation:

11(2)(a) - the unique identifier of the data storage device

11(2)(b) - the time from the data storage device at the commencement of the download unless the time is within specification and the interrogation log automatically records the time of interrogation

11(2)(c) - the metering information, which represents the quantity of electricity conveyed at the point of connection, including the date and time stamp or index marker for each half hour period. This may be limited to the metering information accumulated since the last interrogation

11(2)(d) - the event log, which may be limited to the events information accumulated since the last interrogation

11(2)(e) - an interrogation log generated by the interrogation software to record details of all interrogations.

The interrogation log must be examined by the reconciliation participant responsible for collecting the data and appropriate action must be taken if problems are apparent or an automated software function flags exceptions.

Audit observation

HHR data is collected by AMS, EDMI, and EMS.

Audit commentary

Compliance with this clause has been demonstrated as part of their agent audits.

Audit outcome

Compliant

6.14. HHR interrogation log requirements (Clause 11(3) Schedule 15.2)

Code reference

Clause 11(3) Schedule 15.2

Code related audit information

The interrogation log forms part of the interrogation audit trail and, as a minimum, must contain the following information:

11(3)(a)- the date of interrogation

11(3)(b)- the time of commencement of interrogation

11(3)(c)- the operator identification (if available)

11(3)(d)- the unique identifier of the meter or data storage device

11(3)(e)- the clock errors outside the range specified in Table 1 of clause 2

11(3)(f)- the method of interrogation

11(3)(g)- the identifier of the reading device used for interrogation (if applicable).

Audit observation

HHR data is collected by AMS, EDM, and EMS.

Audit commentary

Compliance with this clause has been demonstrated as part of their agent audits.

Audit outcome

Compliant

7. STORING RAW METER DATA

7.1. Trading period duration (Clause 13 Schedule 15.2)

Code reference

Clause 13 Schedule 15.2

Code related audit information

The trading period duration, normally 30 minutes, must be within $\pm 0.1\%$ (± 2 seconds).

Audit observation

Trading period duration was reviewed as part of the MEP and agent audit reports.

Audit commentary

Compliance with this clause has been demonstrated by the MEPs and agents, and is discussed in their audit reports.

Audit outcome

Compliant

7.2. Archiving and storage of raw meter data (Clause 18 Schedule 15.2)

Code reference

Clause 18 Schedule 15.2

Code related audit information

A reconciliation participant who is responsible for interrogating a metering installation must archive all raw meter data and any changes to the raw meter data for at least 48 months, in accordance with clause 8(6) of Schedule 10.6.

Procedures must be in place to ensure that raw meter data cannot be accessed by unauthorised personnel.

Meter readings cannot be modified without an audit trail being created.

Audit observation

OPHL's agents and MEPs retain a copy of the raw meter data, and their compliance with the archiving and storage requirements was reviewed as part of their audits.

Simply Energy also archives OPHL information, and compliance was assessed as part of their audit.

Audit commentary

Compliance with this clause has been demonstrated by OPHL's agents and MEPs as part of their agent audits.

Process compliance was confirmed as part of Simply Energy's audit.

Audit outcome

Compliant

7.3. Non-metering information collected / archived (Clause 21(5) Schedule 15.2)

Code reference

Clause 21(5) Schedule 15.2

Code related audit information

All relevant non-metering information, such as external control equipment operation logs, used in the determination of profile data must be collected, and archived in accordance with clause 18.

Audit observation

OPHL does not deal with any non-metering information.

Audit commentary

Not applicable

Audit outcome

Not applicable

8. CREATING AND MANAGING (INCLUDING VALIDATING, ESTIMATING, STORING, CORRECTING AND ARCHIVING) VOLUME INFORMATION

8.1. Correction of NHH meter readings (Clause 19(1) Schedule 15.2)

Code reference

Clause 19(1) Schedule 15.2

Code related audit information

If errors are detected during validation of non-half hour meter readings, one of the following must be undertaken:

19(1)(a) - confirmation of the original meter reading by carrying out another meter reading

19(1)(b) - replacement of the original meter reading by another meter reading (even if the replacement meter reading may be at a different date)

19(1)(c) - if the original meter reading cannot be confirmed or replaced by a meter reading from another interrogation, then an estimated reading is substituted and the estimated reading is marked as an estimate and it is subsequently replaced in accordance with clause 4(2).

Audit observation

Simply Energy and EMS are responsible for NHH data corrections. Simply Energy processes corrections to meter readings, which are sent to EMS' Madras system for inclusion in reconciliation submissions.

Compliance was assessed as part of Simply Energy's audit and EMS' agent audit.

Audit commentary

Simply Energy's audit confirmed that their correction processes for OPHL were compliant.

Compliance is recorded in EMS' agent audit report, and I confirmed that correction processes have not changed since their May 2018 audit.

No bridged meters, disconnected ICPs with usage, or vacant ICPs with consumption were identified during the audit period. No other NHH corrections were processed during the audit period.

Audit outcome

Compliant

8.2. Correction of HHR metering information (Clause 19(2) Schedule 15.2)

Code reference

Clause 19(2) Schedule 15.2

Code related audit information

If errors are detected during validation of half hour metering information the correction must be as follows:

19(2)(a) - if a check meter or data storage device is installed at the metering installation, data from this source may be substituted

19(2)(b) - in the absence of any check meter or data storage device, data may be substituted from another period if the total of all substituted intervals matches the total consumption recorded on the meter, if available, and the pattern of consumption is considered materially similar to the period in error.

Audit observation

EMS are responsible for HHR data corrections, and compliance was assessed as part of their agent audit report.

Audit commentary

Compliance is recorded in EMS' agent audit report, and I confirmed that correction processes have not changed since their May 2018 audit.

No HHR corrections were processed during the audit period.

Audit outcome

Compliant

8.3. Error and loss compensation arrangements (Clause 19(3) Schedule 15.2)

Code reference

Clause 19(3) Schedule 15.2

Code related audit information

If error compensation and loss compensation are carried out as part of the process of determining accurate data, the compensation process must be documented and must comply with audit trail requirements.

Audit observation

Error and loss compensation arrangements were confirmed.

Audit commentary

No error or loss compensation arrangements are in place.

Audit outcome

Compliant

8.4. Correction of HHR and NHH raw meter data (Clause 22(1) and (2) Schedule 15.2)

Code reference

Clause 22(1) and (2) Schedule 15.2

Code related audit information

In correcting a meter reading in accordance with clause 19, the raw meter data must not be overwritten. If the raw meter data and the meter readings are the same, an automatic secure backup of the affected data must be made and archived by the processing or data correction application.

If data is corrected or altered, a journal must be generated and archived with the raw meter data file. The journal must contain the following:

22(2)(a) - the date of the correction or alteration

22(2)(b) - the time of the correction or alteration

22(2)(c) - the operator identifier of the reconciliation participant

22(2)(d) - the half-hour metering data or the non-half hour metering data corrected or altered, and the total difference in volume of such corrected or altered data

22(2)(e) - the technique used to arrive at the corrected data

22(2)(f) - the reason for the correction or alteration.

Audit observation

Simply Energy and EMS process corrections to OPHL's data.

Compliance was assessed as part of Simply Energy's audit and EMS' agent audit.

Audit commentary

Process compliance was confirmed as part of Simply Energy's audit.

Compliance is recorded in EMS' agent audit report, and I confirmed that correction processes have not changed since their May 2018 audit.

Audit outcome

Compliant

9. ESTIMATING AND VALIDATING VOLUME INFORMATION

9.1. Identification of readings (Clause 3(3) Schedule 15.2)

Code reference

Clause 3(3) Schedule 15.2

Code related audit information

All estimated readings and permanent estimates must be clearly identified as an estimate at source and in any exchange of metering data or volume information between participants.

Audit observation

These processes are managed by Simply Energy, and were reviewed as part of their audit. Identification of readings for OPHL ICPs was reviewed.

Audit commentary

Simply Energy's audit found that some customer readings were classified as validated readings without being validated against a set of readings from another source.

ICP 0002995060CN7C2 was read by the customer until an AMI meter was installed on 09/02/2018, because health and safety issues prevented the meter reader from accessing the meter. The customer reads were treated as actual for reconciliation, although the checks required by clause 5 of Schedule 15.2 are not completed. This is recorded as non-compliance below. These reads are treated as actual by the reconciliation process. This is recorded as non-compliance below, and in **sections 6.6** and **12.7**.

Audit outcome

Non-compliant

| Non-compliance | Description |
|--|---|
| Audit Ref: 9.1 With: Clause 3(3) Schedule 15.2 From: 01-Nov-17 To: 31-Jul-18 | Some customer readings prior to 09/02/18 were treated as actual without being appropriately validated for ICP 0002995060CN7C2. Potential impact: Low Actual impact: Low Audit history: None Controls: Strong Breach risk rating: 1 |
| Audit risk rating | Rationale for audit risk rating |
| Low | The controls are assessed to be strong. No manually read NHH ICPs are supplied, and no customer acquisitions are planned. The impact is assessed to be low. ICP 0002995060CN7C2 has received AMI readings since 09/02/18. |

| Actions taken to resolve the issue | Completion date | Remedial action status |
|---|-----------------|------------------------|
| | | Identified |
| Preventative actions taken to ensure no further issues will occur | Completion date | |
| All the identified issues are expected to be removed going forward due to exiting the majority of our ICP's and change to a new reconciliation agent. | Jan 2019 | |

9.2. Derivation of volume information (Clause 3(4) Schedule 15.2)

Code reference

Clause 3(4) Schedule 15.2

Code related audit information

Volume information must be directly derived, in accordance with Schedule 15.2, from:

3(4)(a) - validated meter readings

3(4)(b) - estimated readings

3(4)(c) - permanent estimates.

Audit observation

These processes are managed by Simply Energy, and were reviewed as part of their audit.

Audit commentary

Process compliance was confirmed as part of Simply Energy's audit.

Review of submission data in **section 12** confirmed that it is based on readings as required by this clause.

Audit outcome

Compliant

9.3. Meter data used to derive volume information (Clause 3(5) Schedule 15.2)

Code reference

Clause 3(5) Schedule 15.2

Code related audit information

All meter data that is used to derive volume information must not be rounded or truncated from the stored data from the metering installation.

Audit observation

OPHL's agents and MEPs are responsible for the collection meter data. Rounding and truncation were reviewed as part of their agent and MEP audits.

Audit commentary

OPHL's MEPs and agents retain raw, unrounded data. Compliance with this clause has been demonstrated by OPHL's agents and MEPs as part of their audits.

Audit outcome

Compliant

9.4. Half hour estimates (Clause 15 Schedule 15.2)

Code reference

Clause 15 Schedule 15.2

Code related audit information

If a reconciliation participant is unable to interrogate an electronically interrogated metering installation before the deadline for providing submission information, the submission to the reconciliation manager must be the reconciliation participant's best estimate of the quantity of electricity that was purchased or sold in each trading period during any applicable consumption period for that metering installation.

The reconciliation participant must use reasonable endeavours to ensure that estimated submission information is within the percentage specified by the Authority.

Audit observation

HHR estimates are created by EMS, and compliance was assessed as part of their agent audit.

Audit commentary

Compliance is recorded in EMS' agent audit report, and I confirmed that estimation processes have not changed since their May 2018 audit.

No estimates were created for OPHL ICPs during the audit period.

Audit outcome

Compliant

9.5. NHH metering information data validation (Clause 16 Schedule 15.2)

Code reference

Clause 16 Schedule 15.2

Code related audit information

Each validity check of non-half hour meter readings and estimated readings must include the following:

16(2)(a) - confirmation that the meter reading, or estimated reading relates to the correct ICP, meter, and register

16(2)(b) - checks for invalid dates and times

16(2)(c) - confirmation that the meter reading, or estimated reading lies within an acceptable range compared with the expected pattern, previous pattern, or trend

16(2)(d) - confirmation that there is no obvious corruption of the data, including unexpected zero values.

Audit observation

These processes are managed by Simply Energy, and were reviewed as part of their audit.

Audit commentary

Process compliance was confirmed as part of Simply Energy's audit.

Audit outcome

Compliant

9.6. Electronic meter readings and estimated readings (Clause 17 Schedule 15.2)

Code reference

Clause 17 Schedule 15.2

Code related audit information

Each validity check of electronically interrogated meter readings and estimate readings must be at a frequency that will allow a further interrogation of the data storage device before the data is overwritten within the data storage device and before this data can be used for any purpose under the Code.

Each validity check of a meter reading obtained by electronic interrogation or an estimated reading must include:

17(4)(a) - checks for missing data

17(4)(b) - checks for invalid dates and times

17(4)(c) - checks of unexpected zero values

17(4)(d) - comparison with expected or previous flow patterns

17(4)(e) - comparisons of meter readings with data on any data storage device registers that are available

17(4)(f) - a review of meter and data storage device event list. Any event that could have affected the integrity of metering data must be investigated.

Audit observation

HHR electronic data is validated by EMS, and compliance was assessed as part of their agent audit report.

NHH electronic data is validated by Simply Energy, and validation processes were reviewed as part of their audit.

Audit commentary

HHR

Compliance with this clause has been demonstrated by EMS as part of their agent audit. OPHL was unaffected by EMS' non-compliance related to phase failure events for one meter type.

I confirmed that EMS' processes have not changed since the May 2018 audit.

NHH

AMI data is validated by Simply Energy using their NHH validation process. Compliance is recorded in **section 9.5**.

OPHL currently supplies one NHH ICP, which has an AMS meter. Meter event information is received from AMS, and is reviewed.

The non-compliance recorded in Simply Energy's audit relating to Arc, Metrix, and WEL networks meter event information not being received and/or reviewed does not affect OPHL's current ICP, but does affect some ICPs which switched out prior to 01/08/2018. This is recorded as non-compliance below.

Audit outcome

Non-compliant

| Non-compliance | Description | | |
|---|---|-----------------|------------------------|
| Audit Ref: 9.6 With: Clause 17 Schedule 15.2 From: 01-Nov-17 To: 31-Jul-18 | Event log information is not received from Arc for NHH meters. Event log information provided by Metrix and WEL Networks is not routinely reviewed for NHH meters. Potential impact: Low Actual impact: Low Audit history: Once Controls: Strong Breach risk rating: 1 | | |
| Audit risk rating | Rationale for audit risk rating | | |
| Low | Controls are currently rated as strong, because meter event information is received and reviewed for all ICPs currently supplied. The non-compliance relates to some ICPs with Arc, Metrix, or FCLM meters which have switched out. The audit risk rating is low, because other validations in place are comprehensive and are likely to identify any consumption related issues, therefore the potential impact on settlement is minor. | | |
| Actions taken to resolve the issue | | Completion date | Remedial action status |
| | | | Identified |
| Preventative actions taken to ensure no further issues will occur | | Completion date | |
| All the identified issues are expected to be removed going forward due to exiting the majority of our ICP's and change to a new reconciliation agent. | | Jan 2019 | |

10. PROVISION OF METERING INFORMATION TO THE PRICING MANAGER IN ACCORDANCE WITH SUBPART 4 OF PART 13 (CLAUSE 15.38(1)(F))

10.1. Generators to provide HHR metering information (Clause 13.136)

Code reference

Clause 13.136

Code related audit information

The generator (and/or embedded generator) must provide to the pricing manager and the grid owner connected to the local network in which the embedded generator is located, half hour metering information in accordance with clause 13.138 in relation to generating plant that is subject to a dispatch instruction:

- *that injects electricity directly into a local network; or*
- *if the meter configuration is such that the electricity flows into a local network without first passing through a grid injection point or grid exit point metering installation.*

Audit observation

The NSP table on the registry was reviewed.

Audit commentary

OPHL is not responsible for any NSPs. No information is provided to the pricing manager in accordance with this clause.

Audit outcome

Not applicable

10.2. Unoffered & intermittent generation provision of metering information (Clause 13.137)

Code reference

Clause 13.137

Code related audit information

Each generator must provide the pricing manager and the relevant grid owner half-hour metering information for:

- *any unoffered generation from a generating station with a point of connection to the grid 13.137(1)(a)*
- *any electricity supplied from an intermittent generating station with a point of connection to the grid. 13.137(1)(b)*

The generator must provide the pricing manager and the relevant grid owner with the half-hour metering information required under this clause in accordance with the requirements of Part 15 for the collection of that generator's volume information (clause 13.137(2)).

If such half-hour metering information is not available, the generator must provide the pricing manager and the relevant grid owner a reasonable estimate of such data (clause 13.137(3)).

Audit observation

The NSP table on the registry was reviewed.

Audit commentary

OPHL is not responsible for any NSPs. No information is provided to the pricing manager in accordance with this clause.

Audit outcome

Not applicable

10.3. Loss adjustment of HHR metering information (Clause 13.138)

Code reference

Clause 13.138

Code related audit information

The generator must provide the information required by clauses 13.136 and 13.137,

13.138(1)(a)- adjusted for losses (if any) relative to the grid injection point or, for embedded generators the grid exit point, at which it offered the electricity

13.138(1)(b)- in the manner and form that the pricing manager stipulates

13.138(1)(c)- by 0500 hours on a trading day for each trading period of the previous trading day.

The generator must provide the half-hour metering information required under this clause in accordance with the requirements of Part 15 for the collection of the generator's volume information.

Audit observation

The NSP table on the registry was reviewed.

Audit commentary

OPHL is not responsible for any NSPs. No information is provided to the pricing manager in accordance with this clause.

Audit outcome

Not applicable

10.4. Notification of the provision of HHR metering information (Clause 13.140)

Code reference

Clause 13.140

Code related audit information

If the generator provides half-hourly metering information to the pricing manager or a grid owner under clauses 13.136 to 13.138, or 13.138A, it must also, by 0500 hours of that day, advise the relevant grid owner.

Audit observation

The NSP table on the registry was reviewed.

Audit commentary

OPHL is not responsible for any NSPs. No information is provided to the pricing manager in accordance with this clause.

Audit outcome

Not applicable

11. PROVISION OF SUBMISSION INFORMATION FOR RECONCILIATION

11.1. Buying and selling notifications (Clause 15.3)

Code reference

Clause 15.3

Code related audit information

Unless an embedded generator has given a notification in respect of the point of connection under clause 15.3, a trader must give notice to the reconciliation manager if it is to commence or cease trading electricity at a point of connection using a profile with a profile code other than HHR, RPS, UML, EG1, or PV1 at least five business days before commencing or ceasing trader.

The notification must comply with any procedures or requirements specified by the reconciliation manager.

Audit observation

The registry list for 01/12/17 to 25/09/18 was reviewed, to identify any trading notifications required during the audit period.

Audit commentary

OPHL uses only the RPS, HHR, PV1 and UML profiles. No trading notifications were required.

Audit outcome

Compliant

11.2. Calculation of ICP days (Clause 15.6)

Code reference

Clause 15.6

Code related audit information

Each retailer and direct purchaser (excluding direct consumers) must deliver a report to the reconciliation manager detailing the number of ICP days for each NSP for each submission file of submission information in respect of:

15.6(1)(a) - submission information for the immediately preceding consumption period, by 1600 hours on the 4th business day of each reconciliation period

15.6(1)(b) - revised submission information provided in accordance with clause 15.4(2), by 1600 hours on the 13th business day of each reconciliation period.

The ICP days information must be calculated using the data contained in the retailer or direct purchaser's reconciliation system when it aggregates volume information for ICPs into submission information.

Audit observation

ICP days are calculated and reported by EMS. Compliance was assessed as part of their agent audit report.

The process for the calculation of ICP days was examined by checking HHR ICP days for ten NSPs and NHH ICP days for 12 NSPs with a small number of ICPs on the July 2018 submission to confirm the AV110 ICP days calculation was correct.

I reviewed variances for 11 months of GR100 ICP days comparison reports, and investigated any large discrepancies.

Alleged breaches during the audit period were reviewed to determine whether any reconciliation submissions were late.

Audit commentary

Compliance is reported in EMS' report except for decommissions, and downgrades from HHR to NHH. These scenarios result in under reporting of one ICP day. OPHL was affected by this issue for a small number of ICPs - one downgrade from HHR to NHH, and nine updates to "inactive ready for decommissioning" status were identified by reviewing the event detail report for 01/12/17 to 31/10/18.

The process for the calculation of ICP days was examined by checking HHR ICP days for ten NSPs and NHH ICP days for 12 NSPs on the July 2018 ICP days submission. The ICP days calculation was confirmed to be correct for the sample checked.

The following table shows the ICP days difference between OPHL files and the RM return file (GR100) for all available revisions for 11 months.

| Month | Ri | R1 | R3 | R7 | R14 |
|----------|--------|--------|--------|--------|--------|
| Aug 2017 | - | - | - | - | -0.03% |
| Dec 2017 | - | - | - | -0.07% | - |
| Jan 2018 | - | - | - | -0.07% | - |
| Feb 2018 | - | - | - | -0.07% | - |
| Mar 2018 | - | - | - | -0.02% | - |
| Apr 2018 | - | - | -0.14% | - | - |
| May 2018 | - | - | -0.27% | - | - |
| Jun 2018 | - | -0.26% | -0.08% | - | - |
| Jul 2018 | -0.42% | -0.35% | 0.00% | - | - |
| Aug 2018 | 0.00% | 29.43% | - | - | - |
| Sep 2018 | 0.00% | 0.00% | - | - | - |

Most of OPHL's customers transferred to a new retailer effective from 1 August 2018. The 29.43% difference recorded for August 2018 r1 was caused by 93 less retailer days being recorded than the days on the registry. It was caused by three backdated switch outs, and one backdated NSP change.

Breach information provided by the Electricity Authority did not identify any late ICP days submissions.

Audit outcome

Non-compliant

| Non-compliance | Description | | |
|---|---|-----------------|------------------------|
| Audit Ref: 11.2 With: Clause 15.6 From: 01-Dec-17 To: 30-Jun-18 | ICP days are not calculated correctly for the day of decommissioning or the day of downgrade. Potential impact: Low Actual impact: Low Audit history: None Controls: Strong Breach risk rating: 1 | | |
| Audit risk rating | Rationale for audit risk rating | | |
| Low | Controls are currently rated as strong, because no downgrades or decommissions are expected for the ICPs currently supplied. The audit risk rating is low, because a small number of ICPs and days were affected, and the potential impact on settlement is minor. One downgrade from HHR to NHH, and nine updates to inactive ready for decommissioning status were identified during the audit period. | | |
| Actions taken to resolve the issue | | Completion date | Remedial action status |
| | | | Identified |
| Preventative actions taken to ensure no further issues will occur | | Completion date | |
| All the identified issues are expected to be removed going forward due to exiting the majority of our ICP's and change to a new reconciliation agent. | | Jan 2019 | |

11.3. Electricity supplied information provision to the reconciliation manager (Clause 15.7)

Code reference

Clause 15.7

Code related audit information

A retailer must deliver to the reconciliation manager its total monthly quantity of electricity supplied for each NSP, aggregated by invoice month, for which it has provided submission information to the reconciliation manager, including revised submission information for that period as non-loss adjusted values in respect of:

15.7(a) - submission information for the immediately preceding consumption period, by 1600 hours on the 4th business day of each reconciliation period

15.7(b) - revised submission information provided in accordance with clause 15.4(2), by 1600 hours on the 13th business day of each reconciliation period.

Audit observation

These processes are managed by Simply Energy, and were reviewed as part of their audit.

GR130 reports for January 2016 to September 2018 were reviewed to confirm whether the relationship between billed and submitted data appears reasonable.

Alleged breaches during the audit period were reviewed to determine whether any reconciliation submissions were late.

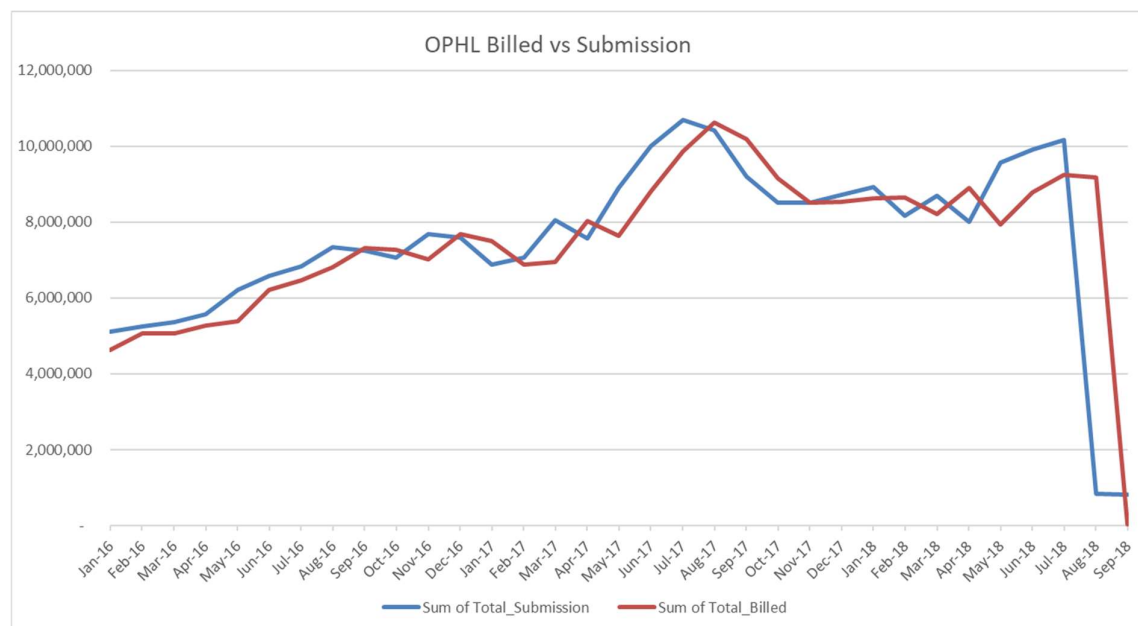
Audit commentary

Process compliance was confirmed as part of Simply Energy's audit.

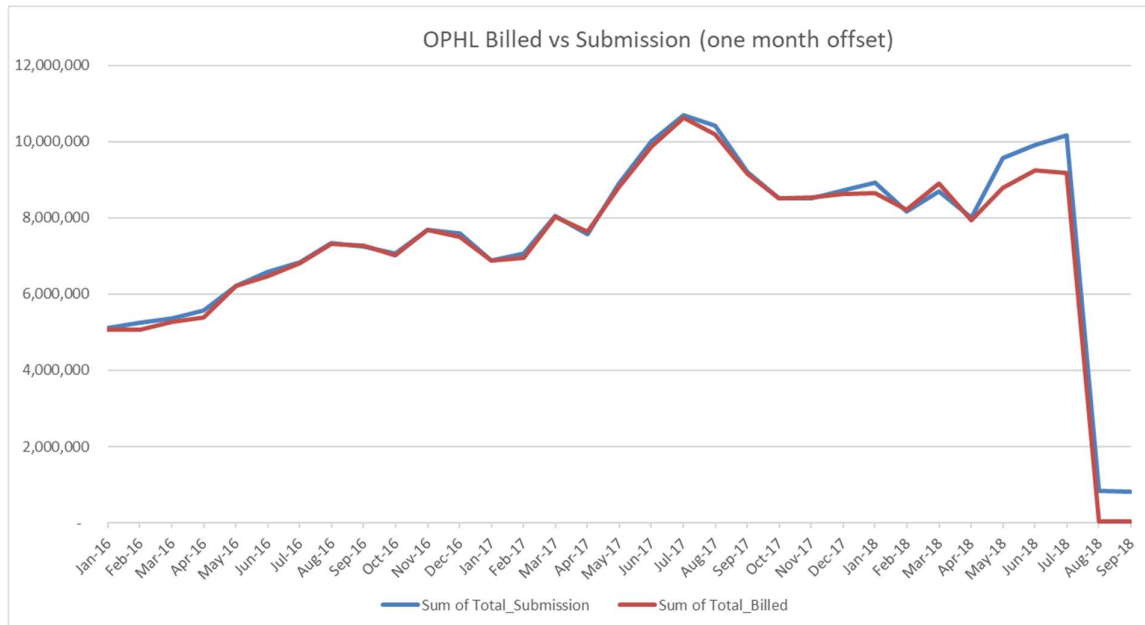
I compared the billed and submitted data for the period from January 2016 to September 2018. As shown on the charts below, when the billing and submission periods are aligned the relationship between the billed and submitted data is very close, apart from a timing difference which affects August and September 2018. OPHL's retail customers switched out effective from August 2018. Once the switches were complete Simply Energy ceased billing on OPHL's behalf and decommissioned their billing engine, which explains the drop in billed data. I recommend that OPHL ensures that billed data for the affected periods is washed up.

| Description | Recommendation | Audited party comment | Remedial action |
|-----------------------|---|---|-----------------|
| As billed submissions | Wash up billed data from the point that Simply Energy ceased billing. | We are not practically able to fix any energy supplied/ submitted difference as our agent's (Simply Energy) billing extract has now been decommissioned as they have moved to a new Axos system and we have exited the relationship with them. Hence the data is not able to be compliantly corrected. I would note that this in no way affects market reconciliation, and we have a strong solution going forward (JCC). | Identified |

The GR130 results are shown below:



The GR130 results with the submission and billing period aligned is shown below:



Breach information provided by the Electricity Authority did not identify any late billed data submissions.

Audit outcome

Compliant

11.4. HHR aggregates information provision to the reconciliation manager (Clause 15.8)

Code reference

Clause 15.8

Code related audit information

A retailer or direct purchaser (excluding direct consumers) must deliver to the reconciliation manager its total monthly quantity of electricity supplied for each half hourly metered ICP for which it has provided submission information to the reconciliation manager, including:

15.8(a) - submission information for the immediately preceding consumption period, by 1600 hours on the 4th business day of each reconciliation period

15.8(b) - revised submission information provided in accordance with clause 15.4(2), by 1600 hours on the 13th business day of each reconciliation period.

Audit observation

EMS produce HHR aggregates and volumes submissions as OPHL's agent. Compliance was assessed as part of their agent audit.

I confirmed that the process for the calculation and aggregation of HHR data is correct, by matching HHR aggregates information with the HHR volumes data 12 submissions.

The GR090 ICP Missing files were examined for September 2017 to October 2018. All differences were reviewed.

Alleged breaches during the audit period were reviewed to determine whether any reconciliation submissions were late.

Audit commentary

OPHL's HHR aggregates report contains submission information, not electricity supplied information as specified under clause 15.8. Although the reports EMS produces are consistent with the Reconciliation Manager Functional Specification, this is recorded as non-compliance below.

Comparison of HHR volume and aggregates submissions confirmed that the HHR aggregates consumption was consistent with the HHR volumes submission, with very small rounding differences. Comparison between the revisions for September, October and November 2017 showed some small differences between the initial and one month, and one and three month revisions as estimated data was replaced by actual. There were no differences between the three and seven month revisions.

The GR090 (HHR ICPs missing) reports for OPHL for December 2017 to September 2018 were checked. Four ICPs had temporary discrepancies between the aggregates submissions and registry records. All the differences related to backdated switches or switch withdrawals.

I also reviewed OPHL's volumes and aggregates for September and October 2018 for reasonableness, and did not find any evidence of under submission of volumes for these months.

No breaches had been recorded for late provision of submission information.

Audit outcome

Non-compliant

| Non-compliance | Description | | |
|--|---|-----------------|------------------------|
| Audit Ref: 11.4 With: Clause 15.8 From: 01-Dec-17 To: 30-Nov-18 | HHR aggregates file does not contain electricity supplied information. Potential impact: Low Actual impact: Low Audit history: Twice Controls: Strong Breach risk rating: 1 | | |
| Audit risk rating | Rationale for audit risk rating | | |
| Low | Controls are rated as strong, and the impact as low, because the requirement to report electricity supplied information is an error in the code, and EMS is providing submission information as expected. In most cases, billed volumes would match reported volumes. | | |
| Actions taken to resolve the issue | | Completion date | Remedial action status |
| | | | Identified |

| Preventative actions taken to ensure no further issues will occur | Completion date | |
|---|-----------------|--|
| All the identified issues are expected to be removed going forward due to exiting the majority of our ICP's and change to a new reconciliation agent. | Jan 2019 | |

12. SUBMISSION COMPUTATION

12.1. Daylight saving adjustment (Clause 15.36)

Code reference

Clause 15.36

Code related audit information

The reconciliation participant must provide submission information to the reconciliation manager that is adjusted for NZDT using one of the techniques set out in clause 15.36(3) specified by the Authority.

Audit observation

EMS are responsible for daylight savings adjustments as OPHL's agent. Compliance was assessed as part of EMS' agent audit.

Audit commentary

Compliance is recorded in EMS' agent audit report, and I confirmed that there have been no changes to EMS' processes since their May 2018 audit.

Audit outcome

Compliant

12.2. Creation of submission information (Clause 15.4)

Code reference

Clause 15.4

Code related audit information

By 1600 hours on the 4th business day of each reconciliation period, the reconciliation participant must deliver submission information to the reconciliation manager for all NSPs for which the reconciliation participant is recorded in the registry as having traded electricity during the consumption period immediately before that reconciliation period (in accordance with Schedule 15.3).

By 1600 hours on the 13th business day of each reconciliation period, the reconciliation participant must deliver submission information to the reconciliation manager for all points of connection for which the reconciliation participant is recorded in the registry as having traded electricity during any consumption period being reconciled in accordance with clauses 15.27 and 15.28, and in respect of which it has obtained revised submission information (in accordance with Schedule 15.3).

Audit observation

Submissions are created by EMS as OPHL's agent. Compliance was assessed as part of EMS' agent audit.

Alleged breaches during the audit period were reviewed to determine whether any reconciliation submissions were late.

Audit commentary

Compliance is recorded in EMS' agent audit report, and I confirmed that there have been no changes to EMS' processes since their May 2018 audit.

No breaches had been recorded for late provision of submission information.

Audit outcome

Compliant

12.3. Allocation of submission information (Clause 15.5)

Code reference

Clause 15.5

Code related audit information

In preparing and submitting submission information, the reconciliation participant must allocate volume information for each ICP to the NSP indicated by the data held in the registry for the relevant consumption period at the time the reconciliation participant assembles the submission information. Volume information must be derived in accordance with Schedule 15.2.

However, if, in relation to a point of connection at which the reconciliation participant trades electricity, a notification given by an embedded generator under clause 15.13 for an embedded generating station is in force, the reconciliation participant is not required to comply with the above in relation to electricity generated by the embedded generating station.

Audit observation

Submissions are created by EMS, and compliance was assessed as part of EMS' agent audit.

Simply Energy conducts checks to ensure that the information sent to EMS for use in the reconciliation process is consistent with Salesforce and the registry, and also reviews the submission data. These processes were checked during Simply Energy's audit.

The GR170 and AV080 files for eight submissions were compared, to confirm zeroing occurs.

Audit commentary

Compliance is recorded in EMS' agent audit report, and I confirmed that there have been no changes to EMS' processes since their May 2018 audit.

Process compliance was confirmed as part of Simply Energy's audit.

Comparison of the GR170 and AV080 files for eight submissions confirmed that zeroing occurs.

Audit outcome

Compliant

12.4. Grid owner volumes information (Clause 15.9)

Code reference

Clause 15.9

Code related audit information

The participant (if a grid owner) must deliver to the reconciliation manager for each point of connection for all of its GXPs, the following:

- *submission information for the immediately preceding consumption period, by 1600 hours on the 4th business day of each reconciliation period (clause 15.9(a))*
- *revised submission information provided in accordance with clause 15.4(2), by 1600 hours on the 13th business day of each reconciliation period. (clause 15.9(b))*

Audit observation

Review of the NSP table confirmed that OPHL is not a grid owner.

Audit commentary

Review of the NSP table confirmed that OPHL is not a grid owner, and is not required to submit grid owner volume information.

Audit outcome

Not applicable

12.5. Provision of NSP submission information (Clause 15.10)

Code reference

Clause 15.10

Code related audit information

The participant (if a local or embedded network owner) must provide to the reconciliation manager for each NSP for which the participant has given a notification under clause 25(1) Schedule 11.1 (which relates to the creation, decommissioning, and transfer of NSPs) the following:

- *submission information for the immediately preceding consumption period, by 1600 hours on the 4th business day of each reconciliation period (clause 15.10(a))*
- *revised submission information provided in accordance with clause 15.4(2), by 1600 hours on the 13th business day of each reconciliation period (clause 15.10(b)).*

Audit observation

A registry list was reviewed to confirm OPHL does not own any local or embedded networks.

Audit commentary

OPHL is not required to provide NSP submission information.

Audit outcome

Not applicable

12.6. Grid connected generation (Clause 15.11)

Code reference

Clause 15.11

Code related audit information

The participant (if a grid connected generator) must deliver to the reconciliation manager for each of its points of connection, the following:

- *submission information for the immediately preceding consumption period, by 1600 hours on the 4th business day of each reconciliation period (clause 15.11(a))*
- *revised submission information provided in accordance with clause 15.4(2), by 1600 hours on the 13th business day of each reconciliation period (clause 15.11(b)).*

Audit observation

A registry list was reviewed to confirm OPHL is not a grid connected generator.

Audit commentary

OPHL is not required to submit grid connected generation information.

Audit outcome

Not applicable

12.7. Accuracy of submission information (Clause 15.12)

Code reference

Clause 15.12

Code related audit information

If the reconciliation participant has submitted information and then subsequently obtained more accurate information, the participant must provide the most accurate information available to the reconciliation manager or participant, as the case may be, at the next available opportunity for submission (in accordance with clauses 15.20A, 15.27, and 15.28).

Audit observation

Alleged breaches during the audit period were reviewed to determine whether any reconciliation submissions were late. Corrections were reviewed in **sections 8.1 and 8.2**.

Audit commentary

Review of alleged breaches confirmed that no reconciliation submissions were made late.

No corrections were processed during the audit period, and up to date submission information was provided as required.

The following submission accuracy issues were identified during the audit:

- The non-compliance raised in the 2017 audit relating to labelling of historic estimate where seasonal adjusted shape values (SASV) are unavailable is still present. This issue affects unmetered load, and some initial allocation data for metered ICPs. This is discussed further in **section 12.10**.
- ICP days are not calculated correctly for the day of decommissioning or the day of downgrade. This is discussed further in **section 11.2**.
- ICP 0002995060CN7C2 was read by the customer until an AMI meter was installed on 09/02/2018, because health and safety issues prevented the meter reader from accessing the meter. The reads were treated as actual for reconciliation, although the checks required by clause 5 of Schedule 15.2 are not completed. This is recorded as non-compliance below, and in **sections 6.6 and 9.1**.
- The agreed switch readings were not applied for ICP 0000171354TR14A, resulting in under submission of 929 kWh. This is recorded as non-compliance below, and in **sections 4.11**.

Audit outcome

Non-compliant

| Non-compliance | Description | | |
|---|--|-----------------|------------------------|
| <p>Audit Ref: 12.7</p> <p>With: Clause 15.12</p> <p>From: 01-Dec-17</p> <p>To: 30-Nov-18</p> | <p>Historic estimate may be labelled as forward estimate where SASV are not available.</p> <p>ICP days are not calculated correctly for the day of decommissioning or the day of downgrade.</p> <p>Some customer readings prior to 09/02/18 were treated as actual without being appropriately validated for ICP 0002995060CN7C2.</p> <p>The agreed switch readings were not applied for ICP 0000171354TR14A.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: None</p> <p>Controls: Strong</p> <p>Breach risk rating: 1</p> | | |
| Audit risk rating | Rationale for audit risk rating | | |
| Low | <p>Controls are currently rated as strong and the impact is assessed to be low.</p> <ul style="list-style-type: none"> One NHH ICP is currently supplied, and receives AMI readings each month. All other NHH ICPs have switched out, and are 100% historic estimated. The mislabelled historic estimate has no impact on the volumes reported. No downgrades or decommissions are expected for the ICPs currently supplied. A small number of ICPs and days were affected, and the potential impact on settlement is minor. One downgrade from HHR to NHH, and nine updates to inactive ready for decommissioning status were identified during the audit period. ICP 0002995060CN7C2 has received AMI readings since 09/02/18. The difference between the applied and agreed readings for ICP 0000171354TR14A was 929 kWh. | | |
| Actions taken to resolve the issue | | Completion date | Remedial action status |
| | | | Identified |
| Preventative actions taken to ensure no further issues will occur | | Completion date | |
| All the identified issues are expected to be removed going forward due to exiting the majority of our ICP's and change to a new reconciliation agent. | | Jan 2019 | |

12.8. Permanence of meter readings for reconciliation (Clause 4 Schedule 15.2)

Code reference

Clause 4 Schedule 15.2

Code related audit information

Only volume information created using validated meter readings, or if such values are unavailable, permanent estimates, has permanence within the reconciliation processes (unless subsequently found to be in error).

Volume information created using estimated readings must be subsequently replaced at the earliest opportunity by the reconciliation participant by volume information that has been created using validated meter readings or permanent estimates by, at the latest, the month 14 revision cycle.

A permanent estimate may be used in place of a validated meter reading, but only if, despite having used reasonable endeavours; the reconciliation participant has been unable to obtain a validated meter reading.

Audit observation

These processes are managed by Simply Energy, and were reviewed as part of their audit.

The 14 month revisions for March to May 2017 were reviewed to determine whether forward estimate remained.

Audit commentary

Simply Energy's audit found that there was not a process in place to create permanent estimates by revision 14. Simply Energy focusses on trying to obtain an actual read before revision 14 where possible.

Some forward estimate was present at revision 14, because ICPs had not received actual readings:

| Month | Revision | Forward estimate (kWh) |
|--------|----------|------------------------|
| Mar-17 | 14 | 0 |
| Apr-17 | 14 | 3266.19 |
| May-17 | 14 | 5 |
| Total | | 3271.19 |

The existence of forward estimate in the 14 month revision is recorded as non-compliance below.

The labelling of forward and historic estimate is discussed further in **section 12.10**.

Audit outcome

Non-compliant

| Non-compliance | Description | | |
|---|---|-----------------|------------------------|
| Audit Ref: 12.8 With: Clause 4 Schedule 15.2 From/to: Apr-17 r14 and May-17 r14 | Some estimated readings are not replaced with permanent estimates by revision 14. Potential impact: Low Actual impact: Low Audit history: Three times Controls: Strong Breach risk rating: 1 | | |
| Audit risk rating | Rationale for audit risk rating | | |
| Low | Controls are rated as strong. One NHH ICP is currently supplied, and AMI readings are being received. The risk rating is low. While there is no process to enter forward estimates, there are good controls over read attainment. It is expected OPHL's current NHH ICP will have 100% historic estimate by revision 14. All other NHH ICPs have switched out on permanent estimate or actual readings and will have 100% historic estimate for all revisions submitted after they switched out. | | |
| Actions taken to resolve the issue | | Completion date | Remedial action status |
| | | | Identified |
| Preventative actions taken to ensure no further issues will occur | | Completion date | |
| All the identified issues are expected to be removed going forward due to exiting the majority of our ICP's and change to a new reconciliation agent. | | Jan 2019 | |

12.9. Reconciliation participants to prepare information (Clause 2 Schedule 15.3)

Code reference

Clause 2 Schedule 15.3

Code related audit information

If a reconciliation participant prepares submission information for each NSP for the relevant consumption periods in accordance with the Code, such submission information must comprise the following:

- *half hour volume information for each ICP notified in accordance with clause 11.7(2) for which there is a category 3 or higher metering installation (clause 2(1)(a))*
- *for each ICP about which information is provided under clause 11.7(2) for which there is a category 1 or category 2 metering installation (clause 2(1)(b)):*
 - a) *half hour volume information for the ICP; or*
 - b) *non-half hour volumes information calculated under clauses 4 to 6 (as applicable).*
 - c) *unmetered load quantities for each ICP that has unmetered load associated with it derived from the quantity recorded in the registry against the relevant ICP and the number of days in*

- the period, the distributed unmetered load database, or other sources of relevant information. (clause 2(1)(c))*
- *to create no- half hour submission information a reconciliation participant must only use information that is dependent on a control device if (clause 2(2)):*
 - a) the certification of the control device is recorded in the registry; or*
 - b) the metering installation in which the control device is location has interim certification.*
- *to create submission information for a point of connection the reconciliation participant must apply to the raw meter data (clause 2(3)):*
 - a) for each ICP, the compensation factor that is recorded in the registry (clause 2(3)(a))*
 - b) for each NSP the compensation factor that is recorded in the metering installations most recent certification report (clause 2(3)(b)).*

Audit observation

Submissions are prepared by EMS as OPHL's agent, based on information provided by Simply Energy. Compliance was assessed as part of EMS' agent audit and during Simply Energy's audit.

Aggregation and content of reconciliation submissions was reviewed.

Audit commentary

Compliance is recorded in EMS' agent audit report, and I confirmed that there have been no changes to EMS' processes since their May 2018 audit.

Process compliance was confirmed as part of Simply Energy's audit.

Compliance with this clause was assessed by reviewing the aggregation and content of reconciliation submissions:

- all ICPs with a meter category of 3 or higher are submitted as HHR
- no ICPs with unmetered load are supplied
- no profiles requiring a certified control device are used
- no loss or compensation arrangements are required
- aggregation of the AV080, AV090, and AV140 reports is compliant.

Audit outcome

Compliant

12.10. Historical estimates and forward estimates (Clause 3 Schedule 15.3)

Code reference

Clause 3 Schedule 15.3

Code related audit information

For each ICP that has a non-half hour metering installation, volume information derived from validated meter readings, estimated readings, or permanent estimates must be allocated to consumption periods using the following techniques to create historical estimates and forward estimates (clause 3(1)).

Each estimate that is a forward estimate or a historical estimate must clearly be identified as such (clause 3(2)).

If validated meter readings are not available for the purpose of clauses 4 and 5, permanent estimates may be used in place of validated meter readings (clause 3(3)).

Audit observation

Submissions are prepared by EMS as OPHL's agent, based on information provided by Simply Energy. Compliance was assessed during Simply Energy's audit.

I reviewed 12 AV080 submissions for revisions 3 to 14, to confirm that historic estimates are included and identified.

Permanence of meter readings is reviewed in **section 12.8**. The methodology to create forward estimates is reviewed in **section 12.12**.

Audit commentary

Review of 12 AV080 submissions confirmed that historic estimate is present and labelled.

As found in Simply Energy's audit report, in some cases historic estimate is incorrectly labelled as forward estimate:

- where SASV profiles are not available for part or all of a read to read period, historic consumption is labelled as FSE (forward standard estimate) even though it is based on actual readings; once profiles are available for the whole read to read period, the consumption is labelled as historic estimate; and
- for ICPs where only unmetered load is connected, SASV are never available and this consumption is labelled as forward estimate but should be labelled as historic estimate - OPHL no longer supplies any ICPs with unmetered load connected.

The 2017 audit found classification of customer reads as actual for ICP 0002995060CN7C2 resulted in historic estimate being recorded where forward estimate should have been recorded. This ICP has now switched out, and historic estimate has correctly been submitted based on the CS reading.

Audit outcome

Non-compliant

| Non-compliance | Description | | |
|---|--|-----------------|------------------------|
| Audit Ref: 12.10 With: Clause 3 Schedule 15.3 From: 01-Jul-17 To: 11-Jul-18 | Historic estimate may be labelled as forward estimate where SASV are not available. Actual impact: None Audit history: Multiple times Controls: Strong Breach risk rating: 1 | | |
| Audit risk rating | Rationale for audit risk rating | | |
| Low | The controls are recorded as strong because historic and forward estimate is correctly identified most of the time. One NHH ICP is currently supplied, and receives AMI readings each month. All other NHH ICPs have switched out, and are 100% historic estimated. The impact is assessed to be low because the mislabelled historic estimate has no impact on the volumes reported. | | |
| Actions taken to resolve the issue | | Completion date | Remedial action status |
| | | | Identified |

| Preventative actions taken to ensure no further issues will occur | Completion date | |
|---|-----------------|--|
| All the identified issues are expected to be removed going forward due to exiting the majority of our ICP's and change to a new reconciliation agent. | Jan 2019 | |

12.11. Historical estimate process (Clause 4 and 5 Schedule 15.3)

Code reference

Clause 4 and 5 Schedule 15.3

Code related audit information

The methodology outlined in clause 4 of Schedule 15.3 must be used when preparing historic estimates of volume information for each ICP when the relevant seasonal adjustment shape is available.

If a seasonal adjustment shape is not available, the methodology for preparing an historical estimate of volume information for each ICP must be the same as in clause 4, except that the relevant quantities kWh_{px} must be prorated as determined by the reconciliation participant using its own methodology or on a flat shape basis using the relevant number of days that are within the consumption period and within the period covered by kWh_{px}.

Audit observation

Submissions are prepared by EMS as OPHL's agent, based on information provided by Simply Energy.

Compliance was assessed during Simply Energy's audit, including re-calculation of historic estimates to confirm that readings and Seasonal Adjusted Shape Values (SASV) were applied correctly.

Audit commentary

Simply Energy's audit found that the historic estimate calculations were compliant.

Customer and photo reads are used to calculate historic estimate if they are recorded as actual readings. Incorrect classification of some customer reads prior to 09/02/18 for ICP 0002995060CN7C2 is recorded as non-compliance in **sections 6.6, 9.1 and 12.7**.

Audit outcome

Compliant

12.12. Forward estimate process (Clause 6 Schedule 15.3)

Code reference

Clause 6 Schedule 15.3

Code related audit information

Forward estimates may be used only in respect of any period for which an historical estimate cannot be calculated.

The methodology used for calculating a forward estimate may be determined by the reconciliation participant, only if it ensures that the accuracy is within the percentage of error specified by the Authority.

Audit observation

EMS are responsible for calculating forward estimate as OPHL's agent, with information provided by Simply Energy. Compliance was assessed during Simply Energy's audit.

Forward estimates were checked for accuracy by analysing the GR170 file for variances between revisions for 13 months.

Audit commentary

Process compliance was confirmed as part of Simply Energy's audit.

EMS' forward standard estimate process is based on a "straight line" methodology, and where no historical information is available a "forward default" estimate of 20 units per day is used. The process for forward standard estimate calculation was checked and confirmed as accurate.

The accuracy of the initial submission, in comparison to each subsequent revision is required to be within 15% and within 100,000kWh.

The table below shows that this target was not met for August 2017 for AUCKLNDVECTG. The difference was caused by a high misread provided by Datacol. The read was validated in the initial allocation; the ICP had switched in during July 2017 and the agreed switch reading and actual reading were applied for the initial allocation. Subsequent readings confirmed it was a misread, and the misread was invalidated by revision one. The difference is recorded as non-compliance in the table below.

Quantity of balancing areas with differences over 15% and 100,000 kWh

| Month | Revision 1 | Revision 3 | Revision 7 | Revision 14 | Total Balancing Areas |
|----------|------------|------------|------------|-------------|-----------------------|
| Jun 2017 | 0 | 0 | 0 | 0 | 92 |
| Jul 2017 | 0 | 0 | 0 | - | 93 |
| Aug 2017 | 1 | 1 | 1 | - | 94 |
| Sep 2017 | 0 | 0 | 0 | - | 96 |
| Oct 2017 | 0 | 0 | 0 | - | 97 |
| Nov 2017 | 0 | 0 | 0 | - | 99 |
| Dec 2017 | 0 | 0 | 0 | - | 99 |
| Jan 2018 | 0 | 0 | 0 | - | 100 |
| Feb 2018 | 0 | 0 | 0 | - | 100 |
| Mar 2018 | 0 | 0 | - | - | 99 |
| Apr 2018 | 0 | 0 | - | - | 98 |

| Month | Revision 1 | Revision 3 | Revision 7 | Revision 14 | Total Balancing Areas |
|----------|------------|------------|------------|-------------|-----------------------|
| May 2018 | 0 | 0 | - | - | 100 |
| Jun 2018 | 0 | 0 | - | - | 100 |

The total variation between revisions at an aggregate level is shown below.

| Month | Revision 1 | Revision 3 | Revision 7 | Revision 14 |
|----------|------------|------------|------------|-------------|
| Jun 2017 | -0.77% | -6.39% | -7.96% | -8.20% |
| Jul 2017 | -1.66% | -5.50% | -7.04% | - |
| Aug 2017 | 13.88% | 12.69% | 11.10% | - |
| Sep 2017 | 0.16% | 0.07% | -0.97% | - |
| Oct 2017 | -0.39% | -0.07% | 0.06% | - |
| Nov 2017 | 0.19% | -0.13% | -0.34% | - |
| Dec 2017 | 0.35% | 0.04% | 0.05% | - |
| Jan 2018 | -0.51% | -1.11% | -1.38% | - |
| Feb 2018 | 0.20% | 0.17% | 0.03% | - |
| Mar 2018 | 0.13% | 0.35% | - | - |
| Apr 2018 | -0.50% | -1.00% | - | - |
| May 2018 | -2.56% | -3.25% | - | - |
| Jun 2018 | -0.93% | -0.76% | - | - |

Audit outcome

Non-compliant

| Non-compliance | Description | | |
|---|--|-----------------|------------------------|
| Audit Ref: 12.12 With: Clause 6 Schedule 15.3 From: 01-Aug-17 To: 31-Aug-17 | The accuracy threshold was not met for one balancing area for month. Potential impact: Low Actual impact: Low Audit history: Twice Controls: Strong Breach risk rating: 1 | | |
| Audit risk rating | Rationale for audit risk rating | | |
| Low | Controls are currently rated as strong. One NHH ICP is currently supplied and no further customer acquisitions are planned. It is very unlikely that OPHL will breach the thresholds in future. The issue occurred due to a misread for a recent switch in, and OPHL quickly obtained subsequent readings which confirmed the high read was a misread and no RR was required. Initial data is replaced with revised data, and washed up. | | |
| Actions taken to resolve the issue | | Completion date | Remedial action status |
| | | | Identified |
| Preventative actions taken to ensure no further issues will occur | | Completion date | |
| All the identified issues are expected to be removed going forward due to exiting the majority of our ICP's and change to a new reconciliation agent. | | Jan 2019 | |

12.13. Compulsory meter reading after profile change (Clause 7 Schedule 15.3)

Code reference

Clause 7 Schedule 15.3

Code related audit information

If the reconciliation participant changes the profile associated with a meter, it must, when determining the volume information for that meter and its respective ICP, use a validated meter reading or permanent estimate on the day on which the profile change is to take effect.

The reconciliation participant must use the volume information from that validated meter reading or permanent estimate in calculating the relevant historical estimates of each profile for that meter.

Audit observation

These processes are managed by Simply Energy, and were reviewed as part of their audit.

Review of the event detail report for 01/12/17 to 31/10/18 found two ICPs had a profile change.

Audit commentary

Process compliance was confirmed as part of Simply Energy's audit.

Review of the registry list identified two ICPs with profile changes during the period. Both changes coincided with meter changes, and actual readings were available as required by this clause.

Audit outcome

Compliant

13. SUBMISSION FORMAT AND TIMING

13.1. Provision of submission information to the RM (Clause 8 Schedule 15.3)

Code reference

Clause 8 Schedule 15.3

Code related audit information

Submission information provided to the reconciliation manager must be aggregated to the following level:

- *NSP code (clause 8(a))*
- *reconciliation type (clause 8(b))*
- *profile (clause 8(c))*
- *loss category code (clause 8(d))*
- *flow direction (clause 8(e))*
- *dedicated NSP (clause 8(f))*
- *trading period for half hour metered ICPs and consumption period or day for all other ICPs (clause 8(g)).*

Audit observation

EMS are responsible for providing HHR and NHH submissions as OPHL's agent. HHR compliance was assessed as part of EMS' agent audit, and NHH compliance was assessed during Simply Energy's audit.

Audit commentary

Compliance is recorded in EMS' agent audit report, and I confirmed that there have been no changes to EMS' processes since their May 2018 audit.

Process compliance was confirmed as part of Simply Energy's audit.

Submission information is provided to the reconciliation manager in the appropriate format and is aggregated to the following level:

- NSP code
- reconciliation type
- profile
- loss category code
- flow direction
- dedicated NSP
- consumption period.

Audit outcome

Compliant

13.2. Reporting resolution (Clause 9 Schedule 15.3)

Code reference

Clause 9 Schedule 15.3

Code related audit information

When reporting submission information, the number of decimal places must be rounded to not more than two decimal places.

If the unrounded digit to the right of the second decimal place is greater than or equal to five, the second digit is rounded up, and if the digit to the right of the second decimal place is less than five, the second digit is unchanged.

Audit observation

EMS are responsible for providing HHR and NHH submissions as OPHL's agent. HHR compliance was assessed as part of EMS' agent audit, and NHH compliance was assessed during Simply Energy's audit.

Audit commentary

Compliance is recorded in EMS' agent audit report, and I confirmed that there have been no changes to EMS' processes since their May 2018 audit.

Process compliance was confirmed as part of Simply Energy's audit.

Review of nine AV080 submissions, 12 AV090 submissions and 12 AV140 submissions confirmed that submission data is rounded to no more than two decimal places.

Audit outcome

Compliant

13.3. Historical estimate reporting to RM (Clause 10 Schedule 15.3)

Code reference

Clause 10 Schedule 15.3

Code related audit information

By 1600 hours on the 13th business day of each reconciliation period the reconciliation participant must report to the reconciliation manager the proportion of historical estimates per NSP contained within its non-half hour submission information.

The proportion of submission information per NSP that is comprised of historical estimates must (unless exceptional circumstances exist) be:

- *at least 80% for revised data provided at the month 3 revision (clause 10(3)(a))*
- *at least 90% for revised data provided at the month 7 revision (clause 10(3)(b))*
- *100% for revised data provided at the month 14 revision (clause 10(3)(c)).*

Audit observation

The timeliness of submissions of historic estimate was reviewed in **section 12.2**.

I reviewed nine AV080 reports to determine whether historic estimate requirements were met.

Audit commentary

The quantity of historical estimates is contained in the submission file and is not a separate report.

The table below shows that the historic estimate threshold was not met for all NSPs for each of the submissions reviewed.

| Month | Revision 3 80% Met | Revision 7 90% Met | Revision 14 100% Met | Total |
|----------|--------------------|--------------------|----------------------|-------|
| Mar 2017 | | | 141 | 141 |

| Month | Revision 3 80% Met | Revision 7 90% Met | Revision 14 100% Met | Total |
|----------|--------------------|--------------------|----------------------|-------|
| Apr 2017 | | | 141 | 142 |
| May 2017 | | | 142 | 143 |
| Oct 2017 | | 146 | | 149 |
| Nov 2017 | | 150 | | 151 |
| Dec 2017 | | 151 | | 152 |
| Mar 2018 | 149 | | | 153 |
| Apr 2018 | 147 | | | 152 |
| May 2018 | 145 | | | 153 |

The table below shows that the percentage HE at a summary level for all NSPs is well above the required targets for the three and seven month revisions, but below the required targets for the 14 month revisions. Forward estimate remained primarily due to ICPs without actual readings. The reasons forward estimate remains are discussed further in **section 12.8**.

| Month | Revision 3 80% Target | Revision 7 90% Target | Revision 14 100% Target |
|----------|-----------------------|-----------------------|-------------------------|
| Mar 2017 | - | - | 100.00% |
| Apr 2017 | - | - | 99.93% |
| May 2017 | - | - | 100.00% |
| Oct 2017 | - | 99.46% | - |
| Nov 2017 | - | 99.60% | - |
| Dec 2017 | - | 99.63% | - |
| Mar 2018 | 99.20% | - | - |
| Apr 2018 | 98.99% | - | - |

| Month | Revision 3 80% Target | Revision 7 90% Target | Revision 14 100% Target |
|----------|--------------------------|--------------------------|----------------------------|
| May 2018 | 97.59% | - | - |

Audit outcome

Non-compliant

| Non-compliance | Description | | |
|---|--|-----------------|------------------------|
| <p>Audit Ref: 13.3</p> <p>With: Clause 10 Schedule 15.3</p> <p>From: Mar-17 (r14), Apr-17 (r14), May-17 (r14), Oct-17 (r7), Nov-17 (r7), Dec-17 (r7), Mar-18 (r3), Apr-18 (r3), May-18 (r3)</p> | <p>Historic estimate thresholds were not met for some revisions.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: Multiple times</p> <p>Controls: Strong</p> <p>Breach risk rating: 1</p> | | |
| Audit risk rating | Rationale for audit risk rating | | |
| Low | <p>Controls are rated as strong. One NHH ICP is currently supplied, and AMI readings are being received.</p> <p>The risk rating is low. It is expected OPHL's current NHH ICP will meet the historic estimate requirements for all revisions. All other NHH ICPs have switched out on permanent estimate or actual readings and will have 100% historic estimate for all revisions submitted after they switched out.</p> <p>I note that actual historic estimate will be slightly higher than the levels reported because of the incorrect classification of unmetered historic estimate as forward estimate.</p> | | |
| Actions taken to resolve the issue | | Completion date | Remedial action status |
| | | | Identified |
| Preventative actions taken to ensure no further issues will occur | | Completion date | |
| All the identified issues are expected to be removed going forward due to exiting the majority of our ICP's and change to a new reconciliation agent. | | Jan 2019 | |

CONCLUSION

OPHL exited the retail market from 01/08/2018. All ICPs have switched out, except for five HHR and one NHH AMI ICP associated with OPHL's own sites on Powerco's network.

OPHL intends to change its agent for registry and submission tasks from Simply Energy and EMS to John Candy Consulting (JC Consulting). Clause 8(1) of Schedule 15.1 requires that if a reconciliation participant intends to make a "material" change to any certified facilities, processes or procedures then the changes must be subject to an audit prior to the change taking place. A separate material change audit was performed at the request of OPHL so that it can be supplied to the Electricity Authority to satisfy the requirements of Clause 8(1). The material change audit found that compliance is likely to be achieved, except for a technical non-compliance because the HHR aggregates submission contains volumes instead of billed volumes. No issues were identified and no recommendations were made.

OPHL's compliance is reliant on the compliance of their agents. During the audit period, the following agents provided services to OPHL:

| HHR Agents | NHH Agents |
|---------------|--------------------------|
| Simply Energy | Simply Energy |
| EMS | EMS |
| EDMI | Datacol (until 31/07/18) |
| AMS | Wells (until 31/07/18) |

Manually read NHH meters were only supplied up to 31/07/18 because OPHL's retail customers switched out effective from 01/08/18. The six ICPs currently supplied have AMS HHR or AMI meters.

As part of Simply Energy's reconciliation participant audit, Simply Energy and NHH EMS processes for OPHL were confirmed. During this audit, I have completed a review of OPHL's ICP, event, and submission information, and checked samples of data and events to confirm accuracy and reasons for discrepancies as required. Datacol, Wells, EMS, EDMl and AMS' audit reports were also reviewed.

This audit found 22 non-compliances:

- All of the registry, switching, and meter read attainment non-compliances affected very small numbers of ICPs.
- A minor non-compliance for identifying customer readings which had not been validated in accordance with the code as validated for one ICP caused non-compliance in three sections of the report. Once meter was upgraded on 09/02/18 AMI readings were received.
- Corrected data has been washed up for the submission related issues. Most of these issues were technical non-compliances, temporary issues, or affected small numbers of ICPs.

One recommendation was raised, and no issues were identified.

The future risk rating for OPHL is considered to be very low:

| Area | Future risk | Rationale |
|-----------|-------------|---|
| Switching | Very low | Only six ICPs are supplied, and no further switches in or out are planned. OPHL's last CS had an event date of 08/08/18. Given that withdrawal requests should be issued within two calendar months, and read renegotiations within four calendar months, it is unlikely that any further NWs or RRs will be issued or received for the ICPs which have switched out. |

| Area | Future risk | Rationale |
|---------------------------------|-------------|--|
| Registry | Very low | All six ICPs are connected with certified meters, and have correct status and trader information recorded on the registry. It is unlikely that distributed generation will be added for the three ICPs that do not already have distributed generation recorded. No status updates, trader updates, or MEP nominations are expected. |
| NHH reconciliation and readings | Very low | OPHL supplies one NHH ICP. AMI readings are being received, reducing the risk of non-compliance with the read attainment, read classification, historic estimate proportion, forward estimate, and permanent estimate requirements. |
| ICP days submission | Very low | The only non-compliance related to ICP days not being calculated correctly for the day of decommissioning or the day of downgrade. No downgrades or decommissions are expected for the six remaining ICPs. |
| HHR reconciliation and volumes | Very low | All six meters have AMS as the MEP, and meter event information is being received and reviewed. All submissions are expected to be based on actual volumes, and events that could impact on submission accuracy such as decommissioning, upgrades, or downgrades are not expected to occur. |

The audit risk rating is 22, indicating that the next audit be due in 12 months. Taking into consideration OPHL's comments, the minor impact of the non-compliances (which mainly related to ICPs which have switched out), the low future risk rating, and upcoming material change, I recommend that the next audit should be completed in 24 months.

PARTICIPANT RESPONSE

OPHL has reviewed this report and the comments provided are contained within its body.