

Compliance plan for Arc Innovations - 2019

Non-compliance	Description		
<p>Audit Ref: 2.5 With: 11.2</p> <p>From: 01-May-18 To: 15-Feb-19</p>	<p>Information updated in the registry later than 10BD and certification of metering installation not cancelled in the registry for metering installations not fit for purpose</p> <p>Potential impact: Low Actual impact: Low Audit history: None Controls: Moderate Breach risk rating: 2</p>		
Audit risk rating	Rationale for audit risk rating		
Low	<p>The controls are rated as moderate because there are some improvements that can be made to them to achieve compliance. The impact on settlement is potentially minor, therefore audit risk rating is low.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
<p>section 4.10 The code requires an MEP to update the registry within 10 business days of any changes to metering records. What the auditor has identified is that Arc's corrections to data in the registry are often backdated. Backdating gives the perception that Arc has been late in updating the registry; what it doesn't take into account is the time from when Arc became aware of the error until it is corrected.</p> <p>If the Authority could provide Arc some guidance on how to comply with this clause while still being able to backdate corrections where needed or requested by the retailer, this would be appreciated.</p> <p>section 6.3) Arc's system is automatically synchronized with the registry so we are confident that both systems are in alignment. However, a post audit manual reconciliation found a handful of discrepancies (0.001%) where our systems had incomplete data but the registry was correct. We have corrected these and will continue to run this report monthly as required by the code.</p> <p>section 6.4. Arc accepts there are a few ICPs identified in the audit that do not meet the maximum error threshold. Our process did not ensure the meters at these ICPs were manually interrogated and sent for replacement as necessary. In such cases, certification will be cancelled and the meters will be replaced.</p>		<p>Sections 6.3 & 6.4, June 2019</p> <p>Section 4.10, Ongoing</p>	Identified

Preventative actions taken to ensure no further issues will occur	Completion date	
<p>We must continue to correct data on the registry once an error is identified (clauses 10.6 & 11.2). This will sometimes involve backdating data, causing us to become non-compliant with the code.</p> <p>The majority of our corrections are required for ARCM meters. We expect the need for corrections to diminish as the number of these meters decline significantly.</p> <p>A reconciliation report will be created to compare systems and will be run monthly.</p> <p>Time sync automated process will be extended to include the tech team, to ensure non-communicating sites are replaced.</p>	Ongoing	

Non-compliance	Description		
<p>Audit Ref: 4.10</p> <p>With: 3 of Schedule 11.4</p> <p>From: 01-May-18</p> <p>To: 15-Feb-19</p>	<p>Information updated in the registry later than 10BD</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 rated as moderate because there are some improvements that can be made to them to achieve compliance. The impact on settlement is potentially minor, therefore audit risk rating is low.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
<p>As stated above in section 2.5, the code requires an MEP to update the registry within 10 business days of any changes to metering records. Arc corrections to data in the registry that are backdated longer than 10 business days are non-compliant with the code. We expect the need for corrections to reduce dramatically as ARCM metering is actively displaced.</p>		Ongoing	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
<p>We must continue to correct data on the registry once an error is identified (clauses 10.6 & 11.2) This will involve backdating data, causing us to become non-compliant with the code.</p> <p>Going forward, Arc will cease doing removals as this is not required in the code. Most of our corrections relate to ARCM meters. We expect the need for corrections to diminish as the number of ARCM meters decline significantly.</p>		Ongoing	

Non-compliance	Description		
<p>Audit Ref: 6.2</p> <p>With: 7(1) of Schedule 11.4</p> <p>From: 16-Jul-17</p> <p>To: 30-Apr-17</p>	<p>Information for 1 ICP is missing; some information for metering installations on Scanpower's network is incorrect (controls devices for 1,238 ICPs)</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: Multiply times</p> <p>Controls: Moderate</p> <p>Breach risk rating: 2</p>		
Audit risk rating	Rationale for audit risk rating		
Low	Controls are recorded as moderate. The impact on settlement is potentially minor, therefore audit risk rating is low. Meters on Scanpower's network will be replaced as part of an upgrade to smart meters		
Actions taken to resolve the issue		Completion date	Remedial action status
As described in the last audit, there was a large number of interim certified sites gifted to Arc with insufficient information, and efforts to gather missing information have been unsuccessful. The meters at these sites are being upgraded as we attempt to clean up the interim certified meters.		Ongoing	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
Arc Innovations is using the Registry Data Analysis database provided by the Authority. It is a good tool for identifying inconsistency of information in two files provided by the registry. We have staff regularly reviewing this to ensure incorrect information such as that in the table above is identified and corrected.		Ongoing	

Non-compliance	Description		
<p>Audit Ref: 6.3</p> <p>With: 6 of Schedule 11.4</p> <p>From: 01-May-18</p> <p>To: 15-Feb-19</p>	<p>There is no a process to comply with this clause.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: Once previously</p> <p>Controls: None</p> <p>Breach risk rating: 5</p>		
Audit risk rating	Rationale for audit risk rating		
Low	<p>Arc Innovations does not have a process in place to meet compliance with this clause. Information in the registry is corrected when identified but it is more of an ad hoc process. The impact on settlement is potentially small, therefore audit risk rating is low.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
<p>In section 5.1 of this report, Arc Innovations is compliant in relation to 'Accurate and complete records' (clause 4(1)(a) and (b) of schedule 10.6, and table 1, schedule 11.4).</p> <p>With reference to 'Correction of errors in Registry (Clause 6 of Schedule 11.4), Arc was assessed to be non-compliant due to the fact that we were not comparing the registry and our systems on a monthly basis.</p> <p>Arc Innovations has an automated process where the systems referred to in section 5.1 (PSP and AReg) synchronize with the registry whenever there is a change to a field that is required under table 1, schedule 11.4. For instance, if we were to cancel a certification date on an ICP in PSP, an automatic update will go to the registry that night. At that time, the registry and our systems will be in alignment.</p> <p>If the new information being uploaded does not meet the registry's validation, it will be rejected and Arc will receive a notification through the alerts screen in PSP. Arc will correct the data and the systems will automatically be in sync again.</p> <p>Post audit, we ran a manual reconciliation and found a handful of discrepancies (0.001%) where our systems had incomplete data but the registry was correct. We have corrected these and will continue to run this report monthly.</p>		Completed	Identified

Preventative actions taken to ensure no further issues will occur	Completion date	
<p>Reconciliation report generated manually found very few discrepancies. These have been corrected and we will run this report monthly for monitoring purposes. Arc's systems automatically synchronize with the registry so we are confident that our systems are in alignment with the registry at all times.</p>	<p>Completed</p>	

Non-compliance	Description		
<p>Audit Ref: 6.4</p> <p>With: 20(1)(b) of Schedule 10.7</p> <p>From: 01-May-18</p> <p>To: 15-Feb-19</p>	<p>Certification has not been cancelled for a small number of metering installations</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 rated as weak because there are some improvements that can be made. The registry should be updated in timely manner as soon as metering installation is not fit for purpose. The impact on settlement is potentially minor because of small number of metering installations, therefore audit risk rating is low.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
<p>The events listed in subsection a), b), e), f), g), h), and i) above were reviewed during this audit, which found them to be mostly compliant. Our time sync process is automated and time corrections occur (if needed) each time a meter is interrogated. A snap shot of a typical day (10 Feb) shows circa 123,000 reads were received, and 56 time errors automatically corrected. A very small number of ICPs were identified in the audit to be non-compliant with the maximum error threshold. Arc accepts our process did not ensure these were manually interrogated and sent for replacement as necessary. In such cases, certification will be cancelled and the meters will be replaced.</p>		30 May 2019	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
<p>We have identified and are putting in place an enhancement to our PSP system that would roll out the automated system to our technical team. This system will notify them of time error issues that were not auto-corrected. The technical team will then manually interrogate the meter, and if unsuccessful, the system will notify the BAU team to raise a replacement job. The system will log the job through to completion.</p> <p>It should be noted that any time errors are sent to the relevant retailers as part of the event logs.</p>		30 June 2019	

Non-compliance	Description		
<p>Audit Ref: 7.1</p> <p>With: 10.38(a)</p> <p>From: 01-May-18</p> <p>To: 15-Feb-19</p>	<p>Certification expired for 2,198 metering installations</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: Multiplier 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 rated as moderate because there are some improvements that can be made to them to achieve compliance. The number of non-certified installations are mainly category 1 metering installations, residential customers. It could have a minor impact on settlement outcomes if it is discovered that installations record incorrect volumes.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
<p>2,022 uncertified ICPs have expired interim certified meters and Arc has been working hard to clear this backlog, where possible. Arc (as part of VAMS) reports separately to the Authority on this specific non-compliance and has shown its commitment to certifying these sites, but there have been numerous reasons why this has not been fully addressed.</p> <p>The audit identified 172 Cat 2 ICPs where certification has expired. The bulk of Arc's Cat 2 metering was installed in 2008 so large numbers started expiring last year. A project was launched to undertake re-certification of these sites but due to field staff shortages, our field service provider has not kept up with the numbers of those expiring. The number of expiring meters has declined, so we expect to clear the backlog and be fully up to date by May 2019.</p> <p>There were 6 Cat 1 uncertified ICPs. We will investigate why they were not recertified on time, and will raise jobs for their re-certification.</p>		May 2019	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	

<p>We have had confirmation from the ATH recertifying the Cat 2 ICPs that they will continue to assign resources to the Cat 2 ICPs, including the backlog, to clear it as soon as possible.</p> <p>We will continue to work with the relevant parties to recertify the old interim certified meters, where possible. This will include continued reporting to the Authority on our progress.</p>	May 2019	
--	----------	--

Non-compliance	Description		
<p>Audit Ref: 7.19</p> <p>With: 18 of Schedule 10.7</p> <p>From: 01-May-18</p> <p>To: 15-Feb-19</p>	<p>2,022 ICPs with expired interim certification</p> <p>Potential impact: Medium</p> <p>Actual impact: Medium</p> <p>Audit history: None</p> <p>Controls: Strong</p> <p>Breach risk rating: 2</p>		
Audit risk rating	Rationale for audit risk rating		
Medium	<p>Controls are recorded as strong. Certification has been expired for 2,022 installations. Arc Innovations implemented a plan to rapidly reduce the number of such installations. The impact on settlement outcomes is recorded as moderate because of the increased likelihood of inaccuracy of metering installations.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
<p>As discussed in section 7.1, 2,022 uncertified ICPs have expired interim certified meters and Arc has been working hard to clear this backlog, where possible. Arc (as part of VAMS) reports separately to the Authority on this specific non-compliance and has shown commitment to certifying these sites, but there are numerous reasons why this has not been fully addressed.</p>		Ongoing	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
<p>We will continue to work with the relevant parties to recertify the old interim certified meters, where possible. This will include continued reporting to the Authority on our progress.</p>		Ongoing	

Non-compliance	Description		
<p>Audit Ref: 8.2</p> <p>With: 46(1) of Schedule 10.7</p> <p>From: 01-May-18</p> <p>To: 15-Feb-19</p>	<p>52 category 2 metering installations were not inspected.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: Twice previously</p> <p>Controls: Strong</p> <p>Breach risk rating: 1</p>		
Audit risk rating	Rationale for audit risk rating		
Low	<p>The controls are rated as strong. The number of non-certified installations decreased significantly since the last audit. Arc Innovations works closely with Wells to address this. This could have a minor impact on settlement outcomes if it is discovered that installations record incorrect volumes.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
<p>The code requires metering installations to be inspected no later than 10 years and 6 months from installation date. In the above non-compliance (section 7.1), where 170 Cat 2 ICPs remain uncertified after their expiry, 52 of these have exceeded this timeframe. Arc does not have a process for inspecting Cat 2 metering and relies on recertification of metering after 10 years. In this instance, where we acknowledge we are behind on a project to mass recertify significant numbers of meters, Arc accepts we are non-compliant with this clause. The 52 ICPs certifications have already expired so there is no requirement to cancel the certification, and the site will be recertified with new metering shortly.</p>		May 2019	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
<p>All Arc Cat 2 metering are certified for a term of 10 years. Our process is to recertify at the expiry of that term. We have had written confirmation from the ATH undertaking our recertification project to ensure resources continue to be deployed to complete the project as soon as possible.</p>		May 2019	

Non-compliance	Description		
Audit Ref: 10.7 With: 8(4) of Schedule 10.6 From: 01-May-18 To: 15-Feb-19	A small number of data storage devices exceeds the maximum time error set out in Table 1 of clause 8(5) of Schedule 10.6 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 rated as moderate because there are some improvements that can be made, especially to the follow through for installations for which time can't be corrected successfully. The impact on settlement is potentially minor, therefore audit risk rating is low.		
Actions taken to resolve the issue		Completion date	Remedial action status

<p>The main part of our time sync process is fully automated. The threshold for correcting meters is +/- 15 seconds for Cat 1 HHR and +/- 5 seconds for Cat 2 HHR. Over 99% of meters are corrected within the requirements of table 1, Schedule 10.6. The audit did identify an issue with some ICPs that had exceeded the maximum time error limit and were unable to be corrected either through the automated process or manually by our technical team. With the relinquishing of our VSM licence last year and the shift to manage this through our PSP system, the process to notify the technical team to manually correct the time clock is not working as well as it should. The ability for the team to notify the BAU team to raise a physical repair job is not automated and is reliant on emails.</p> <p>We have identified an improvement to PSP that will identify ICPs outside the maximum time error limit and notify the tech team directly. If repair by the tech team is unsuccessful, the system will then notify the BAU team via their usual daily notifications screen to raise a field job and cancel the certification of the installation. The whole process will be logged and tracked, and an automated report will be generated to ensure no ICPs are missed.</p> <p>In the meantime ICPs currently not fit for purpose will have their certification cancelled, and a field job will be raised to replace them.</p> <p>The retailers will have been notified through event reporting of these errors.</p>	30 June 2019	Identified
Preventative actions taken to ensure no further issues will occur	Completion date	
As above, our PSP system will be modified to clearly identify any ICPs that exceed the maximum time error limit. If the tech team are unable to manually adjust the clock, the system will notify the BAU team to cancel the site certification, raise a field job to replace meter, and track progress.	30 June 2019	