

Compliance plan for Mercury – 2020

Relevant information		
Non-compliance	Description	
<p>Audit Ref: 2.1</p> <p>With: Clause 10.6,11.2 & 15.2</p> <p>From: 01-Feb-19</p> <p>To: 31-Dec-19</p>	<p>Some registry discrepancies.</p> <p>Between 9 and 91 ICPs with distributed generation not quantified or submitted.</p> <p>31 ICPs submitted against the incorrect NSP or Network.</p> <p>1 ICP missing from submission</p> <p>Potential impact: High</p> <p>Actual impact: High</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 high because of the impact of the under submission for the period until corrections were made, particularly the incorrect compensation factor issue.</p>	
Actions taken to resolve the issue		Remedial action status

<p>1. Some registry discrepancies. Mercury recognises several factors contributing to registry discrepancies including system issues. We will be investigating these system issues as well as looking at how we can reduce our registry discrepancies in general.</p> <p>2. Between 9 and 91 ICPs with distributed generation not quantified or submitted. We have reporting in place to identify discrepancies between our records and the distributor generation fields which was not being monitored as intended. We will look at correcting any current discrepancies and ensure energy is quantified through washups.</p> <p>31 ICPs submitted against the incorrect NSP or Network. These have all been identified and corrected. This issue was caused by incorrect grid setup in a section of SAP that contains GXP/Network information which is used in the compilation of HHRAGGR/VOLS files. This error did not cause any issues when the ICPs were reconciled as NHH as that process did not derive this information from that section of SAP. The error only manifested when the ICPs were upgraded to HHM which changed where the GXP/Network information was derived from.</p> <p>3. 1 ICP missing from submission 0068548000WR39B has since been corrected. This was caused by Human error and staff have been advised and retrained.</p>	<p>Ongoing</p> <p>Apr 2020</p> <p>Completed</p> <p>Completed</p>	<p>Identified</p>
Preventative actions taken to ensure no further issues will occur	Completion date	
<p>We have reporting in place to identify discrepancies between our records and the distributor generation fields. We will ensure this report is actively monitored and worked on to allow for timely updates/corrections.</p> <p>Wrong NSP/network issue – ICT have implemented a fix in the system to reduce these errors. We have also updated our discrepancy reporting to identify any ICPs with correct NSPs & incorrect networks so these can be corrected prior to submission.</p> <p>We will look at implementing some new reporting to identify incorrect changes to older retailer time slices. This will allow timely corrections for accurate submission.</p>	<p>Completed</p> <p>Completed</p> <p>Completed</p> <p>Ongoing</p>	

Electrical Connection of Point of Connection			
Non-compliance	Description		
<p>Audit Ref: 2.11</p> <p>With: 10.33A</p> <p>From: 03-Apr-18</p> <p>To: 31-Jan-19</p>	<p>At least six ICPs not certified within five business days of electrical connection.</p> <p>106 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: 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 reporting is now in place to identify reconnected ICPs without certification. Improvements are required to ensure all new connections are certified within 5 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
We now have strong controls in place to identify uncertified metering at reconnected sites and requests are sent to MEPs to certify.		Completed	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
<p>Mercury will continue our process of notifying MEPs when a reconnection is processed for an uncertified meter.</p> <p>We will look into implementing a process for MEP notification where meter certification dates appear incorrect in the registry. We will also look at using the AC020Trader22 reporting to measure the efficiency of our process.</p>		<p>Completed</p> <p>Ongoing</p>	

Changes to registry information		
Non-compliance	Description	
<p>Audit Ref: 3.3</p> <p>With: Clause 10 of schedule 11.1</p> <p>From: 01-Feb-19</p> <p>To: 31-Dec-19</p>	<p>Registry not updated within 5 business days of the event for some status updates, MEP nominations and trader updates.</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 because automated processes are contributing to the volume of backdated and incorrect updates to active and MEP nominations.</p> <p>The audit risk rating is assessed to be medium, based on the number of backdated records and number of days backdated, and that some of the updates are invalid.</p>	
Actions taken to resolve the issue		Completion date
<p>We recognize there are several factors contributing to late registry updates including system issues. We will be investigating these system issues as well as looking at how we can increase the timeliness of our registry updates in general.</p> <p>We have processes in place to follow up on outstanding service request jobs where paperwork may be delayed. We also have processes to identify consumption on inactive sites to allow for more timely status updates.</p> <p>We have implemented a MEP rejection process which has increased our level of compliance in this area.</p>		<p>Apr 2021</p> <p>Completed</p> <p>Completed</p>
Preventative actions taken to ensure no further issues will occur		Completion date
<p>We will be reviewing our processes to identify areas for improvement to increase our level of compliance in registry updates.</p> <p>Meter change incorrect status updates – We are currently investigating this system issue and are working towards a resolution.</p> <p>System causing incorrect trader updates – Our IT team are currently looking into this system issue as high priority as this issue affects a number of areas. We have attached supporting evidence of this work.</p>		<p>Dec 2020</p> <p>Apr 2021</p>

Trader responsibility for an ICP		
Non-compliance	Description	
<p>Audit Ref: 3.4</p> <p>With: Clause 11.18</p> <p>From: 01-Feb-19</p> <p>To: 31-Dec-19</p>	<p>Some invalid MEP nominations were sent.</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>The controls are rated as weak because automated processes are contributing to the volume of invalid MEP nominations.</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
Mercury is aware of the issue that causes the invalid MEP nominations and we have processes in place to identify and fix these.		Completed
Preventative actions taken to ensure no further issues will occur		Completion date
Our IT team are currently looking into this system issue as high priority as this issue affects a number of areas. We have attached supporting evidence of this work.		April 2021
		Identified

Provision of information to the registry manager		
Non-compliance	Description	
<p>Audit Ref: 3.5</p> <p>With: Clause 9 of schedule 11.1</p> <p>From: 01-Feb-19</p> <p>To: 31-Dec-19</p>	<p>Registry information not provided within 5 business days of commencement of supply.</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 average cycle time to complete is still below 5 days.</p>	
Actions taken to resolve the issue		Completion date
We note that these cases are mainly due to late notification from third parties. Mercury has processes in place to follow up on outstanding service request jobs to allow for more timely registry updates.		Completed
Preventative actions taken to ensure no further issues will occur		Completion date
Mercury will investigate what further reporting and processes we can implement to improve compliance in this area. We will also look into the use of AC020Trader05.		Dec 2020
		Identified

ANZSIC codes		
Non-compliance	Description	
<p>Audit Ref: 3.6</p> <p>With: 9 (1(k) of Schedule 11.1</p> <p>From: 01-Feb-19</p> <p>To: 31-Dec-19</p>	<p>618 with “Don’t know” ANZSIC codes assigned. Some of these will be invalidly assigned.</p> <p>12 of the 84 ICPs checked had incorrect ANZSIC codes assigned.</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 and are improving. Most ICPs have a valid ANZSIC code assigned.</p> <p>This has no direct impact on reconciliation therefore the audit risk rating is low. There is an impact on reporting by the Electricity Authority.</p>	
Actions taken to resolve the issue		Completion date
<p>Mercury will correct the ANZSIC codes for the 12 identified ICPs.</p> <p>We will review our processes to ensure ANZSIC codes are updated timely and accurately with the data we have available.</p>		<p>April 2020</p> <p>Ongoing</p>
Preventative actions taken to ensure no further issues will occur		Completion date
<p>Mercury will investigate the most efficient way to ensure ANZSIC codes are updated timely and accurately with the data we have available.</p>		<p>Ongoing</p>
		Identified

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-Feb-19</p> <p>To: 31-Dec-19</p>	<p>ICP 0000500096HB752 has the unmetered flag as “N” but unmetered load is connected.</p> <p>Unmetered details incorrect for two ICPs. Both were corrected back to the start of the ICPs.</p> <p>ICP 0015723581ELA43 has a single-phase meter on a telecommunications amplifier with a multiplier of 101 to cater for an additional 100 unmetered load connections.</p> <p>Potential impact: Medium</p> <p>Actual impact: Medium</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 will identify most errors.</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.</p>	
Actions taken to resolve the issue		Completion date
<p>0000500096HB752 – This has now been fixed in the registry.</p> <p>0015723581ELA43 – We have approached the distributor for assistance with this ICP but are yet to have received a response. We will continue trying to liaise with the distributor to resolve this. This is a Vodafone ICP which will be worked on alongside the establishment of their DUMML database.</p>		<p>Apr 2020</p> <p>Apr 2021</p>
Preventative actions taken to ensure no further issues will occur		Completion date
<p>We will review our current SAS reporting & processes to ensure all discrepancies are identified and corrected.</p> <p>0015723581ELA43 – We have approached the distributor for assistance with this ICP but are yet to have received a response. We will continue trying to liaise with the distributor to resolve this. This is a Vodafone ICP which will be worked on alongside the establishment of their DUMML database.</p>		<p>Sep 2020</p> <p>April 2021</p>
		Investigating

Management of “active” status		
Non-compliance	Description	
<p>Audit Ref: 3.8</p> <p>With: Clause 17 Schedule 11.1</p> <p>From: 01-Feb-19</p> <p>To: 31-Dec-19</p>	<p>6 reconnections updates were invalidly processed.</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 recorded as moderate because they mitigate risk most of the time but there is room for improvement.</p> <p>The impact on settlement and participants is minor; therefore, the audit risk rating is low.</p>	
Actions taken to resolve the issue		Completion date
The 6 incorrect status updates have been corrected. Mercury is aware of the system issue that causes the invalid status changes and we have processes in place to identify and fix these.		Completed.
Preventative actions taken to ensure no further issues will occur		Completion date
We are currently investigating this system issue and are working towards a resolution.		Dec 2020
		Identified

Management of “inactive” status		
Non-compliance	Description	
Audit Ref: 3.9 With: Clause 19 Schedule 11.1 From: 01-Feb-19 To: 31-Dec-19	18 ICPs with incorrect inactive status. Potential impact: Low Actual impact: Low Audit history: Multiple Controls: Moderate Breach risk rating: 2	
Audit risk rating	Rationale for audit risk rating	
Low	The controls are rated as moderate because the disconnection process is normally automated, but a small number of updates were incorrect. The audit risk rating is low because a small number of ICPs were affected.	
Actions taken to resolve the issue		Completion date
Our reporting frequency for monitoring inactive ICPs with usage has been increased to weekly to identify incorrect inactive status sooner.		Completed
Preventative actions taken to ensure no further issues will occur		Completion date
Our reporting frequency for monitoring inactive ICPs with usage has been increased to weekly to identify incorrect inactive status sooner.		Completed
		Identified

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: 03-Aug-18</p> <p>To: 08-Jan-19</p>	<p>Four AN files checked contained incorrect response codes of AD.</p> <p>3,585 AN files contained incorrect response codes of AA.</p> <p>Two late AN files.</p> <p>Potential impact: None</p> <p>Actual impact: None</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		
Low	<p>I have rated the controls as moderate, because</p> <ul style="list-style-type: none"> • some AN codes assigned automatically by SAP were incorrect, and • users being unable to automatically clear validation issues are contributing to the late files. <p>I have recorded the audit risk rating as low as there is no direct effect on settlement outcomes, information on ICP metering is available on the registry, and a very small number of AN files were late.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
Mercury put previous system changes on hold, awaiting the Authority's switching technical group review. Mercury will commit to making the necessary changes to become compliant with the current code.		Dec 2020	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
<p>Mercury commits to making the necessary logic change to ensure the correct AN codes are used. This will be raised with our IT team.</p> <p>We will investigate the issue where SAP is not enabling an AN file to be released.</p>		Dec 2020	

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-Feb-19</p> <p>To: 31-Dec-19</p>	<p>Two files with incorrect average daily consumption.</p> <p>13 late transfer CS files.</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>I have rated the controls as strong. Mercury strengthened controls regarding monitoring for file timeliness and they changed the methodology for calculating average daily consumption. Processes were changed to ensure the correct readings are applied in CS files.</p> <p>The audit risk rating is assessed to be low, based on the small number of exceptions.</p>	
Actions taken to resolve the issue		Completion date
<p>Mercury implemented a logic change in late Jan 20 to comply with the EA requirements for average daily consumption.</p> <p>We will continue to monitor our switch breach report for timely transfers.</p>		Jan 2020
Preventative actions taken to ensure no further issues will occur		Completion date
<p>Mercury expects to see greater compliance for average daily consumption following our recent logic change.</p> <p>We will continue to monitor our switch breach report for timely transfers. IT is also currently working on additional reporting to identify files that have failed to be sent or received by SAP. This will help the switch team in preventing late files.</p>		<p>Completed</p> <p>Dec 2020</p>
		Identified

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: 22-Jun-18</p> <p>To: 18-Jan-19</p>	<p>5 late RR files and two late AC files for transfer switches.</p> <p>RR not sent for ICP 0000570766NR645 and reading from CS file was not used.</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>Controls are recorded as strong because they appear to minimise risk to an acceptable level.</p> <p>The audit risk rating is low because there were only a small number of late files and only one issue was identified with the process.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
<p>We will continue to monitor our switch breach report for timely transfers. Further clarification is required on how to be compliant in situations where a RR is required but is outside of the allowed timeframe.</p> <p>RR not sent for ICP 0000570766NR645 was due to human error and is not a common occurrence. Further staff training has been provided.</p>		Completed	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
<p>We will continue to monitor our switch breach report for timely transfers. Further clarification is required on how to be compliant in situations where a RR is required but is outside of the allowed timeframe.</p> <p>IT is also currently working on additional reporting to identify files that have failed to be sent or received by SAP. This will help the switch team in preventing late files.</p>		Dec 2020	

Losing trader provides information - switch move		
Non-compliance	Description	
<p>Audit Ref: 4.8</p> <p>With: Clause 10 of schedule 11.3</p> <p>From: 01-Feb-19</p> <p>To: 31-Dec-19</p>	<p>211 incorrect switch response codes of AA instead of AD.</p> <p>26 ANs had non-compliant proposed event dates.</p> <p>2 late switch move AN files.</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>I have rated the controls as moderate, because some AN codes and proposed event dates assigned automatically by SAP were incorrect.</p> <p>I have recorded the audit risk rating as low as there is no direct effect on settlement outcomes, information on ICP metering is available on the registry, and a small number of AN files were one day late.</p> <p>All of the switches with non-compliant proposed event dates were switched out on the event date requested by the gaining trader or were withdrawn before the switch was completed.</p>	
Actions taken to resolve the issue		Completion date
Mercury will make the necessary changes to the logic for the AN file creation to comply with the EA code. This will address the incorrect response codes as well as the non-compliant proposed event dates.		Dec 2020
Preventative actions taken to ensure no further issues will occur		Completion date
Mercury will make the necessary changes to the logic for the AN file creation to comply with the EA code. This will address the incorrect response codes as well as the non-compliant proposed event dates.		Dec 2020
		Identified

Losing trader must provide final information - switch move			
Non-compliance	Description		
Audit Ref: 4.10 With: Clause 11 of schedule 11.3 From: 01-Feb-20 To: 31-Dec-19	Average daily consumption incorrect for 4 ICPs. Potential impact: Low Actual impact: Low Audit history: Three times Controls: Strong Breach risk rating: 1		
Audit risk rating	Rationale for audit risk rating		
Low	I have rated the controls as strong because they have been recently improved to ensure correct average daily consumption is provided. The audit risk rating is assessed to be low based on the low number of exceptions.		
Actions taken to resolve the issue		Completion date	Remedial action status
Mercury implemented a logic change in late Jan 20 to comply with the EA requirements for average daily consumption.		Completed	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
Mercury expects to see full compliance for average daily consumption following our recent logic change.		Completed	

Gaining trader changes to switch meter reading - switch move			
Non-compliance	Description		
<p>Audit Ref: 4.11</p> <p>With: Clause 12</p> <p>Schedule 11.3</p> <p>From: 08-Jun-18</p> <p>To: 08-Feb-19</p>	<p>One RR was sent with a read type of actual when Mercury did not have an actual reading on the event date.</p> <p>Incorrect reading used when the Mercury RR was rejected.</p> <p>5 late RR files and 2 late AC files for switch moves.</p> <p>One incorrect RR rejection.</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		
Low	<p>The controls are recorded as moderate because they mitigate risk most of the time but there is room for improvement.</p> <p>The impact on settlement and participants is minor; therefore, the audit risk rating is low.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
<p>-One RR was sent with a read type of actual when Mercury did not have an actual reading on the event date.</p> <p>-Incorrect reading used when the Mercury RR was rejected.</p> <p>-One incorrect RR rejection</p> <p>These scenarios were due to human error. Further staff training has been provided.</p> <p>-5 late RR files and 2 late AC files for switch moves.</p> <p>We will continue to monitor our switch breach report for timely transfers. Further clarification is required on how to be compliant in situations where a RR is required but is outside of the allowed timeframe.</p>		Completed	Identified
		Ongoing	
Preventative actions taken to ensure no further issues will occur		Completion date	
<p>We will continue to monitor our switch breach report for timely transfers. Further clarification is required on how to be compliant in situations where a RR is required but is outside of the allowed timeframe.</p> <p>IT is also currently working on additional reporting to identify files that have failed to be sent or received by SAP. This will help the switch team in preventing late files.</p>		<p>Ongoing</p> <p>Dec 2020</p>	

Losing trader provision of information - gaining trader switch		
Non-compliance	Description	
<p>Audit Ref: 4.13</p> <p>With: Clause 15 Schedule 11.3</p> <p>From: 08-Jul-19</p> <p>To: 28-Nov-19</p>	<p>Two late AN files for HH switches.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: Once</p> <p>Controls: Strong</p> <p>Breach risk rating: 1</p>	
Audit risk rating	Rationale for audit risk rating	
Low	<p>I have rated the controls as strong because they are sufficient to mitigate risk to an acceptable level.</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
One late AN file due to customer indecision on preferred retailer causing delay. One AN file delayed due to internal process which we have identified and will focus on for future switches.		Completed
Preventative actions taken to ensure no further issues will occur		Completion date
We will continue with our strong controls to ensure breaches are avoided. We will also increase our focus on ensuring the customer and sales team firm their decision before we engage in registry actions.		Ongoing

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: 07-Oct-19</p> <p>To: 07-Oct-19</p>	<p>One HH CS files was sent with METERINSTALL, METERCOMP and METERCHANNEL rows.</p> <p>Potential impact: None</p> <p>Actual impact: None</p> <p>Audit history: Once</p> <p>Controls: Strong</p> <p>Breach risk rating: 1</p>	
Audit risk rating	Rationale for audit risk rating	
Low	<p>I have rated the controls as strong because they mitigate risk to an acceptable level.</p> <p>I have recorded the audit risk rating as low because the issue noted has no impact.</p>	
Actions taken to resolve the issue		Completion date
This happened as the gaining retailer requested site as NHHR. Therefore entered 0 to complete CS without breach.		Complete
Preventative actions taken to ensure no further issues will occur		Completion date
In future, if an incorrect request is received, we will reject the NT and request the gaining retailer to re-request correctly.		Ongoing
		Identified

Withdrawal of switch requests			
Non-compliance	Description		
<p>Audit Ref: 4.15</p> <p>With: Clauses 17 & 18 of schedule 11.3</p> <p>From: 01-Feb-19</p> <p>To: 31-Dec-19</p>	<p>136 late NW files and 4 late AW files.</p> <p>One incorrect NW code</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		
Low	<p>I have rated the controls as moderate as controls mitigate risk most of the time, but a small number of human errors were evident.</p> <p>The audit risk rating is low as the volume of backdated switch withdrawals is low but processing of these increases submission accuracy.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
Mercury has robust processes in place to handle withdrawals. In some instances, our files have failed to send, causing delay. There are also cases that involve lengthy investigations to resolve complex issues where late withdrawals are inevitable.		Ongoing	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
IT are currently working on additional reporting to identify files that have failed to be sent or received by SAP. This will help the switch team in preventing late files.		Dec 2020	

Unmetered threshold		
Non-compliance	Description	
<p>Audit Ref: 5.2</p> <p>With: Clause 10.14 (2)(b)</p> <p>From: 09-Jun-17</p> <p>To: 15-Mar-20</p>	<p>Nine standard unmetered ICPs with unmetered consumption over 6,000 kWh per annum.</p> <p>Potential impact: Medium</p> <p>Actual impact: Medium</p> <p>Audit history: Once</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.</p> <p>The audit risk rating is medium as the combined volume could, if incorrect, have a material impact on reconciliation.</p>	
Actions taken to resolve the issue		Completion date
All 9 ICPs relate to Vodafone. Mercury & Vodafone are currently in the process of gathering all required data to establish a DUMML database for these ICPs. We are also investigating which sites should become metered. Mercury commits to establishing the DUMML database with Vodafone and we are engaging Veritek to ensure the database will be accurate and compliant.		Apr 2021
Preventative actions taken to ensure no further issues will occur		Completion date
Mercury will review our processes to ensure we have adequate steps in place to resolve these sites promptly when customers are acquired.		Ongoing
		Identified

Unmetered threshold exceeded		
Non-compliance	Description	
<p>Audit Ref: 5.3</p> <p>With: Clause 10.14 (5)</p> <p>From: 09-Jun-17</p> <p>To: 15-Mar-20</p>	<p>Nine standard unmetered ICPs with unmetered consumption over 6,000 kWh per annum were not corrected within the required timeframe.</p> <p>Potential impact: Medium</p> <p>Actual impact: Medium</p> <p>Audit history: Once</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 ICPs have been supplied by 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 could, if incorrect, have a material impact on reconciliation.</p>	
Actions taken to resolve the issue		Completion date
All 9 ICPs relate to Vodafone. Mercury & Vodafone are currently in the process of gathering all required data to establish a DUMML database for these ICPs. We are also investigating which sites should become metered. Mercury commits to establishing the DUMML database with Vodafone and we are engaging Veritek to ensure the database will be accurate and compliant.		Apr 2021
Preventative actions taken to ensure no further issues will occur		Completion date
Mercury will review our processes to ensure we have adequate steps in place to resolve these sites promptly when customers are acquired.		Ongoing
		Identified

Distributed unmetered load		
Non-compliance	Description	
<p>Audit Ref: 5.4</p> <p>With: Clauses 11(1) of schedule 15.3, 10.14 & 15.13</p> <p>From: 01-Feb-19</p> <p>To: 15-Mar-20</p>	<p>Errors found in seven databases. The specific findings are detailed in the DUML database audit reports.</p> <p>Potential impact: High</p> <p>Actual impact: High</p> <p>Audit history: Multiple</p> <p>Controls: Weak</p> <p>Breach risk rating: 9</p>	
Audit risk rating	Rationale for audit risk rating	
High	<p>The controls are rated as weak due to the level of errors found.</p> <p>The impact is assessed to be high, based on the kWh differences found in the DUML audits.</p>	
Actions taken to resolve the issue		Completion date
<p>Mercury is continuing to work with customers to maintain accurate databases and resolve non compliances identified in individual DUML audits.</p> <p>Unmetered load is an industry wide issue with which all traders struggle with and display reluctance to switch these sites. Mercury inherited inadequate DUML database information for some customers from previous retailers. Customers regularly have limited/no knowledge of installations to allow for timely corrections.</p>		Ongoing
Preventative actions taken to ensure no further issues will occur		Completion date
<p>Mercury will review our processes to ensure we have adequate steps in place to resolve these sites promptly when customers are acquired.</p> <p>We will continue to work with existing customers to maintain accurate databases and resolve non compliances identified in individual DUML audits.</p>		Ongoing
		Investigating

Electricity conveyed & notification by embedded generators			
Non-compliance	Description		
<p>Audit Ref: 6.1</p> <p>With: Clause 10.13</p> <p>From: 01-Feb-19</p> <p>To: 31-Dec-19</p>	<p>While meters were bridged, energy was not metered and quantified according to the code for five ICPs.</p> <p>Some ICPs with distributed generation not quantified.</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 21 examples reviewed, corrections for consumption during the bridged period had been processed, and correct profiles are applied for reconciliation submissions. 		
Actions taken to resolve the issue		Completion date	Remedial action status
<p>Mercury will continue to bridge meters on an as need basis in the best interest of our customers. In some cases, bridging is unavoidable which in turn means compliance is unattainable. We have strong processes in place to ensure all consumption is quantified and reported in a timely manner.</p> <p>We have reporting in place to identify discrepancies between our records and the distributor generation fields which was not being monitored as intended. We will look at correcting any current discrepancies and ensure energy is quantified through washups.</p>		<p>N/A</p> <p>Apr 2020</p>	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
<p>We have reporting in place to identify discrepancies between our records and the distributor generation fields. We will ensure this report is actively monitored and worked on to allow for timely updates/corrections.</p>		Ongoing	

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: 23-May-19</p> <p>To: 11-Mar-20</p>	<p>Seven meter certificate expiry dates not updated.</p> <p>Three meter certification expiry dates were updated late.</p> <p>Potential impact: Low</p> <p>Actual impact: None</p> <p>Audit history: Three times</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 as no updates occurred within the required timeframe.</p> <p>The risk is low because the meters were appropriately certified at all times.</p>	
Actions taken to resolve the issue		Completion date
Mercury has now updated all expiry dates on the RM portal. The delay was caused by personnel and responsibility changes.		Completed
Preventative actions taken to ensure no further issues will occur		Completion date
Mercury will review our internal processes to ensure timely updates.		July 20
		Identified

Derivation of meter readings			
Non-compliance	Description		
Audit Ref: 6.6 With: Clause 5 of Schedule 15.2 From: 01-Feb-19 To: 31-Dec-19	Customer reads are not validated against two actual validated reads resulting in estimates being validated against estimates. 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 as the validation process is validating reads against earlier validated estimates. The audit risk rating is rated as low as the volume of customer reads is low as a percentage of reads .		
Actions taken to resolve the issue		Completion date	Remedial action status
Mercury disagrees with auditor's findings and the control rating as we have a robust and strong controls in place. The example picked up by the auditor was validated against a permanent estimate which is a validated meter reading as it has gone through and passed Mercury's validation process thus meeting the code requirement. Mercury's process has not changed, and we are puzzled to only find out now that we are non-compliant as per the report. As the reading goes through Mercury's validation system with a pass, it locks the record as permanent estimate after customers are billed.		N/A	Disputed
Preventative actions taken to ensure no further issues will occur		Completion date	
As above.		N/A	

Interrogate meters once		
Non-compliance	Description	
Audit Ref: 6.8 With: Clause 7(1) and (2) Schedule 15.2 From: 01-Feb-19 To: 31-Dec-19	The best endeavours requirement was not met for 106 ICPs due to the short period of supply. Potential impact: Low Actual impact: Low Audit history: Multiple times Controls: Strong Breach risk rating: 1	
Audit risk rating	Rationale for audit risk rating	
Low	The controls are recorded as strong as the controls in place are robust. The risk is rated as low, as number of customers not read during the period of supply is small relative to the customer base and these are being over reported due to the report including ICPs that have been read during the period of supply.	
Actions taken to resolve the issue		Completion date
Mercury will continue with our strong controls and note that in some instances of short supply, read attainment is very difficult. We also note that we are currently over reporting and will review this to ensure our reporting is accurate.		Completed
Preventative actions taken to ensure no further issues will occur		Completion date
		Identified

<p>Mercury will be reviewing our current no reads reporting to ensure this is accurate.</p>	<p>Sep 2020</p>	
<p>We are looking at further automation of the no-reads process where emails/letters will be triggered daily at the 90-day mark. This will remove the manual communications process completely. It will spread the customer engagement load and help us achieve our goal to eliminate long term no-reads (> 6 months)</p>	<p>Jan 2021</p>	
<p>For smart meters on manual meter reading rounds, a SAS query was developed by the readings management department to help identify the existence of smart meter reads on days other than the target read date (TRD). This has only been used intermittently and was an interim measure pending the implementation of the daily reads project.</p>		
<p>The daily reads project has built-in logic to hunt for actual reads in a priority order for up to 2 days either side of the TRD. This will not only improve Mercury's read attainment, submission accuracy and historic estimate proportions but because Mercury will be receiving reads for every meter, every day, reads will be readily available to fulfil switch transactions, meter change events and billing orders more efficiently.</p>	<p>Jun 2020</p>	

Correction of HHR metering information			
Non-compliance	Description		
<p>Audit Ref: 8.2</p> <p>With: Clause 19(2) of Schedule 15.2</p> <p>From: 01-Feb-19</p> <p>To: 31-Dec-19</p>	<p>Interpolation using extrapolated data caused the pattern of consumption for one correction to be allocated incorrectly for one ICP.</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>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 as the volume of HHR corrections is minimal in relation to the overall customer base.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
Mercury always uses the best and reasonable endeavours to ensure estimates are as accurate as possible. Regardless of interpolation/extrapolation, at the time of the estimate, the system used last year's actual data, to estimate. The Code specifies that the pattern needs to be materially similar and the period used to estimate was similar and based on the actual usage.		N/A	Disputed
Preventative actions taken to ensure no further issues will occur		Completion date	
As above.		N/A	

Meter data used to derive volume information		
Non-compliance	Description	
Audit Ref: 9.3 With: Clause 3(5) of schedule 15.2 From: 01-Feb-19 To: 31-Dec-19	Raw meter data is rounded upon receipt and not when volume information is created. Potential impact: Low Actual impact: Low Audit history: None Controls: None Breach risk rating: 5	
Audit risk rating	Rationale for audit risk rating	
Low	There are no controls to prevent rounding of raw meter data, the system is designed to round as soon as the data arrives. There is very little impact because no metered consumption information is “missing”, therefore the audit risk rating is low.	
Actions taken to resolve the issue		Completion date
The breach risk rating & controls seems extreme considering there is virtually no impact on the market and up until now we have been deemed compliant in this area. We have explored our options and due to system limitations, note this is not a quick and easy fix. We will investigate how we can become compliant in this area though it may not be feasible.		Ongoing
Preventative actions taken to ensure no further issues will occur		Completion date
We will investigate how we can become compliant in this area though it may not be feasible.		Ongoing
		Investigating

Calculation of ICP days			
Non-compliance	Description		
<p>Audit Ref: 11.2</p> <p>With: Clause 15.6</p> <p>From: 01-Sept-18</p> <p>To: 31-Dec-19</p>	<p>Inaccurate ICP days were reported for a small number of ICPs. Corrected data will be washed up in the next available revision, and IT is fixing the bug.</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>Controls are currently rated as moderate as they will mitigate risk most of the time.</p> <p>The impact is assessed to be low, as updated data will be provided through the revision process prior by revision 14.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
<p>Correction made to status on registry for ICPs which were listed as inactive but had consumption recorded.</p> <p>ICPs with incorrect NSPs were identified and their NSPs corrected.</p> <p>0068548000WR39B has since been corrected. This was caused by Human error and staff have been advised and retrained.</p>		<p>Completed</p> <p>Completed</p> <p>Completed</p>	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
<p>Inactive ICPs being submitted – Our reporting frequency for monitoring inactive ICPs with usage has been increased to weekly to identify incorrect inactive status sooner.</p> <p>Wrong NSP – Bug raised and has since been fixed by IT.</p>		<p>Apr 2020</p> <p>Completed</p>	

HHR aggregates information provision to the reconciliation manager		
Non-compliance	Description	
<p>Audit Ref: 11.4</p> <p>With: Clause 15.8</p> <p>From: 01-Feb-19</p> <p>To: 31-Dec-19</p>	<p>HHR aggregates file does not contain electricity supplied information.</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>	
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.	
Actions taken to resolve the issue	Completion date	Remedial action status
Non-compliance disputed. Mercury is handling and presenting data as required by the Reconciliation Manager file specification.	N/A	Disputed
Preventative actions taken to ensure no further issues will occur	Completion date	
<p>This is an industry known issue which EA is aware off. Mercury will continue to prepare the aggregates file as required by the Reconciliation Manager file Specification.</p> <p>Mercury will support a code change.</p>	N/A	

Non-compliance	Description		
<p>Audit Ref: 12.3</p> <p>With: Clause 15.5</p> <p>From: 01-Feb-19</p> <p>To: 31-Dec-19</p>	<p>Three ICPs recorded with the incorrect NSP.</p> <p>Two ICPs recorded against the incorrect network.</p> <p>One ICP not submitted due to be being recorded against another trader in SAP.</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>Controls are rated as moderate, as the controls did not effectively identify correct allocation of volumes to the correct network.</p> <p>The audit risk rating is low, as this affected only a small number of ICPs, and this will be corrected in the next revision.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
<p>1.Three ICPs recorded with the incorrect NSP.</p> <p>Two ICPs recorded against the incorrect network.</p> <p>These have all been identified and corrected. This issue was caused by incorrect grid setup in a section of SAP that contains GXP/Network information which is used in the compilation of HHRAGGR/VOLS files. This error did not cause any issues when the ICPs were reconciled as NHH as that process did not derive this information from that section of SAP. The error only manifested when the ICPs were upgraded to HHM which changed where the GXP/Network information was derived from.</p> <p>2. One ICP not submitted due to be being recorded against another trader in SAP.</p> <p>0068548000WR39B has since been corrected. This was caused by Human error and staff have been advised and retrained.</p>		Complete	Identified
		Completed	
Preventative actions taken to ensure no further issues will occur		Completion date	

1. Wrong NSP/network issue – ICT have implemented a fix in the system to reduce these errors. We have also updated our discrepancy reporting to identify any ICPs with correct NSPs & incorrect networks so these can be corrected prior to submission.	Completed	
2. We will look into implementing some new reporting to identify incorrect changes to older retailer timeslices. This allow timely corrections for accurate submission.	Sep 2020	

Grid connected generation		
Non-compliance	Description	
<p>Audit Ref: 12.6</p> <p>With: Clause 15.11</p> <p>From: 07-Jun-19</p> <p>To: 10-Jun-19</p>	<p>Alleged breach 1910MERC1 was recorded for late provision of the NSPVOLS files for May 2019.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: None</p> <p>Controls: Strong</p> <p>Breach risk rating: 1</p>	
Audit risk rating	Rationale for audit risk rating	
Low	<p>Controls are rated as strong, because processes have been strengthened and there have been no further instances.</p> <p>The audit risk rating is low there have been no late submissions since.</p>	
Actions taken to resolve the issue		Completion date
Mercury submitted the files the day after file submission was due immediately once notified by the RM.		Completed
Preventative actions taken to ensure no further issues will occur		Completion date
An additional step in our peer review process has been added following this breach.		Completed

Accuracy of submission information		
Non-compliance	Description	
<p>Audit Ref: 12.7</p> <p>With: Clause 15.12</p> <p>From: 01-Feb-19</p> <p>To: 31-Dec-19</p>	<p>Inaccurate submission as follows:</p> <ul style="list-style-type: none"> • DG kWh for 8 ICPs, • 2 ICPs submitted against the incorrect NSPs, • 31 ICPs submitted against the incorrect network, and • ICP 0068548000WR39B missing from submission from 17/07/18-31/10/18. <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 because they are effective most of the time.</p> <p>The impact is assessed to be low as there number of errors is low.</p>	
Actions taken to resolve the issue		Completion date
<p>1. DG kWh for 8 ICPs</p> <p>We have reporting in place to identify discrepancies between our records and the distributor generation fields which was not being monitored as intended. We will look at correcting any current discrepancies and ensure energy is quantified through washups.</p> <p>2. 2 ICPs submitted against the incorrect NSPs</p> <p>31 ICPs submitted against the incorrect network</p> <p>These have all been identified and corrected. This issue was caused by incorrect grid setup in a section of SAP that contains GXP/Network information which is used in the compilation of HHRAGGR/VOLS files. This error did not cause any issues when the ICPs were reconciled as NHH as that process did not derive this information from that section of SAP. The error only manifested when the ICPs were upgraded to HHM which changed where the GXP/Network information was derived from.</p> <p>4. 0068548000WR39B has since been corrected. This was caused by Human error and staff have been advised and retrained.</p>		<p>Apr 2020</p> <p>Completed</p> <p>Completed</p>
Preventative actions taken to ensure no further issues will occur		Completion date

<p>1. We have reporting in place to identify discrepancies between our records and the distributor generation fields. We will ensure this report is actively monitored and worked on to allow for timely updates/corrections.</p> <p>2. Wrong NSP/network issue – ICT have implemented a fix in the system to reduce these errors. We have also updated our discrepancy reporting to identify any ICPs with correct NSPs & incorrect networks so these can be corrected prior to submission.</p> <p>3. We will look into implementing some new reporting to identify incorrect changes to older retailer timeslices. This allow timely corrections for accurate submission.</p>	Apr 2020	
	Completed	
	Sep 2020	

Reconciliation participants to prepare information		
Non-compliance	Description	
<p>Audit Ref: 12.9</p> <p>With: Clause 2 of schedule 15. 3</p> <p>From: 17-Jul-18</p> <p>To: 31-Oct-18</p>	<p>ICP 0068548000WR39B missing from submission from 17/07/18-31/10/18.</p> <p>Potential impact: Medium</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>Controls are rated as moderate because they are effective most of the time.</p> <p>The impact is assessed to be low as there number of errors is low.</p>	
Actions taken to resolve the issue		Completion date
0068548000WR39B has since been corrected. This was caused by Human error and staff have been advised and retrained.		Completed
Preventative actions taken to ensure no further issues will occur		Completion date
We will look into implementing some new reporting to identify incorrect changes to older retailer timeslices. This allow timely corrections for accurate submission.		Sep 2020

Forward estimate process		
Non-compliance	Description	
Audit Ref: 12.12 With: Clause 6 Schedule 15.3 From: 01-Jul-18 To: 30-Sep-19	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. The audit risk rating is low as forward estimates are washed up through the revision process.	
Actions taken to resolve the issue		Completion date
We believe that we have strong controls in place as shown by high attainment percentages across the board. Processes remain in place to correct data as actual data is obtained and submissions are corrected via the washup process. Elements of the non-compliance such as irregular balancing area shapes are outside the control of Mercury and as such should not be contributing towards our rating.		N/A
Preventative actions taken to ensure no further issues will occur		Completion date
Mercury continues to review this issue to improve compliance with the code.		Ongoing
		Identified

Compulsory meter reading after profile change		
Non-compliance	Description	
Audit Ref: 12.13 With: Clause 7 Schedule 15.3 From: 01-Feb-19 To: 01-Feb-19	No read recorded at the time of the profile change. 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 as the process is automated and this error was caused by a one-off human error. The audit risk rating is recorded as low as this was a one-off incident.	
Actions taken to resolve the issue		Completion date
This was a one-off occurrence due to human error. Further staff training has been provided.		Completed
Preventative actions taken to ensure no further issues will occur		Completion date
We have strong controls in place to prevent breaches.		Completed

Historical estimate reporting to RM		
Non-compliance	Description	
Audit Ref: 13.3 With: Clause 10 of Schedule 15.3 From: 01-Jul-18 To: 30-Sep-19	Historic estimate thresholds were not met for some revisions. Potential impact: Low Actual impact: Low Audit history: Multiple times Controls: Strong Breach risk rating: 1	
Audit risk rating	Rationale for audit risk rating	
Low	The controls are rated as moderate because in most cases the thresholds were met, and processes are in place to make estimated readings permanent. The audit risk rating is low, because Mercury were reasonably close to the target in all cases.	
Actions taken to resolve the issue		Completion date
Mercury will continue with our strong controls and further work will be done on identifying opportunities to improve 3 month revision attainment to meet the code requirement.		May 2021
Preventative actions taken to ensure no further issues will occur		Completion date
Mercury will continue with our strong controls and further work will be done on identifying opportunities to improve 3 month revision attainment to meet the code requirement.		May 2021
		Identified