

## **Investigation of alleged breaches of the Electricity Industry Participation Code 2010 by NextGen Energy Limited**

On 6 December 2018, the market administrator reported to the Electricity Authority (Authority) that it believed on reasonable grounds that NextGen Energy Limited (NextGen) had breached clause 15.2(1) of the Electricity Industry Participation Code 2010 (Code). Subsequently, the Authority has alleged that NextGen has also breached clause 15.2(2) of the Code.

On 13 February 2019, under regulation 12 of the Electricity Industry (Enforcement) Regulations 2010 (Regulations), the Authority appointed Peter Wakefield as the investigator to investigate the alleged breaches.

Under regulation 16 of the Regulations, the investigator must promptly notify the industry participant alleged to have breached the Code of the allegations that are being investigated. On 15 February 2019, the investigator gave NextGen such notice.

Under regulation 17 of the Regulations, at the same time as the investigator sends a notice under regulation 16, the investigator must publicise the information about the matters under investigation, including the content of the notice given under that regulation. This notice publicises the information about the matters under investigation, and a copy of the notice given under regulation 16 is attached.

Any participant who considers that it is affected by the matters being investigated, and who wishes to become a party to this investigation, should notify the investigator within 10 working days after the date on which this notice is published.

The investigator's contact details are:

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Senior Investigator  
Electricity Authority  
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## NOTICE UNDER REGULATION 16 OF THE ELECTRICITY INDUSTRY (ENFORCEMENT) REGULATIONS 2010

<b>Date:</b>	15 February 2019
<b>Addressee:</b>	NextGen Energy Limited (NextGen)
<b>Subject:</b>	NextGen did not estimate consumption for ICPs that had missing data for its October 2018 submission information. Subsequently, NextGen has not provided revised submission information for October 2018.
<b>Investigator:</b>	Peter Wakefield , senior investigator, peter.wakefield@ea.govt.nz (appointed investigator under regulation 12 of the Electricity Industry (Enforcement) Regulations 2010 (Regulations)).
<b>Notifying industry participant:</b>	The Electricity Authority as the market administrator
<b>Clauses allegedly breached:</b>	<p>15.2(1) and 15.2(2) of the Electricity Industry Participation Code 2010</p> <p>Clause 15.2(1) requires a participant to take all practicable steps to ensure that information provided under Part 15 of the Code is complete and accurate.</p> <p>Clause 15.2(2) requires a participant, when it becomes aware that information that it has provided under Part 15 does not comply with clause 15.2(1), to provide further information as soon as practicable to ensure it complies with clause 15.2(1).</p>
<b>Circumstances of alleged breaches:</b>	<p>The market administrator's review of participants' reconciled consumption volumes for October 2018 compared with the reconciled consumption volumes for September 2018 identified that NextGen's data for certain days appeared to be missing.</p> <p>NextGen advised that its electricity trading system was not allocating estimated consumption for all ICPs that had missing data. NextGen tried to resolve the issue, but was unable to identify the source of the error by the submission deadline on the 4<sup>th</sup> business day of November 2018.</p> <p>To date, NextGen has not provided revised submission information for October 2018.</p> <p>NextGen's reconciliation participant audit report completed in December 2018 (<a href="https://www.ea.govt.nz/dmsdocument/24749-nextgen-energy-limited-audit-report">https://www.ea.govt.nz/dmsdocument/24749-nextgen-energy-limited-audit-report</a>) identified NextGen's under submission to the reconciliation manager of 112,000 kWh for October 2018. The auditor could not find NextGen's AMI files for 15 of the 31 days in October 2018. The auditor reported that NextGen did not have a revision process and its lack of complete audit trails meant that the reason for the missing files was unknown.</p>

**Date and time of alleged breaches:**

From 6 November 2018 and ongoing

*Please note, under regulation 16 of the Regulations, you are obliged to respond to this allegation, in writing, to the investigator within 10 working days of receipt of this notice (unless the investigator allows, in writing, a longer period).*

*Please provide your response by return email to the investigator.*

***Include the following in your response:***

***Whether you believe you have breached the Code***

***Whether there is another provision you consider more accurately describes the nature of the event***

***A full explanation of the circumstances surrounding the alleged breach***

***Identification of any information provided in your response that you consider confidential and that should not be included in the investigator's report under regulation 19 of the Regulations (regulation 15(2) of the Regulations).***