

Compliance plan for NextGen Energy – December 2018

Relevant information		
Non-compliance	Description	
Audit Ref: 2.1 With: Clause 10.6, 11.2, 15.2 From: 01-Apr-18 To: 14-Dec-18	Some information not complete and accurate. Potential impact: High Actual impact: High Audit history: Once Controls: Weak Breach risk rating: 9	
Audit risk rating	Rationale for audit risk rating	
High	Controls are rated as weak because the design of some processes and parts of the ETS system do not mitigate compliance risk. The audit risk rating is high because there is a major impact on submission accuracy.	
Actions taken to resolve the issue		Completion date
An Entirely new system has been completed and is currently in testing prior to its submission for a material change audit.		Latest Mar 2019 Submissions
Preventative actions taken to ensure no further issues will occur		Completion date
The new system has consistently had the correct data entered and checked in order to correct inconsistencies and inaccuracies once the new system has been implemented.		Current
		Identified

Audit trails		
Non-compliance	Description	
<p>Audit Ref: 2.4</p> <p>With: Clause 21 Schedule 15.2</p> <p>From: 01-Apr-18</p> <p>To: 12-Dec-18</p>	<p>Audit trails incomplete in relation to estimates and AMI file locations.</p> <p>Potential impact: High</p> <p>Actual impact: High</p> <p>Audit history: None</p> <p>Controls: Weak</p> <p>Breach risk rating: 9</p>	
Audit risk rating	Rationale for audit risk rating	
High	<p>The controls are recorded as weak because they do not appear to be adequately mitigating risk regard to estimations and AMI file locations.</p> <p>The impact on settlement is major because missing AMI files has resulted in under submission of 112,000 kWh and it's difficult to identify the estimation technique, therefore the accuracy of the estimates is unknown and it's also difficult to identify what the estimate values were for historic data sets; therefore, the audit risk rating is high.</p>	
Actions taken to resolve the issue		Completion date
The New system will fix the estimation gaps and errors and archive all data, as well as wash-up the previous months. The new system has been completed and is currently in testing prior to a material change audit.		Latest 4 th day Mar 2019
Preventative actions taken to ensure no further issues will occur		Completion date
Revisions are currently being ran through the ETS system, in order to be compared to the revisions coming out of the new system once it is implemented. This is in an effort to measure any differences we may need to submit for revisions.		Current
		Identified

Arrangements for metering equipment provision		
Non-compliance	Description	
Audit Ref: 2.13 With: Clause 10.36 From: 04-Sep-18 To: 12-Dec-18	Arrangement not in place with IHUB. Potential impact: Low Actual impact: Low Audit history: None Controls: Moderate Breach risk rating: 2	
Audit risk rating	Rationale for audit risk rating	
Low	The controls are recorded as moderate because they mitigate risk most of the time but there is room for improvement. The impact on is negligible; therefore, the audit risk rating is low.	
Actions taken to resolve the issue		Completion date
This has been known and acknowledged, NGE has already been working to correct this prior to the audit, by making the necessary agreement arrangements with Intellihub. As well our new system is set to avoid this in the future by bypassing manual checking and automating notifications of pending switches that have a MEP listed outside our approved list.		ASAP
Preventative actions taken to ensure no further issues will occur		Completion date
Manuel checking has been spread across a broader team temporarily whilst we await the new system implementation.		
		Identified

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-Apr-18</p> <p>To: 12-Dec-18</p>	<p>Registry information not updated within 5 business days of the event.</p> <p>Potential impact: Medium</p> <p>Actual impact: Low</p> <p>Audit history: Twice</p> <p>Controls: Weak</p> <p>Breach risk rating: 3</p>	
Audit risk rating	Rationale for audit risk rating	
Low	<p>Controls do not mitigate risk most of the time and are recorded as weak.</p> <p>The audit risk rating is low because there is a minor impact on submission for some of the late updates to Active and late MEP nominations can cause MEPs to be late with their metering updates. Late profile changes result in the need for revisions to occur and these are not currently being conducted.</p>	
Actions taken to resolve the issue		Completion date
The new system will contain stricter controls in regard to switching, status updates and profile updates. Taking a more precautionary calculation to make changes in order to minimize non compliance as best as possible.		Mar 2019
Preventative actions taken to ensure no further issues will occur		Completion date
A stricter manuel examination of daily processes has been implemented in order to identify quickly registry updates needed.		Current

ANZSIC codes			
Non-compliance		Description	
Audit Ref: 3.6 With: Clause 9 (1(k) of Schedule 11.1 From: 01-Apr-18 To: 14-Dec-18		Two incorrect ANZSIC codes Potential impact: Low Actual impact: Low Audit history: None Controls: Strong Breach risk rating: 1	
Audit risk rating		Rationale for audit risk rating	
Low		The controls are recorded as strong because they mitigate risk most of the time. The impact on reporting by the Authority is minor, therefore the audit risk rating is low.	
Actions taken to resolve the issue		Completion date	Remedial action status
I believe these are actually correct ANZSIC codes according to the customer identified business. They appear as residences, as they were once were, but have now been run as businesses since being our customers.		Current	Disputed
Preventative actions taken to ensure no further issues will occur		Completion date	
See above		Current	

Changes to unmetered load		
Non-compliance	Description	
Audit Ref: 3.7 With: Clause 9(1)(f) of Schedule 11.1 From: 01-Nov-18 To: 12-Dec-18	Unmetered load details removed from the registry for ICP 0000043474NT14D. 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 in place to ensure unmetered load details are recorded correctly. The impact on settlement is minor; therefore, the audit risk rating is low.	
Actions taken to resolve the issue		Completion date
NGE is aware of this and it is addressed in our new system, which will be capable of managing UML		Mar 2019
Preventative actions taken to ensure no further issues will occur		Completion date
UML will be restored and revision will correct the errored submission		Mar 2019
		Identified

Losing trader response to switch request and event dates - standard switch		
Non-compliance	Description	
<p>Audit Ref: 4.2</p> <p>With: Clause 3(a)(i)(B) of Schedule 11.3</p> <p>From: 01-Apr-18</p> <p>To: 12-Dec-18</p>	<p>Incorrect AN response codes of AA instead of AD.</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>Strong controls are in place with regard to timeliness of AN files and setting of event dates. Controls require strengthening to ensure the “most valid” AN response code is used.</p> <p>There is no impact to other participants from using AA instead of AD. Traders use the content of the registry rather than the AN response code to determine whether AMI is present. The audit risk rating is low.</p>	
Actions taken to resolve the issue		Completion date
We have noted in our processes to identify Advanced Metering Assets AMCI meters to be met with an AN AD response, but we have not had any AMCI meters switch since the last audit.		NA
Preventative actions taken to ensure no further issues will occur		Completion date
NA		NA
		Post audit auditor comment. AMCI metering is not AMI. AMI installations have the “AMI” flag as “Y” and are normally mass market HHR ICPs.

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-Apr-17</p> <p>To: 12-Dec-18</p>	<p>Switch event meter readings for the incorrect date for one ICP.</p> <p>Incorrect daily consumption for two ICPs.</p> <p>Potential impact: Medium</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>The controls are recorded as moderate because they mitigate risk most of the time but there is room for improvement with regard to switch event meter reading accuracy and average daily consumption accuracy.</p> <p>The impact on settlement and participants is minor (one day of consumption for switched out ICPs); therefore, the audit risk rating is low.</p>	
Actions taken to resolve the issue		Completion date
This will be automated in our new system, preventing further noncompliance		Mar 2019 Latest
Preventative actions taken to ensure no further issues will occur		Completion date
Previous Manual process updates mostly corrected these issues, however another review is in order, as we have trained new staff to handle some of these tasks. This will be monitored more closely until our new system is implemented		Current
		Identified

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: 01-Apr-18</p> <p>To: 12-Dec-18</p>	<p>Incorrect AN response codes of AA instead of AD.</p> <p>1 late AN.</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>Strong controls are in place with regard to timeliness of AN files and setting of event dates. Controls require strengthening to ensure the “most valid” AN response code is used.</p> <p>There is no impact to other participants from using AA instead of AD. Traders use the content of the registry rather than the AN response code to determine whether AMI is present. The audit risk rating is low.</p>	
Actions taken to resolve the issue		Completion date
As Mentioned above, we have revised our processes to correct this, however I believe this is done by misunderstanding. We have an agreement with Advanced Metering Assets and have identified each of these meters to be acknowledge as advanced metering. However, we are not aware that all AMI meters are considered Advanced, and if so, this is a basic fix, and can be implemented immediately.		Current
Preventative actions taken to ensure no further issues will occur		Completion date
Current see above		Current
		Investigating

Losing trader must provide final information - switch move		
Non-compliance	Description	
<p>Audit Ref: 4.11</p> <p>With: Clause 11 of Schedule 11.3</p> <p>From: 01-Apr-18</p> <p>To: 12-Dec-18</p>	<p>Switch event meter readings for the incorrect date for one ICP.</p> <p>Estimates labelled as Actuals for one ICP.</p> <p>5 late CS files.</p> <p>Potential impact: Medium</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>The controls are recorded as moderate because they mitigate risk most of the time but there is room for improvement with regard to switch event meter reading accuracy and timeliness of CS files.</p> <p>The impact on settlement and participants is minor (one day of consumption for switched out ICPs); therefore, the audit risk rating is low.</p>	
Actions taken to resolve the issue		Completion date
As mentioned previously "The new system will contain stricter controls in regard to switching...." Automated CS files will minimize if not entirely eliminate these issues.		Mar 2019 Latest
Preventative actions taken to ensure no further issues will occur		Completion date
A stricter manual examination of daily processes has been implemented in order to manage this whilst waiting for the new system to take over.		Current
		Identified

Maintaining shared unmetered load		
Non-compliance	Description	
Audit Ref: 5.1 With: Clause 11.14 From: 01-Nov-18 To: 12-Dec-18	Unmetered load details removed from the registry for ICP 0000043474NT14D. 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 in place to ensure unmetered load details are recorded correctly. The impact on settlement is minor; therefore, the audit risk rating is low.	
Actions taken to resolve the issue		Completion date
Addressed in Section 3.7		
Preventative actions taken to ensure no further issues will occur		Completion date
Addressed in Section 3.7		
		Identified

Derivation of meter readings		
Non-compliance	Description	
Audit Ref: 6.6 With: Clause 3(1), 3(2) and 5 Schedule 15.2 From: 01-Apr-18 To: 14-Dec-18	One consumer reading recorded as an actual. Potential impact: Low Actual impact: None Audit history: None Controls: Strong Breach risk rating: 1	
Audit risk rating	Rationale for audit risk rating	
Low	The controls are recorded as strong because they mitigate risk. There is no impact on settlement because photos are sent and checked, therefore the audit risk rating is low.	
Actions taken to resolve the issue		Completion date
This is addressed in our new system, where reading labels and identifiers are more precisely recorded, a shortfall in the current ETS system		Mar 2019 Latest
Preventative actions taken to ensure no further issues will occur		Completion date
New system records will correct incorrect identifiers from the previous system		Current
		Identified

NHH meter reading application			
Non-compliance	Description		
Audit Ref: 6.7 With: Clause 6 Schedule 15.2 From: 01-Apr-18 To: 12-Dec-18	Readings for 24:00 on the switch date provided as switch event meter readings for 00:00 on the switch date for two ICPs. Potential impact: Medium Actual impact: Low Audit history: Once Controls: Moderate Breach risk rating: 2		
Audit risk rating	Rationale for audit risk rating		
Low	The controls are recorded as moderate because risk is mitigated most of the time. There is a minor impact on settlement and other participants, therefore the audit risk rating is low.		
Actions taken to resolve the issue		Completion date	Remedial action status
This has been addressed previously and is corrected in the new system		Mar 2019 Latest	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
Manual processes more tightly monitored in order to prevent further breaches prior to new system implementation.		Current	

Correction of HHR metering information			
Non-compliance	Description		
<p>Audit Ref: 8.2</p> <p>With: Clause 19(2) Schedule 15.2</p> <p>From: 01-Apr-18</p> <p>To: 13-Dec-18</p>	<p>Correction not applied for October 2018 where data was missing.</p> <p>Estimation was conducted instead of correction.</p> <p>No journal is available for corrections.</p> <p>Correction process for HHR data includes substitution of “actual” data with estimated data.</p> <p>Outage periods populated with consumption data.</p> <p>Potential impact: High</p> <p>Actual impact: High</p> <p>Audit history: Twice</p> <p>Controls: Weak</p> <p>Breach risk rating: 9</p>		
Audit risk rating	Rationale for audit risk rating		
High	<p>The controls are recorded as weak. The correction process does not use the total consumption where this is available. There is no journal for corrections. October missing data was not substituted. There are no controls to prevent substitution of actual data with estimated data.</p> <p>The impact on settlement is major due to October 2018 data not being substituted. The audit risk rating is high.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
<p>Since the Audit, I have discovered where revision archive can be observed, as well as a journal of corrections of sort does exist in ETS and therefore using the data from ETS in order to record appropriate revisions to provide corrections with our new system. This changes significantly the seriousness, as we can make these corrections and apply revisions appropriately.</p>		Latest Mar 2019	Investigating
Preventative actions taken to ensure no further issues will occur		Completion date	
<p>This is known to be quite serious, and hundreds and hundreds of hours has been applied to making corrections in the ETS system and identifying and supplying missing data as much as possible. Whilst the audit has identified the month of October as a serious breach, this can and will be washed up appropriately and with accurate data acquisition and corrected estimation algorithms in the new system.</p>		Current	

Identification of readings		
Non-compliance	Description	
Audit Ref: 9.1 With: Clause 3(3) Schedule 15.2 From: 01-Apr-18 To: 13-Dec-18	HHR estimates identified at a daily level rather than an interval level. Potential impact: Low Actual impact: Low Audit history: Once Controls: Weak Breach risk rating: 3	
Audit risk rating	Rationale for audit risk rating	
Low	Estimated data is identified but not at a trading period level, therefore the controls are recorded as weak. The impact on settlement is minor due to the small number of ICPs; therefore, the audit risk rating is low.	
Actions taken to resolve the issue		Completion date
This is corrected in the new system		Mar 2019 Latest
Preventative actions taken to ensure no further issues will occur		Completion date
There is the ability to identify in raw data where Tp gaps are and then estimated, we can use these identifications in our new system to provide these corrections		Current

Electronic meter readings and estimated readings		
Non-compliance	Description	
Audit Ref: 9.6 With: Clause 17 Schedule 15.2 From: 01-Apr-18 To: 13-Dec-18	Power down and power up events not being considered during data substitution processes. Potential impact: Medium Actual impact: Low Audit history: None Controls: Moderate Breach risk rating: 2	
Audit risk rating	Rationale for audit risk rating	
Low	The controls are recorded as moderate for event management in general because they mitigate risk most of the time but there is room for improvement. The impact on settlement is minor because over submission will occur; therefore, the audit risk rating is low.	
Actions taken to resolve the issue		Completion date
This is addressed in the New system however it is unclear if AMS data identifies all these power outages as verified null or missing data.		Mar 2019 Latest
Preventative actions taken to ensure no further issues will occur		Completion date
We currently do not have means to address this in our current ETS system,		Current

Electricity supplied information provision to the reconciliation manager		
Non-compliance	Description	
Audit Ref: 11.3 With: Clause 15.7 From: 01-Apr-18 To: 13-Dec-18	Electricity supplied files inaccurate for October 2018. Electricity supplied files not sourced from financial records. Potential impact: None Actual impact: None Audit history: Twice Controls: Weak Breach risk rating: 3	
Audit risk rating	Rationale for audit risk rating	
Low	The controls are recorded as weak because the issue in October 2018 confirmed that electricity supplied files are not derived from financial records. Also, there is no process for revising incorrect files. This data is used as an indicator and there is no impact on settlement; therefore, the audit risk rating is low.	
Actions taken to resolve the issue		Completion date
Our new system will address this non-compliance automatically		Mar 2019 Latest
Preventative actions taken to ensure no further issues will occur		Completion date
Electricity Supplied files have been submitted correctly, and the month label in the file is corrected manually to comply.		

HHR aggregates information provision to the reconciliation manager		
Non-compliance	Description	
Audit Ref: 11.4 With: Clause 15.8 From: 01-Oct-18 To: 13-Dec-18	Aggregates file inaccurate for October 2018. Potential impact: None Actual impact: None Audit history: None Controls: Weak Breach risk rating: 3	
Audit risk rating	Rationale for audit risk rating	
Low	The controls are recorded as weak for two reasons; there is no revision process in place to correct inaccurate files and the audit trail for the AMI data shows it was provided in time for use in Day 4 submissions. This information is only used as an indicator; therefore, the impact is considered low.	
Actions taken to resolve the issue		Completion date
There is a revision process in place, however it was emphasized to the auditor, we are reluctant to submit revisions until we have been able to confirm accurate estimations in revision. We believe our next revision due is for November 2017 and will be submitted with the other revisions due including Oct 2018, In Jan 2019. Receipt of all files from AMS, does not mean all data has come through. AMS seems to have consistent data issues, which may mean files come through, but that does not mean we have data for all relevant ICPs. However, the new system will address flagging missing data daily and identifying data gaps. These new analytics will prevent future data losses as relevant to submission inaccuracies.		Mar 2019 Latest
Preventative actions taken to ensure no further issues will occur		Completion date
Above		Current
		Disputed

Accuracy of submission information		
Non-compliance	Description	
<p>Audit Ref: 12.7</p> <p>With: Clause 15.12</p> <p>From: 01-Apr-18</p> <p>To: 13-Dec-18</p>	<p>No revision processes leading to inaccurate submission.</p> <p>Potential impact: High</p> <p>Actual impact: High</p> <p>Audit history: Twice</p> <p>Controls: None</p> <p>Breach risk rating: 12</p>	
Audit risk rating	Rationale for audit risk rating	
High	<p>There are currently no controls in place to ensure revisions are conducted.</p> <p>There is a major impact on settlement because of under submission of at least 118,000 kWh; therefore, the audit risk rating is High.7</p>	
Actions taken to resolve the issue		Completion date
<p>Without reiterating the previous comments, revision process is in place. The shape profile non-compliance has been an ongoing issue and will be addressed in the new system.</p> <p>The under estimated submission is not likely to be any higher than the 112,000kWh the auditor mentioned in the introduction. As our Estimation calculation has shown to be higher than it should be. The actual market impact of this is at most a few thousandths of a percent, and a wash up will correct this.</p>		Mar 2019 Latest
Preventative actions taken to ensure no further issues will occur		Completion date
<p>Further toward long term correction, revisions will be submitted going back to November 2017, This was just before we started to take on a high number of ICPs. Prior to this revision had been made previously and monitoring of revisions moving forward is handled by our new system in order to prevent inaccurate submissions.</p>		Current
		Investigating

Reconciliation participants to prepare information			
Non-compliance	Description		
Audit Ref: 12.9 With: Clause 2 of Schedule 15.3 From: 01-Jul-17 To: 31-Mar-18	Submission did not occur for one unmetered load ICP. Potential impact: Medium Actual impact: Low Audit history: Twice Controls: Moderate Breach risk rating: 2		
Audit risk rating	Rationale for audit risk rating		
Low	The controls are recorded as moderate because submission does occur for generation, NHH and HHR information, but not for unmetered load. The impact on settlement is minor; therefore, the audit risk rating is low.		
Actions taken to resolve the issue		Completion date	Remedial action status
Addressed in Section 3.7			Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
Addressed in Section 3.7			

Historical estimate process		
Non-compliance	Description	
<p>Audit Ref: 12.11</p> <p>With: Clause 4 and 5 Schedule 15.3</p> <p>From: 01-Apr-18</p> <p>To: 13-Dec-18</p>	<p>HE calculations and revisions not conducted after Day 4.</p> <p>Potential impact: Medium</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	
Low	<p>The controls are recorded as weak because they exist for Day 4 submissions but not for any subsequent revisions.</p> <p>The impact on settlement is minor due to the incorrect apportionment of consumption between months; therefore, the audit risk rating is low.</p>	
Actions taken to resolve the issue		Completion date
Our New system will fix the estimation gaps and errors and archive all data, as well as wash-up the previous months. The new system has been completed and is currently in testing prior to a material change audit.		Latest 4 th day Mar 2019 Submissions
Preventative actions taken to ensure no further issues will occur		Completion date
Revisions are currently being ran through the ETS system, in order to be compared to the revisions coming out of the new system once it is implemented. This is in an effort to measure any differences we may need to submit for 3,7 and 14month revisions.		Current
		Identified

Market Administrator Meter Reading Reports		
Non-compliance	Description	
Audit Ref: 13.1 With: Clause 8 Schedule 15.3 From: 01-Apr-18 To: 14-Dec-18	Incorrect and late meter reading reports. Potential impact: Low Actual impact: Low Audit history: None Controls: Weak Breach risk rating: 3	
Audit risk rating	Rationale for audit risk rating	
Low	The controls are recorded as weak because they do not mitigate risk most of the time. The impact is minor; therefore, the audit risk rating is low.	
Actions taken to resolve the issue		Completion date
We had addressed this in our new system already and put an automated feature in to produce these. The emailing of the reports had failed, hence late reports sent. We are adapting our new system to provide better front-end visibility of this in order to validate the process is working properly. The reports are correct; however, after the automated emails had failed to send I had tried to manually extract (copy and paste) the data from our system and accidentally created 0% read files, which I corrected and resent across to the EA.		Current
Preventative actions taken to ensure no further issues will occur		Completion date
Above		Current
		Identified