

Compliance plan for NextGen Energy – 2018

Relevant information		
Non-compliance	Description	
Audit Ref: 2.1 With: Clause 10.6, 11.2, 15.2 From: 01-Jul-17 To: 15-Feb-18	Some information not complete and accurate. Potential impact: Medium Actual impact: Medium Audit history: None Controls: Weak Breach risk rating: 6	
Audit risk rating	Rationale for audit risk rating	
Medium	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 medium because there is a moderate impact on submission accuracy.	
Actions taken to resolve the issue		Completion date
Issues with PV1 code corrected		Complete
Preventative actions taken to ensure no further issues will occur		Completion date
Process has been updated to ensure further occurrences do not happen.		Complete
Remedial action status		
Identified		

Changes to registry information		
Non-compliance	Description	
Audit Ref: 3.3 With: Clause 10 of schedule 11.1 From: 01-Jul-17 To: 21-Mar-18	Registry information not updated within 5 business days of the event. Potential impact: Medium Actual impact: Low Audit history: Once Controls: Weak Breach risk rating: 3	
Audit risk rating	Rationale for audit risk rating	
Low	Controls do not mitigate risk most of the time and are recorded as weak. 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.	

Actions taken to resolve the issue	Completion date	Remedial action status
Recognition that MEP updates are allowed more time that retailers and therefore MEP status changes cannot be the trigger of the process	Complete	Identified
Preventative actions taken to ensure no further issues will occur	Completion date	
Processes to be updated to reflect new trigger points in workflow	Complete	

Trader responsibility for an ICP		
Non-compliance	Description	
Audit Ref: 3.4 With: Clause 11.18 From: 06-Mar-18 To: 19-Mar-18	One incorrect MEP nomination. 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 audit risk rating is low as settlement still occurred as required, but the MEP could not populate the registry due to the incorrect nomination.	
Actions taken to resolve the issue	Completion date	Remedial action status
Delays in receiving MEP confirmation of metering caused delay/ change to MEP nomination	Complete	Identified
Preventative actions taken to ensure no further issues will occur	Completion date	
The issue is not expected to re-occur as MEP confirmation will be sought prior to nomination	Complete	

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: 06-Mar-18</p> <p>To: 19-Mar-18</p>	<p>Registry information not updated within 5 business days of the event for one status change and one MEP nomination.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: None</p> <p>Controls: Weak</p> <p>Breach risk rating: 3</p>		
Audit risk rating	Rationale for audit risk rating		
Low	<p>The controls are recorded as weak because a process change is required to ensure the registry can be populated without waiting for the MEP to provide advice.</p> <p>The audit risk rating is low as there was no impact on settlement but the MEP could not update the registry on time.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
This is the same ICP and root issue as section 3.4, is this double counting the non-compliance?		Complete	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
as above		Complete	

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-Jul-17</p> <p>To: 21-Mar-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: None</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 AML is present. The audit risk rating is low.</p>		

Actions taken to resolve the issue	Completion date	Remedial action status
Processes will be updated to ensure the correct response codes are issued.	31 Oct 2018	Identified
Preventative actions taken to ensure no further issues will occur	Completion date	
As above.	Complete	

Losing trader must provide final information - standard switch		
Non-compliance	Description	
Audit Ref: 4.3 With: Clause 5 of Schedule 11.3 From: 01-Jul-17 To: 21-Mar-18	Switch event meter readings for the incorrect date. 2 late CS files. 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 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. The impact on settlement and participants is minor (one day of consumption for switched out ICPs); therefore the audit risk rating is low.	
Actions taken to resolve the issue	Completion date	Remedial action status
Processes to be reviewed and updated.	Complete	Identified
Preventative actions taken to ensure no further issues will occur	Completion date	
As above.	Complete	

Retailers must use same reading - standard switch			
Non-compliance	Description		
Audit Ref: 4.4 With: Clause 6(1) and 6A Schedule 11.3 From: 01-Jul-17 To: 21-Mar-18	One incorrectly labelled reading One incorrect reading 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 because they mitigate risk most of the time. There is a very minor impact on settlement and participants due to over or under billing and submission. The audit risk rating is low.		
Actions taken to resolve the issue		Completion date	Remedial action status
Processes were changed by the time of audit to ensure 'E' isn't used for actuals. This was a one off issue.		Complete	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
RR process to be reviewed to ensure calculations are consistent going forward.			

Non-half hour switch event meter reading - standard switch			
Non-compliance	Description		
Audit Ref: 4.5 With: Clause 6(2) and (3) Schedule 11.3 From: 01-Jul-17 To: 21-Mar-18	Switch event meter reading from CS file not always used if it is different to the AMI reading. Potential impact: Medium Actual impact: Low Audit history: Once 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 appear to mitigate risk most of the time with regard to the use of correct switch event meter readings. There is a minor impact on settlement and participants due to over or under billing and submission. The audit risk rating is low.		

Actions taken to resolve the issue	Completion date	Remedial action status
System changes (ETS) to be designed to ensure HHR metering can incorporate manual/CS register read data	31 Oct 2018	Identified
Preventative actions taken to ensure no further issues will occur	Completion date	
As above.	31 Oct 2018	

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-Jul-17</p> <p>To: 21-Mar-18</p>	<p>Incorrect AN response codes of AA instead of AD</p> <p>Potential impact: None</p> <p>Actual impact: None</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>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 AML is present. The audit risk rating is low.</p>	
Actions taken to resolve the issue	Completion date	Remedial action status
Processes to be revised to ensure the correct codes are issued.		Identified
Preventative actions taken to ensure no further issues will occur	Completion date	
This looks like a duplicate of 4.2? – same ICPs causing issue/ double counting non-compliance.		

Losing trader must provide final information - switch move			
Non-compliance	Description		
Audit Ref: 4.11 With: Clause 11 of Schedule 11.3 From: 01-Jul-17 To: 21-Mar-18	Switch event meter readings for the incorrect date. 7 late CS files. 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 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. The impact on settlement and participants is minor (one day of consumption for switched out ICPs); therefore the audit risk rating is low.		
Actions taken to resolve the issue		Completion date	Remedial action status
The one incorrect switch event 'time' was due to manual error and is isolated. Training has been put in place. The late CS files are a result of using the Registry 'Switch Breach' report, at the audit the auditor confirmed the registry logic is incorrect, hence the reliance on this report has caused the issue.		Completed	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
Request registry logic is changed and ensure process overlay is updated to ensure files are not late.		Complete	

Gaining trader changes to switch meter reading - switch move			
Non-compliance	Description		
Audit Ref: 4.11 With: Clause 12 Schedule 11.3 From: 01-Jul-17 To: 21-Mar-18	Switch event meter reading from CS file not always used if it is different to the AMI reading. Potential impact: Medium Actual impact: Low Audit history: Once 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 appear to mitigate risk most of the time with regard to the use of correct switch event meter readings. There is a minor impact on settlement and participants due to over or under billing and submission. The audit risk rating is low.		
Actions taken to resolve the issue		Completion date	Remedial action status
Duplicate Non compliance as per 4.5		Completed	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
As above.		Completed	

Electricity conveyed & notification by embedded generators			
Non-compliance	Description		
<p>Audit Ref: 6.1</p> <p>With: Clause 10.13, Clause 10.24 and 15.13</p> <p>From: 09-Oct-17</p> <p>To: 21-Mar-18</p>	<p>Two ICPs without an EG channel to quantify DG volumes</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>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 is minor because this volume is not submitted; therefore the audit risk rating is low.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
Duplicate non-compliance – issue caused by same ICPs in section: 2.1		Completed	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
As above.		Completed	

NHH meter reading application			
Non-compliance	Description		
Audit Ref: 6.7 With: Clause 6 Schedule 15.2 From: 01-Jul-17 To: 21-Mar-18	Readings for 24:00 on the switch date provided as switch event meter readings for 00:00 on the switch date. 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 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
Processes have been updated to ensure the reads are applied from the correct date		Completed	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
As above.		Completed	

Correction of HHR metering information			
Non-compliance	Description		
Audit Ref: 8.2 With: Clause 19(2) Schedule 15.2 From: 01-Jul-17 To: 21-Mar-18	Correction process for HHR data includes substitution of “actual” data with estimated data. Potential impact: Medium Actual impact: Low Audit history: Once Controls: Weak Breach risk rating: 3		
Audit risk rating	Rationale for audit risk rating		
Low	The controls are recorded as weak. The correction process complies with the requirement to ensure the substituted data is from a period with a similar pattern but there are no controls to prevent substitution of actual data with estimated data. The impact on settlement is minor due to the small number of ICPs and because most substituted data is replaced with actual data; therefore, the audit risk rating is low.		

Actions taken to resolve the issue	Completion date	Remedial action status
Software system changes are to be investigated and implemented to ensure only missing data points are replaced with estimates.	31/10/2018	Identified
Preventative actions taken to ensure no further issues will occur	Completion date	
As above.		

Identification of readings		
Non-compliance	Description	
Audit Ref: 9.1 With: Clause 3(3) Schedule 15.2 From: 01-Jul-17 To: 21-Mar-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	Remedial action status
This is a duplicate non-compliance (see 8.2), As only daily records can be flagged as Actual or Estimated (e.g. CS reads in the registry and HERM files), we feel this is not an additional breach, but part of 8.2 which will be addressed.	31/10/2018	Identified
Preventative actions taken to ensure no further issues will occur	Completion date	
As above.		

Electricity supplied information provision to the reconciliation manager			
Non-compliance	Description		
Audit Ref: 11.3 With: Clause 15.7 From: 01-May-17 To: 28-Feb-18	Electricity supplied files aggregated by consumption month not invoice month Potential impact: None Actual impact: None 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 the content of the files is accurate, it's just that they are submitted for the incorrect month. 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	Remedial action status
System to be changed to delay submission file by one month to ensure files represent the correct month.		Complete	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
As above.		Complete	

HHR aggregates information provision to the reconciliation manager			
Non-compliance	Description		
Audit Ref: 11.4 With: Clause 15.8 From: 01-Jul-17 To: 31-Mar-18	Aggregates file contains submission information. Potential impact: None 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 there are no improvements required. There would be a negative impact on RM reporting if the file contained electricity supplied information; therefore I've used the lowest audit risk rating of low.		
Actions taken to resolve the issue		Completion date	Remedial action status
New system programming to resolve issue		31/10/2018	Identified

Preventative actions taken to ensure no further issues will occur	Completion date	

Accuracy of submission information		
Non-compliance	Description	
Audit Ref: 12.7 With: Clause 15.12 From: 01-Jul-17 To: 31-Mar-18	No NHH revision process in place Potential impact: Medium Actual impact: Low Audit history: Once Controls: Weak Breach risk rating: 3	
Audit risk rating	Rationale for audit risk rating	
Low	The controls are recorded as weak because whilst there is a HHR revision process there is no NHH revision process in place. There is a minor impact on settlement because the apportionment between months is inaccurate; therefore the audit risk rating is low.	
Actions taken to resolve the issue		Completion date
System changes will ensure NHH revision process uses shape files.		31/10/2018
Preventative actions taken to ensure no further issues will occur		Completion date
As above.		
Remedial action status		
Identified		

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	Incorrect submission information. Potential impact: Medium Actual impact: Medium Audit history: Once Controls: Weak Breach risk rating: 6
Audit risk rating	Rationale for audit risk rating
Medium	The controls are recorded as weak because they require improvements to ensure issues are identified and resolved at the earliest opportunity. The impact on settlement is moderate; therefore the audit risk rating is medium.

Actions taken to resolve the issue	Completion date	Remedial action status
The majority of the issues are covered in sections 2.1 & 6.1as related to generation information. Additionally estimation issues covered in 8.2/9.1. Is this double counting the breach?	31/10/2018	Identified
Preventative actions taken to ensure no further issues will occur	Completion date	
System automation and advanced system programming will correct the errors and prevent future errors.	31/10/2018	

Historical estimate process			
Non-compliance	Description		
Audit Ref: 12.11 With: Clause 4 and 5 Schedule 15.3 From: 01-Jul-17 To: 31-Mar-18	HE calculations and revisions not conducted after Day 4 Potential impact: Medium Actual impact: Low Audit history: Once Controls: Weak Breach risk rating: 3		
Audit risk rating	Rationale for audit risk rating		
Low	The controls are recorded as weak because they exist for Day 4 submissions but not for any subsequent revisions. The impact on settlement is minor due to the incorrect apportionment of consumption between months; therefore, the audit risk rating is low.		
Actions taken to resolve the issue		Completion date	Remedial action status
As noted in 12.7 comments, the system will be upgraded to address this issue. Double counting?			Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
As above.			

Compulsory meter reading after profile change			
Non-compliance	Description		
Audit Ref: 12.13 With: Clause 7 Schedule 15.3 From: 01-Jul-17 To: 21-Mar-18	Profile changes not always made with an actual reading 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 on settlement is minor; therefore the audit risk rating is low.		
Actions taken to resolve the issue		Completion date	Remedial action status
We will review all instances of non-compliance and revise processes to ensure compliance. System to be changed to facilitate addition of NHH read for HHR profile change.		31/10/2018	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
As above.			