

Compliance plan for Mercury NZ Limited

Title: Relevant information		
Non-compliance	Description	
<p>Audit Ref: 2.1</p> <p>With: Clause 10.6,11.2 & 15.2</p> <p>From: 01-Jun-17</p> <p>To: 20-Feb-18</p>	<p>Some registry discrepancies, and one example of misleading information.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: Multiple</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 as they will mitigate risk most of the time, but there is room for errors to occur.</p> <p>The audit risk rating is low as the number of discrepancies is low.</p>	
Actions taken to resolve the issue		Completion date
<p>Re: issue noted as Mercury had the signed contract with the customer and the staff member believed they had used the correct code. Training has been updated.</p> <p>The second issue relating to automated processes is under investigation by our IT team as part of the recommendations</p>		24 April 2018
Preventative actions taken to ensure no further issues will occur		Completion date
<p>The user and broader team has been coached on the correct codes to use in this situation.</p> <p>MEEN anticipates UT fixes will occur as a result of the IT tickets.</p>		April 2019
		Investigating

Title: Temporary Electrical Connection of an ICP			
Non-compliance	Description		
<p>Audit Ref: 2.10 With: 10.33(1)</p> <p>From: 13-Oct-17 To: 31-Oct-17</p>	<p>One ICP was temporarily electrically connected where Mercury was not recorded as the responsible participant in the registry.</p> <p>Potential impact: Low</p> <p>Actual impact: None</p> <p>Audit history: None</p> <p>Controls: Weak</p> <p>Breach risk rating: 3</p>		
Audit risk rating	Rationale for audit risk rating		
Low	<p>The controls are rated as weak as Mercury claims all new connections post electrical connection and therefore they are not recorded in the registry as the responsible participant at the time of temporary electrical connection.</p> <p>The audit risk rating is low as this has no direct impact on reconciliation.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
This was identified as a one off operator error due to unclear paper work provided by a contractor. The staff member has been coached.		April 2018	Investigating
Preventative actions taken to ensure no further issues will occur		Completion date	
Ongoing coaching as required for the staff member. Mercury is unsure if the auditors recommended actions would have stopped this from occurring however the recommendation is looking to be implemented.		Ongoing	

Title: Electrical Connection of Point of Connection			
Non-compliance	Description		
<p>Audit Ref: 2.11 With: 10.33A</p> <p>From: 01-Jun-17 To: 12-Apr-18</p>	<p>73 ICPs electrically connected where Mercury was not recorded as the responsible participant in the registry.</p> <p>2 ICPs not certified within five business days of electrical connection.</p> <p>89 ICPs not certified within five business days of electrical reconnection.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: Multiple</p> <p>Controls: Weak</p> <p>Breach risk rating: 3</p>		

Audit risk rating	Rationale for audit risk rating		
Low	<p>The controls are rated as weak as Mercury does not use the “inactive - new connection in progress” status therefore late new connections also cause late MEP nomination. There are no controls in place to ensure reconnected ICPs with uncertified metering are certified within five business days.</p> <p>The audit risk rating is low as this has no direct impact on reconciliation.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
<p>MEEN is looking to implement the Auditors recommendation and investigate changing processes or refusing customers transfers.</p> <p>As noted by the auditor, it is MEP non-compliance that is triggering Retailer non-compliance.</p>		October 2018	Investigating
Preventative actions taken to ensure no further issues will occur		Completion date	
EA should consider this as an industry wide issue where compliance by a retailer is potentially unachievable.		2020	

Title: Changes to registry information			
Non-compliance	Description		
<p>Audit Ref: 3.3</p> <p>With: Clause 10 of schedule 11.1</p> <p>From: entire audit period</p>	<p>Registry not updated within 5 business days of the event for MEP changes, reconnections and disconnections.</p> <p>Potential impact: Medium</p> <p>Actual impact: Low</p> <p>Audit history: Multiple</p> <p>Controls: Weak</p> <p>Breach risk rating: 6</p>		
Audit risk rating	Rationale for audit risk rating		
Medium	<p>The controls are rated as weak as three automated update processes were found to be incorrectly backdating and updating ICPs with incorrect information.</p> <p>The audit risk rating is medium as the issues identified are affecting an unknown number of ICPs with incorrect status updates.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
MEEN is investigating additional reporting to identify these sites. Once reporting in place, a change to business processes will occur to manage these exceptions.		October 2018	Investigating

Preventative actions taken to ensure no further issues will occur	Completion date	
As above	October 2018	

Title: Trader responsibility for an ICP			
Non-compliance	Description		
Audit Ref: 3.4 With: Clause 11.18 From: 01-Jun-17 To: 12-Apr-18	The sending of erroneous MEP nominations when an AW file is sent. Potential impact: Low Actual impact: Low Audit history: Once Controls: Weak Breach risk rating: 3		
Audit risk rating	Rationale for audit risk rating		
Low	The controls are rated as weak as the AW automated update process is sending erroneous MEP nominations. The audit risk rating is low as this has no direct impact on reconciliation.		
Actions taken to resolve the issue		Completion date	Remedial action status
IT ticket for investigation has been raised.		October 2018	Investigating
Preventative actions taken to ensure no further issues will occur		Completion date	
Depending upon outcome of investigation, MEEN anticipates a fix will need to be implemented.		October 2019	

Title: Provision of information to the registry manager	
Non-compliance	Description
Audit Ref: 3.5 With: Clause 9 of schedule 11.1 From: 01-Jun-17 To: 12-Apr-18	Registry information not provided within 5 business days of commencement of supply. Potential impact: Low Actual impact: Low Audit history: Multiple Controls: Moderate Breach risk rating: 2

Audit risk rating	Rationale for audit risk rating		
Low	<p>The controls are rated as moderate as they will mitigate risk most of the time but there is room for errors to occur.</p> <p>The audit risk rating is low as the average cycle time to complete is still below 5 days, and only 0.009% of new connections took greater than 30 days to be updated.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
Refer 2.1. Change to process anticipated. This is part of the auditor's recommendations.		October 2018	Investigating
Preventative actions taken to ensure no further issues will occur		Completion date	
As above		October 2019	

Title: ANZSIC Codes			
Non-compliance	Description		
<p>Audit Ref: 3.6</p> <p>With: 9 (1(k) of Schedule 11.1</p> <p>From: 01-Jun-17</p> <p>To: 12-Apr-18</p>	<p>390 ICPs active ICPs with no or "Don't know" ANZSIC codes assigned.</p> <p>11 of 40 industry coded ICPs checked had an incorrect ANZSIC code.</p> <p>Potential impact: None</p> <p>Actual impact: None</p> <p>Audit history: Multiple</p> <p>Controls: Weak</p> <p>Breach risk rating: 3</p>		
Audit risk rating	Rationale for audit risk rating		
Low	<p>The controls are weak for the management of ANZSIC codes the accuracy of sample checked found 25% potentially incorrect.</p> <p>This has no direct impact on reconciliation therefore the audit risk rating is low.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
Since the audit MEEN has implemented a new process which has reduced the occurrence of this breach.		April 2018	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
As above no further preventative actions have been identified or recommended.		N/A	

Title: Changes to unmetered load		
Non-compliance	Description	
<p>Audit Ref: 3.7</p> <p>With: Clause 9(1)(f) of Schedule 11.1</p> <p>From: 01-Jun-17</p> <p>To: 12-Apr-18</p>	<p>Incorrect unmetered load is recorded for five ICPs</p> <p>Potential impact: Low</p> <p>Actual impact: Unknown</p> <p>Audit history: Multiple</p> <p>Controls: Moderate</p> <p>Breach risk rating: 4</p>	
Audit risk rating	Rationale for audit risk rating	
Medium	<p>I have rated the controls as moderate as the registry discrepancy process picks most errors up and the updating of the unmetered load query will further improve this.</p> <p>The audit risk rating is medium due to the unknown impact of the Kapiti coast ICP that has may have incorrect volumes being reconciled against the incorrect GXP and balancing area. The volumes associated with the unmetered load variances are small.</p>	
Actions taken to resolve the issue		Completion date
<p>MEEN has a project in place to specifically address UML sites. Some recently inherited sites were not picked up through audits of other retailers as being non-compliant. Dummy ICP's were used by previous retailers. MEEN therefore is starting from a low data bases as to what is in the field. This project will need customer support but is in train.</p>		April 2019
Preventative actions taken to ensure no further issues will occur		Completion date
Regular reviews of UML sites to identify issues		April 2019

Title: Management of “active” status			
Non-compliance	Description		
<p>Audit Ref: 3.8</p> <p>With: Clause 17 Schedule 11.1</p> <p>From: 01-Sep-17</p> <p>To: current</p>	<p>Four newly connected ICPs with incorrect active dates. Disconnected ICPs being incorrectly updated to active in the registry.</p> <p>Potential impact: Low</p> <p>Actual impact: Unknown</p> <p>Audit history: Multiple</p> <p>Controls: Weak</p> <p>Breach risk rating: 6</p>		
Audit risk rating	Rationale for audit risk rating		
Medium	<p>The controls are rated as weak as automated update processes were found to be incorrectly backdating and updating ICPs with incorrect information.</p> <p>The audit risk rating is medium as the issues identified are affecting an unknown number of ICPs with incorrect status updates.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
<p>For the 4 ICP errors Mercury had the correct date however this was a MEP error (see notes). Mercury has corrected the 4 errors.</p> <p>For the secondary issue an IT ticket has been raised to investigate and resolve.</p>		April 2019	Investigating
Preventative actions taken to ensure no further issues will occur		Completion date	
As above. It will depend upon the outcome of the IT ticket.		April 2020	

Title: Management of “inactive” status	
Non-compliance	Description
<p>Audit Ref: 3.9</p> <p>With: Clause 19 Schedule 11.1</p> <p>From: 23-May-17</p> <p>To: current</p>	<p>One ICP incorrectly at “inactive - new connection in progress” status.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: Multiple</p> <p>Controls: Strong</p> <p>Breach risk rating: 1</p>

Audit risk rating	Rationale for audit risk rating	
Low	<p>The controls are rated as strong as the status updates are working as expected and were correct except one ICP due to human error.</p> <p>The audit risk rating is low as only one ICP was found to be non-compliant.</p>	
Actions taken to resolve the issue		Completion date
Error corrected and coaching has been completed.		April 2018
Preventative actions taken to ensure no further issues will occur		Completion date
Ongoing coaching		Ongoing
Remedial action status		
Cleared		

Title: Losing trader response to switch request and event dates - standard switch		
Non-compliance	Description	
<p>Audit Ref: 4.2</p> <p>With: Clauses 3 & 4 of schedule 11.3</p> <p>From: 01-Jun-17</p> <p>To: 12-Apr-18</p>	<p>Incorrect sending of the AA AN response code for two ICPs with AMI metering for transfer switches.</p> <p>16 late AN files.</p> <p>Potential impact: None</p> <p>Actual impact: None</p> <p>Audit history: Once</p> <p>Controls: Moderate</p> <p>Breach risk rating: 2</p>	
Audit risk rating	Rationale for audit risk rating	
Low	<p>I have rated the controls as moderate as the controls will mitigate errors most of the time.</p> <p>I have recorded the audit risk rating as low as there is no direct effect on settlement outcomes in relation to this clause.</p>	
Actions taken to resolve the issue		Completion date
MEEN has identified that a system enhancement is required to rectify AA issue. There is a small enhancement ready to go to update the current SAP logic so that we can ensure our AN files are compliant, however, is on hold as EA is currently exploring Options for the acknowledge switch notification. This is through the Switch Technology group. MEEN would not like to further invest unless the decision has been made. We anticipate EA will make this decision towards the end of August.		2020
Remedial action status		Identified

Preventative actions taken to ensure no further issues will occur	Completion date	
Awaiting EA decision	2020	

Title: Losing trader must provide final information - standard switch		
Non-compliance	Description	
<p>Audit Ref: 4.3</p> <p>With: Clause 5 of schedule 11.3</p> <p>From: 01-Jun-17</p> <p>To: 20-Feb-18</p>	<p>Incorrect last read date for ICPs that close on an estimate.</p> <p>SAP transposing reads in the CS file for meters with two registers.</p> <p>Actual read not sent for the event date.</p> <p>Some late CS files.</p> <p>Potential impact: Low</p> <p>Actual impact: Medium</p> <p>Audit history: Twice</p> <p>Controls: Weak</p> <p>Breach risk rating: 6</p>	
Audit risk rating	Rationale for audit risk rating	
Medium	<p>I have rated the controls as weak as the system issue of transposed reads indicates a lack of controls.</p> <p>I have recorded the audit risk rating as moderate as this has a direct impact on other traders and on reconciliation.</p>	
Actions taken to resolve the issue		Completion date
<p>This was a one off operator error and they have been coached. There is no report in place and it's a very rare occurrence. There is also no impact to the customer or the market.</p> <p>The issue of Transposed reads was raised with the MEEN IT team and was resolved on 15.02.18. There has been no occurrence since then</p>		April 2018
Preventative actions taken to ensure no further issues will occur		Completion date
Mercury will consider what reporting may be needed to identify it in the future.		April 2019

Title: Retailers must use same reading - standard switch		
Non-compliance	Description	
<p>Audit Ref: 4.4</p> <p>With: Clauses 6(1) and 6A Schedule 11.3</p> <p>From: 01-Jun-17</p> <p>To: 20-Feb-18</p>	<p>11 late RR files and one late AC file sent.</p> <p>In some cases where a high switch reading is provided, and an RR is not issued, Mercury will modify the switch reading to match their first actual reading.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: Twice</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 overall as:</p> <ul style="list-style-type: none"> in most cases the reads recorded by Mercury match the switch reads, there are isolated instances where the switch read is modified, and no examples were found during the audit the process to ensure RRs are sent on time is robust with the small volume of late RR evidence of this. <p>The audit risk rating is low because:</p> <ul style="list-style-type: none"> the late RRs increase the level of accuracy in reconciliation and only 11 were sent late no examples of modified switch in reads were identified during the audit. 	
Actions taken to resolve the issue		Completion date
This has been referred to EA last year and has been included in the current code review process. It is being discussed in the EA technology group forum. This is specifically to get EA guidance on how to be compliant in situations where a RR is required but it is outside of the allowed timeframe.		2020
Preventative actions taken to ensure no further issues will occur		Completion date
Awaiting EA confirmation		2020
		Identified

Title: Losing trader provides information - switch move			
Non-compliance	Description		
<p>Audit Ref: 4.8 With: Clause 10 of schedule 11.3</p> <p>From: 01-Jun-17 To: 20-Feb-18</p>	<p>Incorrect sending of the AA AN response code for sites with AMI metering for move switches.</p> <p>Six late AN files.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: Twice</p> <p>Controls: Moderate</p> <p>Breach risk rating: 2</p>		
Audit risk rating	Rationale for audit risk rating		
Low	<p>I have rated the controls as moderate, as with the exception of the category 2 TOU sites files are being sent within the required timeframes.</p> <p>I have recorded the audit risk rating as low as there is no direct effect on settlement outcomes in relation to this clause.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
<p>Same as 4.2</p> <p>MEEN would need a system enhancement required to rectify AA issue. There is a small enhancement to update the current SAP logic so that we can ensure our AN files are compliant, however, is on hold as EA is currently exploring Options for the acknowledge switch notification. MEEN would not like to further invest unless the decision has been made.</p>		2020	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
Awaiting EA confirmation		2020	

Title: Losing trader determines a different date - switch move			
Non-compliance	Description		
<p>Audit Ref: 4.9</p> <p>With: Clause 10(2) Schedule 11.3</p> <p>From: 01-Sep-17</p> <p>To: 20-Feb-18</p>	<p>15 ICPs where the event date was set earlier than the gaining traders requested date.</p> <p>1 ICP where the event date was set greater than ten business days from the NT receipt date.</p> <p>Potential impact: Low</p> <p>Actual impact: None</p> <p>Audit history: Once</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 as the controls will mitigate risk most of the time but there is room for improvement.</p> <p>The audit risk rating is low as the CS was sent for the gaining trader's requested date in all instances so there is no impact on reconciliation.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
IT looking into this as system logic issue (not performing as expected). This is under investigation.		October 2018	Investigating
Preventative actions taken to ensure no further issues will occur		Completion date	
Raised with IT and preventative action will be based upon the outcome.		April 2019	

Title: Losing trader must provide final information - switch move			
Non-compliance	Description		
<p>Audit Ref: 4.10</p> <p>With: Clause 11 of schedule 11.3</p> <p>From: 01-Jun-17</p> <p>To: 20-Feb-18</p>	<p>Incorrect last read date for ICPs that close on an estimate.</p> <p>SAP transposing reads in the CS file for meters with two registers.</p> <p>Actual read not sent for the event date.</p> <p>Potential impact: Low</p> <p>Actual impact: Medium</p> <p>Audit history: Twice</p> <p>Controls: Weak</p> <p>Breach risk rating: 6</p>		

Audit risk rating	Rationale for audit risk rating		
Low	<p>Controls are rated as moderate overall as:</p> <ul style="list-style-type: none"> in most cases the reads recorded by Mercury match the switch reads, there are isolated instances where the switch read is modified, and no examples were found during the audit the process to ensure RRs are sent on time is robust with the small volume of late RR evidence of this. <p>The audit risk rating is low because:</p> <ul style="list-style-type: none"> the late RRs increase the level of accuracy in reconciliation and only 11 were sent late no examples of modified switch in reads were identified during the audit. 		
Actions taken to resolve the issue		Completion date	Remedial action status
MEEN have provided further training. We have added an additional control where managers authorisation is required before accepting the change. We anticipate this will resolve the issue.		April 2018	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
Training issue – Already in place		Ongoing	

Title: Losing trader provision of information - gaining trader switch	
Non-compliance	Description
<p>Audit Ref: 4.13</p> <p>With: Clause 15</p> <p>Schedule 11.3</p> <p>From: 08-Aug-17</p> <p>To: 09-Jan-18</p>	<p>Four late ANs.</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
Low	<p>I have rated the controls as moderate as the switch console will mitigate risk most of the time.</p> <p>The audit risk rating is low due to the small volume of late ANs.</p>

Actions taken to resolve the issue	Completion date	Remedial action status
Regarding the late AN file issue, MEEN have reviewed our processes and have improved our management of the breach report. EA is also reviewing the AN issue through their technical group.	2020	Identified
Preventative actions taken to ensure no further issues will occur	Completion date	
Breach Report	April 2018	

Title: Gaining trader to advise the registry manager - gaining trader switch		
Non-compliance	Description	
<p>Audit Ref: 4.14</p> <p>With: Clause 16 of schedule 11.3</p> <p>From: 01-Jun-17</p> <p>To: 20-Feb-18</p>	<p>Seven late CS files.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: Once</p> <p>Controls: Moderate</p> <p>Breach risk rating: 2</p>	
Audit risk rating	Rationale for audit risk rating	
Low	<p>I have rated the controls as moderate as the switch console will mitigate risk most of the time.</p> <p>I have recorded the audit risk rating as low as the HHR CS is for notification purposes only. Submission is unaffected by a late CS.</p>	
Actions taken to resolve the issue	Completion date	Remedial action status
Operator error. Coaching has occurred and access to a technological solution provided.	April 2018	Identified
Preventative actions taken to ensure no further issues will occur	Completion date	
Ongoing coaching	Ongoing	

Title: Withdrawal of switch requests		
Non-compliance	Description	
Audit Ref: 4.15 With: Clauses 17 & 18 of schedule 11.3 From: 01-Jun-17 To: 20-Feb-18	58 switch withdrawals sent later than 2 months of the event date. 2 switch withdrawals not resolved within ten business days. Potential impact: Low Actual impact: Low Audit history: Once Controls: Moderate Breach risk rating: 2	
Audit risk rating	Rationale for audit risk rating	
Low	I have rated the controls as moderate as controls mitigate risk most of the time, but a small number of human errors were evident. The audit risk rating is low as the volume of backdated switch withdrawals is low but processing of these increases submission accuracy.	
Actions taken to resolve the issue		Completion date
We have a robust process in place. The 2 instances switch withdrawals was to due inbound NW in SAP was not loaded due to MEEN attempting to send the NW as well and is a human error. Coaching has been provided to mitigate this issue.		April 2018
Preventative actions taken to ensure no further issues will occur		Completion date
On going coaching as required.		Ongoing

Title: Unmetered threshold	
Non-compliance	Description
Audit Ref: 5.2 With: Clause 10.14 (2)(b) From: 06-Jun-17 To: 20-Feb-18	Ten standard unmetered ICPs with greater than 6,000 kWh per annum. Potential impact: Medium Actual impact: Medium Audit history: None Controls: Weak Breach risk rating: 6

Audit risk rating	Rationale for audit risk rating		
Medium	<p>The controls are rated as weak as these have been with Mercury since June 2017 but are yet to be resolved.</p> <p>The audit risk rating is medium as the combined volume will, if incorrect, have an impact on reconciliation.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
As above. Dummy ICP and or database missing from the previous retailer and no previous audits conducted for the sites. Customer has limited to no knowledge of installations. Mercury is working with the customer to establish a database.		April 2019	Investigating
Preventative actions taken to ensure no further issues will occur		Completion date	
Regular reviews of UML sites for discrepancies. MEEN is also looking to document UML processes for different scenarios including on-boarding to reduce discrepancies between databases.		April2020	

Title: Unmetered threshold exceeded	
Non-compliance	Description
<p>Audit Ref: 5.3</p> <p>With: Clause 10.14 (5)</p> <p>From: 06-Jun-17</p> <p>To: 20-Feb-18</p>	<p>Nine ICPs with greater than 6,000 kWh per annum not corrected within the required timeframe.</p> <p>Potential impact: Medium</p> <p>Actual impact: Medium</p> <p>Audit history: None</p> <p>Controls: Weak</p> <p>Breach risk rating: 6</p>
Audit risk rating	Rationale for audit risk rating
Medium	<p>The controls are rated as weak as these have been with Mercury since June 2017 but are yet to be resolved, suggesting controls are weak.</p> <p>The audit risk rating is medium as the combined volume will, if incorrect, have an impact on reconciliation.</p>

Actions taken to resolve the issue	Completion date	Remedial action status
Same as 5.2. As above. Dummy ICP and or database missing from the previous retailer and no previous audits conducted for the sites. Customer has limited to no knowledge of installations. Mercury is working with the customer to establish a database.	April 2019	Investigating
Preventative actions taken to ensure no further issues will occur	Completion date	
Same as 5.2. Regular reviews of UML's and documenting a consistent process	April 2020	

Title: Distributed unmetered load		
Non-compliance	Description	
Audit Ref: 5.4 With: Clauses 11(1) of schedule 15.3, 10.14 & 15.13 From: 01-Jun-17 To: 20-Feb-18	Errors found in eight databases. The specific findings are detailed in the DUML database audit reports. Potential impact: High Actual impact: High Audit history: Multiple Controls: Weak Breach risk rating: 9	
Audit risk rating	Rationale for audit risk rating	
High	The controls are rated as weak due to the level of errors found. The impact is assessed to be high, based on the kWh differences found in the DUML audits	
Actions taken to resolve the issue	Completion date	Remedial action status
As above. Dummy ICP and or database missing from the previous retailer and no previous audits conducted for the sites. Customer has limited to no knowledge of installations. Mercury is working with the customer to establish a database.	April 2019	Investigating
Preventative actions taken to ensure no further issues will occur	Completion date	
Mercury will look to document an internal DUML database and billing process that can be applied on a consistent basis to DUML sites.	May 2020	

Title: Electricity conveyed & notification by embedded generators			
Non-compliance	Description		
<p>Audit Ref: 6.1</p> <p>With: Clause 10.13</p> <p>From: 01-Jun-17</p> <p>To: 12-Apr-18</p>	<p>While meters were bridged, energy was not metered and quantified according to the code for nine ICPs.</p> <p>NHH ICPs with distributed generation do not have the PV1 profile recorded on the registry.</p> <p>Potential impact: Low</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>Controls are rated as moderate as they are sufficient to reduce the risk most of the time.</p> <p>The audit risk rating is low</p> <ul style="list-style-type: none"> Bridging only occurs where a soft reconnection cannot be performed after hours and the customer urgently requires their energy supply for health and safety reasons. For all 11 examples reviewed, corrections for consumption during the bridged period had been processed. Correct profiles are applied for reconciliation submissions. 		
Actions taken to resolve the issue		Completion date	Remedial action status
MEEN has modified the process used to identify and address these sites. Training has also occurred to ensure operators are aware and follow the process.		April 2018	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
Ongoing coaching		Ongoing	

Title: Responsibility for metering at GIP	
Non-compliance	Description
<p>Audit Ref: 6.2</p> <p>With: Clause 10.26 (6), (7) and (8)</p> <p>From: 01-Jun-17</p> <p>To: 19-Feb-18</p>	<p>Three meter certification expiry dates were updated late.</p> <p>Potential impact: Low</p> <p>Actual impact: None</p> <p>Audit history: Once previously</p> <p>Controls: Weak</p> <p>Breach risk rating: 3</p>

Audit risk rating	Rationale for audit risk rating		
Low	<p>The controls are assessed as weak. The registry was updated within three business days of receiving the request from the Mercury Senior Electrical Engineer, but the request to update the data was issued well after the certification date.</p> <p>The risk is low because the meters were appropriately certified at all times.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
<p>MEEN surveyed a sample of 30 compliance certificates for our generation assets and found the following results:</p> <p>Average certificate delivery time: 21.5 days</p> <p>Minimum delivery time: 1 day</p> <p>Maximum delivery time: 69 days</p> <p>The longer delivery times are usually due to the requirement of the EA for the testing house to perform on-load testing following certification in all cases. If an installation for an out-of-service generator is certified the on-load tests in some cases cannot occur until many weeks later and the timing for the on-load testing is often a moving variable with many dependents.</p>		2020	Investigating
Preventative actions taken to ensure no further issues will occur		Completion date	
Raise with EA the findings of the above sampling to identify ways of complying within the required timeframes.		2020	

Title: Interrogate meters once	
Non-compliance	Description
<p>Audit Ref: 6.8</p> <p>With: Clause 7(1) and (2) Schedule 15.2</p> <p>From: 01-Jun-17</p> <p>To: 31-Jan-18</p>	<p>The best endeavours requirement was not met for eight ICPs unread during the period of supply.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: Multiple times</p> <p>Controls: Weak</p> <p>Breach risk rating: 3</p>

Audit risk rating	Rationale for audit risk rating		
Low	<p>Controls are rated as weak, because they are not sufficient to ensure that ICPs supplied for less than 12 months will consistently receive at least one actual read. The planned process improvements are expected to increase the control strength to moderate.</p> <p>The risk is rated as low, as only a small number of ICPs were affected.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
Identified that the process gap leading to non-compliance relates to short term customers who move out before access issues are resolved. This highlighted the need for more timely customer follow-up during the brief period of supply.		April 2018	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
Mercury is testing a new partially automated read attainment process which is expected to be implemented in May 2018. The new process will generate emails, texts, and letters to customers whose ICPs have not received reads for three months or six months. This will be a monthly process. The process to change ICPs between AMI and manual meter reading routes will also become more automated. These changes are expected to further improve meter read attainment.		July 2018	

Title: Correction of NHH meter readings	
Non-compliance	Description
<p>Audit Ref: 8.1 With: Clause 19(1) Schedule 15.2</p> <p>From: 01-Jun-18 To: 12-Apr-18</p>	<p>One correction for a bridged meter and three corrections for defective meters were not processed correctly due to a calculation errors.</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>Controls are rated as moderate; the issues were caused by the user choosing an incorrect start read and appears to be a training issue. A template is used to calculate the corrections, and the estimated volume was added to an earlier reading instead of the meter removal reading.</p> <p>The impact is assessed to be low, the total under reported is estimated to be 573 kWh.</p>

Actions taken to resolve the issue	Completion date	Remedial action status
This was the result of operator error. Further training has been provided to ensure this does not reoccur. The customers bill has not been corrected due to the adverse customer experience and limited amount of undercharging that MEEN would realise from performing this exercise. There is negligible materiality attached to this issue.	April 2018	Identified
Preventative actions taken to ensure no further issues will occur	Completion date	
Ongoing coaching	Ongoing	

Title: NHH metering information data validation		
Non-compliance	Description	
<p>Audit Ref: 9.5</p> <p>With: Clause 16</p> <p>Schedule 15.2</p> <p>From: 01-Jun-18</p> <p>To: 12-Apr-18</p>	<p>Where a subsequent reading is lower than a switch in reading, consumption may be temporarily zeroed out by creating a zero estimate until reads catch up, or permanently zeroed out by adjusting the switch in read to match the first actual read after switch in.</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>Any read differences greater than 200 kWh are expected to be dealt with through the read renegotiation process. If consumption is temporarily zeroed out once reads catch up to the switch read, all consumption will be accounted for. Consumption is only permanently zeroed out where it is expected the reads will not catch up to the switch read for an extended period due to very low consumption, and the difference is less than 200 kWh.</p>	
Actions taken to resolve the issue	Completion date	Remedial action status
N/R No non-compliance found	N/A	Identified

Preventative actions taken to ensure no further issues will occur	Completion date	
Internal meeting to discuss. We understand that our system cannot bill negative consumption and that negative consumption cannot be reported on as part of the reconciliation process. We have clarified that our actual process involves retaining both the switch read estimate and the actual read but updating our internal record to use the actual read for billing and market reconciliation purposes. MEEN will implement a new process which will request the losing retailer to amend the switch read. If they do not agree and the meter is not moving "catching up", we will do an internal meter detail adjustment so reads are not estimated on an indefinite basis.	April 2019	

Title: Electronic meter readings and estimated readings			
Non-compliance	Description		
Audit Ref: 9.6 With: Clause 17 Schedule 15.2 From: 01-Jun-18 To: 12-Apr-18	AMI event information not adequately obtained and monitored. 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	Mercury is monitoring and actioning emailed event information.		
Actions taken to resolve the issue		Completion date	Remedial action status
MEEN is currently working with MEPS to confirm the definition of event information, then request a report from our smart meter partners Metrix and AMS relevant to Mercury		April 2019	Investigating
Preventative actions taken to ensure no further issues will occur		Completion date	
As above. Based upon the output of the MEPS reporting additional analytical functionality may need to be implemented.		April 2020	

Title: HHR aggregates information provision to the reconciliation manager			
Non-compliance	Description		
Audit Ref: 11.4 With: Clause 15.8 From: June 2017 To: April 2018	HHR aggregates file does not contain electricity supplied information. Potential impact: Low Actual impact: Low Audit history: Once previously Controls: Strong Breach risk rating: 1		
Actions taken to resolve the issue	Completion date		
Low	The issue relating to content of the aggregates file is an error in the code, Mercury is providing submission information as expected.		
Preventative actions taken to ensure no further issues will occur	Completion date	Remedial action status	
As identified by the auditor, this is an error in the EA code See above. MEEN would request the risk rating be removed due to this code error.	2020	Disputed	
Actions taken to resolve the issue	Completion date		
EA needing to resolve the code error.	2020		

Title: Accuracy of submission information	
Non-compliance	Description
Audit Ref: 12.7 With: Clause 15.12 From: 01-Jun-18 To: 12-Apr-18	One correction for a bridged meter and three corrections for defective meters were not processed correctly due to a calculation errors. 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>Controls are rated as moderate; the issues were caused by the user choosing an incorrect start read and appears to be a training issue. A template is used to calculate the corrections, and the estimated volume was added to an earlier reading instead of the meter removal reading.</p> <p>The impact is assessed to be low, the total under reported is estimated to be 573 kWh.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
<p>Related to 8.1</p> <p>This was the result of operator error. Further training has been provided to ensure this does not reoccur. The customers bill has not been corrected due to the adverse customer experience and limited amount of undercharging that MEEN would realise from performing this exercise. There is negligible materiality attached to this issue.</p>		April 2018	Investigating
Preventative actions taken to ensure no further issues will occur		Completion date	
Same as 8.1, ongoing coaching as required.		Ongoing	

Title: Permanence of meter readings for reconciliation			
Non-compliance	Description		
<p>Audit Ref: 12.8</p> <p>With: Clause 4 of Schedule 15.2</p> <p>From: 01-Sep-16</p> <p>To: 30-Sep-16</p>	<p>Some estimates were not replaced by revision 14.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: Multiple times</p> <p>Controls: Strong</p> <p>Breach risk rating: 1</p>		
Audit risk rating	Rationale for audit risk rating		
Low	<p>Controls are rated strong, the process to create permanent estimate is automated and the exception occurred due to a significantly backdated switch.</p> <p>Total forward estimate found for the three months reviewed was 488 kWh for September 2016.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
Exceptional circumstances due to cross billing issue. We have a report in place to capture any backdated switches more than 6 months. One ICP in 14 months.		April 2018	Identified

Preventative actions taken to ensure no further issues will occur	Completion date	
As indicated, low level of occurrence with strong controls. No further action to be taken.	April 2018	

Title: Forward estimate process			
Non-compliance	Description		
Audit Ref: 12.12 With: Clause 6 Schedule 15.3 From: Oct 2016, Nov 2016, Mar 2017, May 2017, Jun 2017, Aug 2017, Sep 2017 and Oct 2017	The accuracy threshold was not met for all months and revisions. Potential impact: Low Actual impact: Low Audit history: Multiple times 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 data is within the accuracy threshold most of the time. Initial data is replaced with revised data and washed up.		
Actions taken to resolve the issue		Completion date	Remedial action status
MEEN had identified this issue prior to the audit and based upon analysis initiated the No reads project will reduce occurrence of this issue. This project is in our pipeline of improvements and anticipate it being completed within 6 months time.		December 2018	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
As above		December 2018	

Title: Historical estimate reporting to RM			
Non-compliance	Description		
<p>Audit Ref: 13.3</p> <p>With: Clause 10 of Schedule 15.3</p> <p>From: March 2017 (r7), May 2017 (r7), August 2017 (r3), September 2017 (r3) and October 2017 (r3)</p>	<p>Historic estimate thresholds were not met for some revisions.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: Multiple times</p> <p>Controls: 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 in most cases the thresholds were met, and processes are in place to make estimated readings permanent.</p> <p>The audit risk rating is low, because Mercury were reasonably close to the target in all cases.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
Mercury has a strong control in place. One case was created due to exceptional circumstances (a cross billing situation which is very very rare at the GXP level) which was covered off with the Auditor. This needs to be removed from the report		April 2018	Disputed
Preventative actions taken to ensure no further issues will occur		Completion date	
The code states that "The proportion of submission information per NSP that is comprised of historical estimates must (unless exceptional circumstances exist). MEEN explained to the auditor the exceptional circumstances of the issue.		N/A	