

Compliance plan for NextGen Energy

1

Non-compliance	Description	
Audit Ref: 2.11/2.12 With: clause 11.16 of Part 11 & clause 10.36 From/to 01/10/10-03/05/17	No arrangement for provision MEP services with TRUM, FCLM, LGML, and CTCT: Potential impact: None Actual impact: None Audit history: None Controls: Moderate Breach risk rating: 2	
Audit Risk Rating	Rationale for audit risk rating	
Low	It as arrangement with AMS, which provides MEP services for HHR ICPs. Small number of NHH ICPs.	
Actions taken to resolve the issue	Completion date	Remedial action Status
NextGen will ensure they have agreements in place with other MEP's that are responsible for ICPs that will be switched to NextGen.	In progress	Identified
Preventative actions taken to ensure no further issues will occur	Completion date	
NextGen have already completed an agreement with LGML and are waiting on receipt of documents from the other MEP's. See above.	10/7/2017	

2

Non-compliance	Description	
Audit Ref 3.3 With: 10 of Schedule 11.1 From/to: 26/01/17 -31/05/17	16 updates out of 109 of information to the registry (trader were later than 5 business days. The latest was 61 days. Clause 10 of Schedule 11.1 Potential impact: None Actual impact: None Audit history: None Controls: Moderate Breach risk rating: 2	
Audit Risk Rating	Rationale for audit risk rating	
Low	Audit risk assessment is low because there was no impact on market settlement because the error was corrected quickly and revised reconciliation files were sent.	
Actions taken to resolve the issue	Completion date	Remedial action Status
Processes updated to increase the frequency of the switch breach report monitoring (to daily) in order to trigger responses earlier.	10/7/2017	Identified
Preventative actions taken to ensure no further issues will occur	Completion date	
See above.	As above.	

3

Non-compliance	Description		
Audit Ref: 3.5 With: 9 of Schedule 11.3 From/to:11/03/17 – 06/06/17	Incorrect type of reconciliation for 7 ICPs recorded in the registry. Clause 9 of Schedule 11.3 Potential impact: None Actual impact: None Audit history: None Controls: Moderate Breach risk rating: 2		
Audit Risk Rating	Rationale for audit risk rating		
Low	Audit risk assessment is low because there was no impact on settlement outcome. It is small number of ICPs. Revision files were submitted to the reconciliation manager.		
Actions taken to resolve the issue		Completion date	Remedial action Status
These issues were identified and rectified before the audit site visit.		15/6/2017	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
Additional process steps were added to the meter change log to ensure reconciliation type is updated when new metering is added.		15/6/2017	

4

Non-compliance	Description		
Audit Ref: 3.6 With: 9(1)(k) of Schedule 11.1 From/to:	2 ICPs had ANZSIC code T994 and 2 ICPs incorrect ANZSIC code; clause 9(1)(k) of Schedule 11.1 Potential impact: None Actual impact: None Audit history: None Controls: Weak Breach risk rating: 3		
Audit Risk Rating	Rationale for audit risk rating		
Low	Audit risk assessment is low because there was no impact on settlement outcome. It is small number of ICPs		
Actions taken to resolve the issue		Completion date	Remedial action Status
Registry information was corrected before this report was finalised.		1/7/2017	Cleared
Preventative actions taken to ensure no further issues will occur		Completion date	
Switch process now enhanced to ensure no T994 code ANZSIC codes inherited from the loosing retailer are progressed.		1/7/2017	

Non-compliance	Description	
Audit Ref: 4.5 With: clause 6 & 6A of Schedule 11.3 From/to : 8/9/16 -29/05/17	NextGen does not use the switch event read provided by the losing trader for HHR ICPs; clause 6 & 6A of Schedule 11.3 Potential impact: Low Actual impact: Low Audit history: None Controls: Weak Breach risk rating: 6	
Audit Risk Rating	Rationale for audit risk rating	
Medium	Almost all I HHR ICPs traded by NextGen are affected by this non-compliance. At the time of audit, the number of traded ICPs was small but the company has a potential to gain more customers. It will mean that it will increase impact on settlement outcomes.	
Actions taken to resolve the issue	Completion date	Remedial action Status
Nextgen dispute this alleged non compliance as written by the auditor, we do however accept a related non compliance as discussed in the participants comment section of the audit report.	10/7/2017	Disputed
Preventative actions taken to ensure no further issues will occur	Completion date	
We now understand the requirement to provide a revised switch event meter reading under clause 6 (3) of schedule 11.3 when a switched in ICP is changed from submission type NHH to submission type HHR. We have updated our operating procedures accordingly.	10/7/2017	

6

Non-compliance	Description		
Audit Ref: 4.8 With: 9 of Schedule 11.3 From/to 23/3/17 – 26/05/17	Notification for 3 ICPs were sent later than 2 business days after the arrangement with a customer comes into effect. Clause 9 of Schedule 11.3 Potential impact: None Actual impact: None Audit history: None Controls: Strong Breach risk rating: 1		
Audit Risk Rating	Rationale for audit risk rating		
Low	Audit risk assessment is low because there was no impact on settlement outcome. It is small number of ICPs		
Actions taken to resolve the issue		Completion date	Remedial action Status
The customer on-boarding process has been reviewed and explicitly triggers a switch once the customer screening process has been completed, so that switches are no longer batched, that lead to these delays.		Complete.	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
As above.		As above.	

7

Non-compliance	Description		
Audit Ref: 4.16 With: clause 18(d) of Schedule 11.3 From/to :23/3/17 -29/03/17	NextGen sent AW for 3 ICPs later than 5 business days; clause 18(d) of Schedule 11.3 Potential impact: None Actual impact: None Audit history: None Controls: Strong Breach risk rating: 1		
Audit Risk Rating	Rationale for audit risk rating		
Low	No impact on settlement outcome and customer. Only 3 AW notification were sent late to the registry.		
Actions taken to resolve the issue		Completion date	Remedial action Status
As detailed during the audit, these breaches were consequential breaches. A document was produced at the time for each breach that details the reasons. Each breach was due to delays in customer communicating with NextGen and/or customer sending conflicting communications that needed further customer response.		Complete before audit took place.	Cleared
Preventative actions taken to ensure no further issues will occur		Completion date	
NextGen will continue to ensure its communication with customers are performed in a timely manner to minimise the probability of further consequential breaches.		Complete.	

8

Non-compliance	Description	
Audit Ref: 6.10 With: clause 9(3) of Schedule 15.2 From/to : 1/10/16 -12/06/17	No meter reading frequency report sent to the Market administrator. Potential impact: None Actual impact: None Audit history: None Controls: Moderate Breach risk rating: 2	
Audit Risk Rating	Rationale for audit risk rating	
Low	NHH meters are always read but Meter Frequency Reports were not sent stating that 100 % of meters were read. No impact on settlement market	
Actions taken to resolve the issue	Completion date	Remedial action Status
Meter report to be sent following monthly reconciliation.	Ongoing.	Identified
Preventative actions taken to ensure no further issues will occur	Completion date	
As above.	As above.	

9

Non-compliance	Description	
Audit Ref: 8.2 With: clause 19(2) of Schedule 15.2 From/to 01/10/10-03/05/17	Correction of HHR metering information Potential impact: Medium Actual impact: Medium Audit history: None Controls: None Breach risk rating : 8	
Audit Risk Rating	Rationale for audit risk rating	
Medium	Non-compliant methodology to estimate missing interval reading. It influences submission information	
Actions taken to resolve the issue	Completion date	Remedial action Status
This alleged non-compliance is disputed. Full details are provided in the participant response section of the audit report and includes a description of the methodology used to calculate HHR estimates of consumption.	NA	Disputed
Preventative actions taken to ensure no further issues will occur	Completion date	
See above.	NA	

10

Non-compliance	Description		
Audit Ref: 9.1 With: clause 3(3) of Schedule 15.2 From/to 01/10/10-03/05/17	Identification of reading for HHR ICPs incorrect. It is against each day not each interval. Potential impact: None Actual impact: None Audit history: None Controls: None Breach risk rating : 5		
Audit Risk Rating	Rationale for audit risk rating		
Low	Audit risk assessment is low because there was no impact on settlement outcome or customers. It is small number of ICPs.		
Actions taken to resolve the issue		Completion date	Remedial action Status
This alleged non-compliance is disputed. Full details are provided in the participant response section of the audit report and includes a description of the methodology used to indicate whether half-hour meter information records are estimates.		NA	Disputed
Preventative actions taken to ensure no further issues will occur		Completion date	
See above.		NA	

11

Non-compliance	Description		
Audit Ref: 11.3 With: clause 15.7 of Part 15 From/to : 1/10/16 -29/06/17	AV120 - Volumes of energy supplied are not aggregated by invoice month but by submission month. Volumes should be based on participant's billing system, not reconciliation system Potential impact: Low Actual impact: Low Audit history: None Controls: None Breach risk rating : 5		
Audit Risk Rating	Rationale for audit risk rating		
Low	Low risk due to small number of ICPs. AV120 information are mainly used for evaluation purposes		
Actions taken to resolve the issue		Completion date	Remedial action Status
This alleged non-compliance is disputed, a full description is provided in the participants comment section of the audit report. The auditor has been unable to grasp the idea that NextGen bills customers by month, therefore the aggregation of energy supplied is by month, the same as the aggregation to reconciliation.		NA	Disputed
Preventative actions taken to ensure no further issues will occur		Completion date	
As above		NA	

12

Non-compliance		Description	
Audit Ref: 12.7 With: clause 11.16 of Part 11 From/to 01/10/10-03/05/17	There are two problems with accuracy of submissions. First one is related to the fact that NextGen not always uses the switch event reads provided by the losing trader when switching using AMI meter from NHH to HHR reconciliation. Second one, NHH ICPs volume should be forwards estimated if there is no read on the last day of the month Potential impact: Low Actual impact: Low Audit history: None Controls: Weak Breach risk rating : 5		
Audit Risk Rating		Rationale for audit risk rating	
Low		Audit risk assessment is low because there was no impact on settlement outcome due to small number of ICPs	
Actions taken to resolve the issue		Completion date	Remedial action Status
This alleged non-compliance is disputed, a full description is provided in the participant comments section of the audit report.		NA	Disputed
Preventative actions taken to ensure no further issues will occur		Completion date	
As above		NA	

13

Non-compliance		Description	
Audit Ref: 12.9/12.7 With: clause 2 of Schedule 15.3 From/to : 01/10/16 -12/06/17	Submission not checked and negatives values submitted in May'17, the file was rejected and re-submitted Potential impact: Low Actual impact: Low Audit history: None Controls: Weak Breach risk rating: 3		
Audit Risk Rating		Rationale for audit risk rating	
Low		Audit risk assessment is low because there was no impact on settlement outcome due to small number of ICPs	
Actions taken to resolve the issue		Completion date	Remedial action Status
This alleged non-compliance is disputed, a full explanation is provided in the participant comment section of the audit report.		NA	Disputed, participant did not provide evidence if negative values replaced by "0.1" and "0.2" were corrected in subsequent revision.
Preventative actions taken to ensure no further issues will occur		Completion date	
As above		NA	

14

Non-compliance	Description		
Audit Ref: 12.10 With: clause 3 of Schedule 15.3 From/to : 01/10/2016 -15/06/17	ETS does not calculate FE for ICPs which do not have validated meter readings at the end of reconciliation period Potential impact: Low Actual impact: Low Audit history: None Controls: None Breach risk rating: 5		
Audit Risk Rating	Rationale for audit risk rating		
Low	Audit risk assessment is low because there was no impact on settlement outcome due to small number of ICPs		
Actions taken to resolve the issue		Completion date	Remedial action Status
This alleged non-compliance is disputed, a full explanation is provided in the participant comment section of the audit report.		NA	Disputed
Preventative actions taken to ensure no further issues will occur		Completion date	
As above		NA	

15

Non-compliance	Description		
Audit Ref: 12.12 With: clause 6 of Schedule 15.3 From/to : 01/10/16 -12/06/17	Next Gen does not calculate FE for ICPs which do not have validated meter readings at the end of reconciliation period. Potential impact: Low Actual impact: Low Audit history: None Controls: None Breach risk rating: 5		
Audit Risk Rating	Rationale for audit risk rating		
Low	Audit risk assessment is low because there was no impact on settlement outcome due to small number of ICPs		
Actions taken to resolve the issue		Completion date	Remedial action Status
This alleged non-compliance is disputed, a full explanation is provided in the participant comment section of the audit report.		NA	Disputed
Preventative actions taken to ensure no further issues will occur		Completion date	
As above		NA	

Recommendation

1.1

Section 12.2

Recommendation	Description	Audited party comment	Remedial action
Meter change NHH to HHR and change of reconciliation type on the same day	Review process how volumes are reconciled on the day of meter change from NHH to HHR.		

Issue

Issue	Description	Remedial action
Meter change NHH to HHR and change of reconciliation type on the same day	Part of energy recorded on the day of meter change is not reconciled when type of reconciliation is changed from NHH to HHR on a day of meter change	