

# Compliance plan for Prime Energy Limited

## Reconciliation Participant – 2020

Relevant information		
Non-compliance	Description	
<p>Audit Ref: 2.1</p> <p>With: Clause 10.6, 11.2, 15.2</p> <p>From: 27-Feb-18</p> <p>To: 21-Nov-19</p>	<p>One ICP recorded with the incorrect disconnection date.</p> <p>Volumes being submitted against the incorrect NSPs.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: Three times</p> <p>Controls: Moderate</p> <p>Breach risk rating: 2</p>	
Audit risk rating	Rationale for audit risk rating	
<b>Low</b>	<p>Controls are rated as moderate as processes in place identify discrepancies and correct these most of the time.</p> <p>The impact is assessed to be low as corrections are being made to ensure volumes are submitted against the correct NSP.</p>	
Actions taken to resolve the issue		Completion date
We have already implemented manual checks to validate the AV080 detailed file against the LIS file		Nov 2019
Preventative actions taken to ensure no further issues will occur		Completion date
Our systems IT team (Agility) has found the cause & we are already working on the permanent fix to ensure the ICPs are reported against the correct GXP. This job will fix other non-compliances as well.		202006/07
		Remedial action status
		Identified

Changes to registry information			
Non-compliance	Description		
<p>Audit Ref: 3.3</p> <p>With: Clause 10 Schedule 11.1</p> <p>From: 05-Jan-19 To: 30-Oct-19</p>	<p>12 late status updates.</p> <p>15 late trader updates.</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		
<b>Low</b>	<p>The controls are rated as moderate as they are robust enough to correct errors most of the time but there is room for errors to occur.</p> <p>The risk is low as most updates were completed on time or soon after they were due.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
<p>Most of the late status updates were updates reversed &amp; corrected. This was due to confirmation of inactive/active but the visit confirmed otherwise so the dates were corrected.</p> <p>ICP with incorrect inactive date 2018 was due to a typo error. Although the Registry showed ICP as inactive, we submitted consumption because we do submissions for all sites with consumption despite what the status is on the Registry.</p> <p>ANZSIC late update: It was either correction of and existing code or updating from a Generic to a more detailed code eg: changing from H45 to H451100. This is part of our report &amp; ANZSIC code validation of the LIS file against Orion</p>		N/A	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
<p>The new Registry report 'Audit Compliance Report' looks very promising &amp; will be utilised to monitor our performance. We will also monitor our performance on our Service Request report to chase up late paperwork. This is an area we cannot avoid delays, however; we will definitely endeavour to improve how we monitor the delays &amp; performance for all parties involved.</p>		202004	

Provision of information to the registry manager			
Non-compliance	Description		
<p>Audit Ref: 3.5</p> <p>With: Clause 9 Schedule 11.1</p> <p>From: 08-Jan-19</p> <p>To: 26-Sep-19</p>	<p>The registry was not updated within five business days of commencement of trading for three ICPs.</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		
<b>Low</b>	<p>Controls are rated as moderate, because they are sufficient to ensure that the registry is updated on time most of the time.</p> <p>The risk rating is low, as only three ICPs were updated late and all were 2 or 3 days late.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
We have been updating details upon receiving the paperwork. One site was livened before the ICP was issued so we could only claim & liven once the ICP was issued by the network.		N/A	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
Performance reports are being invented to capture delays & prompt alerts to ensure we chase up missing paperwork. We are also actively monitoring the progress of all our new connections.		202004/05	

ANZSIC codes		
Non-compliance	Description	
<p>Audit Ref: 3.6</p> <p>With: Clause 9 (1(k)) of Schedule 11.1</p> <p>From: 08-Apr-17</p> <p>To: 11-Feb-19</p>	<p>Two ANZSIC codes were incorrectly recorded, and both have been corrected.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: Three</p> <p>Controls: Strong</p> <p>Breach risk rating: 1</p>	
Audit risk rating	Rationale for audit risk rating	
<b>Low</b>	<p>Controls are rated as strong. Prime has good knowledge of their customer base and update the ANZSIC codes as required.</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
We updated the codes as soon as we became aware. Majority of the bulk update was just updating them from Generic to more specific code.		202001
Preventative actions taken to ensure no further issues will occur		Completion date
In the past we never had any validation process for ANZSIC codes. We have now implemented a new validation report that compares the customer names against the ANZSIC code used in Orion, and then compares the ANZSIC code in Orion with the Registry. We also have staff contacting the customers and carrying out site visits to confirm the type of businesses (if required).		202001/02
		Cleared

Management of “inactive” status		
Non-compliance	Description	
Audit Ref: 3.9 With: Clause 19 Schedule 11.1  From: 27-Feb-18 To: 21-Nov-19	One ICP recorded with the incorrect disconnection date. Potential impact: Low Actual impact: Low Audit history: None Controls: Moderate Breach risk rating: 2	
Audit risk rating	Rationale for audit risk rating	
<b>Low</b>	Controls are rated as moderate as processes are in place to identify discrepancies and correct these most of the time.  The impact is assessed to be low as this affected one ICP.	
Actions taken to resolve the issue		Completion date
This was a typo error made when updating the status in the Registry. The date has since been corrected		202002
Preventative actions taken to ensure no further issues will occur		Completion date
Human errors are unavoidable but moving forward; hopefully with the new Registry Compliance Report, we will be able to monitor this		202002
		Cleared

Losing trader must provide final information - standard switch			
Non-compliance	Description		
<p>Audit Ref: 4.3</p> <p>With: Clause 5 Schedule 11.3</p> <p>From: 01-Jan-19</p> <p>To: 19-Dec-19</p>	<p>The estimated daily kWh values were not consistent with the average consumption for the last read to read period in transfer CS files.</p> <p>At least one incorrect last actual read date was recorded in a transfer CS file.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: Once</p> <p>Controls: Weak</p> <p>Breach risk rating: 3</p>		
Audit risk rating	Rationale for audit risk rating		
<b>Low</b>	<p>Controls are rated as weak, because the calculations were being incorrectly calculated and this was not picked up for some time indicating controls are weak.</p> <p>The audit risk rating is low because the average daily kWh information provided reflected the true average daily kWh for a longer period, and most of the other information in the CS files was correct.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
Last year we put measures in place to manually calculate the average daily consumption based on last 2 actuals. However; the daily reads were divided by 2 because of 2 different dates. And for some site the multiplier wasn't applied to the calculation. In Dec/Jan extra training has been provided in this area to ensure staff check for multipliers and calculate the average daily consumption correctly.		201912/202001	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
We have been working with our systems IT to change the logic used in calculating the average daily consumption. This has taken longer than we anticipated as other submission reports took priority. We are hoping to have this rolled out before the next audit.		2020	

Gaining trader informs registry of switch request - switch move			
Non-compliance	Description		
<p>Audit Ref: 4.7</p> <p>With: Clause 9 Schedule 11.3</p> <p>From: 24-Jun-19 and, 29-Oct-19</p>	<p>Switch move NTs were sent for two ICPs where the customers were not moving in effective from the switch date.</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		
<b>Low</b>	<p>The controls are rated as moderate, because the switch type is not correctly applied in certain circumstances.</p> <p>The audit risk rating is low. There is no impact on settlement or other participants, and it helps to ensure ICPs are switched on the correct date. There is some impact on market switching statistics.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
Some mutual customers might finalise the account with the losing retailer, so the switch is requested as NTTR because the losing retailer doesn't have an active account. Sometimes this is due to prev NW's and if the losing retailer has already finalised the account then they don't want to rebill them, and the gaining retailers are happy to take over from the original date. Another scenario is where companies enter contracts & they have to be from a certain date. This is sent as an NTMI so the losing retailer doesn't bill the customer on uncontracted rates or charge the customer a penalty for breaking the contract			Investigating
Preventative actions taken to ensure no further issues will occur		Completion date	
I am sure we are not the only retailer doing this as it was a mutual agreement by all retailers at previous switching forums. As mentioned in the previous audit we strongly believe that introducing a new NT code NTTC – Transfer Contract or NTUC – Under Contract will resolve this issue. It will also help EA monitor how many customers are switching because they are contracted.			

Losing trader provides information - switch move		
Non-compliance	Description	
<p>Audit Ref: 4.8</p> <p>With: Clause 10(1) Schedule 11.3</p> <p>From: 20-April-19</p>	<p>An incorrect AN response code was applied for one switch move.</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	
<b>Low</b>	<p>The controls over AN responses are strong. Staff are trained in the correct use of codes. Codes are manually selected but as this is a manual process some errors can occur.</p> <p>The impact is assessed as low as this was a one-off error with no direct impact on reconciliation.</p>	
Actions taken to resolve the issue		Completion date
It was a one off error, and AN response codes cannot be corrected unless the switch is withdrawn & a new NT is sent by the gaining retailer.		
Preventative actions taken to ensure no further issues will occur		Completion date
Only 1 AN error in whole audit period. Staff will be more careful when processing Ans.		
		Cleared



Losing trader must provide final information - switch move			
Non-compliance	Description		
<p>Audit Ref: 4.10</p> <p>With: 11 Schedule 11.3</p> <p>From: 01-Jan-19</p> <p>To: 19-Dec-19</p>	<p>The estimated daily kWh values were not consistent with the average consumption for the last read to read period in switch move CS files.</p> <p>At least three incorrect last actual read dates were recorded in switch move CS files.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: Once</p> <p>Controls: Weak</p> <p>Breach risk rating: 3</p>		
Audit risk rating	Rationale for audit risk rating		
<b>Low</b>	<p>Controls are rated as weak, because the calculations were being incorrectly calculated and this was not picked up for some time indicating controls are weak.</p> <p>The audit risk rating is low because the average daily kWh information provided reflected the true average daily kWh for a longer period, and most of the other information in the CS files was correct.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
Last year we put measures in place to manually calculate the average daily consumption based on last 2 actuals. However; the daily reads were divided by 2 because of 2 different dates. And for some site the multiplier wasn't applied to the calculation. In Dec/Jan extra training has been provided in this area to ensure staff check for multipliers and calculate the average daily consumption correctly.		202001/02	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
We are hopeful the ADC/UPD in Orion will be updated in the next couple of months. In the meantime staff will be extra cautious when processing CS. We are also doing random CS checks to identify any errors & deal to it promptly.		202004/05	

Withdrawal of switch requests			
Non-compliance	Description		
<p>Audit Ref: 4.15</p> <p>With: Clauses 17 and 18 Schedule 11.3</p> <p>From: 01-Jan-19</p> <p>To: 18-Jun-19</p>	<p>Three late switch withdrawals.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: Once previously</p> <p>Controls: Strong</p> <p>Breach risk rating: 1</p>		
Audit risk rating	Rationale for audit risk rating		
<b>Low</b>	<p>Prime have robust controls in place, and in both cases, these were backdated switches which makes complying with this rule difficult.</p> <p>The impact is low. The files were sent as soon as possible in both instances.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
We always sent NW's within the timeframe of CS completion but for 2 years now we have had this non-compliance due to backdated switches.			Investigating
Preventative actions taken to ensure no further issues will occur		Completion date	
We suggested this in our last response and once again we request this compliance to measure against the CS input date rather than the CS event date. Then it will be correctly measured.			

Meter data used to derive volume information		
Non-compliance	Description	
<p>Audit Ref: 9.3</p> <p>With: Clause 3(5) of schedule 15.2</p> <p>From: 01-Jan-19</p> <p>To: 21-Nov-19</p>	<p>Raw meter data is rounded upon receipt and not when volume information is created.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: None</p> <p>Controls: None</p> <p>Breach risk rating: 5</p>	
Audit risk rating	Rationale for audit risk rating	
<b>Low</b>	<p>There are no controls to prevent rounding of raw meter data, the system is designed to round as soon as the data arrives.</p> <p>There is very little impact because no metered consumption information is “missing”, therefore the audit risk rating is low.</p>	
Actions taken to resolve the issue		Completion date
It's a shame that few years back we actually changed our system to round off the reads because the decimal digits weren't important. We are working with our IT to increase the field size to hold 4 decimal places.		202008
Preventative actions taken to ensure no further issues will occur		Completion date
Once the field size is increased, this non-compliance will be cleared.		202008
		Identified

Calculation of ICP days			
Non-compliance	Description		
<p>Audit Ref: 11.2</p> <p>With: Clause 15.6</p> <p>From: 01-Mar-18</p> <p>To: 21-Nov-19</p>	<p>The AV110 report includes inactive ICP days.</p> <p>The AV110 calculates the ICP days from the date the ICP was entered into Orion, which may differ from the actual start date.</p> <p>Four ICP days were reported with an incorrect submission type.</p> <p>NSP changes are not being reported correctly in Orion causing ICP day discrepancies.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: Three times</p> <p>Controls: Moderate</p> <p>Breach risk rating: 2</p>		
Audit risk rating	Rationale for audit risk rating		
<b>Low</b>	<p>Controls are rated as moderate, as the checks run through the python coded database has improved the controls to identify and correct discrepancies.</p> <p>The impact is rated as low because consumption is reported where an ICP is active in Orion, and Prime's method ensures that if any consumption occurs during an inactive period it will be reported. The missed NSP changes are being checked and corrected.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
Unfortunately, this will always be a compliance for us because we make submissions for inactive ICPs if there's consumption identified during the inactive period.			Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
<p>Only way to prevent this will be to remove all inactive ICPs from our submission or enter the wrong inactive date in the Registry which will be another compliance issue. So we choose to report inactive consumption.</p> <p>We have also noticed the Registry shows the disconnection day as inactive. Example: If a site is disconnected at 1pm on 1/1/2020, the Registry shows last active date as 31/12/2019 which is incorrect. Because the Registry doesn't allow multiple events on the same day, this non-compliance is becoming a major issue for us.</p>			

Creation of submission information			
Non-compliance		Description	
Audit Ref: 12.2 With: Clause 15.4  From: 07-Feb-18 To: 07-Feb-18		Prime Energy Limited (PRME) failed to submit data to the reconciliation manager by 16:00 on 7th February 2018 BD 4 in breach of Part 15.4 (1) of the Code. PRME submitted the data late at 16:02 on the 7th February 2018 (BD4).  Potential impact: Low Actual impact: None Audit history: None Controls: Strong Breach risk rating: 1	
Audit risk rating		Rationale for audit risk rating	
<b>Low</b>		Controls are rated as strong as submissions are now submitted on day 3 to avoid any possibility of being late.  The audit risk rating is low as this was only two minutes late and had no material impact on reconciliation.	
Actions taken to resolve the issue		Completion date	Remedial action status
The actual breach occurred Feb 2018 but it was recorded by EA in June 2019. The submission was late by only 2mins.			Cleared
Preventative actions taken to ensure no further issues will occur		Completion date	
The delay was caused by RM portal overload. We had since changed our internal KPI to 12:00pm on Day 4. And now we moved our KPI to Day 3. We haven't had a late submission since Feb 2018.		201803	

Accuracy of submission information			
Non-compliance	Description		
Audit Ref: 12.7 With: Clause 15.12  From: 15-Feb-19 To: 31-Dec-19	Some submission information was incorrect. Potential impact: Low Actual impact: Low Audit history: Twice Controls: Moderate Breach risk rating: 2		
Audit risk rating	Rationale for audit risk rating		
<b>Low</b>	The controls are rated as moderate as resource and controls have been actioned as detailed in Prime's last audit response. The impact is assessed to be low as volume differences have decreased and Prime recent revision reports do not show such dramatic variances in volumes between revisions.		
Actions taken to resolve the issue		Completion date	Remedial action status
We implemented a lot of additional validation reports in Nov 2019 which has improved performances in many areas of the business.		201911	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
It takes a while for new processes to show results but we are glad that our new processes show improvements in many areas & helped clear some non-compliances. Overtime we are confidence that the new validations we are working on will surely show more improvements.		2020	

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: Jun-18, Jul-18 and Aug-18 r14</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: Moderate</p> <p>Breach risk rating: 2</p>		
Audit risk rating	Rationale for audit risk rating		
<b>Low</b>	<p>Controls are rated as moderate and have been improved during the audit period but there is still room for errors to occur.</p> <p>Total forward estimate for the three months reviewed was 34,819 kWh. This was not true forward estimate, because most of the forward estimate was caused by incorrect classification of the historic estimate.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
This has been another big project for us & we are pleased to say this has been put into action. The most recent 14month revision for 201812 was 100% HE		201912/202001	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
We have already implemented our new HE process and it already shows improvement. Revision for 201812 was submitted this month with 100% HE. We will be monitoring this over next few months.		202001	

Historic estimate process			
Non-compliance	Description		
<p>Audit Ref: 12.11</p> <p>With: Clause 4 &amp; 5 of Schedule 15.2</p> <p>From: 01-May-19</p> <p>To: 29-Nov-19</p>	<p>Scenario L calculating incorrectly.</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		
<b>Low</b>	<p>The controls are rated as moderate Prime have validations in place to identify NSP discrepancies and correct these until Orion is fixed.</p> <p>The impact is assessed to be low as corrections are flowing through revisions.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
The GXP split works well for AMI meters but it failed for Legacy meters. Our validation process checks all GXP splits are data is calculated for Legacy meters using the scenarios test template & in Python.		202001	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
This was fixed previously but due to additional fields being added, this stopped working. Our systems IT is already working on this fix and we are hoping to have this change implemented in Production in couple of months. Once the change is in place, we will continue the scenario test every quarter to ensure the GXP split is calculated correctly.		202006/07	



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: Jun-Aug 18 (r14), Feb 19 (r7) and Jun-Aug 19 (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		
<b>Low</b>	<p>Controls are rated as moderate as they were sufficient to ensure that most NSPs are close to the target values, but there is room for errors to occur.</p> <p>The impact is assessed to be low. Most of the forward estimate was caused by incorrect classification of the historic estimates and this is expected to be corrected going forward.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
We have implemented processes to ensure permanent estimates are created for sites not reads for 12months. We make all endeavours to gain actual reads however the access isn't always resolved, especially for earthquake damaged & construction sites.		202001/02	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
We have already implemented our new HE process and it already shows improvement. Revision for 201812 was submitted this month with 100% HE. We will be monitoring this over next few months.		202001	