

ELECTRICITY INDUSTRY PARTICIPATION CODE
RECONCILIATION PARTICIPANT AUDIT REPORT



For

SIMPLY ENERGY LIMITED

Prepared by: Tara Gannon

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EXECUTIVE SUMMARY

This Electricity Industry Participation Code Reconciliation Participant audit was performed at the request of **Simply Energy Limited (Simply Energy)**, 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

Simply Energy has used two participant codes during the audit period (SIMP and SELX), and also acts as an agent for other participants. All codes use the same systems and processes. Unless otherwise specified, processes and non-compliances described in the report relate to all codes.

A summary of the key findings in each area are set out below:

Registry	No significant issues were identified.
Reading	1. Customer and photo readings are routinely entered as actual reads, although they may not be validated against a set of actual readings from another source. Based on testing completed during the audit, it appears likely that these reads will be accurate.
Switching	<ol style="list-style-type: none"> 1. Some files were processed late. Reliance has been placed on the switch breach reports to identify when files are due. 2. Incorrect average daily consumption was recorded in some CS files. The daily average consumption is manually copied from DataHub to Salesforce before creating the CS file, and where this step is missed zero daily consumption is populated.
Reconciliation	<ol style="list-style-type: none"> 1. Some minor submission accuracy issues were found, including incorrect labelling of forward estimate as historic estimate are recorded in section 12.10. 2. There is no process to routinely enter permanent estimates, but Simply Energy has a workaround in place to ensure that consumption is captured and reported within the 14 month window.

The date of the next audit is determined by the Electricity Authority and is dependent on the level of compliance during this audit. The table below provides some guidance on this matter and contains a future risk rating score of 48, which results in an indicative audit frequency of six months. The future risk rating score is inflated by some exceptions affecting a small number of ICPs causing non-compliance in multiple report sections. The audit recorded 28 non-compliances; over half of these relate to very small numbers of exceptions found in the switching and registry areas. For 26 of the 28 non-compliances, controls were rated as strong or moderate, and none of the non-compliances had a future risk rating over 3. 20 of the non-compliances have either been cleared, or clear actions to prevent recurrence have been identified and are being implemented.

Considering this, along with the proposed solutions to the matters raised, I believe 12 months is an appropriate next audit date recommendation.

The matters raised are shown in the tables below:

AUDIT SUMMARY

NON-COMPLIANCES

Subject	Section	Clause	Non-Compliance	Controls	Audit Risk Rating	Breach Risk Rating	Remedial Action
Relevant information	2.1	10.6, 11.2, 15.2	One SIMP ICP had an incorrect ANZSIC code recorded. One inactive SELX ICP had an incorrect end date.	Strong	Low	1	Cleared
Electrical Connection of Point of Connection	2.11	10.33A	Eight SIMP new connections did not have their meters certified within five business days for electrical connection. Four SIMP reconnections had expired certification recorded on the registry when they were reconnected. For all four it appears the MEP information recorded on the registry is incorrect. One SIMP ICP did not have its meter recertified when it was unbridged.	Moderate	Low	2	Identified
Changes to registry information	3.3	10 Schedule 11.1	24 late status updates for SIMP. 33 late MEP nominations for SIMP and one late MEP nomination for SELX.	Moderate	Low	2	Identified
Provision of information to the registry manager	3.5	9 Schedule 11.1	21 SIMP and one SELX status update were not processed within five business days of the event on the Registry.	Moderate	Low	2	Identified

Subject	Section	Clause	Non-Compliance	Controls	Audit Risk Rating	Breach Risk Rating	Remedial Action
ANZSIC codes	3.6	9 (1(k)) of Schedule 11.1	One SIMP ICP had an incorrect ANZSIC code recorded.	Strong	Low	1	Cleared
Management of “inactive” status	3.9	19 Schedule 11.1	One inactive SELX ICP had an incorrect end date.	Strong	Low	1	Cleared
Losing trader response to switch request and event dates - standard switch	4.2	3 and 4 Schedule 11.3	An incorrect AN response code was provided for two SIMP ICPs with AMI metering. AA was applied instead of AD.	Moderate	Low	2	Identified
Losing trader must provide final information - standard switch	4.3	5 Schedule 11.3	One SELX and 12 SIMP transfer CS files contained incorrect estimated daily consumption. Two late CS files for SIMP transfer switches.	Weak	Low	3	Investigating
Retailers must use same reading - standard switch	4.4	6(1) and 6A Schedule 11.3	One late RR file for a SIMP transfer switch. One SELX RR was not supported by two validated actual reads.	Moderate	Low	2	Identified
Gaining trader informs registry of switch request - switch move	4.7	9 Schedule 11.3	One SIMP NT file was issued late.	Strong	Low	1	Identified
Losing trader provides information - switch move	4.8	10(1) Schedule 11.3	An incorrect AN response code was provided for two SIMP ICPs which were vacant. OC was applied instead of AD.	Moderate	Low	2	Identified

Subject	Section	Clause	Non-Compliance	Controls	Audit Risk Rating	Breach Risk Rating	Remedial Action
Losing trader must provide final information - switch move	4.10	11 Schedule 11.3	One SELX and 10 SIMP switch move CS files contained incorrect estimated daily consumption. Five late CS files for SIMP switch moves.	Weak	Low	3	Investigating
Gaining trader changes to switch meter reading - switch move	4.11	12 Schedule 11.3	Two late RR files for SIMP switch moves. Two SIMP RRs were not supported by two validated actual reads.	Moderate	Low	2	Identified
Gaining trader to advise the registry manager - gaining trader switch	4.14	16 Schedule 11.3	Three late CS files for SIMP HH switches.	Moderate	Low	2	Identified
Withdrawal of switch requests	4.15	17 and 18 Schedule 11.3	Four late NW files for SIMP.	Strong	Low	1	Identified
Electricity conveyed & notification by embedded generators	6.1	10.13, Clause 10.24 and 15.13	One SIMP meter was bridged for two days.	Strong	Low	1	Disputed
Derivation of meter readings	6.6	3(1), 3(2) and 5 Schedule 15.2	Datacol does not complete phase failure checks. Five customer reads for SIMP ICPs were treated as validated without being validated against a set of reads from another source.	Moderate	Low	2	Identified
NHH meters interrogated annually	6.9	8(1) and (2) Schedule 15.2	The best endeavours requirement was not met for one SIMP ICP which was unread for 12 months.	Strong	Low	1	Investigating

Subject	Section	Clause	Non-Compliance	Controls	Audit Risk Rating	Breach Risk Rating	Remedial Action
Correction of NHH meter readings	8.1	19(1) Schedule 15.2	One correction for a SIMP bridged meter was not processed.	Strong	Low	1	Investigating
Identification of readings	9.1	3(3) Schedule 15.2	Five customer reads for SIMP ICPs were treated as validated without being validated against a set of reads from another source.	Moderate	Low	2	Identified
Electronic meter readings and estimated readings	9.6	17 Schedule 15.2	Event log information is not received from Arc. Event log information provided by Metrix and WEL Networks is not routinely reviewed.	Moderate	Low	2	Identified
Buying and selling notifications	11.1	15.3	No trading notification was provided for SFI profile for SELX.	Moderate	Low	2	Disputed
HHR aggregates information provision to the reconciliation manager	11.4	15.8	Aggregates file contains submission information. Generation only ICPs were temporarily excluded from the HHR aggregates file.	Strong	Low	1	Identified
Creation of submission information	12.2	15.4	Alleged breach 1801SIMP1 was recorded for late provision of revision information.	Strong	Low	1	Identified

Subject	Section	Clause	Non-Compliance	Controls	Audit Risk Rating	Breach Risk Rating	Remedial Action
Accuracy of submission information	12.7	15.12	<p>One correction for a SIMP bridged meter was not processed.</p> <p>The unmetered load submission for SIMP ICP 0000028893WE540 contained a calculation error in January 2018.</p> <p>Historic estimate may be labelled as forward estimate where SASV are not available.</p> <p>Five customer reads for SIMP ICPs were treated as validated without being validated against a set of reads from another source.</p> <p>Alleged breach 1801SIMP1 was recorded for late provision of revision information.</p>	Moderate	Low	2	Identified
Permanence of meter readings for reconciliation	12.8	4 Schedule 15.2	Not all estimates replaced by permanent estimates at R14.	Moderate	Low	2	Investigating
Historical estimates and forward estimates	12.10	3 Schedule 15.3	Where SASV profiles are not available, consumption based on validated readings is labelled as forward estimate.	Moderate	Low	2	Investigating
Historical estimate reporting to RM	13.3	10 Schedule 15.3	HE targets not met for some NSPs for some revisions for SIMP.	Moderate	Low	2	Identified
Future Risk Rating						48	

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
Electrical Connection of Point of Connection	2.11	Arrange for incorrect or out of date meter certification details on the registry to be updated by the MEP.	Query the meter certification details recorded on the registry for ICP 0148915035LCB73 and 0002221241WFB99 with the MEPs.
Management of “inactive” status	3.9	Consumption while inactive	Check readings received for disconnected ICPs, to determine whether consumption while inactive has occurred.
Losing trader must provide final information - standard switch	4.3	Monitoring of compliance with switching timeframes	Monitor timeframes using the Salesforce Dashboard rather than the registry switch breach report. The registry switch breach report does not always calculate the correct number of days before a switch must be completed and reliance on it can lead to breaches for late switching files.
Electricity conveyed & notification by embedded generators	6.1	Arrange for incorrect meter details on the registry to be updated by the MEP	Query the flow directions recorded on the registry for ICPs 0000046001TC684, 0000096001TCAD5 and 0000100001NR87B with the MEPs.
		Confirm whether generation is present for ICP 0006679048RN8AB with the distributor	Confirm whether generation is present for ICP 0006679048RN8AB, then arrange for the registry and metering to be updated as necessary.
Forward estimate process	12.12	Default forward estimate	The default forward estimate of 20 kWh may be too high or low for some ICPs. Discuss the feasibility of being able to set or override the forward estimate at ICP level.

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

The Electricity Authority's website was reviewed to identify any exemptions relevant to the scope of this audit.

Audit commentary

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

1.2. Structure of Organisation

A full organisation chart was viewed, and a summary is provided below.



1.3. Persons involved in this audit

Auditor:

Name	Company
Tara Gannon	Veritek Limited

Simply Energy personnel assisting in this audit were:

Name	Title
Brendon Blacklaws	Business Analyst
Casey Kaczmarczyk	Billing Manager
Dallas Tui	Billing & Operations Analyst
Stephen Kemp	Market Operations Manager
Thephin Kumpraewpan	System Administrator

EMS personnel assisting with this audit were:

Name	Title
Andrew Dickie	Data Analyst
Sunny Feng	Data Analyst

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 with Simply Energy.

Audit commentary

Simply Energy uses the following agents:

- EMS for gathering metering data and reconciliation
- Datacol for NHH meter reading
- Delta for NHH meter reading up to 30 September 2017
- Wells for NHH meter reading from 1 November 2017.

Northpower has recently begun providing manual meter readings for their substations, because Simply Energy's other NHH meter readers cannot gain access to read the meters.

Simply Energy understands their obligations in relation to this clause.

1.5. Hardware and Software

Meter reading data is imported into AXOS DataHub. Validated readings are transferred to the AXOS billing engine for billing and as billed reporting, and to EMS' Madras system for reconciliation. The systems for the collection and management of submission information are described in the agents' audit reports.

SalesForce is used for the management of ICP and customer information.

Backup is cloud based, and password protection is in place to prevent unauthorised access to data.

1.6. Breaches or Breach Allegations

There has been one breach allegation relevant to the scope of this audit during the audit period.

Ref	Clauses breached	Description	Outcome
1801SIMP1 (02/05/2018)	Part 15 clause 4 (2)	Simply Energy attempted to submit revised information by business day 13 by 16:00, but the upload failed. EMS submits the reconciliation reports as a zip file, and the reports had appeared to have been successfully uploaded. The reconciliation manager advised Simply Energy that some of the reports within the zip file had not been successfully uploaded. EMS promptly resubmitted the files.	The breach was closed early without a warning being issued.

1.7. ICP Data

Simply Energy provided list file for each of their participant codes as at 11 June 2018.

SIMP

The active ICPs from the list file are summarised by meter category in the table below.

Metering Category	2018	2017	2016	2015
1	1139	1102	589	493
2	152	157	78	64
3	30	39	21	17
4	21	21	10	6
5	5	5	5	2
9	2	21	-	-
Blank	22	39	63	25

Status	2018	2017	2016	2015
Active (2,0)	1,371	1,081	766	607
Inactive - new connection in progress (1,12)	3	-	1	4
Inactive – vacant (1,4)	16	14	6	8
Inactive – AMI remote disconnection (1,7)	2	-	-	-
Inactive – de-energised due to meter disconnected (1,9)	1	3	1	-
Inactive – at pole fuse (1,8)	4	1	-	-
Inactive – de-energised at meter box fuse (1,10)	-	-	-	-
Inactive – at meter box switch (1,11)	-	-	-	-
Inactive – ready for decommissioning (1,6)	-	12	13	7
Inactive – reconciled elsewhere (1,5)	1	1	1	1
Decommissioned (3)	331	272	158	135

SELX

The active ICPs from the list file are summarised by meter category in the table below.

Metering Category	2018	2017
1	242	13
2	23	-
3	-	-
4	-	-
5	-	-
9	-	-
Blank	-	-

Status	2018	2017
Active (2,0)	265	13
Inactive - new connection in progress (1,12)	-	-
Inactive – vacant (1,4)	1	-

Inactive – AMI remote disconnection (1,7)	1	-
Inactive – de-energised due to meter disconnected (1,9)	-	-
Inactive – at pole fuse(1,8)	-	-
Inactive – de-energised at meter box fuse (1,10)	-	-
Inactive – at meter box switch (1,11)	-	-
Inactive – ready for decommissioning (1,6)	-	-
Inactive – reconciled elsewhere (1,5)	-	-
Decommissioned (3)	1	-

1.8. Authorisation Received

Simply Energy and EMS provided all information required directly.

1.9. Scope of Audit

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

Simply Energy has used two participant codes during the audit period (SIMP and SELX), and also acts as an agent for other participants. All codes use the same systems and processes.

The table below shows the tasks under clause 15.38 of part 15, for which Simply Energy requires certification. This table also lists those agents who assist with these tasks:

Tasks Requiring Certification Under Clause 15.38(1) of Part 15	Agents Involved in Performance of Tasks	MEPs
(a) - Maintaining registry information and performing customer and embedded generator switching	EMS for part of clause 11 of schedule 11.1 only (registry discrepancies)	
(b) – Gathering and storing raw meter data	Datacol – NHH Delta – NHH (until 30/09/17) Wells – NHH (from 01/11/17) EMS – HHR	AMS Arc Innovations (Arc) Metrix Smartco The Lines Company (FCLM) WEL Networks
(c)(iii) - Creation and management of HHR & NHH volume information	EMS	

Tasks Requiring Certification Under Clause 15.38(1) of Part 15	Agents Involved in Performance of Tasks	MEPs
(d) – Calculation of ICP days	EMS	
(da) - delivery of electricity supplied information under clause 15.7		
(db) delivery of information from retailer and direct purchaser half hourly metered ICPs under clause 15.8		
(e) – Provision of submission information for reconciliation	EMS	

The functions conducted by Simply Energy were audited at their premises in Wellington on 10 and 11 July 2018, and the functions performed by EMS were checked at EMS' offices on 10 July 2018.

1.10. Summary of previous audit

Simply Energy provided a copy of their previous audit report conducted in August 2017 by Steve Woods (lead auditor) of Veritek Limited. The summary tables below show the status of the non-compliances raised in the previous audit. Further comment is made in the relevant sections of this report.

Subject	Section	Clause	Non compliance	Status
Provision of accurate information	2.1	15.2	Electricity supplied files not revised.	Cleared, but some non-compliance relating to ANZSIC codes was identified in section 2.1 .
Meter certification	2.10	10.33(2)	ICP 0007175577RNDBA was certified more than five business days after the energisation date.	Still existing. Refer to section 2.11 .
Registry changes	3.3	10 of schedule 11.1	66 status updates were not processed within five business days of the event on the Registry.	Still existing. Refer to section 3.3 .

Subject	Section	Clause	Non compliance	Status
Registry population	3.5	9 of schedule 11.1	25 status updates were not processed within five business days of the event on the Registry. One status update did not record the correct energisation date	Still existing. Refer to section 3.5.
Active status	3.8	17 of schedule 11.1	In some cases, there is more than one customer per ICP.	Cleared. Refer to section 3.8.
MEP changes	3.11	10.22(1)(a)(i)	Backdated MEP changes, and MEP changes requested from incorrect dates.	Still existing. Refer to section 3.3.
Switching	4.2	3 of schedule 11.3	An incorrect AN response code was provided for one ICP with AMI metering. AA was applied instead of AD.	Still existing. Refer to section 4.2.
	4.8	10(1) of schedule 11.3	An incorrect AN response code was provided for one ICP with AMI metering. AA was applied instead of AD.	Still existing. Refer to section 4.8.
	4.10	11 of schedule 11.3	One CS file did not contain the correct last actual read date. Six late CS files for move in switches.	Cleared. Still existing. Refer to section 4.10.
	4.11	12 of schedule 11.3	One late RR file for ICP 0242001170WF431.	Still existing. Refer to section 4.11.
Phase failure checks	6.6	5 of schedule 15.2	Checks for phase failure not conducted and recorded for meters read by Datacol.	Still existing. Refer to section 6.6.

Subject	Section	Clause	Non compliance	Status
NHH correction	8.1	19(1) of schedule 15.2	One meter reading correction not conducted accurately.	Cleared for this correction, but non-compliance is recorded for another correction. Refer to section 8.1.
Event logs	9.6	17 Schedule 15.2	Event logs not being routinely managed for all AMI installations.	Still existing. Refer to section 9.6.
ICP days	11.2	15.6 of part 15	Some HHR ICP days errors.	Cleared. Refer to section 11.2.
Electricity supplied	11.3	15.7 of part 15	Some electricity supplied errors.	Cleared. Refer to section 11.3.
HHR aggregates	11.4	15.8 of part 15	Aggregates file contains submission information. Some errors in the aggregates files.	Still existing. Cleared. Refer to section 11.4.
Creation of submission information	12.2	15.5 of part 15	One late submission file sent to RM. One ICP submitted against the incorrect code.	Still existing. Refer to section 12.2.
Permanence of readings	12.8	4 of schedule 15.2	Not all estimates replaced by permanent estimates at R14.	Still existing. Refer to section 12.8.

Subject	Section	Clause	Non compliance	Status
Historic estimates	12.10	3 of schedule 15.3	Some historic estimates labelled as forward estimates.	Still existing. Refer to section 12.10.
Proportion of HE	13.3	10 of schedule 15.3	HE targets not met for some NSPs for some revisions.	Still existing. Refer to section 13.3.

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 information was examined, and the registry validation process was examined in detail in relation to the achievement of this requirement. The SIMP and SELX registry list files as at 11 June 2018 were examined to confirm that all information was correct and not misleading.

Audit commentary

The Salesforce dashboard is monitored daily, and automated workflow processes are in place to help to ensure files are sent to the registry on time.

SalesForce includes a Trader Audit Dashboard, which checks information for each trader against the registry, and a Madras Audit Dashboard which identifies inconsistencies with the data sent to EMS. The Madras Audit Dashboard checks are discussed in **section 12.3**.

The Trader Audit Dashboard is worked through prior to business day four and 13, and includes the following checks:

- inactive sites are genuinely inactive
- unmetered load details consistency, including flags and trader unmetered load detail fields
- registry unmetered load details inconsistent with Salesforce unmetered load details
- ICPs with installation type G or B, which are checked to confirm whether they are generating, if correct profiles are applied, and if correct metering is installed.

ICPs with ICPs with T99 series (“don’t know”) ANZSIC codes are also identified on the Salesforce dashboard and updated prior to business day 7 and 14.

Monthly, a registry event detail report is reviewed to identify all meter changes during the month and check that they have been correctly processed.

I saw evidence that discrepancies found during these checks are investigated and steps are taken to resolve the issue. The workflow system allows notes to be recorded, so that review of anomalies can be completed efficiently, and previous action can be identified easily.

SIMP

The SIMP list file was analysed and I found the following:

Item No.	Issue	2018	2017	Comments
1	Status mismatch between registry and Simply Energy	-	-	No status mismatch was identified during the audit.
2	Active with no MEP and unmetered flag = Y	4	6	Four ICPs are active and metered, with no MEP. In all cases SIMP's MEP nomination had been accepted, but the MEP had not updated the registry.
3	Incorrect submission flag		-	All ICPs appear to have submission types consistent with their profile and metering.
4	Active with blank ANZSIC codes	-	-	Nine active ICPs have a blank ANZSIC code, all are embedded network residual load ICPs, and this is acceptable. Refer to section 3.6 .
5	Active with ANZSIC "T99" not stated	6	-	All were timing differences and were corrected between the registry list being provided and the on site audit. Refer to section 3.6 .
6	Active with ANZSIC "T994" don't know	-	-	No active ICPs had a don't know ANZSIC code applied.
7	Active with an incorrect ANZSIC code	1	-	One ICP had an incorrect ANZSIC code recorded. Refer to section 3.6 .
8	Category 9 but Active with MEP and UML "N"	-	-	All category 9 meters have an inactive status, or unmetered load installed.
9	ICPs with Distributor unmetered load populated but retail unmetered load is blank	-	-	All ICPs with distributor unmetered load populated, also have retailer unmetered load populated.
10	ICPs with unmetered load flag Y but load is recorded as zero	-	-	All unmetered ICPs have unmetered kWh recorded apart from SB ICPs, which correctly have unmetered kWh of zero recorded.
11	ICPs with incorrect shared unmetered load	-	-	No ICPs have incorrect shared unmetered load.
12	ICPs with Distributed Generation indicated but no DG profile	-	-	ICPs with distributed generation indicated all have HHR profile.

SELX

The SELX list file was analysed and I found the following:

Item No.	Issue	2018	2017	Comments
1	Status mismatch between registry and Simply Energy	1	-	One ICP had an incorrect end date. Refer to section 3.9 .

Item No.	Issue	2018	2017	Comments
2	Active with no MEP	-	-	All active ICPs have an MEP.
3	Incorrect submission flag	-	-	All ICPs appear to have submission types consistent with their profile and metering.
4	Active with blank ANZSIC codes	-	-	All active ICPs had an ANZSIC code applied.
5	Active with ANZSIC "T999" not stated	-	-	No active ICPs had a not stated ANZSIC code applied.
6	Active with ANZSIC "T994" don't know	-	-	No active ICPs had a don't know ANZSIC code applied.
7	Active with an incorrect ANZSIC code	-	-	No active ICPs with an incorrect ANZSIC code were identified.
8	Category 9 but Active with MEP and UML "N"	-	-	No category 9 meters
9	ICPs with Distributor unmetered load populated but retail unmetered load is blank	-	-	No ICPs have distributed unmetered load populated.
10	ICPs with unmetered load flag Y but load is recorded as zero	-	-	No ICPs have unmetered flag = Y.
11	ICPs with incorrect shared unmetered load	-	-	No ICPs have incorrect shared unmetered load.
12	ICPs with Distributed Generation indicated but no DG profile	-	-	Three ICPs have distributed generation and the appropriate profile is recorded.

Audit outcome

Non-compliant

Non-compliance	Description
<p>Audit Ref: 2.1</p> <p>With: Clause 15.2</p> <p>From: 01-Sep-17</p> <p>To: 11-Jul-18</p>	<p>One SIMP ICP had an incorrect ANZSIC code recorded.</p> <p>One inactive SELX ICP had an incorrect end date.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: Three times</p> <p>Controls: Strong</p> <p>Breach risk rating: 1</p>

Audit risk rating	Rationale for audit risk rating		
Low	<p>The controls are recorded as strong because they are sufficient to ensure that most information is correct, and the errors identified appear to be isolated.</p> <p>The audit risk rating is low. The incorrect ANZSIC code has no impact on settlement and the incorrect inactive status date has a very minor impact on settlement.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
Both issues have been identified and resolved.		9 August 2018	Cleared
Preventative actions taken to ensure no further issues will occur		Completion date	
I believe the correct measures are already in place to catch any discrepancies.		16 August 2018	

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 a number of sections in this report and compliance is confirmed.

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

NHH

Simply Energy's agents and MEPs provide NHH data as shown on the table below:

MEP or agent	Transfer method	Transfer frequency
Arc	FTP	Monthly
FCLM	FTP	Weekly on Tuesday
Metrix	FTP	Daily
Smartco	FTP	Daily
AMS	FTP	Daily
WEL Networks	Registry SFTP	Daily, processed by Simply Energy at month end
Wells (from 01/11/2017)	FTP	The day after the reads are taken
Datacol	FTP	The day after the reads are taken
Delta (until 30/09/2017)	FTP	The day after the reads are taken

NHH readings are loaded into the Datawarehouse, then exported to DataHub. DataHub's validated (published) reads are exported back to the Datawarehouse, and then to AXOS billing engine and EMS.

To confirm the process to receive NHH reads, I reviewed documentation on the file movement process for each provider and traced a diverse sample of readings for 41 ICPs from the source files to the validated readings in DataHub. The sample included reads provided by Arc, FCLM, AMS, Metrix, Smartco, WEL Networks, Wells, and Datacol.

The process to transfer reads to EMS was discussed with Simply Energy and EMS. I also traced a sample of readings for three Madras historic estimate calculations to DataHub to confirm that the validated readings were received and applied by EMS.

HHR

EMS receives HHR readings and volumes as Simply Energy's agent and provides a copy to Simply Energy via SFTP. A SQL job collects the file and uploads it to DataHub and the Datawarehouse.

Audit commentary

NHH readings

AMI read data from MEPs is transmitted to Simply Energy via FTP, which ensures the security and integrity of the data.

I traced a sample of readings for 41 ICPs from the source files to DataHub, and a sample of readings for three ICPs from the Madras historic estimate calculation to DataHub. All reads were consistent.

HHR readings

Compliance with this clause is recorded in EMS' agent report.

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

A complete audit trail was checked for all data gathering, validation and processing functions. I reviewed audit trails for a small sample of events. Large samples were not necessary because audit trail fields are expected to be the same for every transaction of the same type.

Audit commentary

A complete audit trail was viewed for all data gathering, validation and processing functions. The logs of these activities for Simply Energy and all agents include the activity identifier, date and time, and an operator identifier.

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 Simply Energy's current terms and conditions.

Audit commentary

Simply Energy's current terms and conditions with their customers includes 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 Simply Energy's current terms and conditions and discussed compliance with these clauses.

Audit commentary

Simply Energy's contract with their customers includes consent to access for authorised parties for the duration of the contract. Simply Energy confirmed that they have been able to arrange access for other parties when requested.

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

The SIMP and SELX registry list files as at 11 June 2018 were reviewed to confirm whether metered ICPs had an MEP recorded.

Loss compensation processes were discussed.

Audit commentary

Review of the registry list files identified four active metered ICPs where no meter details were recorded, and no MEP was assigned. In all cases, Simply Energy had nominated an MEP, and that nomination had been accepted. It is the MEPs responsibility to load metering to the registry.

Loss compensation is not required for any Simply Energy ICP.

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 subclause (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 Simply Energy's current terms and conditions.

Audit commentary

Simply Energy's terms and conditions 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 1 or more metering installations for the point of connection.

Audit observation

The new connection process was examined in detail to evaluate the strength of controls. The SIMP and SELX registry list files as at 11 June 2018, and event detail reports for 1 June 2017 to 10 June 2018 were analysed to confirm process compliance and that controls are functioning as expected.

Audit commentary

Simply Energy is notified that a new connection is required by the customer or an embedded network. The notification is normally via email. Simply Energy adds the ICP to a workflow and raises a job for the new connection to be completed. The workflow is monitored to ensure that the job is completed, and Simply Energy's system and the registry are updated.

Simply Energy's new connection process requires an MEP to be selected. For new connections MEPs are nominated as soon as Simply Energy has claimed the ICP and the date is confirmed. When an MEP change is required, Simply Energy nominates the MEP on the registry and logs a job for meter replacement at the same time.

The new connection job template states that certification is required and requests a load bank be taken if the site is not connected. Staff monitor this and follow up certification if not received.

Connections with unmetered load are relatively rare, and no unmetered new connections were identified during the audit period.

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 new connection process was examined in detail to evaluate the strength of controls. The list file, and event detail report for the period from 1 June 2017 to 10 June 2018 were analysed to confirm process compliance and controls are functioning as expected.

Audit commentary

No temporary electrical connections were identified.

If a temporary electrical connection is required, Simply Energy will ensure that the ICP is claimed so that they are recorded as responsible for the ICP in the registry.

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 new connection process was examined in detail to evaluate the strength of controls. The SIMP and SELX registry list files as at 11 June 2018, and event detail reports for 1 June 2017 to 10 June 2018 were analysed to confirm process compliance and controls are functioning as expected.

Audit commentary

Analysis of the list file and event detail report found eight SIMP ICPs that were not certified within five business days of the initial energisation date on the registry. All SELX new connections were certified within five business days of connection.

Code	ICP	Submission type	Initial energisation date	Certification date	Business days between active date and certification date
SIMP	0007182149RN424	NHH	17/08/2017	29/08/2017	9
SIMP	0000138721PN2A5	NHH	10/05/2018	31/05/2018	16
SIMP	0000096002TC615	HHR	1/02/2018	28/02/2018	19
SIMP	0000096001TCAD5	HHR	1/02/2018	28/02/2018	19
SIMP	1001164597PN99D	HHR	6/03/2018	6/04/2018	22
SIMP	0000046001TC684	HHR	1/07/2017	31/08/2017	44
SIMP	0007182149RN424	NHH	17/08/2017	29/08/2017	9
SIMP	0000188901PN7F2	NHH	10/05/2018	-	No certificate data on the registry yet

Three SIMP reconnections had expired full certification when they were reconnected. It appears likely the MEP provided incorrect certification expiry dates to the registry. I recommend Simply Energy follows up the ICP which has not had its registry certification details updated with the MEP, to confirm the expiry date. No SELX reconnections had expired full certification.

Code	ICP	MEP	Reconnection date	Certification type	Certification expiry date at the time of reconnection
SIMP	0000033331NTB1C	SMCO	20/09/2017	F	1/04/2015 (recertified since reconnection)
SIMP	1002046932LC5EE	AMCI	24/03/2018	F	1/01/1960 (recertified since reconnection)
SIMP	0148915035LCB73	MTRX	14/03/2018	F	1/01/2000

One SIMP reconnection had expired interim certification when it was reconnected. I recommend Simply Energy follows up this certification with the MEP. No SELX reconnections had expired interim certification.

Code	ICP	MEP	Reconnection date	Certification type	Certification expiry date
SIMP	0002221241WFB99	FCLM	22/12/2017	I	1/04/2015

One SIMP bridged meter was not re-certified when it was unbridged. No bridged meters were identified for SELX.

Code	ICP	Unbridged	Certification type	Latest certification date	Certification expiry date
SIMP	0002930026TCB0D	22/11/2017	F	28/11/2016	28/11/2026

Description	Recommendation	Audited party comment	Remedial action
Arrange for incorrect or out of date meter certification details on the registry to be updated by the MEP	Query the meter certification details recorded on the registry for ICP 0148915035LCB73 and 0002221241WFB99 with the MEPs.	Both ICPs we have instigated Field Service work to replace the meters with Advanced Meters. This will therefore result in up to date certifications.	Identified

Audit outcome

Non-compliant

Non-compliance	Description
<p>Audit Ref: 2.11 With: Clause 10.33A</p> <p>From: 01-Jul-17 To: 16-May-18</p>	<p>Eight SIMP new connections did not have their meters certified within five business days for electrical connection.</p> <p>Four SIMP reconnections had expired certification recorded on the registry when they were reconnected. For all four it appears the MEP information recorded on the registry is incorrect.</p> <p>One SIMP ICP did not have its meter recertified when it was unbridged.</p> <p>Potential impact: Low Actual impact: Low</p> <p>Audit history: Twice previously</p> <p>Controls: Moderate</p> <p>Breach risk rating: 2</p>
Audit risk rating	Rationale for audit risk rating
Low	<p>Certification is an MEP responsibility, and for some of the non-compliant ICPs it appears the information the MEP has recorded on the registry is incorrect.</p> <p>Controls are rated as moderate because Simply Energy has processes in place to ensure meters are certified before the ICP becomes active and a small number of ICPs are affected.</p>

Actions taken to resolve the issue	Completion date	Remedial action status
Proposed change to reconnection process to check that the ICP has a current certified meter. If it isn't then a Field Service job will be initiated to certify this meter.	31 August 2018	Identified
For unbridged meters, we have modified existing process to ensure any in this state are certified when the unbridging occurs.	9 August 2018	
Preventative actions taken to ensure no further issues will occur	Completion date	
New process put in place for Reconnections and unbridging meters.	31 August 2018	

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

Simply Energy confirmed there are arrangements in place with all networks they currently trade on.

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 was checked.

Audit commentary

Simply Energy confirmed there are arrangements in place with all MEPs for Simply Energy 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 new connections process was examined in detail to confirm compliance with the requirement to obtain ICP identifiers for points of connection to local or embedded networks.

Audit commentary

This requirement is well understood and managed by Simply Energy. The process is detailed in **section 2.9**.

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

The new connection, MEP nomination, and switching processes were examined in detail.

The new connection process was examined in detail. The SIMP and SELX registry list files as at 11 June 2018, and event detail reports for 1 June 2017 to 10 June 2018 were examined to evaluate the updating of the registry.

This clause links directly to **sections 3.3** and **3.5** below, where findings on the timeliness of updates are recorded.

Audit commentary

Simply Energy's processes are designed to ensure that trader information is populated as required by this clause. Late updates are recorded as non-compliance in **sections 3.3** and **3.5**.

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 process to manage status changes is discussed in detail in **sections 3.8** and **3.9** below. In this section I have examined the SIMP and SELX event detail reports for 1 June 2017 to 10 June 2018.

I used the extreme case methodology to examine a sample of ten ICPs that were updated more than 10 business days after the event date (or all late updates) for each status reason code and participant code. The 10 latest, or all late updates were reviewed for MEP changes for each participant code.

Audit commentary

SIMP

The table below shows that the registry was not updated within five business days for 24 of the 151 ICPs where a status change has been made during the audit period. 33 of the 354 MEP nominations were late.

Event	Year	Total ICPs	ICPs Notified Within 5 Days	ICPs Notified Greater Than 5 Days	Average Notification Days	Percentage Compliant
Changes to active - reconnections	2014	65	46	19	8.6	71%
	2015	158	145	13	2.6	92%
	2016	95	30	65	30.27	32%

Event	Year	Total ICPs	ICPs Notified Within 5 Days	ICPs Notified Greater Than 5 Days	Average Notification Days	Percentage Compliant
	2017	70	41	29	7	59%
	2018	120	106	14	4	88%
Change to de-energised vacant (1,4)	2014	3	1	2	5.3	33%
	2015	1	1	0	0	100%
	2016	8	8	0	1.4	100%
	2017	10	9	1	3	90%
	2018	12	12	-	2	100%
Change to de-energised - reconciled elsewhere (1,5)	2014	10	0	10	38.6	0%
	2015	12	5	7	25.5	42%
	2017	2	0	2	437	0%
	2018	-	-	-	-	100%
Change to de-energised ready for decommissioning (1,6)	2014	3	1	2	5	33%
	2015	16	4	12	107	25%
	2016	21	7	14	31	33%
	2017	7	4	3	83	57%
	2018	7	-	7	40	0%
Change to de-energised remotely by AMI meter (1,7)	2018	3	3	-	1	100%
Change to de-energised at pole (1,8)	2017	1	1	0	2	100%
	2018	5	2	3	12	40%
Change to de-energised at meter (1,9)	2016	2	0	2	7	0%
	2017	2	1	1	74	50%
	2018	-	-	-	-	100%

Event	Year	Total ICPs	ICPs Notified Within 5 Days	ICPs Notified Greater Than 5 Days	Average Notification Days	Percentage Compliant
MEP nomination	2018	354	321	33	4	91%

Late status updates

The ten latest (or all) status updates over 10 days were examined for each update type.

Late updates to **active (2,0)** were caused by:

- difficulty confirming the connection date where Simply Energy's contractor found the meter was already connected
- delays in receiving reconnection paperwork, or receiving incomplete paperwork
- corrections to reconnection dates.

Late updates to **de-energised ready for decommissioning (1,6)** were caused by delays in receiving paperwork, or delays in receiving confirmation the ICP was to be disconnected.

Late updates to **de-energised at pole (1,8)** were caused by delays in receiving disconnection paperwork and corrections to disconnection dates.

There were no late updates over ten days for other inactive statuses.

MEP nominations

For new connections MEPs are nominated as soon as Simply Energy has claimed the ICP and the date is confirmed. When an MEP change is required, Simply Energy nominates the MEP on the registry and logs a job for meter replacement at the same time.

I reviewed the ten latest MEP nominations and found:

- eight nominations were late due to human error; the MEP nomination was not sent at the time the job for meter replacement was logged
- one was backdated because it needed to be reissued with a different event date
- one nomination was late due to incorrect information on the metering being provided to Simply Energy.

SELX

The table below shows that the registry was updated within five business days for all status changes made during the audit period. No status changes occurred for SELX in 2017.

One MEP nomination was made late because of a backdated status update to ready. Simply Energy could not process the nomination until the ICP was able to be claimed.

Event	Year	Total ICPs	ICPs Notified Within 5 Days	ICPs Notified Greater Than 5 Days	Average Notification Days	Percentage Compliant
Changes to active - reconnections (2,0)	2018	2	2	-	4	100%

Event	Year	Total ICPs	ICPs Notified Within 5 Days	ICPs Notified Greater Than 5 Days	Average Notification Days	Percentage Compliant
Change to de-energised ready for decommissioning (1,6)	2018	1	1	-	1	100%
Change to de-energised remotely by AMI meter (1,7)	2018	1	1	-	1	100%
MEP nomination	2018	8	7	1	4	88%

Audit outcome

Non-compliant

Non-compliance	Description		
<p>Audit Ref: 3.3</p> <p>With: Clause 10 Schedule 11.1</p> <p>From: 01-Jul-17 To: 11-Jul-18</p>	<p>24 late status updates for SIMP.</p> <p>33 late MEP nominations for SIMP and one late MEP nomination for SELX.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: Three times previously</p> <p>Controls: Moderate</p> <p>Breach risk rating: 2</p>		
Audit risk rating	Rationale for audit risk rating		
Low	<p>Controls are rated as moderate, because most status updates and MEP nominations were processed on time and most of the delays were minor.</p> <p>The impact is assessed to be low, and I saw evidence that some of the late updates were to correct information.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
<p>For late MEP nominations Simply Energy now claims all new NHH ICPs and sets the status to inactive, connection in progress. This will eliminate the late MEP nominations that exists on new sites.</p> <p>Also for meter changes our Field Service template now has an entry to remind users to nominate the MEP when sending the work order off.</p>		1 August 2018	Identified

Preventative actions taken to ensure no further issues will occur	Completion date	
Simply Energy will investigate all late status updates to identify any further changes in process that are required.	30 September 2018	

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*
 - o *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

The new connection process was discussed and the SIMP and SELX list files as at 11 June 2018 were examined to identify any active ICPs that did not have an MEP recorded. All were checked to confirm an MEP nomination had been processed and accepted.

The timeliness of MEP nominations is discussed in **section 3.3**.

The event detail reports for SIMP and SELX for 1 June 2017 to 10 June 2018 showed two MEP nomination rejections for SIMP, and no rejected nominations for SELX. Both were checked to identify the root causes.

ICP Decommissioning

The process for the decommissioning of ICPs was examined. A typical sample of ten decommissioned ICPs for SIMP and all decommissioned ICPs for SELX were checked to prove the process and confirm the controls in place.

Audit commentary

Retailers Responsibility to Nominate and Record MEP in the Registry

Review of the registry lists found four ICPs with no MEP recorded and the unmetered flag set to no for SIMP, and none for SELX. In all cases, an MEP nomination had been processed and accepted.

Rejected MEP nominations are monitored and acted upon. Both rejected SIMP MEP nominations were reviewed. For one ICP, the nomination was reissued to a different MEP, who accepted. The other ICP was later decommissioned without a meter being installed.

ICP Decommissioning

Simply Energy continues with their obligations under this clause. ICPs that are vacant and active, or inactive are still maintained in Simply Energy's systems.

When an ICP is decommissioned, an attempt is made to read the meter at the time of removal. If this is not possible then the last actual meter reading is used. Simply Energy also advise the MEP responsible that a site is to be decommissioned.

A sample of ten decommissioned ICPs for SIMP and all decommissioned ICPs for SELX were examined, and I confirmed the MEP was notified and an attempt to gain a final reading was made. For three SIMP ICPs it was not possible to gain an actual reading because the meter had been removed by another party prior to Simply Energy becoming aware the ICP was to be decommissioned.

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:

- a) the participant identifier of the trader, as approved by the Authority (clause 9(1)(a))*
- b) 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 five 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 was examined in detail. The SIMP and SELX registry list files as at 11 June 2018, and event detail reports for 1 June 2017 to 10 June 2018 were analysed determine the overall performance for that period. I used the extreme case sample methodology to examine the ten latest, or all late status updates for each participant code.

Audit commentary

The new connection process is described in detail in **section 2.9**.

SIMP

The table below shows that the registry was not updated within five business days for 21 of the 183 new connections.

Event	Year	Total ICPs	ICPs Notified Within 5 Days	ICPs Notified Greater Than 5 Days	Average Notification Days	Percentage Compliant
Changes to active-new connections	2014	35	14	21	21.4	40%
	2015	104	78	26	6.9	75%
	2016	37	15	22	30.8	41%
	2017	151	126	25	5	83%
	2018	183	162		4	86%
Change to de-energised NC in progress (1,12)	2016	1	0	1	30	0%
	2017	4	1	3	24	25%
	2018	4	4	-	1	100%

The ten latest status updates to active were reviewed and found to be caused by delays in receiving metering information or certificates of compliance.

SELX

The table below shows that the registry was not updated within five business days for one of the two new connections.

Event	Year	Total ICPs	ICPs Notified Within 5 Days	ICPs Notified Greater Than 5 Days	Average Notification Days	Percentage Compliant
Changes to active-new connections	2017	-	-	-	-	100%
	2018	2	1	1	9	50%
	2017	-	-	-	-	100%

Event	Year	Total ICPs	ICPs Notified Within 5 Days	ICPs Notified Greater Than 5 Days	Average Notification Days	Percentage Compliant
Change to de-energised NC in progress (1,12)	2018	-	-	-	-	100%

The late status update to active was reviewed. SIMP was initially set as the proposed trader and claimed the ICP, but it should have been claimed by SELX. There was a delay while events were reversed so SELX could claim the ICP and make it active.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 3.5 With: Clause 9 Schedule 11.1 From: 29-Jun-18 To: 27-Apr-18	21 SIMP and one SELX status update were not processed within five business days of the event on the Registry. Potential impact: Low Actual impact: Low Audit history: Three times previously Controls: Moderate Breach risk rating: 2		
Audit risk rating	Rationale for audit risk rating		
Low	Most status updates were processed on time. Most of the delays were minor and for valid reasons. I saw evidence that Simply Energy's data review processes were identifying status mismatches for prompt correction.		
Actions taken to resolve the issue		Completion date	Remedial action status
Simply Energy will review all late status updates for the next two months to see if we can improve our performances further.		30 September 2018	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
We will review based on any late updates for further improvement.		31 October 2018	

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 process to capture and manage ANZSIC codes was examined. The registry lists for SIMP and SELX as at 11 June 2018 were reviewed to check ANZSIC codes.

- I checked all ICPs with “T99” series ANZSIC codes to confirm whether they were validly “unknown”
- I selected a diverse sample of 15 ICPs for SIMP and 10 active ICPs for SELX to confirm the validity of the ANZSIC codes applied.

Audit commentary

Processes are in place to review ANZSIC codes on switch in.

No SELX ICPs had blank or unknown ANZSIC codes.

Six SIMP ICPs had unknown ANZSIC codes. The unknown ANZSIC codes were checked and found to be timing differences:

- five were updated to the correct ANZSIC code prior to the on-site audit, after being detected through Simply Energy’s ANZSIC code reviews on business day 7 and 14
- one ICP had a short period of supply and switched out before being updated; it has since been updated by the new retailer.

Nine active SIMP ICPs had a blank ANZSIC code, all are embedded network residual load ICPs, and this is acceptable.

The accuracy of the ANZSIC codes for 15 SIMP ICPs and 10 SELX ICPs were checked. 15 were confirmed to be accurate, and findings for nine were inconclusive, but there was insufficient evidence to confirm that the codes were incorrect. One SIMP ICP appeared to have an incorrect code recorded:

ICP	Recorded code	Industry	Comment
0000170292UN556	D263 (Electricity Distribution)	Timber and building materials supplier	The ANZSIC code was populated by SIMP during part 10 updates.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 3.6 With: Clause 9 (1(k)) of Schedule 11.1 From: 01-Sep-17 To: 11-Jul-18	One SIMP ICP had an incorrect ANZSIC code recorded. 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 rated as strong, because they are sufficient to ensure that most ANZSIC codes are recorded correctly. The audit risk rating is low, because the unknown ANZSIC codes have been corrected and only one of the sample was found to be incorrect.		
Actions taken to resolve the issue		Completion date	Remedial action status
The incorrect ANZSIC code has been updated		7 August 2018	Cleared
Preventative actions taken to ensure no further issues will occur		Completion date	
No further action is required		16 August 2018	

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

The process to manage unmetered load was examined. The list files for SIMP and SELX as at 11 June 2018 were examined to identify any ICPs where:

- Unmetered load is identified by the Distributor, but none is recorded by Simply Energy.
- Simply Energy's unmetered load figure doesn't match with the Distributor's figure (where it was possible to calculate this if the Distributor is using the recommended format) and the variance is greater than 1.0kWh per day. 1.0 kWh per day was chosen as a sample only; this does not indicate compliance is achieved if an error is found that is less than 1.0 kWh per day.

Audit commentary

Analysis of the list files found 24 SIMP ICPs and no SELX ICPs which have unmetered load connected.

There were no ICPs where the distributor had unmetered load recorded but Simply Energy did not. Unmetered loads recorded on the registry were checked for all unmetered ICPs where the distributor's information enabled unmetered load to be recalculated (11 of 24), and found to be correct.

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 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

The new connection process was examined in detail, and is discussed in **sections 2.9**.

The SIMP and SELX list files as at 11 June 2018 were examined to identify any ICPs still at the status inactive - new connection in progress with an initial energisation date populated.

I checked all ICPs with a variance between the active date and the initial energisation date and/or meter certification date.

Findings in relation to the timeliness of status updates to active are recorded in **sections 3.3** and **3.5**.

Audit commentary

The 2017 audit found seven ICPs with more than one customer. Following the 2017 audit, Simply Energy created new ICPs for the affected customers, so that there is only one customer per ICP in their system. Procedures have been changed to ensure that there is only one customer per ICP.

SalesForce system does not allow ICPs to be set up without both a meter and Metering Equipment Provider, unless they are unmetered.

Pulse changes the status of an ICP to active once confirmation has been received from a contractor.

SIMP

All date discrepancies identified were reviewed, and Simply Energy's active dates were confirmed to be correct.

Initial energisation dates differed from the active date for four ICPs. In all cases the active date recorded by Simply Energy matched the connection paperwork.

There were some differences between the energisation date recorded by Simply Energy and the meter certification date.

- Eight ICPs did not have their meters certified within five business days of the initial energisation date, but Simply Energy's active dates were confirmed to be correct. The late certifications are recorded as non-compliance in **section 2.11**.
- 60 ICPs connected to embedded networks were certified prior to the active date; for these ICPs the initial energisation date was consistent with the active date. ICPs connected to embedded networks always become active from the first day of a month.

The 2017 audit found one ICP where Simply Energy had recorded an incorrect active date. The status and dates are now correct.

The registry list showed one ICP with new connection in progress status and an initial energisation date populated. Simply Energy's status was correct, and the distributor later removed the incorrect initial energisation date.

SELX

Review of the SELX event detail report and registry list confirmed that active dates were consistent with the meter certification date and initial energisation date for both new connections.

No SELX ICPs have new connection in progress status.

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

The SIMP and SELX list files as at 11 June 2018 were examined and confirmed no ICPs were at inactive - new connection in progress for more than 24 months.

The process to manage ICPs at the other inactive statuses was examined. A sample of five ICPs at each inactive status per code (or all ICPs if less than five were available) were checked using the typical characteristics methodology. The findings in relation to the timeliness of updates to registry is recorded in **section 3.3**.

Audit commentary

I reviewed the reason codes for the sample of disconnections checked, and confirmed that they had been applied appropriately. Late status updates are recorded as non-compliance in **section 3.3**.

SELX ICP 0000011417EA4E6 had an incorrect end date applied in Salesforce and DataHub. It should have had an end date of 04/05/2018, but had an end date of 03/05/2018. This is recorded as non-compliance below.

SIMP is responsible for 26 disconnected ICPs, and SELX for two. No ICPs with consumption while inactive were identified for SIMP or SELX. Disconnected ICPs do not normally receive meter readings; an end date is entered in DataHub so an import error will be created for any reads received and the agent or MEP responsible for providing readings will be asked to stop reading the meters. I recommend that Simply should check any reads received after disconnection for consumption, to determine whether the status is correct.

Description	Recommendation	Audited party comment	Remedial action
Consumption while inactive	Check readings received for disconnected ICPs, to determine whether consumption while inactive has occurred.	Simply Energy is to review its processes for reads received on disconnected ICPs.	Investigating

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 3.9 With: Clause 19 Schedule 11.1 From: 03-May-18 To: 04-May-18	One inactive SELX ICP had an incorrect end date. Potential impact: Low Actual impact: None Audit history: None Controls: Strong Breach risk rating: 1		
Audit risk rating	Rationale for audit risk rating		
Low	The controls are rated as strong, this appears to be an isolated data processing error. The impact is rated as low; the ICP was vacant prior to becoming inactive and has since been decommissioned. There is no impact on submission volumes.		
Actions taken to resolve the issue		Completion date	Remedial action status
The incorrect date has been corrected		16 July 2018	Cleared
Preventative actions taken to ensure no further issues will occur		Completion date	
There is no further action required.		16 August 2018	

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 what process is in place to manage and respond to such requests.

Simply Energy's processes to monitor ICPs at new and ready status were reviewed.

Registry lists as at 11 July 2018 were run to identify any ICPs with SIMP or SELX as the proposed trader, and an ICP status of new or ready.

Audit commentary

New connections are monitored on the Salesforce dashboard monthly, and progress is checked.

The registry list showed no ICPs at new or ready status for SELX, and 145 ICPs at new or ready status for SIMP. Some of the ICPs on the report have been at new or ready status for over two years.

Simply Energy have not received any requests for further information on new or ready ICPs during the audit period. Any requests received from Distributors are actioned.

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 switch gain process was examined to determine when Simply Energy deem all conditions to be met. A typical sample of five transfer switch ICPs each for SIMP and SELX were checked to confirm whether they were notified to the registry within two business days.

Audit commentary

Simply Energy's processes are compliant with the requirements of the Section 36M of the Fair Trading Act 1986. The withdrawal process is used if the customer changes their mind.

All NT files were issued on time.

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 SIMP and SELX event detail reports for 1 June 2017 to 10 June 2018 was reviewed, to identify AN files issued by Simply Energy during the audit period. A sample of two ANs per response code and participant code were reviewed to determine whether the codes had been correctly applied.

The switch breach detail reports were examined for the audit period.

The SIMP and SELX event detail reports for 1 June 2017 to 10 June 2018 were analysed to assess compliance with the requirement to meet the setting of event dates.

Audit commentary

SIMP

The content of a sample of four transfer AN files for SIMP were reviewed. The AA code was incorrectly applied for two ICPs with advanced meters, and the other ICPs had the correct codes applied.

The event detail report was reviewed for 139 transfer switches for SIMP:

- 134 (96.4%) had an event date within five business days of receipt of the NT
- 100% had an event date within ten business days of receipt of the NT.

No late AN files for transfer switches were identified on the switch breach history report.

SELX

The content of a sample of two transfer AN files for SELX were reviewed; both had the correct codes applied.

The event detail report was reviewed for 273 transfer switches for SELX:

- 271 (99.3%) had an event date within five business days of receipt of the NT
- 272 (99.6%) had an event date within ten business days of receipt of the NT; the event date set more than 10 days after the NT receipt date matched the gaining trader's proposed date.

No late AN files for transfer switches were identified on the switch breach history report.

Audit outcome

Non-compliant

Non-compliance	Description
<p>Audit Ref: 4.2</p> <p>With: Clauses 3 and 4 Schedule 11.3</p> <p>From: 24-Nov-17 and 18-Jul-17</p>	<p>An incorrect AN response code was provided for two SIMP ICPs with AMI metering. AA was applied instead of AD.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: Once previously</p> <p>Controls: Moderate</p> <p>Breach risk rating: 2</p>

Audit risk rating	Rationale for audit risk rating		
Low	<p>The controls are rated as moderate because the process to select the AN response code is manual, and two errors were detected in the small sample checked.</p> <p>The impact is low. Other participants can confirm whether AMI metering is in place through other registry fields.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
This issue has been resolved, the wrong codes were being applied prior to November 2017 but a process update has meant no reoccurrence.		15 December 2017.	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
As this is a manual process to assign the response code we are investigating automating the process so that the AMI Metering Flag is checked and auto populates the response code when sending AN files.		31 December 2018	

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 SIMP and SELX event detail reports for 1 June 2017 to 10 June 2018 were reviewed, to identify CS files issued by Simply Energy during the audit period. The accuracy of the content of CS files was confirmed by checking a sample of five records for each code, or all if less than five were available. The content checked included:

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

For SIMP, I checked a further 10 ICPs where the average daily consumption was zero, and all ICPs where the average daily consumption was over 300 kWh. There were no ICPs where the daily average consumption was negative.

For SELX, I checked all ICPs where the average daily consumption was zero. No switches had average daily consumption over 300 kWh or that were negative.

The process to manage the sending of the CS file within five business days of the event date was examined. The switch breach history report for the audit period was reviewed to identify late CS files.

Simply Energy's Part 10 Trader Switch Loss Procedure v10.2 procedure was reviewed, and found to be compliant with the code requirements. I reviewed the DataHub Online help document version 2.X to confirm the methodology to calculate average daily consumption.

Audit commentary

CS files are created using an ETL (extract, transform, load process) from information contained in Sales Force. Average daily consumption is calculated in DataHub as the consumption between the most recent validated read and the previous validated read, where the previous validated read is at least 21 days before the most recent validated read. If there is insufficient history to calculate the average daily consumption using readings, it will be estimated based on the channel's content type and period of availability, and whether the ICP is vacant. These values are noted as Forward Estimate Daily kWh in Sales Force. In the switch loss process this estimated value is manually copied to the Average Daily kWh field for inclusion in the CS file. If left blank, the CS file is populated with average daily consumption of zero.

I checked the accuracy of CS content by reviewing a sample of files. Readings, read types, and dates were all recorded accurately. The following issues with estimated daily consumption were identified:

- one SELX and 11 SIMP transfer CS files had zero estimated daily consumption applied in error; the differences between the applied and expected values were between 1 kWh and 397 kWh per day
- one SIMP transfer CS file had incorrect estimated daily consumption applied; 6 kWh was recorded in the file, but 20 kWh was expected.

The switch breach report contained two late CS files for transfer switches for SIMP and no late files for SELX. The reasons for the delays were unclear, but may in part be due to relying on the registry switch breach report to determine the due date. I recommend that Simply Energy relies on their own Salesforce dashboard, rather than the switch breach report.

Description	Recommendation	Audited party comment	Remedial action
Monitoring of compliance with switching timeframes	Monitor timeframes using the Salesforce Dashboard rather than the registry switch breach report. The registry switch breach report does not always calculate the correct number of days before a switch must be completed and reliance on it can lead to breaches for late switching files.	The process to use the Salesforce Dashboard, rather than the registry switch breach report, for monitoring timeframes has been reviewed and reinforced as a result of the audit recommendation.	Identified

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 4.3 With: Clause 5 Schedule 11.3 From: 08-Jun-17 To: 06-Jun-18	One SELX and 12 SIMP transfer CS files contained incorrect estimated daily consumption. Two late CS files for SIMP transfer switches. Potential impact: Low Actual impact: Low Audit history: None Controls: Weak Breach risk rating: 3		
Audit risk rating	Rationale for audit risk rating		
Low	Controls are rated as weak, because the manual process to transfer estimated daily consumption from one field to another in Salesforce before creating the CS is not consistently completed accurately. The potential impact will vary depending on the kWh difference, and whether the gaining retailer creates forward estimates for reconciliation or billing based on the estimated daily consumption provided in the CS file. The impact of the late CS files is assessed to be low.		
Actions taken to resolve the issue		Completion date	Remedial action status
Simply Energy is currently reviewing whether we can automate the updating of the average daily kWh values from Datahub. This review should be complete by end of August.		31 August 2018	Investigating
Preventative actions taken to ensure no further issues will occur		Completion date	
Once the review is complete we can make the change that is required.		30 November 2018.	

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 process for the management of read requests was examined.

The SIMP and SELX event detail reports for 1 June 2017 to 10 June 2018 were analysed to identify all read change requests and acknowledgements during the audit period.

Simply Energy did not reject any RR files for transfer switches. I checked all transfer switch RR files rejected by other traders. The content of a diverse sample of ten RR files was examined.

The switch breach history report for the audit period was reviewed to identify late RR and AC files.

Audit commentary

Advanced meters which have switched in on an estimate reading are checked against AMI data within two weeks of switch in, to determine whether a read change is required. Other read changes are identified through the read validation processes discussed in **section 9.5**.

No RR files for transfer switches were rejected by SELX or SIMP.

All examples of Simply Energy's RR files being rejected by other traders were examined, along with a sample of other read changes. In all cases there was a genuine reason for Simply Energy's RR, the file content was accurate, and the reads recorded in Simply Energy's system reflected the outcome of the RR process.

One SELX RR was not supported by two validated readings. This is recorded as non-compliance below.

The switch breach report recorded one late RR file for a transfer switch for SIMP, and no late AC files. This is recorded as non-compliance below. I investigated the reasons for the delay and found that the request was issued promptly once Simply Energy had obtained two actual readings.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 4.4 With: Clause 6(1) and 6A Schedule 11.3 From: 31-Aug-17 To: 18-Apr-18	One late RR file for a SIMP transfer switch. One SELX RR was not supported by two validated actual reads. Potential impact: Low Actual impact: Low Audit history: None Controls: Moderate Breach risk rating: 2		
Audit risk rating	Rationale for audit risk rating		
Low	The controls are rated as moderate as they are sufficient to mitigate the risk of non-compliance most of the time. The impact is assessed to be low, based on the small number of exceptions identified.		
Actions taken to resolve the issue		Completion date	Remedial action status
On all ICPs with non AMI Meters we collect monthly reads. With this now in place it should eliminate the late RR requests.		17 August 2018	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
Any new sites with two failed first reads will be prioritised over other no read sites.		31 October 2018	

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 process for the management of read change requests was examined. The SIMP and SELX event detail reports for 1 June 2017 to 10 June 2018 were analysed.

Audit commentary

Simply Energy is aware of the requirements of Clause 6(2) and (3) of Schedule 11.3.

No RRs were issued to SELX by other traders. No RRs were issued to SIMP by HHR only traders, or within five working days.

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

Audit observation

I confirmed with Simply Energy whether any disputes have needed to be resolved in accordance with this clause.

Audit commentary

Simply Energy confirmed that 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 switch gain process was examined to determine when Simply Energy deem all conditions to be met. A typical sample of five switch move ICPs each for SIMP and SELX were checked to confirm whether they were notified to the registry within two business days.

Audit commentary

Simply Energy's processes are compliant with the requirements of the Section 36M of the Fair Trading Act 1986. The withdrawal process is used if the customer changes their mind.

One SIMP NT file was not provided to the registry within two business days of pre-conditions being cleared. This is recorded as non-compliance below. All other NT files were issued on time.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 4.7 With: Clause 9 Schedule 11.3 From: 01-May-18 To: 15-May-18	One SIMP NT file was issued late. 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 and the impact was assessed to be low.		
Actions taken to resolve the issue		Completion date	Remedial action status
All switches for action are checked twice daily, used to be once a day. This will detect any ICPs ready for switching.		1 August 2018	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
There is no further action that can be taken as twice daily action should be sufficient.		1 August 2018	

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:*

- *confirmation of the switch event date; and*
 - *a valid switch response code; and*
 - *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—*
 - *is not earlier than the gaining trader’s proposed event date, and*
 - *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 SIMP and SELX event detail reports for 1 June 2017 to 10 June 2018 were reviewed, to identify AN files issued by Simply Energy during the audit period. A sample of two ANs per response code and participant code were reviewed to determine whether the codes had been correctly applied.

The event detail reports were analysed to assess compliance with the requirement to meet the setting of event dates.

The switch breach detail reports were examined for the audit period.

Audit commentary

SIMP

The content of a sample of six AN files was reviewed. Two ICPs had incorrect response codes, OC (occupied) was applied but the ICPs were vacant. AD should have been used because the ICPs both had advanced metering.

The event detail report was reviewed for 676 switch moves for SIMP:

- 100% had an event date within ten business days of receipt of the NT
- No switch moves had an event date prior to the gaining trader’s requested date.

No late AN files for switch moves were identified on the switch breach history report.

SELX

The content of a sample of three AN files was reviewed; all were correct.

The event detail report was reviewed for 59 switch moves for SELX:

- 100% had an event date within ten business days of receipt of the NT
- No switch moves had an event date prior to the gaining trader’s requested date.

No late AN files for switch moves were identified on the switch breach history report.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 4.8 With: Clause 10(1) Schedule 11.3 From: 05-Jun-18	An incorrect AN response code was provided for two SIMP ICPs which were vacant. OC was applied instead of AD. Potential impact: Low Actual impact: Low Audit history: Once previously Controls: Moderate Breach risk rating: 2		
Audit risk rating	Rationale for audit risk rating		
Low	The controls are rated as moderate because the process to select the AN response code is manual, and two errors were detected in the small sample checked. Both files were processed on the same day and time. The impact is low. Other participants normally confirm AMI metering is in place for the affected ICPs through other registry fields.		
Actions taken to resolve the issue		Completion date	Remedial action status
Investigate making the creation of an Acknowledgement File auto assign the response code based on the AMI information. This would eliminate the manual step of applying the response code.		30 September 2018	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
Auto assign response codes.		30 November 2018	

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 subclause (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 SIMP and SELX event detail reports for 1 June 2017 to 10 June 2018 were analysed to assess compliance with the setting of event dates requirements.

Audit commentary

Review of the event detail reports found no event dates were set earlier than the gaining trader's requested date for switch moves for SELX or SIMP.

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 SIMP and SELX event detail reports for 1 June 2017 to 10 June 2018 were reviewed, to identify CS files issued by Simply Energy during the audit period. The accuracy of the content of CS files was confirmed by checking a sample of five records for each code, or all if less than five were available. The content checked included:

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

For SIMP, I checked a further 10 ICPs where the average daily consumption was zero, and all ICPs where the average daily consumption was over 300 kWh. There were no ICPs where the daily average consumption was negative.

For SELX, all switch move CS files were checked.

The process to manage the sending of the CS file within five business days of the event date was examined. The switch breach history reports for the audit period were reviewed to identify late CS files.

Simply Energy's Part 10 Trader Switch Loss Procedure v10.2 procedure was reviewed, and found to be compliant with the code requirements.

Audit commentary

CS files are created using an ETL from information contained in Sales Force. Average daily consumption is calculated in DataHub as the consumption between the most recent validated read and the previous validated read, where the previous validated read is at least 21 days before the most recent validated read. If there is insufficient history to calculate the average daily consumption using readings, it will be estimated based on the channel's content type and period of availability, and whether the ICP is vacant. These values are noted as Forward Estimate Daily kWh in Sales Force. In the switch loss process this estimated value is manually copied to the Average Daily kWh field for inclusion in the CS file. If left blank, the CS file is populated with average daily consumption of zero.

I checked the accuracy of CS content by reviewing a sample of files. Readings, read types, and dates were all recorded accurately. The following issues with estimated daily consumption were identified:

- 10 SIMP switch move CS files had zero estimated daily consumption applied in error; the differences between the applied and expected values were between 5 kWh and 98 kWh per day
- one SELX switch move CS file had incorrect estimated daily consumption applied; 22 kWh was recorded in the file, but 27 kWh was expected.

The switch breach report contained five late CS files for switch moves for SIMP and no late files for SELX. The delays were caused by the withdrawal process, and backdated switch requests.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 4.10 With: Clause 11 Schedule 11.3 From: 05-Jul-17 To: 08-Jun-18	One SELX and 10 SIMP switch move CS files contained incorrect estimated daily consumption. Five late CS files for SIMP switch moves. Potential impact: Low Actual impact: Low Audit history: Three times previously Controls: Weak Breach risk rating: 3		
Audit risk rating	Rationale for audit risk rating		
Low	Controls are rated as weak, because the manual process to transfer estimated daily consumption from one field to another in Salesforce before creating the CS is not consistently completed accurately. The potential impact will vary depending on the kWh difference, and whether the gaining retailer creates forward estimates for reconciliation or billing based on the estimated daily consumption provided in the CS file. The impact of the late CS files is assessed to be low.		
Actions taken to resolve the issue		Completion date	Remedial action status
Simply Energy is currently reviewing whether we can automate the updating of the average daily kWh values from Datahub. This review should be complete by end of August.		31 August 2018	Investigating
Preventative actions taken to ensure no further issues will occur		Completion date	
Once the review is complete we can make the change that is required.		31 October 2018	

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 4 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 process for the management of read requests was examined.

The SIMP and SELX event detail reports for 1 June 2017 to 10 June 2018 were analysed to identify all read change requests and acknowledgements during the audit period.

Two RR files issued to SIMP were rejected, both were examined. I checked a diverse sample of ten of the 12 switch move RR files rejected by other traders.

The switch breach history report for the audit period was reviewed to identify late RR and AC files.

Audit commentary

No RR files for transfer switches were rejected by SELX, and two were rejected by SIMP. Both were checked, and found to be validly rejected based on the information available at the time. Both RRs were accepted once reissued.

All examples of Simply Energy's RR files being rejected by other traders were examined, along with a sample of other read changes. In all cases there was a genuine reason for Simply Energy's RR, the file content was accurate, and the reads recorded in Simply Energy's system reflected the outcome of the RR process.

Two SIMP RRs were not supported by two validated readings. This is recorded as non-compliance below.

The switch breach report recorded two late RR files for a switch moves, and no late AC files. This is recorded as non-compliance below. I investigated the reasons for the delays and found that the requests were issued promptly once Simply Energy had obtained two actual readings.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 4.11 With: Clause 6(1) and 6A Schedule 11.3 From: 18-Aug-17 To: 28-Feb-18	Two late RR files for SIMP switch moves. Two SIMP RRs were not supported by two validated actual reads. Potential impact: Low Actual impact: Low Audit history: Three times previously Controls: Moderate Breach risk rating: 2		
Audit risk rating	Rationale for audit risk rating		
Low	The controls are rated as moderate as they are sufficient to mitigate the risk of non-compliance most of the time. The impact is assessed to be low, based on the small number of exceptions identified.		
Actions taken to resolve the issue		Completion date	Remedial action status
On all ICPs with non AMI Meters we collect monthly reads. With this now in place it should eliminate the late RR requests.		17 August 2018	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
Any new sites with two failed first reads will be prioritised over other no read sites.		31 October 2018	

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 switch gain process was examined to determine when Simply Energy deem all conditions to be met. A typical sample of five (or all) HH switch ICPs each for SIMP and SELX were checked to confirm whether they were notified to the registry within three business days.

Audit commentary

Simply Energy’s processes are compliant with the requirements of the Section 36M of the Fair Trading Act 1986. The withdrawal process is used if the customer changes their mind.

All NTs checked were issued on time.

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 SIMP and SELX event detail reports for 1 June 2017 to 10 June 2018 were reviewed, to identify AN files issued by Simply Energy during the audit period. All AN codes were reviewed to determine whether the codes had been correctly applied.

The event detail reports were analysed to assess compliance with the setting of event dates requirements.

The switch breach detail reports were examined for the audit period.

Audit commentary

The content of all HH ANs issued for SIMP and SELX were reviewed. All switch response codes provided were correct.

No late AN files for switch moves were identified on the switch breach history report.

Audit outcome

Compliant

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 SIMP and SELX event detail reports for 1 June 2017 to 10 June 2018 were reviewed, to identify CS files issued by Simply Energy during the audit period. All HH CS files were checked.

The switch breach detail reports were examined for the audit period.

Audit commentary

Two HH files for SELX and 15 HH files for SIMP were identified.

The accuracy of the content of CS files was confirmed by checking all HH CS records. The content checked included ICP numbers and event dates, and was found to be accurate.

The switch breach report contained three late CS files for HH switches for SIMP and no late files for SELX. There was no obvious reason why the files were delayed, and as discussed in **section 4.3** it may in part be due to relying on the switch breach report to determine the due date.

Audit outcome

Non-compliant

Non-compliance	Description	
Audit Ref: 4.14 With: Clause 16 Schedule 11.3 From: 15-Jun-17 To: 22-Sep-17	Three late CS files for SIMP HH switches. Potential impact: Low Actual impact: Low Audit history: None Controls: Moderate Breach risk rating: 2	
Audit risk rating	Rationale for audit risk rating	
Low	Controls are rated as moderate, as they are sufficient to ensure that CS files are sent on time most of the time. The impact of the late CS files is assessed to be low.	
Actions taken to resolve the issue		Completion date
The process to use the Salesforce Dashboard, rather than the registry switch breach report, for monitoring timeframes has been reviewed and reinforced as a result of the audit recommendation.		15 August 2018
Preventative actions taken to ensure no further issues will occur		Completion date
No further action as per using the Sales Force Dashboard as above.		15 August 2018
		Remedial action status
		Identified

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 2 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)):*

- *the participant identifier of the trader making the withdrawal request (clause 18(c)(i)); and*
 - *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 switch withdrawal process was examined.

The SIMP and SELX event detail reports for 1 June 2017 to 10 June 2018 were reviewed to:

- identify all switch withdrawal requests issued by Simply Energy; the content of a sample of at least two ICPs from the event detail report for each withdrawal code (or all if less than two were available) and participant code were checked using the typical sampling methodology, as well as all withdrawal requests rejected by other traders
- identify all switch withdrawal acknowledgements issued by Simply Energy; a sample of ten (or all) rejections were checked for each participant code
- confirm timeliness of switch requests, as this is not currently being identified in the switch breach report.

The switch breach reports were checked for any late switch withdrawal acknowledgements and found six were recorded.

Audit commentary

The content of 18 NW files was compared to details in Salesforce, and in all cases, the withdrawal reasons provided by Simply Energy were accurate.

Two NWs were rejected by SELX, and 17 were rejected by SIMP. Review of all SELX rejections and a sample of ten rejections by SIMP confirmed they were based on sound information supported by good notes.

23 NWs issued by SIMP and two issued by SELX were rejected by other traders. All rejected NWs issued by SELX and a sample of 12 NWs issued by SIMP were reviewed. For the NW rejections by other traders, Simply Energy had good reasons, supported by notes in Salesforce at the time of sending the NW.

Analysis of the event detail reports found four NWs issued more than two calendar months after the switch date for SIMP, and none for SELX. All were checked to determine the reasons for the late files:

- two were withdrawn after Simply Energy realised they had been requested using the wrong participant code
- one customer cancellation withdrawal was late because the customer did not realise their tenant had arranged a switch out until the new retailer tried to disconnect the ICP
- one ICP required two withdrawals, initially for a metering issue, and once that was a resolved a date issue was identified.

Review of the switch breach report found no late NW or AW files.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 4.15 With: Clauses 17 and 18 Schedule 11.3 From: 01-Aug-17 To: 19-Mar-18	Four late NW files for SIMP. Potential impact: Low Actual impact: Low Audit history: Once previously Controls: Strong Breach risk rating: 1		
Audit risk rating	Rationale for audit risk rating		
Low	Controls are rated as strong, as they are sufficient to ensure files are sent on time unless exceptional circumstances exist. The impact is assessed to be low because a small proportion of NWs were issued late.		
Actions taken to resolve the issue		Completion date	Remedial action status
Simply Energy doesn't see any reason to change the current processes as these four issues were not process related.		17 August 2018	Identified These were isolated late withdrawals.
Preventative actions taken to ensure no further issues will occur		Completion date	
No further actioned required		17 August 2018	

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 meter reading process in relation to meter reads for switching purposes was examined. Examples to confirm this procedure have been examined as part of the sending of final information for switches and read requests made.

Audit commentary

All meter readings used in the switching process are validated meter readings or permanent estimates. This process is discussed further in **section 4.3**.

Simply Energy'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 Electricity Registry switch save protected retailer list was examined to confirm that none of the Simply Energy codes are save protected.

Win-back processes were examined to determine whether they are compliant.

I checked the SIMP and SELX event detail reports for 1 June 2017 to 10 June 2018, to identify any withdrawn switches with a CX code applied prior to the switch completion date, where the other retailer was switch save protected.

Audit commentary

Simply Energy confirmed that they contact customers who are switching out to confirm that the switch request is valid, but do not offer enticements for the customer to remain with Simply Energy.

I checked the event detail reports for all withdrawn switches during the audit period. All switch withdrawal requests for CX reasons were sent after 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

The SIMP and SELX registry list files as at 11 June 2018 were reviewed and found that SIMP supplied one ICP with shared unmetered load, and SELX supplied no ICPs with shared unmetered load.

I reviewed processes to identify shared unmetered load.

Audit commentary

Any new unmetered load will be identified through the validation checks described in **section 2.1**.

I conducted a manual calculation of unmetered load from the distributors' information and found the daily unmetered kWh applied was correct.

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

The SIMP and SELX registry list files as at 11 June 2018 were reviewed to confirm that Simply Energy has not supplied any ICPs with unmetered load over 3,000 kWh per annum.

Audit commentary

SELX does not supply any ICPs with unmetered load. There was no unmetered load over 3,000 kWh for SIMP.

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

The SIMP and SELX registry list files as at 11 June 2018 were reviewed to confirm that Simply Energy has not supplied any ICPs with unmetered load over 3,000 kWh per annum.

Audit commentary

SELX does not supply any ICPs with unmetered load. There was no unmetered load over 3,000 kWh for SIMP.

Simply Energy is aware of the unmetered load threshold and will install metering where an ICP breaches or is likely to breach the threshold.

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

Processes for distributed unmetered load were discussed.

Audit commentary

Simply Energy does not supply any distributed unmetered load.

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

Processes to ensure metering is installed and unmetered load is quantified were examined.

The process to manage distributed generation was examined. The SIMP and SELX registry list files as at 11 June 2018 were analysed and all ICPs where the Distributor has indicated distributed generation were identified. This was further broken down to identify any ICPs with a non distributed generation profile. The metering configuration for these ICPs was analysed to confirm if an injection channel was present and therefore distributed generation is present.

Simply Energy's records showed one remotely disconnected SIMP ICP where meters had been bridged as a means of reconnecting during the audit period.

Audit commentary

Metering installations installed

Simply Energy's new connection process includes a check that metering is installed before energisation occurs, or that any unmetered load is quantified. Subtraction is not used to determine submission information.

Generation

Review of the registry lists identified 20 active ICPs which had generation capacity recorded on the registry for SIMP and three for SELX.

Of those, five SIMP ICPs did not have generation metering recorded on the registry but the distributor had recorded generation. In all cases, it appears that the MEP or distributor records are incorrect and Simply Energy's records are correct.

ICP	Generation capacity	Fuel Type	Generation metering	Profile	Comments
0000046001TC684	750	liquid fuel	No	HHR	The ICP has a back up diesel generator. The ICP only has generation flow and the meter configuration recorded on the registry appears incorrect.
0000096001TCAD5	0	liquid fuel	No	HHR	This ICP is a generator. Reads show there had been no generation to date. The ICP only has generation flow and the meter configuration recorded on the registry appears incorrect.
0000100001NR87B	5000	fresh water	No	HHR	This ICP is a generator. The ICP only has generation flow and the meter configuration recorded on the registry appears incorrect.
0000518204NR36D	6	solar	No	HHR	The customer has confirmed that there is no generation at this ICP. Simply Energy asked the distributor to remove the generation details on the registry but they refused. This ICP was also recorded as a discrepancy in the 2017 audit.
0006679048RN8AB	1680	liquid fuel	No	HHR	Simply Energy believes no generation is present at this ICP.

Description	Recommendation	Audited party comment	Remedial action
Arrange for incorrect meter details on the registry to be updated by the MEP	Query the flow directions recorded on the registry for ICPs 0000046001TC684, 0000096001TCAD5 and 0000100001NR87B with the MEPs.	Simply Energy will work with the MEP's to update the metering information on the Registry.	Identified

Description	Recommendation	Audited party comment	Remedial action
Confirm whether generation is present for ICP 0006679048RN8AB with the distributor	Confirm whether generation is present for ICP 0006679048RN8AB, then arrange for the registry and metering to be updated as necessary.	There was no generation now at this site, this is confirmed by the customer. It appears there was at one stage historically. Register now updated to show Load only.	Cleared The registry has been updated.

Two other ICPs with generation capacity and no generation metering were identified during the 2017 audit. ICPs 9999999991CL570 and 9999999992CL9B0 were both confirmed not to have generation, and the distributor has removed the generation details on the registry.

Bridged meters

Bridging of meters is against Simply Energy's policies. One meter was bridged by an electrician without Simply Energy's authorisation during the audit period. Simply Energy discovered the bridging when they attempted to reconnect, and immediately unbridged the meter. The existence of a bridged meter is recorded as non-compliance below.

A correction was not processed to capture the consumption during the bridged period, this is recorded as non-compliance in **section 8.1**.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 6.1 With: Clause 10.13, Clause 10.24 and 15.13 From: 20-Nov-17 To: 22-Nov-17	One SIMP meter was bridged overnight. 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 rated as strong, because Simply Energy's policies do not allow bridging. The meter was bridged without Simply Energy's knowledge or authorisation and was unbridged the following day. The impact is low, because the bridged period was overnight and the consumption was expected to be low.		
Actions taken to resolve the issue		Completion date	Remedial action status
Simply Energy disputes this as the site was bridged by Contact Energy. So we do not accept this non compliant. Further we have an existing process that does not allow bridging of meters.		17 August 2018	Disputed

Preventative actions taken to ensure no further issues will occur	Completion date	
We believe no further action is required	17 August 2018	

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 SIMP or SELX are responsible for any GIPs.

Audit commentary

SIMP and SELX are not responsible for GIPs; compliance was not assessed.

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 SIMP and SELX registry lists with history for 1 June 2017 to 10 June 2018 were reviewed to confirm the profiles used.

The registry lists were matched with the metering installation details reports, to confirm whether AMI or HHR metering was present or control devices (if present) were certified.

Audit commentary

Eight SIMP ICPs had profiles requiring AMI metering or certified control devices. All eight SIMP ICPs were checked and I found they had a certified control device or AMI metering installed, and current final metering certification.

No SELX ICPs had profiles requiring AMI or HHR metering or certified control devices.

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

Processes relating to defective metering were examined.

A sample of defective meters were reviewed, to determine whether the MEP was advised, and if appropriate action was taken.

Audit commentary

Defective meters are typically identified through the meter reading validation process, or from information provided by the meter reader, agent, the MEP, or the customer. Upon identifying a possible defective meter, a field services job is raised to investigate and resolve the defect and a consumption correction is processed if necessary.

I reviewed four examples of potential defective meters, including one bridged meter, two stopped meters and one meter at a fire damage property. In all cases a field services job was raised and the MEP advised.

Corrections are discussed in **sections 8.1 and 8.2.**

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

The data collection process was examined in **section 2.3**.

Data collection and clock synchronisation processes were reviewed as part of the agent and MEP audits. Agents and MEPs are to advise Simply Energy of clock synchronisation discrepancies and adjustments.

Audit commentary

Information used to determine volume information is provided to Simply Energy by MEPs and agents. Data collection and clock synchronisation processes were examined as part of their respective audits.

No notifications of clock synchronisation events were received 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

The data collection process was examined. A diverse sample of 41 NHH meter readings were checked from the read files to DataHub.

Processes for collection and provision of meter condition information by Datacol, Delta, and Wells was reviewed as part of their agent audits. Simply Energy's processes to review and act upon this information were reviewed.

Processes for customer and photo reads were reviewed, including checking a sample of 10 customer and photo readings.

Audit commentary

Derivation of volume and labelling of readings

Review of a diverse sample of meter readings for 41 ICPs confirmed they are appropriately labelled, and validated readings are derived from meter readings.

Checks conducted when reads are taken

Delta has not provided reads to Simply Energy since 30 September 2017 and their last audit report recorded compliance. 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.

Datacol, Delta, and Wells conduct checks of meter and register numbers, and meter condition at the time they take readings and provide information on any issues identified to Simply Energy. Meter condition information is loaded into Salesforce and analysed along with no read events. Review of the reports did not reveal any events that required action by Simply Energy.

Customer and photo readings

Simply Energy accepts customer readings and photo readings. Where a read has not been obtained for an extended period, Simply Energy requests a clear photo to support the customer reading. Customer and photo readings are entered into Salesforce and then transferred to DataHub. DataHub only receives Salesforce reads which are marked as actual, so all customer and photo reads are entered as actual.

Customer readings and customer photo readings may only be treated as actual readings if they are validated against a set of actual readings from another source. I reviewed a sample of customer photo readings for 11 ICPs and found:

- six had been validated against at least two actual readings from another source
- three were not validated against two actual readings at the time they were entered but were validated by subsequent actual reads from other parties, and confirmed to be accurate

- two were not validated against at least two actual readings from another source but were treated as validated reads for billing and reconciliation purposes; this is recorded as non-compliance below.

Audit outcome

Non-compliant

Non-compliance	Description		
<p>Audit Ref: 6.6</p> <p>With: Clause 5 of schedule 15.2</p> <p>From: 01-Jul-17</p> <p>To: 18-Dec-17</p>	<p>Datacol does not complete phase failure checks.</p> <p>Five customer reads for SIMP ICPs were treated as validated without being validated against a set of reads from another source.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: Once previously</p> <p>Controls: Moderate</p> <p>Breach risk rating: 2</p>		
Audit risk rating	Rationale for audit risk rating		
Low	<p>The controls are assessed to be moderate and the impact is assessed to be low.</p> <p>Phase failure is often not indicated on non-AMI meters. It is expected there would be a relatively small number of meters read by Datacol where phase failure would be present or visible.</p> <p>The number of customer reads not validated against actual reads is low. For all customer readings where later actual reads were obtained, the customer readings were confirmed to be accurate.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
<p>Simply Energy is working with Datacol regarding the checks on phase failure and should know soon if their processes will do this in future.</p> <p>Customer reads will as resulting from this audit be completely removed from being used in reconciliation.</p>		31 August 2018	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
<p>Moving all manual meter read to providers who do check for phase failures.</p> <p>Customer reads removed from Reconciliation.</p>		31 October 2018.	

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 of the application of meter readings was examined.

Audit commentary

All reads received are applied as at 2400 hours on the day they were taken, with the exception of opening reads. Application of reads was reviewed as part of the historic estimate checks, discussed in **section 12.11**.

The process to manage readings for HHR to NHH downgrades and NHH upgrades was examined.

- One downgrade and no upgrades were completed for SIMP. The downgrade was processed accurately.
- No upgrades or downgrades were completed for SELX.

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

The process to manage missed reads was examined, including review of reports used in the process.

Simply Energy provided a list of SIMP ICPs not read during the period of supply for the audit period, which contained three ICPs. All were reviewed to determine whether reasonable endeavours were used to attain reads, and if exceptional circumstances existed.

Simply Energy confirmed that all SELX ICPs were read during the period of supply.

Audit commentary

When a customer is switching out, staff check whether the ICP has an actual read and if possible try to obtain one.

Simply Energy monitors read attainment using the following reports:

- **NRE (no read event) report**
This monthly report shows ICPs that have received no read event information from Simply Energy's agents. The events are reviewed, and appropriate action is taken according to the event information provided. For instance, if the no read event indicates the property is demolished this is queried with the property manager or customer, and if the event indicates a key is required for access Simply Energy contacts the customer to arrange a key.
- **Read KPI report**
The monthly KPI report shows AMI meters which have not been read for more than 35 days, and meters which have not been read for more than 80 and 120 days. The report is reviewed and appropriate action is taken to resolve the issues preventing read attainment with the MEP or customer. The report is prioritised by last actual read date.

All SIMP ICPs not read during the period of supply were reviewed. Exceptional circumstances existed in all cases.

All SELX ICPs received a read during the period of supply.

Audit outcome

Compliant

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

The meter reading attainment process was examined. Monthly reports for the months of October 2017 to April 2018 were provided.

The reports were reviewed to confirm that they met the meter reading frequency report requirements, and were submitted on time.

A sample of ten ICPs not read in the previous 12 months were reviewed for SIMP to determine whether exceptional circumstances existed and if Simply Energy had used their best endeavours to obtain readings. All SELX ICPs received actual readings in the previous 12 months.

Audit commentary

As discussed in **section 6.8**, there are processes in place to monitor read attainment, and attempt to resolve issues preventing read attainment.

Copies of the reports for October 2017 to April 2018 for SIMP and SELX were provided during the audit, 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.

SIMP

Month	Total NSPs where ICPs were supplied > 12 months	NSPs <100% read	ICPs unread for 12 months	Overall percentage read
Oct 17	106	9	17	97.63%
Nov 17	107	11	20	97.28%
Dec 17	106	10	17	97.68%
Jan 18	106	10	17	97.69%
Feb 18	113	11	18	97.73%
Mar 18	115	12	19	97.66%
Apr 18	116	14	21	97.47%

I reviewed ten SIMP ICPs not read in the previous 12 months determine whether exceptional circumstances exist, and if Simply Energy had used their best endeavours to obtain readings.

- For two ICPs, exceptional circumstances existed due to asbestos preventing safe access to the meter, or vacancy.
- For seven ICPs the best endeavours requirement was met.
- For one ICP, Simply Energy had tried to contact the property manager twice by email but had not received a response. To meet the best endeavours requirement, contact must be attempted at least three times using two different communication methods. This is recorded as non-compliance below.

SELX

Month	Total NSPs where ICPs were supplied > 12 months	NSPs <100% read	ICPs unread for 12 months	Overall percentage read
Oct 17	0	0	0	N/A
Nov 17	0	0	0	N/A
Dec 17	0	0	0	N/A
Jan 18	4	0	0	100%
Feb 18	4	0	0	100%
Mar 18	5	0	0	100%

Month	Total NSPs where ICPs were supplied > 12 months	NSPs <100% read	ICPs unread for 12 months	Overall percentage read
Apr 18	6	0	0	100%

All SELX ICPs had a read within the previous 12 months, and compliance is confirmed.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 6.9 With: Clause 8(1) and (2) Schedule 15.2 From: 01-Jul-17 To: 11-Jul-18	The best endeavours requirement was not met for one SIMP ICP which was unread for 12 months. 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, in most cases exceptional circumstances existed or the best endeavours requirements were met. The impact is low, 12 month read attainment rates are generally high.		
Actions taken to resolve the issue		Completion date	Remedial action status
Simply Energy is reviewing its process for no read events and has noted the Code for this.		31 August 2018	Investigating
Preventative actions taken to ensure no further issues will occur		Completion date	
With the new process in place this will resolve this issue going forward.		31 August 2018	

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

The meter reading attainment process was examined. Monthly reports for the months of October 2017 to April 2018 were provided.

A sample of three ICPs not read in the previous four months were reviewed for SELX and ten were reviewed for SIMP to determine whether exceptional circumstances existed and if Simply Energy had used their best endeavours to obtain readings.

Audit commentary

As discussed in **section 6.8**, there are processes in place to monitor read attainment, and attempt to resolve issues preventing read attainment.

The monthly meter reading reports provided were reviewed.

SIMP

Month	Total NSPs where ICPs were supplied > 4 months	NSPs <90% read	Total ICPs unread for 4 months	Overall percentage read
Oct 17	127	8	60	93.81%
Nov 17	127	17	65	93.29%
Dec 17	128	23	78	92.49%
Jan 18	132	21	72	93.20%
Feb 18	134	17	64	94.07%
Mar 18	134	18	67	93.88%
Apr 18	135	18	68	93.86%

I reviewed ten SIMP ICPs not read in the previous four months determine whether exceptional circumstances existed, and if Simply Energy had used their best endeavours to obtain readings. In all cases, Simply Energy used best endeavours to attempt to obtain readings.

SELX

Month	Total NSPs where ICPs were supplied > 4 months	NSPs <90% read	Total ICPs unread for 4 months	Overall percentage read
Oct 17	11	0	0	100%
Nov 17	14	0	0	100%
Dev 17	21	1	1	97.06%

Month	Total NSPs where ICPs were supplied > 4 months	NSPs <90% read	Total ICPs unread for 4 months	Overall percentage read
Jan 18	23	0	0	100%
Feb 18	24	0	0	100%
Mar 18	27	1	3	93.33%
Apr 18	28	1	3	95.89%

I reviewed all SELX NSPs which did not have at least 90% of ICPs read in the previous four months in April 2018. I found that the best endeavours requirement had been met for the three ICPs affected.

Audit outcome

Compliant

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 agent and MEP audits.

Audit commentary

Compliance with this clause has been demonstrated by Simply Energy's agents and MEPs as part of their own 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 EMS.

Audit commentary

Compliance with this clause has been demonstrated by EMS as part of their agent audit.

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 EMS. HHR interrogation data requirements were reviewed as part of their agent audit.

Audit commentary

Compliance with this clause has been demonstrated by EMS as part of their agent audit.

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 EMS. HHR interrogation log requirements was reviewed as part of their agent audit.

Audit commentary

Compliance with this clause has been demonstrated by EMS as part of their agent audit.

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 audits, and EMS' agent audit.

Audit commentary

Compliance with this clause has been demonstrated by the MEPs and EMS 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

Processes to archive and store raw meter data were reviewed during the agent and MEP audits. I checked that meter readings cannot be modified without an audit trail, and viewed archived meter reading data.

Audit commentary

The agents and MEPs are compliant with these clauses.

When this data reaches Simply Energy's systems, the level of security is also robust and unauthorised personnel cannot access raw meter data. I checked that data is retained by Simply Energy for at least 48 months.

Compliance with clause 18(3) of schedule 15.2 was examined, which requires that "...meter readings cannot be modified without an audit trail being created." Readings cannot be modified without an audit trail being created.

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

Collection of non-metering information was discussed with Simply Energy.

Audit commentary

Simply Energy does not deal with any non-metering information.

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

Processes for correction of NHH meter readings were reviewed. Examples of corrections were reviewed, including checking that updated consumption data flowed through to revision reconciliation submissions.

Audit commentary

Defective meters

Two defective meters were identified for SIMP, and none were identified for SELX. Both the defective meters had consumption for the defective period appropriately estimated.

The previous audit identified that a correction for ICP 0007138525RN482 was processed, but the consumption was not spread over the correct period. I rechecked this ICP during the audit and confirmed that consumption was spread over the correct periods for the latest revisions for the ICP.

Incorrect multipliers

No corrections for incorrect multipliers were identified during the audit period for SIMP or SELX.

Inactive consumption

No instances of consumption during a period with inactive status were identified for SIMP or SELX during the audit period.

Bridged meters

The meter for SIMP ICP 0002930026TCB0D was bridged on 20/11/2017 and unbridged on 21/11/2017. No correction was processed for the bridged period, resulting in a small amount of under submission. No bridged meters were identified for SELX.

Bridging of meters is against Simply Energy's policies. Simply Energy understands that corrections are required to capture consumption not recorded on the meter during bridged period. The correction was not processed due to an oversight. The missed correction is recorded as non-compliance below.

Transposed meters

No examples of transposed meters were identified during the audit period. If transposed meters are identified, they will be corrected using the read renegotiation process if switch reads are affected, or by moving the readings to the correct registers.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 8.1 With: Clause 19(1) Schedule 15.2 From: 20-Nov-17 To: 22-Nov-17	One correction for a SIMP bridged meter was not processed. Potential impact: Low Actual impact: Low Audit history: Once previously Controls: Strong Breach risk rating: 1		
Audit risk rating	Rationale for audit risk rating		
Low	Controls are rated as strong, because Simply Energy's policies do not allow bridging, and they are aware that estimates should be created for bridged periods. The impact is low, because the bridged period was two days and the consumption was expected to be low.		
Actions taken to resolve the issue		Completion date	Remedial action status
Simply Energy is currently reviewing the Bridging consumption process and if there is a re-occurrence of another trader bridging one of our ICPs we will then have a process in place.		24/08/2018	Investigating
Preventative actions taken to ensure no further issues will occur		Completion date	
For the future we believe no action is currently required		24/08/2018	

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

HHR corrections are completed by EMS. EMS' processes were reviewed during their agent audit.

Audit commentary

Compliance with this clause has been demonstrated by EMS as part of their agent audit.

A correction for a metering error covering July 2016 to October 2017 for a SIMP ICP was reviewed during the EMS agent audit and found to be compliant. No other corrections occurred during the audit period for SIMP or SELX.

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 discussed.

Audit commentary

Simply Energy confirmed that no error or loss compensation arrangements are in place.

Audit outcome

Not applicable

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

Corrections are discussed in **sections 8.1** and **8.2**, which confirmed that raw meter data is not overwritten as part of the correction process. Audit trails are discussed in **section 2.4**.

Raw meter data retention for MEPs and agents was reviewed as part of their own audits.

Audit commentary

Compliance with this clause has been demonstrated by Simply Energy's MEPs and agents.

Journals for NHH and HHR corrections are compliant with the requirements of this clause.

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

A sample of reads and volumes were traced from the source files to Simply Energy's systems in **section 2.3**.

Provision of estimated reads to other participants during switching was reviewed in **sections 4.3, 4.4, 4.10 and 4.11**.

Correct identification of estimated reads, and review of the estimation process was completed in **sections 8.1 and 8.2**.

Audit commentary

Readings are clearly identified as required by this clause.

Customer readings and customer photo readings may only be treated as actual readings if they are validated against a set of actual readings from another source. In **section 6.6** I found:

- three customer readings were not validated against two actual readings at the time they were entered, but were validated by subsequent actual reads from other parties, and confirmed to be accurate
- two customer readings were not validated against at least two actual readings from another source but were treated as validated reads for billing and reconciliation purposes.

The incorrect labelling of these reads as validated readings is recorded as non-compliance below.

Audit outcome

Non-compliant

Non-compliance	Description
Audit Ref: 9.1 With: Clause 3(3) Schedule 15.2 From: 01-Jul-17 To: 18-Dec-17	Five customer reads for SIMP ICPs were treated as validated without being validated against a set of reads from another source. Potential impact: Low Actual impact: Low Audit history: Once previously Controls: Moderate Breach risk rating: 2

Audit risk rating	Rationale for audit risk rating		
Low	<p>The controls are assessed to be moderate and the impact is assessed to be low.</p> <p>The number of customer reads not validated against actual reads is low. For all customer readings where later actual reads were obtained, the customer readings were confirmed to be accurate.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
Simply Energy is removing Customer reads from going through the Reconciliation process completely as a result of this audit.		31 August 2018	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
Customer reads removed from Reconciliation process.		31 August 2018	

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

A sample of submission data was reviewed in **sections 11** and **12**, to confirm that volume was based on readings as required.

Audit commentary

Review of submission data 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

A sample of submission data was reviewed in **sections 11 and 12**, to confirm that volume was based on readings as required.

NHH data is collected by MEPs and agents, and HHR data is collected by EMS. Compliance was assessed as part of their MEP and agent audits.

Audit commentary

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

Manual meter readings do not record decimal places, and are not rounded or truncated on import into DataHub. AMI data is truncated on import into DataHub, readings are recorded to 0 decimal places, but the raw meter data is not truncated.

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 prepared by EMS, and their compliance was assessed as part of their agent audit. One example of a HHR estimate was reviewed.

Audit commentary

Compliance with this clause has been demonstrated by EMS as part of their agent audit. Estimation is conducted in GMMS. When estimation is required, GMMS selects a period of historic data, including at least three months where available. GMMS calculates an average of the data for each interval for each date over that period for the estimation. The process employed is robust and meets the "reasonable endeavours" requirement.

The estimate example provided was a permanent estimate. Reasonable endeavours were used to create an accurate estimate.

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 0 values.

Audit observation

I reviewed and observed the NHH data validation process, including checking a sample of reports used for validations and exceptions identified through the validation process. I reviewed the DataHub Online help document version 2.X.

Audit commentary

Simply Energy's NHH agents Datacol, Delta, and Wells perform read validation before the reads are provided to Simply Energy. This process was reviewed as part of their agent audits.

Simply Energy's NHH validation process is compliant. The import process checks:

- the reading relates a valid ICP meter and register
- the content of each field is valid and not corrupted, including dates and times.

The NHH validations check:

- the reading date falls between the data stream's opening and closing date
- the reading is consistent with the number of dials recorded
- whether the reading is higher than previous reads, which identifies negative consumption
- whether the meter has rolled over
- consumption between reads against the estimated forward daily kWh to identify high, low or zero consumption.

Any ICPs which fail the validation are individually reviewed. The user can manually force a read to pass validation so that it is published and available for reconciliation and billing, or leave the read as unvalidated.

Following read validation, billing validation takes place. The billing validations compare invoices for each ICP to the previous three months' invoices to identify any anomalies.

NHH reads sent to EMS for reconciliation are also validated by EMS, and exceptions are sent to Simply Energy for investigation and resolution. Simply Energy also validates EMS' records against their own. These validation checks are discussed in **section 12.3**.

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 data validation is completed by EMS and the process was assessed as part of their agent audit.

I reviewed and observed the AMI data validation processes, including checking a sample of data validations and meter event logs.

Audit commentary

HHR

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

AMI

AMI data is validated using the NHH validation process described in **section 9.5**.

Meter event log information is received from most MEPs, and most of the data received is reviewed. All MEPs except Arc have advised Simply Energy that they will also advise them by email if any meter events that require urgent attention occur.

MEP	Event data received	Event data reviewed
AMS	Yes	Yes. The event files are loaded into a database and reviewed using queries.
Smartco	Yes	
Metrix	Yes	No. The files are received but cannot currently be reviewed. Simply Energy are awaiting an IT solution.

MEP	Event data received	Event data reviewed
WEL Networks	Yes	No. These will be analysed once the process to receive the data files from WEL Networks is automated. I viewed a sample of WEL Network's event files and found that no events were recorded.
FCLM	Yes	Yes. FCLM provides event logs on request. FCLM have advised that they review the logs each day and will also advise Simply Energy of any issues by email. Simply Energy requests files approximately quarterly to confirm whether there have been any events. They last requested information in June 2018.
Arc	No	No. Arc do not provide meter event logs and have advised Simply Energy that they do not intend to.

Audit outcome

Non-compliant

Non-compliance	Description		
<p>Audit Ref: 9.6</p> <p>With: Clause 17</p> <p>Schedule 15.2</p> <p>From: 01-Jul-17</p> <p>To: 11-Jul-18</p>	<p>Event log information is not received from Arc.</p> <p>Event log information provided by Metrix and WEL Networks is not routinely reviewed.</p> <p>Potential impact: Medium</p> <p>Actual impact: Low</p> <p>Audit history: Multiple times</p> <p>Controls: Moderate</p> <p>Breach risk rating: 2</p>		
Audit risk rating	Rationale for audit risk rating		
Low	<p>The controls are rated as moderate, because event logs are received and reviewed for most meters.</p> <p>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.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
Simply Energy is currently reviewing its processes as these Event Logs provided are all in different formats.		30 September 2018	Identified

Preventative actions taken to ensure no further issues will occur	Completion date	
Once reviewed we will look at what automation can be obtained and put this in place. We will also review whether we replace all of the Arc meters to comply with the Code.	30 November 2018	

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

Simply Energy 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

Simply Energy 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

Simply Energy 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

Simply Energy 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

Processes to create buying and selling notifications, and trading notifications for new profiles applied during the audit period were reviewed.

Audit commentary

Simply Energy do not routinely create trading notifications. They are normally created where EMS advises they are required because file has failed the reconciliation manager's file checker process.

There is no facility to enter new profiles against an existing NSP on the reconciliation manager portal. Non-standard profile SFI began for SELX on 01/10/2017. No trading notification was provided because the profile was used at NSPs which already had trading notifications in place.

Audit outcome

Non-compliant

Non-compliance	Description
Audit Ref: 11.1 With: Clause 15.3 From: 01-Oct-17 To: 01-Oct-17	No trading notification was provided for SFI profile for SELX. Potential impact: None Actual impact: None Audit history: None Controls: Moderate Breach risk rating: 2
Audit risk rating	Rationale for audit risk rating
Low	There is no impact, Simply Energy confirmed that reconciliation manager's system recorded the profile correctly, because the allocation data received from the reconciliation manager included this profile.

Actions taken to resolve the issue	Completion date	Remedial action status
No action can be taken unless the Reconciliation Manager changes the Trade Notification process. Simply Energy disputes the non compliance as the Trading Notification process does not allow for profile information.	17 August 2018	Disputed
Preventative actions taken to ensure no further issues will occur	Completion date	
We see no further action required on this issue.	31 August 2018	

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

The process for the calculation of ICP days was examined by checking all HHR NSPs and 10 NHH NSPs for SELX, and 10 HHR NSPs and 10 NHH NSPs for SIMP on the April 2018 AV110 submissions.

I reviewed GR100 report variances for June 2017 to April 2018 for SIMP and SELX, and investigated any large discrepancies.

Audit commentary

ICP days calculations are conducted by EMS for SIMP and SELX. Review of a sample of ICP days submission data confirmed that it was calculated correctly. There is validation in place to ensure Madras has correct start and end dates as discussed in **section 12.3**.

Issues identified during the 2017 audit were followed up:

- HHR ICP days and consumption are now correctly reported for generation only ICPs.
- ICP days are still sometimes recorded against a different GXP to what is recorded on the registry for ICP 0003146255BU6E0 in balancing area ROBERTSBUEL. I confirmed that the ICP days reported correctly reflect the NSP that consumption is submitted against for this ICP. The movement of generation consumption between NSPs is discussed further in **section 11.4**.

The tables below show the GR100 ICP comparison variances for HHR and NHH.

SIMP NHH

Review of the ICP days comparison found that registry ICP days are consistently higher than the submitted ICP days. The difference is primarily caused by ICP days for 22 SB (embedded network residual load) ICPs. Simply Energy does not submit volumes or ICP days for these ICPs as agreed with the Reconciliation Manager. Volumes for these ICPs are calculated by the Reconciliation Manager and included in the GR040 (balanced HHR and NHH data report). The remainder of the differences relate to timing of switch events.

Month	R1	R3	R7	R14
Jun 2017	1.28%	1.14%	0.79%	0.89%
Jul 2017	1.21%	1.35%	1.22%	1.22%
Aug 2017	1.31%	1.25%	1.23%	1.32%
Sep 2017	1.22%	1.27%	1.19%	1.28%
Oct 2017	1.33%	1.26%	1.17%	1.08%
Nov 2017	1.26%	1.15%	1.09%	-
Dec 2017	1.34%	1.31%	1.23%	-
Jan 2018	1.19%	1.18%	1.24%	-
Feb 2018	2.22%	2.04%	1.02%	-
Mar 2018	1.24%	1.24%	-	-
Apr 2018	1.13%	0.73%	-	-

SIMP HHR

Differences for February and March 2018 were checked, and found to be caused by:

- switch event timing,
- incorrect start dates provided to EMS which were subsequently corrected; and
- delays in receiving HHR data for new connections.

Month	R1	R3	R7	R14
Jun 2017	0.00%	0.00%	0.00%	0.00%
Jul 2017	0.00%	0.00%	0.00%	0.00%

Month	R1	R3	R7	R14
Aug 2017	1.24%	-0.36%	-0.32%	-0.32%
Sep 2017	-0.64%	0.00%	0.00%	0.00%
Oct 2017	0.04%	0.04%	0.04%	1.20%
Nov 2017	0.00%	1.00%	0.00%	-
Dec 2017	0.00%	0.00%	0.00%	-
Jan 2018	0.00%	0.00%	0.00%	-
Feb 2018	1.09%	0.31%	1.22%	-
Mar 2018	2.25%	0.45%	-	-
Apr 2018	0.00%	1.02%	-	-

SELX NHH

The differences for August, September and October were checked. Although the percentage differences appear large, they were all less than 93 days. A sample of 20 balancing area level differences were checked, and confirmed to be caused by backdated switch events.

Month	R1	R3	R7	R14
Jun 2017	0.00%	0.00%	0.00%	0.00%
Jul 2017	0.00%	0.00%	0.00%	0.00%
Aug 2017	13.64%	0.00%	0.00%	0.00%
Sep 2017	7.08%	4.88%	0.00%	0.00%
Oct 2017	0.00%	-4.52%	-4.52%	-4.52%
Nov 2017	0.00%	0.00%	0.00%	-
Dec 2017	0.00%	-0.23%	0.00%	-
Jan 2018	0.11%	0.00%	0.00%	-

Feb 2018	-1.01%	1.07%	0.00%	-
Mar 2018	0.00%	0.00%	-	-
Apr 2018	-0.04%	-0.04%	-	-

SELX HHR

Registry and submitted ICP days matched in all cases.

Month	R1	R3	R7	R14
Jun 2017	0.00%	0.00%	0.00%	0.00%
Jul 2017	0.00%	0.00%	0.00%	0.00%
Aug 2017	0.00%	0.00%	0.00%	0.00%
Sep 2017	0.00%	0.00%	0.00%	0.00%
Oct 2017	0.00%	0.00%	0.00%	0.00%
Nov 2017	0.00%	0.00%	0.00%	-
Dec 2017	0.00%	0.00%	0.00%	-
Jan 2018	0.00%	0.00%	0.00%	-
Feb 2018	0.00%	0.00%	0.00%	-
Mar 2018	0.00%	0.00%	-	-
Apr 2018	0.00%	0.00%	-	-

Audit outcome

Compliant

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

The process for the calculation of electricity supplied was examined by checking five NSPs with a small number of ICPs each for SIMP and SELX to confirm the AV120 billed calculation was correct.

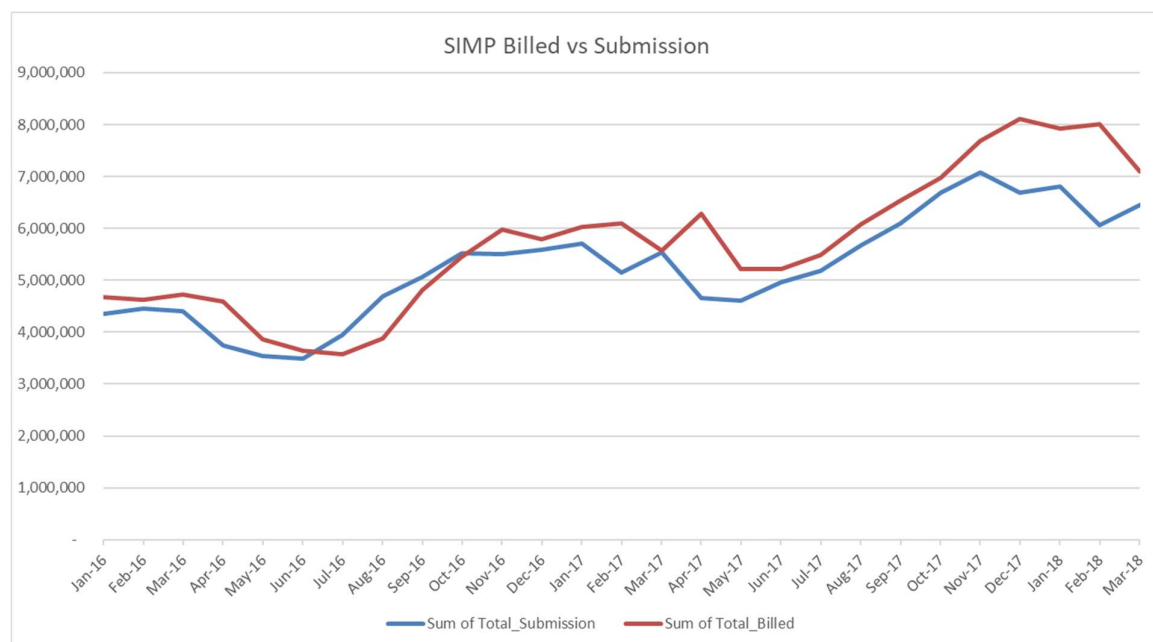
GR130 reports for January 2016 onwards were reviewed to confirm whether the relationship between billed and submitted data appears reasonable. Simply Energy's own analysis of billed versus submitted data was reviewed.

Audit commentary

SIMP

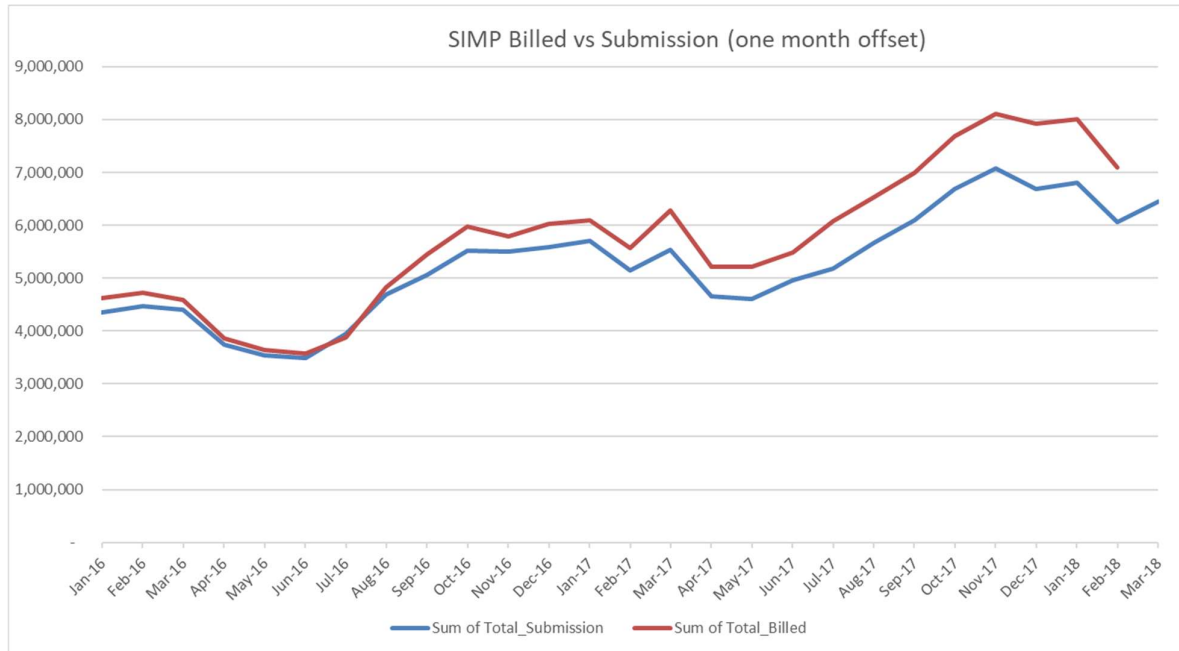
The AV120 calculations were checked for a sample of five NSPs with a small number of ICPs and confirmed to be correct.

The chart below shows a comparison between submissions and electricity supplied information.



When the billed and submission periods are aligned, the shape is very close, but billed data is consistently higher. The primary reason for the difference is that the billed data includes unmetered volumes for 22 SB (embedded network residual load) ICPs, and the submission data excludes them. Volumes for these SB ICPs are calculated by the Reconciliation Manager and included in the GR040 (balanced HHR and NHH data report). I reviewed the volumes allocated to these ICPs over the audit period and noted that they were typically between 600,000 and 1,000,000 kWh per month.

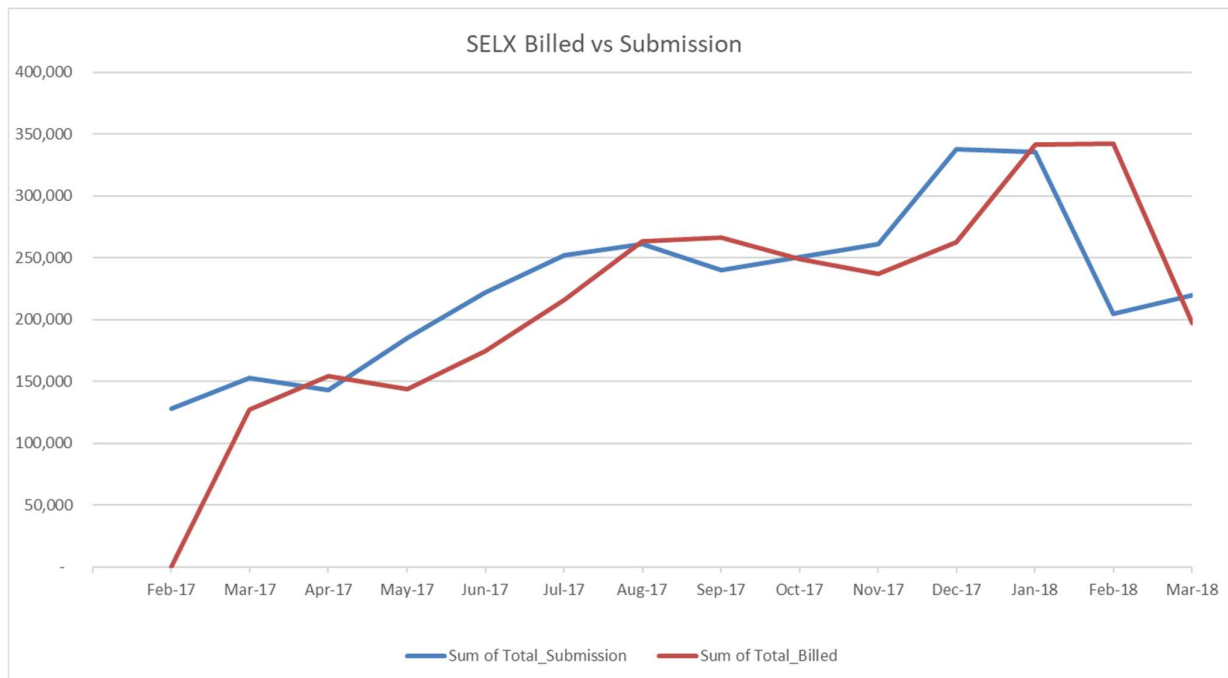
Simply Energy's analysis showed that once the differences caused by these SB ICPs are accounted for, the average difference between billed and submitted is under 1%.



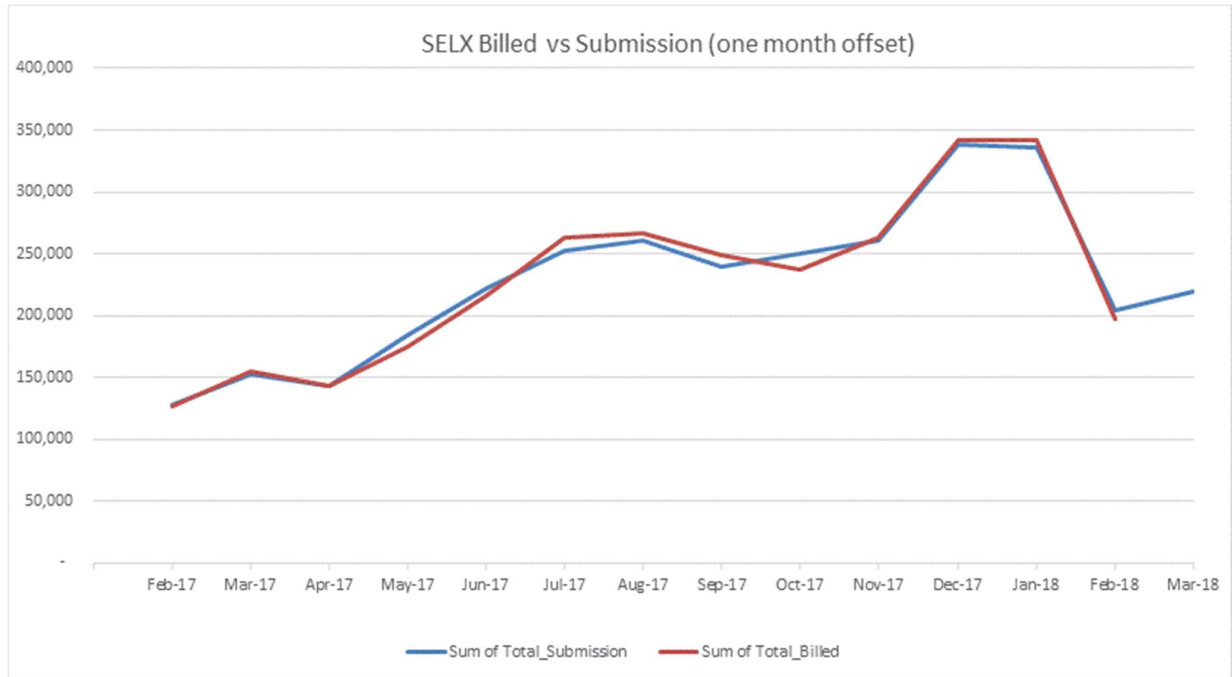
SELX

The AV120 calculations were checked for a sample of five NSPs with a small number of ICPs and confirmed to be correct.

The chart below shows a comparison between submissions and electricity supplied information.



The differences between billed and submitted data appear are caused by timing. When the billed and submission periods are aligned, the relationship between billed and submitted data is very close. Submitted data is 0.1% lower than billed for the period from February 2017 to February 2018.



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 prepares the HHR submissions and 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 for 11 submissions for SELX, and 12 submissions for SIMP. During the EMS audit, raw meter data from MV90 was matched against the aggregates submissions.

GR090 ICP Missing files were examined for all revisions for June 2017 to April 2018 for SIMP and SELX. All missing ICPs were reviewed.

Audit commentary

HHR aggregates and volumes submissions are prepared by EMS. The HHR aggregates report contains submission information, not electricity supplied information as specified under clause 15.8. Although the reports are consistent with the Reconciliation Manager Functional Specification, this is recorded as non-compliance below.

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 for 11 submissions for SELX and 12 submissions for SIMP. A difference between the volumes and aggregates files was identified for the August 2017 r0 and r1, because EMS were not providing HHR aggregates information for generation only ICPs. This issue was resolved promptly, and r3 and r7 aggregates files included generation only ICPs.

EMS reviews all GR090 (ICP missing) reports promptly, and investigates and corrects any data discrepancies.

GR090 files were examined for all revisions for June 2017 to April 2018 for SIMP and SELX, and all missing ICPs were reviewed. I found that the differences related to:

- Generation ICPs temporarily not being included in the aggregates files, which has been corrected for revision submissions.
- Timing differences for changes and corrections to NSPs.
- Backdated switches and withdrawals.
- ICP 0003146255BU6E0 generates electricity and is connected to ORO1101. Where constraints apply for ORO1101 the reconciliation manager moves load for ORO1101 to ORO1102, but not the generation. When ICP 0003146255BU6E0 is generating during an outage, Simply Energy instructs EMS to move the load and ICP days for the affected period to ORO1102 so that the generation does not receive a zero price. This can result in an ICP missing difference for the affected period because the ICP appears connected to ORO1101 on the registry.

The ICP missing discrepancies for 0007176228RN78E and 9999999991CL570 identified in the 2017 audit have both been resolved.

Audit outcome

Non-compliant

Non-compliance	Description
Audit Ref: 11.4 With: Clause 15.8 From: 01-Jul-17 To: 11-Jul-18	Aggregates file contains submission information. Generation only ICPs were temporarily excluded from the HHR aggregates file. 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	<p>The controls are recorded as strong, because one issue is cleared and the other is a code issue.</p> <p>The impact is assessed to be low:</p> <ul style="list-style-type: none"> • The issue relating to content of the aggregates file is an error in the code, Simply Energy is providing submission information as expected. • The issue relating to generation ICPs being excluded from the aggregates file has been cleared and the affected submissions have been washed up. 		
Actions taken to resolve the issue		Completion date	Remedial action status
<p>There is a misalignment between the Code requirements and the RM file specification. It is a problem known to the Authority and we are awaiting the Authority to resolve this.</p> <p>The issue relating to Generation ICPs was resolved after the last audit, there is no further action to be taken.</p>		14 August 2018	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
Electricity Authority to correct wording in the Code.		Unsure of when this will occur.	

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

Daylight saving adjustment is conducted by EMS and was reviewed as part of their agent audit.

Audit commentary

EMS uses the “trading period run on” technique for daylight saving adjustment. Compliance was confirmed in their agent 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

The process to create submissions was reviewed.

EMS prepares AV080, AV090 and AV140 submissions as Simply Energy’s agent. The submission data excludes unmetered volumes for 22 SB (embedded network residual load) ICPs as agreed with the Reconciliation Manager. Volumes for these ICPs are calculated by the Reconciliation Manager and included in the GR040 (balanced HHR and NHH data report).

- A diverse sample of NHH ICPs were checked to confirm submissions were correct. Further information on calculation of historic estimate is recorded in **section 12.11**, and the aggregation of the AV080 report was found to be compliant in **section 12.3**.
- HHR submissions are discussed in **section 11.4**.
- Alleged breaches were reviewed to determine whether any reconciliation submissions were late.

Audit commentary

NHH

A sample of SIMP and SELX NHH ICPs were checked to confirm whether they were handled correctly:

- No ICPs with consumption while inactive were identified.
- A sample of two ICPs with vacant consumption were checked, and found to be correctly reported. All vacant ICPs continue to be reported, like any other active ICP.
- All NHH ICPs with distributed generation were checked, and I found consumption was reported with the correct profile.
- 11 submission volumes for unmetered load for SIMP were recalculated, including standard unmetered and shared unmetered. No unmetered load is supplied by SELX. Simply Energy calculates readings for unmetered load, and provides them to EMS as described in **section 2.3**. The daily unmetered kWh x the number of active days in the month is added to the previous meter reading. For ICP 0000028893WE540, the January calculation was accidentally based on 28 days instead of 31, which resulted in under submission of 24 kWh. Simply Energy intends to correct the readings for the next revision. This was an isolated error. The other eight submission volumes checked for January 2018 were correct, as were the volumes for other months checked, which included the December 2017 volume for ICP 0000028893WE540. The error is recorded as non-compliance in **section 12.7**.

NHH data is reviewed prior to submission as discussed in **section 12.3**.

HHR

HHR submissions were reviewed in **section 11.4**. The 2017 audit found HHR vols file for SIMP contained submission information for ICP 007176228RN78E and it should have been submitted in the SELS file. I confirmed that this issue was resolved and the ICP was correctly submitted under SELS for r14, and excluded for SIMP.

HHR data is reviewed prior to submission as discussed in **section 12.3**.

Late submission

An alleged breach of Part 15 clause 4 (2) (ref 1801SIMP1) occurred on 02/05/2018, because Simply Energy failed to submit revised information on business day 13 by 16:00. The breach was closed early. Simply Energy and EMS believed that the files had been submitted on time, and the files were resubmitted immediately at the reconciliation manager's request.

Audit outcome

Non-compliant

Non-compliance	Description
Audit Ref: 12.2 With: Clause 15.4 From: 01-Jan-18 To: 31-Jan-18	Alleged breach 1801SIMP1 was recorded for late provision of revision information. 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	Controls are rated as strong and the risk as low, because submissions are normally completed on time and the breach for late submission was closed early without warning.		
Actions taken to resolve the issue		Completion date	Remedial action status
This issue has been cleared by the Compliance at the EA.		31 May 2018	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
A recommendation has been proposed to the Reconciliation Manager to further improve the functionality of their portal to report when some files in a zip file fail validation.		Unknown	

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

Processes to ensure that information used to aggregate the reconciliation reports are complete and accurate were reviewed, including review of reports used for validation and the Madras Reconciliation procedure. The processes to review submissions include:

- validation of Simply Energy data as discussed in **section 2.1**
- reconciliation of Simply Energy and EMS data
- review of the reconciliation reports prior to submission.

The process for aggregating the AV080 was examined by a walk-through of the controls in place, and by checking five small NSPs each for SIMP and SELX. The GR170 to AV080 files were compared for a diverse sample of seven months and revisions for SIMP and six months and revisions for SELX, to confirm zeroing occurs.

Audit commentary

Aggregation of the AV090 and AV140 was checked in **section 11.4**. Aggregation of the AV080 was checked and found to be accurate. Comparison of the GR170 and AV080 files for SIMP and SELX confirmed that zeroing occurs as required.

Simply Energy data checks

Checks to confirm that Simply Energy's data is complete and accurate are discussed in **section 2.1**.

Simply Energy to EMS consistency checks

Data consistency checks between EMS' Madras records, and Simply Energy's Salesforce and registry list file records are completed prior to business day 4 and business day 13.

- NHH reads sent to EMS for reconciliation are validated by EMS, and exceptions are sent to Simply Energy for investigation and resolution. Exceptions most commonly occur where EMS has not received the switch reading due to timing, but a subsequent AMI reading has been received.
- EMS provides a monthly file with ICP and meter details including start and end dates, which is reconciled to the registry list file. Any differences are investigated and resolved.
- The Madras Dashboard in Salesforce identifies ICPs that require action or need to be checked, including:
 - all accepted RRs which are checked to ensure that EMS and DataHub have the correct reads recorded
 - ICPs with an unexpected profile for the NSP or configuration
 - ICPs that are end dated but still have SIMP or SELX recorded as the retailer
 - ICPs where the start read is inconsistent with the start date
 - missing work flows, where status changes have occurred, and the data has not yet been sent to Madras; this includes ICPs that are end dated but do not have a final reading.
- Monthly, Madras data is compared to a start and end dated registry list to ensure that all ICPs are included in submissions for the correct dates.

Review of submission data created by EMS

EMS provides all submission data to Simply Energy for review prior to submission to the reconciliation manager.

I walked through the process to review submission data using the Power Query Validation tool. The tool compares the total submission volume (HHR volumes + NHH volumes + DFP volumes from the GR040) against the billed data and previous submissions for reasonableness.

ICP level AV080 submission data is provided and reviewed to identify any ICPs with unusually high or low consumption. These outliers are checked to make sure the data is accurate.

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

The registry list and NSP table were reviewed.

Audit commentary

Simply Energy is not a grid owner; compliance was not assessed.

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

The registry list and NSP table were reviewed.

Audit commentary

Simply Energy is not a local or embedded network owner; compliance was not assessed.

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

The registry list and NSP table were reviewed.

Audit commentary

Simply Energy is not a grid connected generator; compliance was not assessed.

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

The accuracy of submission information was reviewed, including a review of corrections in **sections 8.1 and 8.2**.

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

Audit commentary

The following data accuracy issues were identified during the audit:

- One correction for a SIMP bridged meter was not processed, and is discussed in **section 8.1**.
- The unmetered load submission for SIMP ICP 0000028893WE540 contained a calculation error in January 2018, and is discussed further in **section 12.2**.
- 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**.
- Some customer reads were treated as validated although they had not been validated against another set of actual readings. This is discussed further in **section 6.6**.

An alleged breach was recorded for late provision of submission information and is discussed in **sections 1.6 and 12.2**.

Audit outcome

Non-compliant

Non-compliance	Description		
<p>Audit Ref: 12.7</p> <p>With: Clause 15.12</p> <p>From: 01-Jun-17</p> <p>To: 11-Jul-18</p>	<p>One correction for a SIMP bridged meter was not processed.</p> <p>The unmetered load submission for SIMP ICP 0000028893WE540 contained a calculation error in January 2018.</p> <p>Historic estimate may be labelled as forward estimate where SASV are not available.</p> <p>Five customer reads for SIMP ICPs were treated as validated without being validated against a set of reads from another source.</p> <p>Alleged breach 1801SIMP1 was recorded for late provision of revision information.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: None</p> <p>Controls: Moderate</p> <p>Breach risk rating: 2</p>		
Audit risk rating	Rationale for audit risk rating		
<p>Low</p>	<p>Controls are rated as moderate, because they are sufficient to ensure that submissions are on time and correct most of the time.</p> <p>The impact is assessed to be low:</p> <ul style="list-style-type: none"> the unmetered load error caused under submission of 24 kWh which will be corrected and washed up the mislabelled historic estimate has no impact on the volumes reported only one bridged meter was identified; the bridged period was two days and the consumption was expected to be low the number of customer reads not validated against actual reads is low; for all customer readings where later actual reads were obtained, the customer readings were confirmed to be accurate the breach for late submission was closed early without warning. 		
Actions taken to resolve the issue		Completion date	Remedial action status
<p>We have corrected the unmetered load error and this will wash through in the coming months.</p> <p>Customer reads will be removed from going through our Reconciliation process.</p>		<p>31 August 2018</p>	<p>Identified</p>

Preventative actions taken to ensure no further issues will occur	Completion date	
The Customer Reads will be removed from our Reconciliation.	31 December 2018	

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

Three AV080 14 month revisions were reviewed for SIMP to identify any forward estimate still existing. 14 month revisions were not available for SELX for the period reviewed.

Audit commentary

A review of the SIMP AV080 14 month revisions for November 2016 to January 2017 showed forward estimates were present:

Month	Forward estimate (kWh)
Nov 2016	23,995
Dec 2016	19,616
Jan 2017	19,897
Total	63,508

The reasons that forward estimate remained were investigated.

Simply Energy does not have a process to replace estimates with permanent estimates by revision 14, so most of the differences relate to ICPs which did not receive an actual read by revision 14. When Simply Energy receives a read for a long term unread site, a permanent estimate read is provided to EMS to ensure that all consumption is captured and reported for reconciliation within the 14 month period. I reviewed examples where this process had been applied and noted that all consumption had been submitted within the 14 month period.

Where an ICP has only unmetered load connected, historic estimate is calculated correctly, but is reported as forward estimate. The incorrect labelling of historic estimate as forward estimate is recorded as non-compliance in **section 12.7** and **12.10**.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 12.8 With: Clause 4 Schedule 15.2 From: Nov 16 r14, Dec 16 r14 and Jan 17 r14	Not all estimates replaced by permanent estimates at R14. Potential impact: Medium Actual impact: Low Audit history: Multiple times Controls: Moderate Breach risk rating: 2		
Audit risk rating	Rationale for audit risk rating		
Low	The controls are recorded as moderate, because improvements could be made to the labelling of historic estimate. Simply Energy's processes will help to ensure that consumption is captured and reported, and 12 month read attainment rates are generally high. The audit risk rating is low, based on total forward estimate across the three months reviewed of 63,508 kWh.		
Actions taken to resolve the issue		Completion date	Remedial action status
The relabelling of unmetered load as Historical Estimate instead of Forward Estimate has been investigated and will require a system change. Due to the small number of ICPs this relates to we have not yet prioritised this change.		17 August 2018	Investigating
Preventative actions taken to ensure no further issues will occur		Completion date	
Simply Energy is working internally on whether to keep the ICPs as they are all for one customer. If they are retained then we will prioritise accordingly the system changes.		30 September 2018	

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 non 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

Processes to ensure that information used to aggregate the reconciliation reports is consistent with the registry were reviewed in **section 2.1**.

Aggregation and content of reconciliation submissions was reviewed, and the SIMP and SELX registry lists as at 11 June 2018 were reviewed.

Audit commentary

Compliance with this clause was assessed:

- All active ICPs with meter category 3 or higher have submission type HHR.
- Unmetered load submissions were checked in **section 12.2**. Non-compliance relating to one submission for one ICP is recorded in **section 12.7**.
- Eight SIMP ICPs had profiles requiring AMI metering or certified control devices. All had a certified control device or AMI metering installed, and current final metering certification. SELX does not use any profiles requiring AMI metering or certified control devices.
- No loss or compensation arrangements are required.
- Aggregation of the AV080 reports was checked by reviewing five NSPs with a small number of ICPs each for SIMP and SELX. NHH volume calculation was confirmed to be correct.

In summary, compliance has been achieved in relation to this section because the files contain the relevant information.

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

Nine AV080 submissions for SIMP and six for SELX were reviewed, 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

I reviewed AV080 submissions for a diverse sample of months and revisions for SIMP and SELX and confirmed that forward and historic estimates are included and identified as such.

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.
- For ICPs where only unmetered load is connected, SASV are never available. This consumption is labelled as forward estimate, but should be labelled as historic estimate.

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	Where SASV profiles are not available, consumption based on validated readings is labelled as forward estimate. Potential impact: None Actual impact: None Audit history: Multiple times Controls: Moderate Breach risk rating: 2

Audit risk rating	Rationale for audit risk rating		
Low	<p>The controls are recorded as moderate because historic and forward estimate is correctly identified most of the time.</p> <p>There is no impact on settlement because the calculation is correct; therefore the audit risk rating is low.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
The relabelling of unmetered load as Historical Estimate instead of Forward Estimate has been investigated and will require a system change. Due to the small number of ICPs this relates to we have not yet prioritised this change.		31 August 2018	Investigating
Preventative actions taken to ensure no further issues will occur		Completion date	
Simply Energy is working internally on whether to keep the ICPs as they are all for one customer. If they are retained then we will prioritise accordingly the system changes.		30 September 2018	

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

Simply Energy provided examples of historic estimate calculations, which were reviewed. The check of calculations included confirming that readings and Seasonal Adjusted Shape Values (SASV) were applied correctly.

Audit commentary

Historic estimate is prepared by EMS using the Madras system. The table below shows that all scenarios which had occurred are compliant. The check of calculations included confirming that readings and shape files were applied correctly.

Customer and photo reads are used to calculate historic estimate if they are recorded as actual readings. Incorrect classification of some customer and photo reads which could not be validated is recorded as non-compliance in **sections 6.6, 9.1 and 12.7**.

Test	Scenario	Test expectation	Result
a	ICP becomes Active part way through a month	Consumption is only calculated for the Active portion of the month.	Compliant
b	ICP becomes Inactive part way through a month.	Consumption is only calculated for the Active portion of the month.	Compliant
c	ICP become Inactive then Active again within a month.	Consumption is only calculated for the Active portion of the month.	Compliant
d	ICP switches in part way through a month on an estimated switch reading	Consumption is calculated to include the 1st day of responsibility.	Compliant
e	ICP switches out part way through a month on an estimated switch reading	Consumption is calculated to include the last day of responsibility.	Compliant
f	ICP switches out then back in within a month	Consumption is calculated for each day of responsibility.	Has not occurred
g	Continuous ICP with a read during the month	Consumption is calculated assuming the readings are valid until the end of the day	Compliant
h	Continuous ICP without a read during the month	Consumption is calculated assuming the readings are valid until the end of the day	Compliant
i	Rollover Reads	Consumption is calculated correctly in the instance of meter rollovers.	Has not occurred
j	Unmetered load for a full month	Consumption is calculating based on daily unmetered kWh for full month.	Compliant
k	Unmetered load for a part month	Consumption is calculating based on daily unmetered kWh for active days of the month.	Compliant
l	Network/GXP/Connection (POC) alters partway through a month.	Consumption is separated and calculated for the separate portions of where it is to be reconciled to.	Compliant
m	ICP with a customer read during the month	Customer reads are not used to calculate historic estimate unless they are validated.	Compliant
n	ICP with a photo read during the month	Photo reads are not used to calculate historic estimate unless they are validated.	Compliant

Test	Scenario	Test expectation	Result
o	ICP has a meter with a multiplier greater than 1	The multiplier is applied correctly	Compliant

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

The process to create forward estimates was reviewed.

Forward estimates were checked for accuracy by analysing the GR170 variances for SIMP and SELX over the audit period.

Audit commentary

EMS's 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 the target was met for all balancing areas, and the differences between revisions at aggregate level were small.

SIMP

Quantity of balancing areas with differences over 15% and 100,000 kWh

Month	Revision 1	Revision 3	Revision 7	Revision 14	Total
Feb 2017	0	0	0	0	88
Mar 2017	0	0	0	0	90
Apr 2017	0	0	0	-	90
May 2017	0	0	0	-	95

Month	Revision 1	Revision 3	Revision 7	Revision 14	Total
Jun 2017	0	0	0	-	95
Jul 2017	0	0	0	-	97
Aug 2017	0	0	0	-	99
Sep 2017	0	0	0	-	100
Oct 2017	0	0	0	-	102
Nov 2017	0	0	-	-	103
Dec 2017	0	0	-	-	102
Jan 2018	0	0	-	-	103
Feb 2018	0	0	-	-	104

The total variation between revisions at an aggregate level is shown below.

Month	Revision 1	Revision 3	Revision 7	Revision 14
Feb 2017	-0.93%	-3.18%	-2.58%	-0.96%
Mar 2017	0.21%	1.02%	0.39%	1.64%
Apr 2017	0.50%	0.52%	1.94%	-
May 2017	-0.65%	-1.13%	-0.85%	-
Jun 2017	-0.87%	-1.48%	-1.72%	-
Jul 2017	0.94%	0.81%	0.12%	-
Aug 2017	-0.19%	-0.66%	-1.48%	-
Sep 2017	-0.39%	-0.36%	-0.26%	-
Oct 2017	0.73%	0.95%	1.01%	-

Month	Revision 1	Revision 3	Revision 7	Revision 14
Nov 2017	0.24%	0.18%	-	-
Dec 2017	-0.22%	1.19%	-	-
Jan 2018	-0.47%	-0.53%	-	-
Feb 2018	-0.39%	-1.40%	-	-

SELX

Quantity of balancing areas with differences over 15% and 100,000 kWh

Month	Revision 1	Revision 3	Revision 7	Revision 14	Total
Feb 2017	0	0	0	0	1
Mar 2017	0	0	0	0	1
Apr 2017	0	0	0	-	2
May 2017	0	0	0	-	2
Jun 2017	0	0	0	-	2
Jul 2017	0	0	0	-	4
Aug 2017	0	0	0	-	7
Sep 2017	0	0	0	-	11
Oct 2017	0	0	0	-	18
Nov 2017	0	0	-	-	17
Dec 2017	0	0	-	-	19
Jan 2018	0	0	-	-	19
Feb 2018	0	0	-	-	20

The total variation between revisions at an aggregate level is shown below.

Month	Revision 1	Revision 3	Revision 7	Revision 14
Feb 2017	-86.76%	-86.78%	-86.78%	-86.78%
Mar 2017	0.00%	0.00%	0.00%	0.00%
Apr 2017	-5.30%	-5.30%	-5.30%	-5.30%
May 2017	0.00%	-15.50%	-15.50%	-
Jun 2017	0.00%	-24.36%	-24.36%	-
Jul 2017	-20.62%	-20.62%	-21.53%	-
Aug 2017	-0.02%	-2.08%	-3.76%	-
Sep 2017	0.01%	1.14%	1.30%	-
Oct 2017	0.34%	0.97%	4.38%	-
Nov 2017	0.54%	-1.29%	-	-
Dec 2017	0.00%	0.04%	-	-
Jan 2018	3.60%	0.26%	-	-
Feb 2018	-2.61%	-3.22%	-	-

While no differences exceeded the thresholds, some percentage differences between revisions were large. I reviewed the largest balancing area differences for February and April 2017 and found they were caused by commercial switch ins for SELX being estimated based on daily consumption of 20 kWh per day until sufficient history was available. In each case, actual reads received by revision 1 showed that the forward estimate was too low.

The 20 kWh per day value is set at system level in Madras and cannot be modified for individual ICPs. I recommend that Simply Energy discuss the feasibility of changing the default value for ICPs with EMS.

Description	Recommendation	Audited party comment	Remedial action
Default forward estimate	The default forward estimate of 20 kWh may be too high or low for some ICPs. Discuss the feasibility of being able to set or override the forward estimate at ICP level.	Simply Energy is investigating any changes proposed with EMS however this will require a system change.	Investigating

Audit outcome

Compliant

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

The SIMP and SELX registry lists with history for 1 June 2017 to 10 June 2018 were reviewed to identify all ICPs with profile changes. One SIMP ICP and 98 SELX ICPs have profile changes.

All ICPs with a profile change for SIMP, and a diverse sample of ten profile changes for SELX were checked to confirm that there was an actual reading or permanent estimate on the day of the profile change.

Audit commentary

Review of the sample confirmed that all profile changes are conducted using a meter reading or a permanent estimate on the day of the profile change.

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

Processes to ensure that information used to aggregate the reconciliation reports is consistent with the registry were reviewed in **section 2.1**.

Aggregation of NHH volumes is discussed in **section 12.3**, aggregation of HHR volumes is discussed in **section 11.4**.

Audit commentary

Submission information is provided to the reconciliation manager in the appropriate format and is aggregated to the following level for SIMP and SELX:

- 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

I reviewed the rounding of data on the AV080, AV090 and AV140 and reports as part of the aggregation checks.

Audit commentary

SIMP

Review of nine AV080 NHH volumes reports for SIMP confirmed that submission data is rounded to zero decimal places.

Review of 12 AV090 HHR volumes reports and 12 AV140 HHR aggregates reports for SIMP confirmed that submission data is rounded to zero decimal places.

SELX

Review of six AV080 NHH volumes reports for SELX confirmed that submission data is rounded to zero decimal places.

Review of 11 AV090 HHR volumes reports and 11 AV140 HHR aggregates reports for SELX confirmed that submission data is rounded to zero 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

Revision files were examined for six months for SELX and nine months for SIMP. 14 month revisions were not available for SELX for the period reviewed.

Audit commentary

The revision files were examined and showed that the targets were not met for some NSPs. The low proportion of HE is caused by lack of meter reads and some incorrect labelling of historic estimate as forward estimate as described in **section 12.10**.

SIMP

Quantity of NSPs where revision targets were met:

Month	Revision 3 80% Met	Revision 7 90% Met	Revision 14 100% Met	Total
Nov 2016	-	-	84	114
Dec 2016	-	-	96	115
Jan 2017	-	-	94	118
Jul 2017	-	119	-	129
Aug 2017	-	120	-	130
Sep 2017	-	119	-	132
Oct 2017	114	-	-	133
Nov 2017	119	-	-	134
Dec 2017	115	-	-	132

The table below shows the percentage HE at a summary level:

Month	Revision 3 80% Target	Revision 7 90% Target	Revision 14 100% Target
Nov 2016	-	-	98.38%
Dec 2016	-	-	98.70%
Jan 2017	-	-	98.74%
Jul 2017	-	96.69%	-
Aug 2017	-	95.24%	-
Sep 2017	-	96.16%	-
Oct 2017	92.61%	-	-

Month	Revision 3 80% Target	Revision 7 90% Target	Revision 14 100% Target
Nov 2017	94.58%	-	-
Dec 2017	95.16%	-	-

SELX

Quantity of NSPs where revision targets were met:

Month	Revision 3 80% Met	Revision 7 90% Met	Revision 14 100% Met	Total
Jul 2017	-	11	-	11
Aug 2017	-	14	-	14
Sep 2017	-	21	-	21
Oct 2017	23	-	-	23
Nov 2017	25	-	-	25
Dec 2017	27	-	-	27

The table below shows the percentage HE at a summary level:

Month	Revision 3 80% Target	Revision 7 90% Target	Revision 14 100% Target
Jul 2017	-	79.45%	-
Aug 2017	-	100.00%	-
Sep 2017	-	92.83%	-
Oct 2017	78.43%	-	-
Nov 2017	79.81%	-	-
Dec 2017	95.31%	-	-

Audit outcome

Non-compliant

Non-compliance	Description		
<p>Audit Ref: 13.3</p> <p>With: Clause 10 of schedule 15.3</p> <p>From: Nov 16-Jan 17 (r14), Jul 17-Sep 17 (r7) and Oct-Dec 17 (r3)</p>	<p>HE targets not met for some NSPs for some revisions for SIMP.</p> <p>Potential impact: Medium</p> <p>Actual impact: Low</p> <p>Audit history: Multiple times</p> <p>Controls: Moderate</p> <p>Breach risk rating: 2</p>		
Audit risk rating	Rationale for audit risk rating		
Low	<p>The controls are recorded as moderate because there could be some improvement made in the meter reading processes to ensure actual readings are available.</p> <p>There is a minor impact on settlement because the actual data is likely to be different to the estimated data; therefore the audit risk rating is low.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
Simply Energy actively manages this process of sites with no reads to attempt to get all sites read in a 12 month period.		17 August 2018	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
We are currently reviewing all sites not read to see whether they can be disconnected or if Advanced Meters can be installed.		31 October 2018	

CONCLUSION

Simply Energy has used two participant codes during the audit period (SIMP and SELX), and also acts as an agent for other participants. All codes use the same systems and processes. Unless otherwise specified, processes and non-compliances described in the report relate to all codes.

A summary of the key findings in each area are set out below:

Registry	No significant issues were identified.
Reading	<ol style="list-style-type: none">1. Customer and photo readings are routinely entered as actual reads, although they may not be validated against a set of actual readings from another source. Based on testing completed during the audit, it appears likely that these reads will be accurate.
Switching	<ol style="list-style-type: none">1. Some files were processed late. Reliance has been placed on the switch breach reports to identify when files are due.2. Incorrect average daily consumption was recorded in some CS files. The daily average consumption is manually copied from DataHub to Salesforce before creating the CS file, and where this step is missed zero daily consumption is populated.
Reconciliation	<ol style="list-style-type: none">1. Some minor submission accuracy issues were found, including incorrect labelling of forward estimate as historic estimate are recorded in section 12.10.2. There is no process to routinely enter permanent estimates, but Simply Energy has a workaround in place to ensure that consumption is captured and reported within the 14 month window.

The date of the next audit is determined by the Electricity Authority and is dependent on the level of compliance during this audit. The table below provides some guidance on this matter and contains a future risk rating score of 48, which results in an indicative audit frequency of 6 months. The future risk rating score is inflated by some exceptions affecting a small number of ICPs causing non-compliance in multiple report sections. The audit recorded 28 non-compliances; over half of these relate to small numbers of exceptions found in the switching and registry areas. For 26 of the 28 non-compliances, controls were rated as strong or moderate, and none of the non-compliances had a future risk rating over 3. 20 of the non-compliances have either been cleared, or clear actions to prevent recurrence have been identified and are being implemented.

Considering this, along with the proposed solutions to the matters raised, I believe 12 months is an appropriate next audit date recommendation.

PARTICIPANT RESPONSE

Simply Energy has reviewed this report, and their comments are contained within its body.