

Electricity Industry Participation Code  
Reconciliation Participant Audit Report  
For

**Pioneer Energy Limited**

Prepared by: Ewa Glowacka

Date Audit Commenced: 17 Jun 2017

Date Audit Report Completed:

# Executive Summary

This reconciliation participant audit was performed at the request of Pioneer Energy (PION) to support their application for certification, in accordance with clauses 4 of Schedule 15.1 of The Code 2010. This audit is the initial audit.

The relevant clauses audited are as required by the Guidelines for Reconciliation Participants Audits V 7.1 issued by the Electricity Authority.

Pioneer Energy became a trader tier 1 on 01/01/2017. It is the second audit since the company started trading. Since the last audit the number of ICPs increased by 1,654, which is a significant number. Pioneer managed NHH ICPs themselves, HHR ICPs management is done by EMS on behalf of Pioneer. In last a few months the company has achieved great results in establishing an electricity trader operation. There are still some changes in front of them but overall we are impressed how Pioneer operates, their willingness to meet the obligation described in the Code.

There is problem with Orion in relation to reconciliation files, which effects compliance with the Code. Pioneer Energy is working closely with them to address issues but it is not an easy task.

Whilst 7 non-compliances (5 of them were cleared) have been found during this audit, in our view none of the matters have resulted in material reconciliation issues. Some non compliances will be cleared as soon as issued with Orion are solved by Agility.

## Participant Response

Pioneer appreciates the learnings and insights that have been identified through the audit process. We the view the audit and any issues/non-compliances identified through the process as valuable to our overall operation as a means to improve not only our regulatory compliance requirements but also our internal operations.

Pioneers goal is to be 100% compliant, however we also acknowledge that as a new market participant there will always be areas to learn and improve on and we see the audit process as one avenue to identify those learnings to help us improve our business and processes.

We would like to thank Ewa for her insights and advice throughout this process, they have been very much appreciated.

# Audit Summary

## Non-Compliances



## Recommendations

### Recommendation

#### RECOMMENDATION

We recommend changes to the current new connection process. Currently a change of ICP status to "Active" and a nomination of MEP happen after an MEP notifies that a meter was installed and an installation was electrically connected. Our recommendation is to change an ICP status to "New connection in progress" and nominate an MEP at the time a SR is issued to the MEP. Using this proposed sequence of events will avoid registry backdating and help MEPs to manage their process more effectively.

#### RECOMMENDATION DESCRIPTION

#### RECOMMENDATION REMEDIAL ACTION

### Issues

There are no issues arising from this audit.

# 1. Administrative

## 1. 1. Scope of audit

### Code Reference

#### Code Related Audit Information

#### **Audit Observation**

This reconciliation participant audit was performed at the request of Pioneer Energy (PION) to support their application for certification, in accordance with clauses 4 & 5 of Schedule 15.1 of the Code 2010. The audit was carried out on the Pioneer premises in Alexandra, on the 31May/1 June 2017 and 8 June 2017 in Auckland.

#### **Audit Commentary**

For clarification the drawing representing the Pioneer Energy Audit Boundary was added to this document.

#### Audit Attachments

PION Audit drawing\_2017 June.ppt

#### Recommendations

There are no recommendations arising from this subsection.

#### Issues

There are no issues arising from this subsection.

## 1. 2. ICP data

### Code Reference

#### Code Related Audit Information

#### **Audit Observation**

Pioneer Energy provided the LIS file dated 29/05/2017. The type of file was "S", addresses were included.

#### **Audit Commentary**

Summary of the file is attached to this section, showing the number of ICPs per metering category and the number of ICPs per combination of ICP Status Code/ICP Status Reason.

## Audit Attachments

CRP 1.2 ICP Data - Meter Category Summary.xlsx

CRP 1.2 ICP Data - ICP Summary.xlsx

## Recommendations

There are no recommendations arising from this subsection.

## Issues

There are no issues arising from this subsection.

## 1. 3. Exemptions from obligations to comply with code

### Code Reference

Section 11 of Electricity Industry Act 2010

### Code Related Audit Information

Section 11 of the Electricity Industry Act provides for the Electricity Authority to exempt any participant from compliance with all or any of the clauses.

### Audit Observation

Pioneer Energy was granted the exemption #254, which was gazette on 2 March 2017. This exemption expires on the close of 31 August 2017.

The exemption states that Pioneer Energy is exempted from complying with the obligation in clause 15.38 of the Electricity Industry Participation Code 2010 to obtain and maintain certification as a reconciliation participant.

There were no conditions for this exemption.

### Audit Commentary

This audit is conducted to support Pioneer Energy's application for certification. The audit report will be submitted by 30 June 2017.

## Audit Attachments

There are no uploaded attachments for this subsection.

## Recommendations

There are no recommendations arising from this subsection.

## Issues

There are no issues arising from this subsection.

## 1. 4. Structure of organisation

### Code Reference

### Code Related Audit Information

#### Audit Observation

Pioneer Energy provided the organizational chart, which is attached to this document. It is not clear looking at the organizational chart but Pioneer Energy operates from different geographical locations. It shows strength and excellent management to support a modern structure of a retail company.

#### Audit Commentary

The fact that the company is located in a few physical locations does not affect its performance and efficiency. With modern communications, such as Skype, video conferences make such an operation style possible. The audit was conducted in two different locations, Auckland and Alexandra. We also talked to people, over Skype, in Queenstown to assist us in assessment of compliance.

#### Audit Attachments

Company and Retail Division structure.JPG

#### Recommendations

There are no recommendations arising from this subsection.

#### Issues

There are no issues arising from this subsection.

## 1. 5. Use of agents

### Code Reference

Clause 15.34 of Part 15

### Code Related Audit Information

#### **Audit Observation**

Pioneer Energy uses EMS as an agent to manage HHR ICPs. EMS also submits NNHVOL and Shape File for street light (profile DST). EMS reads some meters themselves and receives data from other parties, validates meter readings and creates and submits files to the reconciliation manager.

Pioneer Energy also uses WELLS to read NHH meters on their behalf.

#### **Audit Commentary**

Audit reports for both EMS (dated 13/02/17) and WELLS (dated 20/06/16, more recent copy was not available) are attached to this document.



## Audit Attachments

EMS report 2017 RP Final.pdf

## Recommendations

There are no recommendations arising from this subsection.

## Issues

There are no issues arising from this subsection.

## 1. 6. Hardware and software

### Code Reference

### Code Related Audit Information

### **Audit Observation**

Pioneer Energy uses ORION software for management of NHH ICPs (meter readings and reconciliation files). This software is also used to bill both NHH and HHR customers.

### **Audit Commentary**

ORION software is supported by Agility based in Auckland.

## Audit Attachments

There are no uploaded attachments for this subsection.

## Recommendations

There are no recommendations arising from this subsection.

## Issues

There are no issues arising from this subsection.

## 1. 7. Breaches or breach allegations

### Code Reference

### Code Related Audit Information

#### **Audit Observation**

Pioneer Energy has not had any breaches or breach allegations recorded during the period since the last audit in January this year.

#### **Audit Commentary**

The observation was made based on information provided by Pioneer Energy.

#### Audit Attachments

There are no uploaded attachments for this subsection.

#### Recommendations

There are no recommendations arising from this subsection.

#### Issues

There are no issues arising from this subsection.

## 1. 8. Authorisation received

### Code Reference

### Code Related Audit Information

#### **Audit Observation**

Pioneer Energy provided a letter of authorization, dated 1 June 2017.

#### **Audit Commentary**

Compliance confirmed. The letter is attached to this document.

#### Audit Attachments

20170620154753164.pdf

#### Recommendations

There are no recommendations arising from this subsection.

## Issues

There are no issues arising from this subsection.

## 2. Operational infrastructure

### 2. 1. Relevant information

#### Code Reference

Clause 10.6, 11.2, 15.2

#### Code Related Audit Information

A participant must take all practicable steps to ensure that information that the participant is required to provide to any person under Part 15 is:

- (a) complete and accurate
- (b) not misleading or deceptive
- (c) not likely to mislead or deceive.

If the participant becomes aware that in providing information under this Part, the participant has not complied with that obligation, the participant must, as soon as practicable, provide such further information as is necessary to ensure that the participant does comply.

#### **Audit Observation**

Pioneer Energy has been operating as a retailer, tier 1, since January 2017. Previously Pioneer was a retailer tier 2 through an arrangement with Simply Energy. It was a big operation to transfer nearly 1700 ICPs between two companies before 01/04/17, therefore some non-compliances occurred in relation to the clause quoted. These will be described in other parts of this document.

The company uses Orion to manage NHH ICPs. Unfortunately, some NHH reconciliation files provided by the software were not fully compliant.

#### **Audit Commentary**

We found Pioneer Energy non-compliant because some RM files had incorrect information due to problems with Orion. Such problems lead to inaccurate information but it was never intentionally deceptive or misleading. The company is working closely with Agility to address the issues.

#### Audit Attachments

There are no uploaded attachments for this subsection.

#### **Audit Outcome: No Compliant**

## 2. 2. Provision of information

### Code Reference

Clause 15.35

### Code Related Audit Information

If an obligation exists to provide information in accordance with Part 15, a participant must deliver that information to the required person within the timeframe specified in the Code, or, in the absence of any such timeframe, within any timeframe notified by the Authority. Such information must be delivered in the format determined from time to time by the Authority.

### **Audit Observation**

This is discussed in a number of sections in this report. We discussed with Pioneer if they were requested to provide any information by the Authority or participants. The requests from other participants were related to switching. There were no requests from the Authority to provide information.

### **Audit Commentary**

It is discussed in a number of sections in this report and compliance is confirmed.

### Audit Attachments

There are no uploaded attachments for this subsection.

**Audit Outcome:** Compliant

### Recommendations

There are no recommendations arising from this subsection.

## Issues

There are no issues arising from this subsection.

## 2. 3. Data transmission

### Code Reference

Clause 20 Schedule 15.2

### Code Related Audit Information

Transmissions and transfers of data related to metering information between reconciliation participants or their agents, for the purposes of the Code, must be carried out electronically using systems that ensure the security and integrity of the data transmitted and received.

### Audit Observation

NHH ICPs are read by WELLS and meter reads delivered via FTP. At the time of the audit we were not in a position to view file transfer because it was scheduled for later in the month.

NHH reconciliation files are uploaded to the RM portal, which is standard process for all reconciliation participants. The only other exchange of data related to metering information will relate to details when a meter change is requested. This information will be exchanged with MEPs via emails.

HHR ICPs metering data is handled by EMS. They receive data for some ICPs via FTP server and submit to the reconciliation manager. The EMS audit report was reviewed.

### Audit Commentary

Based on observation of upload data to the RM portal and review of the EMS audit report we confirm compliance.

### Audit Attachments

There are no uploaded attachments for this subsection.

### Audit Outcome: Compliant

### Recommendations

There are no recommendations arising from this subsection.

## Issues

There are no issues arising from this subsection.

## 2. 4. Audit trails

### Code Reference

Clause 21 Schedule 15.2

### Code Related Audit Information

Each reconciliation participant must ensure that a complete audit trail exists for all data gathering, validation, and processing functions of the reconciliation participant.

The audit trail must include details of information:

- provided to and received from the registry
- provided to and received from the reconciliation manager
- provided and received from other reconciliation participants and their agents.

The audit trail must cover all archived data in accordance with clause 18.

The logs of communications and processing activities must form part of the audit trail, including if automated processes are in operation.

Logs must be printed and filed as hard copy or maintained as data files in a secure form, along with other archived information.

The logs must include (at a minimum) the following:

- an activity identifier (clause 21(4)(a))
- the date and time of the activity (clause 21(4)(b))
- the operator identifier (clause 21(4)(c)).

### Audit Observation

Pioneer Energy communicate with the registry using Orion functionality. Data received from Metrix comes through FTP server. We viewed the audit trail of files downloaded from the registry and receiving information from the reconciliation manager.

### Audit Commentary

We added to this document, 3 screen shots to demonstrate the audit trail of receiving data from the registry, Metrix, and WELLS.

### Audit Attachments

There are no uploaded attachments for this subsection.

### Audit Outcome: Compliant

### Recommendations

There are no recommendations arising from this subsection.

### Issues

There are no issues arising from this subsection.

## 2. 5. Retailer responsibility for electricity conveyed - participant obligations

### Code Reference

Clause 10.4

### Code Related Audit Information

If a participant must obtain a consumer's consent, approval, or authorisation, the participant must ensure it:

- extends to the full term of the arrangement
- covers any participants who may need to rely on that consent.

### Audit Observation

Pioneer Energy provided Residential General Terms and Conditions and Commercial General Terms and Conditions.

The Residential Terms and Conditions are attached to this document.

### Audit Commentary

We reviewed both residential and commercial Terms and Conditions to assess compliance with clause 10.4. We confirm that section 10 and 14 covers network companies and a meter owner. Section 1 explains that this agreement extends to the full term of arrangement.

### Audit Attachments

Residential-General-Terms-and-Conditions.pdf

### Audit Outcome:

Compliant

## 2. 6. Retailer responsibility for electricity conveyed - access to metering

### Code Reference

Clause 10.7(2),(4),(5) and (6)

### Code Related Audit Information

The responsible reconciliation participant must, if requested, arrange access for the metering installation to the following parties:

- the Authority
- an ATH
- an auditor
- an MEP
- a gaining metering equipment provider.

The trader must use its best endeavours to provide access:

- in accordance with any agreements in place
- in a manner and timeframe which is appropriate in the circumstances.

If the trader has a consumer, the trader must obtain authorisation from the customer for access to the metering



installation, otherwise it must arrange access to the metering installation.

The reconciliation participant must provide any necessary facilities, codes, keys or other means to enable the party to obtain access to the metering installation by the most practicable means.

### **Audit Observation**

As described in the previous section Pioneer Energy provided Residential General Terms and Conditions and Commercial General Terms and Conditions to assess compliance.

### **Audit Commentary**

Pioneer Energy is fully committed to complying with above requirements. The company will use its best endeavors to provide access to premises. Of course, any Health & Safety requirements imposed by a customer must be taken into consideration. Section 10 of Residential General Terms and Conditions is dedicated to "Access to Property". Based on information available we confirm that compliance is met.

### **Audit Attachments**

There are no uploaded attachments for this subsection.

### **Audit Outcome:**

Compliant

### **Recommendations**

There are no recommendations arising from this subsection.

### **Issues**

There are no issues arising from this subsection.

## **2. 7. Physical location of metering installations**

### **Code Reference**

Clause 10.35(1)&(2)

### **Code Related Audit Information**

A reconciliation participant responsible for ensuring there is a category 1 metering installation or category 2 metering installation must ensure that the metering installation is located as physically close to a point of connection as practical in the circumstances.

A reconciliation participant responsible for ensuring there is a category 3 or higher metering installation must:

- (a) if practical in the circumstances, ensure that the metering installation is located at a point of connection; or
- (b) if it is not practical in the circumstances to locate the metering installation at the point of connection, calculate the quantity of electricity conveyed through the point of connection using a loss compensation process approved by the certifying ATH.

### **Audit Observation**

Pioneer Energy relies on the MEPs expertise and existing practices in the electricity industry. The company trades metering installations from category 1 to category 5. Pioneer Energy does not have any ICPs where a compensation factor is required because there are no metering installations which are not located at the point of connection.

Pioneer had a quick review of a couple of MEP contracts but they are not very explicit on this point.

## **Audit Commentary**

We discussed with Pioneer Energy if such a possibility exists but they do not have the knowledge. They rely on ATHs, who certify metering installation to include additional compensation factors if required. We followed up with EMS. According to their audit report section 1.12.3 "there are no current examples where loss compensation is required.

Based on gathered information we confirm compliance.

## **Audit Attachments**

There are no uploaded attachments for this subsection.

## **Audit Outcome: Compliant**

## **Recommendations**

There are no recommendations arising from this subsection.

## **Issues**

There are no issues arising from this subsection.

## **2. 8. Trader contracts to permit assignment by the Authority**

### **Code Reference**

Clause 11.15B

### **Code Related Audit Information**

A trader must at all times ensure that the terms of each contract between a customer and a trader permit:

- the Authority to assign the rights and obligations of the trader under the contract to another trader if the trader commits an event of default under paragraph (a) or (b) or (f) or (h) of clause 14.41 (clause 11.15B(1)(a)); and
- the terms of the assigned contract to be amended on such an assignment to—
- the standard terms that the recipient trader would normally have offered to the customer immediately before the event of default occurred (clause 11.15B(1)(b)(i)); or
- such other terms that are more advantageous to the customer than the standard terms, as the recipient trader and the Authority agree (clause 11.15B(1)(b)(ii)); and
- the terms of the assigned contract to be amended on such an assignment to include a minimum term in respect of which the customer must pay an amount for cancelling the contract before the expiry of the minimum term (clause 11.15B(1)(c)); and
- the trader to provide information about the customer to the Authority and for the Authority to provide the information to another trader if required under Schedule 11.5 (clause 11.15B(1)(d)); and
- the trader to assign the rights and obligations of the trader to another trader (clause 11.15B(1)(e)).

The terms specified in subclause (1) must be expressed to be for the benefit of the Authority for the purposes of the Contracts (Privacy) Act 1982, and not be able to be amended without the consent of the Authority (clause 11.15B(2)).

### **Audit Observation**

As described in the previous sections, Pioneer Energy provided Residential General Terms and Conditions and Commercial General Terms and Conditions to assist in assessment of compliance.

### **Audit Commentary**

Section 17 of both Terms and Conditions states, "if we commit an Event of Default, the Electricity Authority may assign our rights and obligations under this Agreement to another electricity retailer ("Recipient Retailer").

Compliance confirmed.

## Audit Attachments

There are no uploaded attachments for this subsection.

## Audit Outcome:

Compliant

## Recommendations

There are no recommendations arising from this subsection.

## Issues

There are no issues arising from this subsection.

## 2. 9. Electrical connection of an ICP

### Code Reference

Clause 10.32

### Code Related Audit Information

A reconciliation participant must only request electrical connection of a point of connection if they:

- accept responsibility for the ICP and the obligations under Parts 10 and 11, and, under Part 15; and
- have an arrangement with an MEP to provide metering at the point of connection under Part 15.

### Audit Observation

Since the last audit Pioneer Energy have had three new connections ICP 0000039835HRB7A, 0003423225TGFFD, and 0000176038TP2D6. We walked through all three connections in the registry to check when Pioneer Energy accepted responsibility for the ICPs and when MEPs were nominated. We note that Pioneer accepted responsibility for the ICPs by notifying networks, which then assigned status "Ready" and recorded Pioneer as a proposed trader.

The ICPs status was changed to Active and MEPs nomination was created the same day as meters were installed. It was discussed during the audit that it is not the best way to handle new connections. It could lead to not updating the registry information in time, which was the case for these new connections.

During writing this report we noted in the registry another new connection for ICP 0007181157RNFF2, for which Pioneer used the status "new connection in progress" and nominated FCLM as the MEP the same day. At the time of audit, the new connection process was not yet fully documented.

### Audit Commentary

Based on the registry information we confirm that for all 3 ICPs Pioneer Energy accepted responsibility for the ICPs and had arrangements with MEPs for these connections before they were electrically connected.

Compliance confirmed.

## Audit Attachments

New Connections.xlsx

### **Audit Outcome:** Compliant

## Recommendations

### Recommendation

#### RECOMMENDATION

We recommend a change to the current new connection process. Instead of waiting for a confirmation from an MEP that a meter was installed and an installation electrically connected, change an ICP status to "New connection in progress" and nominate an MEP at the time as SR is issued. Using such a sequence of task will avoid registry backdating and allow the MEP to manage their process easier.

## Issues

There are no issues arising from this subsection.

## 2. 10. Metering certification

### Code Reference

Clause 10.33(2)

### Code Related Audit Information

A reconciliation participant may energise or authorise the energisation of a connection only if the reconciliation participant has accepted responsibility for the point of connection if 1 or more certified metering installations are in place.

### **Audit Observation**

Since the last audit Pioneer Energy had 3 new connections, as was described in detail in the previous section. At the time of this audit the Pioneer Energy process accepted responsibility for an ICP by notifying a network, which acknowledged it by changing a status of an ICP to "Ready"

### **Audit Commentary**

We confirm compliance with clause 10.33(2) based on discussion with the company and checking the registry.

## Audit Attachments

There are no uploaded attachments for this subsection.

## **Audit Outcome:** Compliant

### Recommendations

There are no recommendations arising from this subsection.

### Issues

There are no issues arising from this subsection.

## 2. 11. Arrangements for line function services

### Code Reference

Clause 11.16

### Code Related Audit Information

Before notifying the registry of any information in accordance with clause 11.7(2) or clause 11.18(4), a trader must ensure that it, or its customer, has made any necessary arrangements for the provision of line function services in relation to the relevant ICP

Before notifying the registry of any information in accordance with clause 11.7(2) or clause 11.18(4), a trader must have entered into an arrangement with an MEP for each metering installation at the ICP.

### **Audit Observation**

Pioneer Energy has agreements in place with all MEPs for each metering installation at the ICP.

Pioneer Energy has arrangements in place for line function services where they intend to trade. If additional arrangements are required these will be established prior to switching ICPs. Line charges for each ICP are reflected on a customer invoice. Section 14 of Terms and Conditions describes a customer obligation in relation to line companies.

### **Audit Commentary**

We checked one invoice which reflects line charges on behalf of network company. The company presented the arrangements with network companies where they trade. The only exception is the Line Company network and Alpine Energy (Oceania Dairy). Compliance confirmed.

### Audit Attachments

There are no uploaded attachments for this subsection.

### **Audit Outcome:**

Compliant

### Recommendations

There are no recommendations arising from this subsection.

### Issues

There are no issues arising from this subsection.

## 2. 12. Arrangements for metering equipment provision

### Code Reference

Clause 10.36

### Code Related Audit Information

A reconciliation participant must ensure it has an arrangement with the relevant MEP prior to accepting responsibility for an installation.

### Audit Observation

Pioneer Energy have the following MEPs assigned to ICPs in the registry MEPs; AMS, MTRX, FCLM, CTCT, TRUM, TPCO, LMGL, CTCT, ELIN, TPCO, DELT, TRSV, NPOW, ACCM, and BOPE.

The arrangements are finalized with AMS, FCLM, LMGL, TRUM, MTRX. For other MEPs the company comments were as below:

- Delta confirmed that a contract was not required.
- ELIN / TPCO confirmed that no contract is required for legacy meters.
- Smartco is covered by the AMS agreement.
- Northpower confirmed that no contract was required.
- TRSV - owned by FCLM
- BOPE - outstanding

### Audit Commentary

Compliance confirmed based on evidence presented by Pioneer Energy.

### Audit Attachments

There are no uploaded attachments for this subsection.

### Audit Outcome: Compliant

### Recommendations

There are no recommendations arising from this subsection.

### Issues

There are no issues arising from this subsection.

## 3. Maintaining registry information

### 3. 1. Obtaining ICP identifiers

#### Code Reference

Clause 11.3

#### Code Related Audit Information

The following participants must, before assuming responsibility for certain points of connection on a local network or embedded network, obtain an ICP identifier for the point of connection:

- (a) a trader who has agreed to purchase electricity from an embedded generator or sell electricity to a consumer
- (b) an embedded generator who sells electricity directly to the clearing manager
- (c) a direct purchaser connected to a local network or an embedded network
- (d) an embedded network owner in relation to a point of connection on an embedded network that is settled by differencing
- (e) a network owner in relation to a shared unmetered load point of connection to the network owner's network
- (f) a network owner in relation to a point of connection between the network owner's network and an embedded network.

ICP identifiers must be obtained for points of connection at which any of the following occur:

- a consumer purchases electricity from a trader 11.3(3)(a)
- a trader purchases electricity from an embedded generator 11.3(3)(b)
- a direct purchaser purchases electricity from the clearing manager 11.3(3)(c)
- an embedded generator sells electricity directly to the clearing manager 11.3(3)(d)
- a network is settled by differencing 11.3(3)(e)
- there is a distributor status ICP on the parent network point of connection of an embedded network or at the point of connection of shared unmetered load. 11.3(3)(f)

#### Audit Observation

Pioneer Energy had 3 new connections since the last audit. This was described in section 2.9. New connections were in The Power Company network, Otago Power and Unison network. For all these networks a customer requests an ICP for a new connection and is next approached by Pioneer to buy energy from them.

#### Audit Commentary

Based on documentation (customer application form showing an ICP) provided by Pioneer Energy, we confirm compliance.

We checked customers' details in Orion and confirm that each connection point has an ICP identifier assigned. Each ICP is unique for a point of connection.

#### Audit Attachments

There are no uploaded attachments for this subsection.

#### Audit Outcome:

Compliant

#### Recommendations

There are no recommendations arising from this subsection.

#### Issues

There are no issues arising from this subsection.

## 3. 2. Providing registry information

### Code Reference

Clause 11.7(2)

### Code Related Audit Information

Each trader must provide information to the registry about each ICP at which it trades electricity in accordance with Schedule 11.1

### Audit Observation

Pioneer Energy provided the LIS file dated 25/5/2017. It was a snapshot of PION's ICPs on 29/05/2017.

### Audit Commentary

Based on the file provided, we confirm compliance. All fields were populated to the company's best knowledge. More details will be given in section 3.5.

### Audit Attachments

There are no uploaded attachments for this subsection.

### Audit Outcome:

Compliant

### Recommendations

There are no recommendations arising from this subsection.

### Issues

There are no issues arising from this subsection.

## 3. 3. Changes to registry information

### Code Reference

Clause 10 Schedule 11.1

### Code Related Audit Information

If information provided by a trader to the registry about an ICP changes, the trader must notify the registry of the change no later than 5 business days after the change.

### Audit Observation

The EDA file (Event Details) was provided by Pioneer Energy for the period between 15 January to 15 May 2017. Overall there were 28 entries as "trader" and 7 as "Status".

3 ICPs had their status backdated for more than 5BD.

ICP 0000176038TP2D6 - update to Status 'Active', backdated by 8 BD, it was a new connection. Once Pioneer received a confirmation from FCLM of meter installation, the status was changed to Active and an MEP nominated.



ICP 0000504884DE3F7 - update to Status 'Active', backdated by 10 BD. For this particular ICP there was confusion as to how to use the status of "new connection in progress (1,12)". Originally the status was changed to "Active", over the next few days to "1,12" and then again to "Active". It was also noted that the date of the ICPs becoming "active" is one day earlier than the metering installation being certified by AMCI. The updates were backdated up to 20 BD.

All updates as "trader" were backdated except 2, ranging from 9 to 28 days. A spreadsheet is attached to this section listing all ICPs, what was updated and by how many days backdated.

### **Audit Commentary**

We analyzed transaction in the EDA file to check if changes to registry information were uploaded within 5 BD. From 35 transactions, 5 of them met the Code requirements. Majority of the trader updates were related to update of profile. It appears that Orion did not handle the switching ICPs from SELS to PION very well, it was assigning a different profile to profile used by SELS. Non-compliance identified. We would assess controls as Moderate because incorrected information was identified and information was corrected.

### **Audit Attachments**

Trader updates.xlsx

**Audit Outcome: Non-Compliant**

**Non-Compliances**

### **Recommendations**

There are no recommendations arising from this subsection.

### **Issues**

There are no issues arising from this subsection.

### 3. 4. Trader responsibility for an ICP

#### Code Reference

Clause 11.18

#### Code Related Audit Information

A trader becomes responsible for an ICP when the trader is recorded in the registry as being responsible for the ICP.

A trader ceases to be responsible for an ICP if:

- another trader is recorded in the registry as accepting responsibility for the ICP (clause 11.18(2)(a)); or
- the ICP is decommissioned in accordance with clause 20 of Schedule 11.1 (clause 11.18(2)(b)).
- if an ICP is to be decommissioned, the trader who is responsible for the ICP must (clause 11.18(3)):
  - arrange for a final interrogation to take place prior to or upon meter removal (clause 11.18(3)(a)); and
  - advise the MEP responsible for the metering installation of the decommissioning (clause 11.18(3)(b)).

A trader who is responsible for an ICP (excluding UML) must ensure that an MEP is recorded in the registry for that ICP (clause 11.18(4)).

A trader must not trade at an ICP (excluding UML) unless an MEP is recorded in the registry for that ICP (clause 11.18(5)).

#### Audit Observation

A trader who is responsible for an ICP (excluding UML) must ensure that an MEP is recorded in the registry and must not trade at an ICP unless an MEP is recorded in the registry. Using the LIS dated 29/05/17 we checked and confirm that an MEP is recorded for all ICPs that PION is currently responsible for.

There were 2 ICPs marked as "ready for decommissioning" at the time of the audit. They were transferred with such status from SELS.

#### Audit Commentary

Pioneer Energy has been trading for only 5 months. Many situations described in this clause have not happened yet. Processes are not documented yet. Compliance confirmed based on discussions with Pioneer.

#### Audit Attachments

There are no uploaded attachments for this subsection.

#### Audit Outcome: Compliant

#### Recommendations

There are no recommendations arising from this subsection.

#### Issues

There are no issues arising from this subsection.

### 3. 5. Provision of information to the registry

#### Code Reference

Clause 9 Schedule 11.1

#### Code Related Audit Information

Each trader must provide the following information to the registry for each ICP for which it is recorded in the registry as having responsibility:

- a) the participant identifier of the trader, as approved by the Authority (clause 9(1)(a))
- b) the profile code for each profile at that ICP, as approved by the market administrator (clause 9(1)(b))
- c) the metering equipment provider for each category 1 metering or higher (clause 9(1)(c))
- d) the type of submission information the trader will provide to the RM for the ICP (clause 9(1)(ea))
- e) if a settlement type of UNM is assigned to that ICP, either:
- f) the code ENG if the load is profiled through an engineering profile in accordance with profile class 2.1 (clause 9(1)(f)(i)); or
- g) in all other cases, the daily average kWh of unmetered load at the ICP (clause 9(1)(f)(ii)).
- h) the type and capacity of any unmetered load at each ICP (clause 9(1)(g))
- i) the status of the ICP, as defined in clauses 12 to 20 (clause 9(1)(j))
- j) except if the ICP exists for the purposes of reconciling an embedded network or the ICP has distributor status, the trader must provide the relevant business classification code applicable to the customer (clause 9(1)(k)).

The trader must provide information specified in (a) to (j) above within 5 business days of trading (clause 9(2)).

The trader must provide information specified in 9(1)(k) no later than 20 business days of trading (clause 9(3))

#### Audit Observation

As described in section 3.2 Pioneer Energy provided the LIS file dated 29/05/2017. We conducted analysis of all entries in the file using a specially designed spreadsheet which checks for example, the correct combination of profile/type of reconciliation, type of reconciliation for metering installation category greater than 2, active ICP with a blank MEP and UML flag=N and many others. The spreadsheet is attached to this document; each tab shows results of different queries described in the Statistic worksheet at the front of the spreadsheet.

#### Audit Commentary

Based on analysis of all ICP entries as described in the audit observation, our conclusion is that Pioneer Energy does meet compliance of clause 9 of Schedule 11.1

#### Audit Attachments

Retailer\_Audit\_20170529203732.xlsx

#### Audit Outcome: Compliant

#### Recommendations

There are no recommendations arising from this subsection.

#### Issues

There are no issues arising from this subsection.

### 3. 6. ANZSIC codes

#### Code Reference

Clause 9 (1(k) of Schedule 11.1

#### Code Related Audit Information

Traders are responsible to populate the relevant ANZSIC code for all ICPs for which they are responsible.

#### Audit Observation

During analysis of the LIS file provided, we paid particular attention to the accuracy of ANZIC codes assigned to ICPs. First of all, we checked if ANZIC code was populated for all ICPs. We checked if any of the ANZSIC code = blank or T994, T994000, T99, T999, T999999, T995, T995000, T997, T997000, T998, T998000

Based on thorough analysis of the LIS file we confirm that Pioneer Energy populated ANZSIC code for all ICPs. We scanned addresses for residential ICPs to see if ANZSIC code of "0" was correct. We also compared ANZSIC codes for non-residential ICPs with the ANZSIC code master list provided by the registry

We identified 8 ICPs for which ANZSIC code was not correct. We would like to note that these ICPs used to have correct ANZSIC code but in 2015 they were changed by SELS to "0" (looks like a change of their system) and when ICPs transferred to Pioneer Energy it was not spotted.

#### Audit Commentary

Based on analysis of the LIS file we found that ANZSIC code was populated for all ICPs but for 8 out of 1,283 of them assigned code was incorrect, which is non-compliant. The error occurred during transfer of ICPs from SELS. All new switches are entered manually to Orion; during setup an operator must enter ANZSIC code. The switch process documentation describes each step. Pioneer Energy mainly supply energy to non-residential customers therefore they are well trained to recognize different type of business. The only residential customers sign up by Pioneer are part of big contracts. After taking in to account all information, our assessment of controls is as Moderate.

#### Audit Attachments

ANZSIC code comparison.xls

**Audit Outcome:** No Compliant

## Recommendations

There are no recommendations arising from this subsection.

## Issues

There are no issues arising from this subsection.

## 3. 7. Changes to unmetered load

### Code Reference

Clause 9(1)(f) of Schedule 11.1

### Code Related Audit Information

if a settlement type of UNM is assigned to that ICP, either:  
the code ENG if the load is profiled through an engineering profile in accordance with profile class 2.1 (clause 9(1)(f)(i)); or  
in all other cases, the daily average kWh of unmetered load at the ICP (clause 9(1)(f)(ii)).

### Audit Observation

The LIS dated 29/05/17 was analyzed to check if any ICPs traded by Pioneer Energy have the settlement type UNM. There are 34 ICPs of which 6 ICPs are residual load ICPs of embedded networks.

We analyzed all ICPs. Pioneer uses 3 profiles for unmetered load, DST, RPS, and UML. To 7 ICPs the DST profile is assigned, which is used for street lights connection. For these ICPs a logger records on/off time. Monthly, EMS, on behalf of Pioneer, submits a shape profile files and NHHVOL to the reconciliation manager. The profile is owned by Meridian, who agreed for the profile to be used by Pioneer (doc is attached).  
Another 21 ICPs have RPS or UML profile assigned, the registry is populated with correct information

### Audit Commentary

Based on checking all UML ICPs details we confirm compliance.

### Audit Attachments

Meridian DST Approval Letter for PION.pdf

## **Audit Outcome: Compliant**

### **Recommendations**

There are no recommendations arising from this subsection.

### **Issues**

There are no issues arising from this subsection.

## **3. 8. Management of “active” status**

### **Code Reference**

Clause 17 Schedule 11.1

### **Code Related Audit Information**

The ICP status of “active” is be managed by the relevant trader and indicates that:

- the associated electrical installations are energised (clause 17(1)(a))
- the trader must provide information related to the ICP in accordance with Part 15, to the reconciliation manager for the purpose of compiling reconciliation information (clause 17(1)(b)).

Before an ICP is given the “active” status, the trader must ensure that:

- the ICP has only 1 customer, embedded generator, or direct purchaser (clause 17(2)(a))
- the electricity consumed is quantified by a metering installation or a method of calculation approved by the Authority (clause 17(2)(b)).

### **Audit Observation**

During the period covered by this audit Pioneer Energy had only 5 transactions in the registry related to the update of an ICP status to Active. 3 of them were new installations. We confirmed, based on registry entries, that all ICPs had meters installed before electrical energisation. For one ICP the date of being Active and meter certification date do not match by one day. It is ICP 0000504884DE3F7. There is a possibility that for one day an installation was connected but not metered, we asked Pioneer to clarify for us.

### **Audit Commentary**

Pioneer emailed correspondence (email) from AMS stating livening date was 22nd Jan 2017. AMS also provided meter read data, showing volumes starting on the 22nd Jan 2017.

### **Audit Attachments**

There are no uploaded attachments for this subsection.

## **Audit Outcome: Compliant**

### **Recommendations**

There are no recommendations arising from this subsection.

### **Issues**

There are no issues arising from this subsection.

### 3. 9. Management of “inactive” status

#### Code Reference

Clause 19 Schedule 11.1

#### Code Related Audit Information

The ICP status of “inactive” must be managed by the relevant trader and indicates that:

- electricity cannot flow at that ICP (clause 19(a)); or
- submission information related to the ICP is not required by the reconciliation manager for the purpose of compiling reconciliation information (clause 19(b)).

#### Audit Observation

At the time of audit, as per the LIS file previously mentioned, there were 10 ICPs "Inactive" as vacant, ready for decommissioning at pole fuse, due to meter disconnected. There were also 250 ICPs with the status of "Inactive- reconciled elsewhere", they are a part of embedded networks, 6 of them in total.

Since they started trading, Pioneer Energy did not make any ICP "Inactive" except one ICP, a new connection for which the status "1,12" was used.

#### Audit Commentary

Pioneer “inherited” from Simply Energy all ICPs which are de-energised. The company haven’t had to change the status of any ICP to “de-energised”. The process is not documented yet.

#### Audit Attachments

There are no uploaded attachments for this subsection.

**Audit Outcome:** Not applicable

#### Recommendations

There are no recommendations arising from this subsection.

#### Issues

There are no issues arising from this subsection.

### 3. 10. ICPs at new or ready status for 24 months

#### Code Reference

Clause 15 Schedule 11.1

#### Code Related Audit Information

If an ICP has had the status of "New" or "Ready" for 24 calendar months or more, the distributor must ask the trader whether it should continue to have that status, and must decommission the ICP if the trader advises the ICP should not continue to have that status.

#### Audit Observation

Pioneer Energy has been trading since January this year, which is 5 months.

#### Audit Commentary

The compliance with this clause could not be evaluated earlier than next year.

#### Audit Attachments

There are no uploaded attachments for this subsection.

#### Audit Outcome: Not Applicable

#### Recommendations

There are no recommendations arising from this subsection.

#### Issues

There are no issues arising from this subsection.

### 3. 11. Change of MEP

#### Code Reference

Clause 10.22(1)(a)(i)

#### Code Related Audit Information

If the MEP for an ICP which is not also an NSP changes, the trader must notify the registry of the gaining MEP in accordance with Part 11.

#### Audit Observation

Pioneer Energy started trading in January this year when ICPs switched from Simply Energy. There was no change of an MEP for any existing installation. We noted 3 MEP nominations for new installations. In the future the company is planning to roll out smart meters but at the moment it is more important to establish a smooth and efficient business.

#### Audit Commentary

There were no changes to an MEP for any existing installation. We viewed process documentation and based on that confirm compliance. There were no actual "live" examples to examine.



### **Audit Attachments**

There are no uploaded attachments for this subsection.

### **Audit Outcome: No**

applicable

### **Recommendations**

There are no recommendations arising from this subsection.

### **Issues**

There are no issues arising from this subsection.

## 4. Performing customer and embedded generator switching

### 4. 1. Inform registry of switch request for ICPs - standard switch

#### Code Reference

Clause 2 Schedule 11.3

#### Code Related Audit Information

The standard switch process applies where a trader and a customer or embedded generator enters into an arrangement in which the trader commences trading electricity with the customer or embedded generator at a non-half hour or unmetered ICP at which another trader supplies electricity, or the trader assumes responsibility for such an ICP.

If the uninvited direct sale agreement applies to an arrangement described above, the gaining trader must identify the period within which the customer or embedded generator may cancel the arrangement in accordance with section 36M of the Fair Trading Act 1986. The arrangement is deemed to come into effect on the day after the expiry of that period.

A gaining trader must advise the registry of a switch no later than 2 business days after the arrangement comes into effect and include in its advice to the registry that the switch type is TR and 1 or more profile codes associated with that ICP.

#### Audit Observation

Pioneer Energy used to be a retailer, tier 2, using Simply Energy's services. In the first 3 months, 1,648 ICPs were transferred between the two companies using the standard switch process. It means that these customers did not go through a signup process because they were already Pioneer Energy customers from a commercial point of view, receiving regularly monthly invoices.

We identified 31 switches which were not part of the transfer. They were gained customers from other traders. We analyzed all NT files. Notifications, in the form of NT file, were sent to the registry but they were all backdated, except 2 NT files. The range of dates varied from 6 days up to 66 days. It was discussed with the company and the main reason was a very significant workload and not enough resource.

ICP 0000002201CE7F0 switch was backdated by 66 days. Originally NTTR file was sent on 11/04/17 but it was rejected as WS (wrong switch) by Pulse and accepted by Pioneer. It was then followed by NTMI on 18/04/17 asking for an event date of 17/01/17. The delay was caused by miscommunication with a customer.

#### Audit Commentary

Based on analysis of the EDA file we identified non-compliance because for 29 ICPs, the registry was notified later than 2 business days after the arrangement with a customer came into effect. We reviewed the process of Switching an ICP and confirm that it is well written document containing correct information. Based on review of the Switching process, our assessment of controls is as Moderate.

#### Audit Attachments

Screen of switching processes.png

Audit Outcome: Non-Compliant

Non-Compliances

## Non-Compliances

## Recommendations

There are no recommendations arising from this subsection.

## Issues

There are no issues arising from this subsection.

## 4. 2. Losing trader response to switch request and event dates - standard

### Code Reference

Clauses 3 and 4 Schedule 11.3

### Code Related Audit Information

Within 3 business days after receipt of notification of a switch from the registry, the losing trader must establish a proposed event date. The event date must be no more than 10 business days after the date of receipt of such notification, and in any 12 month period, at least 50% of the event dates must be no more than 5 business days after the date of notification. The losing trader must then:

- provide acknowledgement of the switch request by (clause 3(a) of Schedule 11.3);
- providing the proposed event date to the registry and a valid switch response code (clause 3(a)(i) and (ii) of Schedule 11.3); or
- providing a request for withdrawal of the switch in accordance with clause 17 (clause 3(c) of Schedule 11.3).

When establishing an event date for clause 4, the losing trader must disregard every event date established by the losing trader for a customer who has been with the losing trader for less than 2 calendar months (clause 4(2) of Schedule 11.3).

### Audit Observation

During the period since the last audit Pioneer lost 2 ICPs as a standard switch. We checked the timing of sending AN file for all of them within 2 business days. The switch event date in AN file was for ICP 0006730615ALCF8 the same day as notification received. For ICP 0000010890CE5F9 the switch event date was the next day after receiving notification.

### Audit Commentary

Based on analysis of 2 ICPs, which were lost by Pioneer using standard switch, we confirm compliance. The process is documented.

### Audit Attachments

There are no uploaded attachments for this subsection.

### Audit Outcome: Compliant

### Recommendations

There are no recommendations arising from this subsection.

### Issues

There are no issues arising from this subsection.

4. 3.

## 4. 4. Losing trader must provide final information - standard switch

### Code Reference

Clause 5 Schedule 11.3

### Code Related Audit Information

If the losing trader provides information to the registry in accordance with clause 3(a) of Schedule 11.3 with the required information, no later than 5 business days after the event date, the losing trader must complete the switch by:

- providing event date to the registry (clause 5(a)); and
- provide to the gaining trader a switch event meter reading as at the event date, for each meter or data storage device that is recorded on the registry with accumulator of C and a settlement indicator of Y (clause 5(b)); and
- if a switch event meter reading is not a validated reading, provide the date of the last meter reading (clause 5(c)).

### Audit Observation

Since the last audit Pioneer lost 2 ICPs (0000010890CE5F9 and 0006730615ALCF8) using standard switch process. For both ICPs CS file was sent the same day as AN files. CS files were sent within 5 business days. For ICP 0006730615ALCF8 it was an estimated read. For ICP 0000010890CE5F9, it was an actual read. Based on the analyzed information provided in CS files we found that for ICP 0000010890CE5F9, the information was incorrect because the Actual Transfer Date was 31/03/17 and the Last Read Date was also 31/03/17, instead 30/03/17.

Documentation of process is in place.

### Audit Commentary

Non-compliance was identified based on "walking" through a standard switch process for 2 ICPs. For one ICP information provided on the CS file was incorrect. Pioneer will address it with Agility. We see it as one -off, not as a systematic problem how CS files are created by Orion. Our assessment of strength of controls is "strong" because CS files are created by Orion, no human intervention. There is always possibility that the Orion coding is incorrect but it is more unlikely in this area.

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### Audit Attachments

There are no uploaded attachments for this subsection.

Audit Outcome: Non-compliant

### Recommendations

Check other CS files

### Issues

There are no issues arising from this subsection.

## 4. 5. Retailers must use same reading - standard switch

### Code Reference

Clause 6 and 6A Schedule 11.3

### Code Related Audit Information

The losing trader and the gaining trader must both use the same switch event meter reading as determined by the following procedure:

- if the switch event meter reading provided by the losing trader differs by less than 200 kWh from a value established by the gaining trader, the gaining trader must use the losing trader's validated meter reading or permanent estimate (clause 6(a)); or
- the gaining trader may dispute the switch meter reading if the validated meter reading or permanent estimate provided by the losing trader differs by 200 kWh or more. (clause 6(b)).

If the gaining trader disputes a switch meter reading because the switch event meter reading provided by the losing trader differs by 200 kWh or more, the gaining trader must, within 4 calendar months of the actual event date, provide to the losing trader a changed switch event meter reading supported by 2 validated meter readings.

- the losing trader can choose not to accept the reading, however must advise the gaining trader no later than 5 business days after receiving the switch event meter reading from the gaining trader (clause 6A(a)); or
- if the losing trader notifies its acceptance or does not provide any response, the losing trader must use the switch event meter reading supplied by the gaining trader. (clause 6A(b)).

### Audit Observation

We reviewed the process documentation and the information is correct.

We sampled 5 ICPs to confirm that the reading provided in the CS file by a losing trader was reflected in Orion. For all sampled ICPs both readings were identical.

Pioneer sent 2 RR files (0002501301TU24A and 0002751976TGBCF) because the difference between SELS provided readings and Pioneer readings was greater than 200 kWh. For ICP 0002751976TGBCF the difference was -4295 (SELS reading was too high), for ICP 0002501301TU24A the difference was 870095 (SELS reading was too low). Pioneer sent RR files within the time frame specified in clause 6A of Schedule 11.3

Pioneer did not receive any RR files.

### Audit Commentary

Compliance was confirmed based on process review and sampling of 5 ICPs and review of 2 RR files sent by Pioneer.

### Audit Attachments

There are no uploaded attachments for this subsection.

### Audit Outcome: Compliant

### Recommendations

There are no recommendations arising from this subsection.

### Issues

There are no issues arising from this subsection.

## 4. 6. Non-half hour switch event meter reading - standard switch

### Code Reference

Clause 6(2) and (3) Schedule 11.3

### Code Related Audit Information

If the losing trader trades electricity from a non-half hour meter, with a switch event meter reading that is not from an AMI certified meter flagged Y on the registry: and

- the gaining trader will trade electricity from a meter with a half hour submission type in the registry (clause 6(2)(b));

- the gaining trader within 5 business days after receiving final information from the registry, may provide the losing trader with a switch event meter reading from that meter. The losing trader must use that switch event meter reading.

### Audit Observation

Pioneer did not have any switches for which type of reconciliation was changed from NHH to HHR. Our observation is based on business policy that any HHR ICPs when switched are managed by EMS and any NHH ICP switches retain the type of reconciliation used by the losing trader. Pioneer has not as yet had a situation like this to deal with. At this early stage of operation as a trader, Pioneer's philosophy is to not to create additional complexity.

### Audit Commentary

At this stage of the Pioneer's operation, any installation reconciled by a losing trader as NHH are reconciled also as NHH even if the installation is metered by a smart meter.

### Audit Attachments

There are no uploaded attachments for this subsection.

Audit Outcome: Not applicable

### Recommendations

There are no recommendations arising from this subsection.

### Issues

There are no issues arising from this subsection.



## 4. 7. Disputes - standard switch

### Code Reference

Clause 7 Schedule 11.3

### Code Related Audit Information

A losing trader or gaining trader may notify the other that it disputes a switch event meter reading, notified under clauses 1 to 6. Such a dispute must be resolved in accordance with clause 15.29 (with all necessary amendments).

### Audit Observation

Since the beginning of trading in January this year, Pioneer did not have any disputes related to a switch event meter reading. It was discussed with the company, which stated that their aim is to resolve such issues using the RR process as quickly as possible.

### Audit Commentary

Compliance confirmed based on review of the RR process in previous sections.

### Audit Attachments

There are no uploaded attachments for this subsection.

### Audit Outcome: Compliant

### Recommendations

There are no recommendations arising from this subsection.

### Issues

There are no issues arising from this subsection.

## 4. 8. Gaining trader informs registry of switch request - switch move

### Code Reference

Clause 9 Schedule 11.3

### Code Related Audit Information

The switch move process applies where a gaining trader has an arrangement with a customer or embedded generator to trade electricity at an ICP using non half-hour metering or an unmetered ICP, or to assume responsibility for such an ICP, and no other trader has an agreement to trade electricity at that ICP, this is referred to as a switch move and the following provisions apply:

If the "uninvited direct sale agreement" applies, the gaining trader must identify the period within which the customer or embedded generator may cancel the arrangement in accordance with section 36M of the Fair Trading Act 1986. The arrangement is deemed to come into effect on the day after the expiry of that period. In the event of a switch move, the gaining trader must advise the registry of a switch and the proposed event date no later than 2 business days after the arrangement comes into effect.

In its advice to the registry the gaining trader must include:

- a proposed event date (clause 9(2)(a)); and
- that the switch type is "MI" (clause 9(2)(b)); and
- one or more profile codes of a profile at the ICP. (clause 9(2)(c))

## **Audit Observation**

Pioneer provided the EDA file for the period 15/01/17 to 29/05/17. Analyses of this file showed that the company initiated 24 Move In switches. For 12 switches the event date was in the past. We randomly chose 12 ICPs to check if the type of switch was correct and if the company was notified late by a customer of their intention to buy energy from them. Each chosen ICP was checked against Orion to check how quickly NT files were sent after finalizing the arrangement with a customer. In all cases the delay in sending notification to the registry was caused by a customer.

We came across 2 ICP (0000172712TRC81 and 0003990003BU780) for which the type of switch was incorrectly assigned. It should be TR not MI. The mistake was caused by insufficient training.

## **Audit Commentary**

Non-compliance was identified by analysis of the EDA file. Two switches were marked as MI instead of TR. Losing traders did not object. There is a switching process in place which covers both TR and MI switches. It occurred in the early stage of Pioneer's operation when the workload was very high. The documentation is in place; more training is arranged for personnel. Our assessment of the strength of controls is "Moderate" because it has a human element and communication with a customer.

## **Audit Attachments**

There are no uploaded attachments for this subsection.

## **Audit Outcome:** Non-compliant

## **Recommendations**

There are no recommendations arising from this subsection.

## **Issues**

There are no issues arising from this subsection.

## **4. 9. Losing trader provides information - switch move**

### **Code Reference**

Clause 10 Schedule 11.3

### **Code Related Audit Information**

10(1) Within 5 business days after receipt of notification of the switch move from the registry, if the losing trader accepts the event date proposed by the gaining trader, the losing trader must complete the switch by providing to the registry:

- confirmation of the switch event date; and
- a valid switch response code; and
- final information as required under clause 1; or
- 10(1)(b) If the losing trader does not accept the event date proposed by the gaining trader, the losing trader must acknowledge the switch request. Determine an event date that is not earlier than the gaining trader's proposed date and that date can be no later than 10 business days after the date of the notification. Alternatively, the losing trader may provide a request for a withdrawal of the switch in accordance with clause 17.

## **Audit Observation**

Pioneer lost 10 ICPs as MI switch. We used the EDA file provided by Pioneer to assess compliance. We checked the "timeline" for all 10 ICPs and confirmed that AN files were sent within 5 business days. AN files provided a valid switch response code, the switch event date. In all cases Pioneer accepted the switch event data proposed by a gaining trader.

## **Audit Commentary**

Compliance was assessed using the EDA file and checking all MI switches. The obligations specified in the above clause were met.

## **Audit Attachments**

There are no uploaded attachments for this subsection.

Audit Outcome: Compliant

#### Recommendations

There are no recommendations arising from this subsection.

#### Issues

There are no issues arising from this subsection.

### 4. 10. Losing trader determines a different date - switch move

#### Code Reference

Clause 10 Schedule 11.3 (2)

#### Code Related Audit Information

If the losing trader determines a different date, the losing trader must also complete the switch by providing to the registry as described in subclause (1)(a):

- the event date proposed by the losing trader; and
- a valid switch response code; and
- final information as required under clause 1.

#### Audit Observation

As described in the previous section, Pioneer accepted the switch event data proposed by a gaining trader for all MI switches.

#### Audit Commentary

Compliance confirmed by analyzing all switches lost by Pioneer as MI.

#### Audit Attachments

There are no uploaded attachments for this subsection.

Audit Outcome: Compliant

#### Recommendations

There are no recommendations arising from this subsection.

#### Issues

There are no issues arising from this subsection.

## 4. 11. Losing trader must provide final information - switch move

### Code Reference

Clause 11 Schedule 11.3

### Code Related Audit Information

If the losing trader has provided information to the registry in accordance with clause 10(a), within 3 business days after the later of the actual event date or date of receipt of the switch request, the losing trader must:

- provide the event date (clause 11(a)); and
- provide the switch event meter reading as at the event date for each meter or data storage device noted on the registry (clause 11(b)); and
- if switch event meter reading is not a validated meter reading, provide the date of the last reading of the meter or storage device. (clause (11(c)).

### Audit Observation

As previously stated, we used the EDA file to assess compliance for all MI switches, to determine if Pioneer provided information to the registry within 3 business days after the actual event date. The conclusion was that for 4 switches out of 10, the final information was sent later than 3 business days. The range of dates was between 4 and 8 BD.

### Audit Commentary

Non-compliance identified because the final information provided to the registry for 6 switches out of 10 switches was sent later than 3 business days after the actual event data. The ICPs affected were: 0000001034ED1B1, 0000001034ED1B1, 0000010567TRBE0, 0000488709CE83B, 0000502682CEFA8, and 0002760999TGE27. Our assessment of strength of controls is "Moderate" because the MI Switching process is documented but has human element and at present it is not fully automated.

### Audit Attachments

There are no uploaded attachments for this subsection.

### Audit Outcome: Non-compliant

### Recommendations

There are no recommendations arising from this subsection.

### Issues

There are no issues arising from this subsection.

## 4. 12. Gaining trader changes to switch meter reading - switch move

### Code Reference

Clause 12 Schedule 11.3

### Code Related Audit Information

The gaining trader may use the switch event meter reading supplied by the losing trader or may, at its own cost, obtain its own switch event meter reading. If the gaining trader elects to use this new switch event meter reading, the gaining trader must notify the losing trader of the switch event meter reading and the actual event date to which it refers as follows:

- if the switch meter reading established by the gaining trader differs by less than 200 kWh from that provided by the losing trader, both traders must use the switch event meter reading provided by the gaining trader (clause 12(2)(a)); or
- if the switch event meter reading provided by the losing trader differs by 200 kWh or more from a value established by the gaining trader, the gaining trader may dispute the switch meter reading. In this case, the gaining trader, within 4 calendar months of the actual event date, must provide to the losing trader a changed validated meter reading or a permanent estimate supported by 2 validated meter readings and the losing trader must either (clause 12(2)(b) and clause 12(3)):
  - notify the gaining trader if it does not accept the switch event meter reading and the losing trader and the gaining trader must resolve the dispute in accordance with the disputes procedure in clause 15.29 (with all necessary amendments) (clause 12(3)(a)); or
  - if the losing trader notifies its acceptance or does not provide any response, the losing trader must use the switch event meter reading supplied by the gaining trader. (clause 12(3)(b)).

12(2A) If the losing trader trades electricity from a non-half hour meter, with a switch event meter reading that is not from an AMI certified meter flagged Y on the registry,

- the gaining trader will trade electricity from a meter with a half hour submission type in the registry (clause 12(2A)(b));
- the gaining trader no later than 5 business days after receiving final information from the registry, may provide the losing trader with a switch event meter reading from that meter. The losing trader must use that switch event meter reading. (clause 12(2B))

### Audit Observation

To assess compliance with this section of the Code we used the EDA file for the period 15/01/17 – 29/05/17 provided by Pioneer. In total Pioneer switched 155 ICPs as switch type HH. All HH switches were part of the ICP transfer from Simply Energy to Pioneer.

### Audit Commentary

Based on the EDA file provided by Pioneer used to evaluate many other transactions, we confirm compliance.

### Audit Attachments

There are no uploaded attachments for this subsection.

### Audit Outcome: Compliant

### Recommendations

There are no recommendations arising from this subsection.

### Issues

There are no issues arising from this subsection.

## 4. 13. Gaining trader informs registry of switch request - gaining trader

### Code Reference

Clause 14 Schedule 11.3

### Code Related Audit Information

The gaining trader switch process applies where a trader and a customer or embedded generator enters into an arrangement in which the trader commences trading electricity with the customer or embedded generator to trade electricity through or assume responsibility for:

- a half hour metering installation that is not a category 1 or 2 metering installation, that has an ICP with a submission type half hour on the registry and an AMI flag of "N"; or
- a half hour metering installation that has a submission flag of half hour and an AMI flag of "N" and is traded by the losing trader as non-half hour; or
- a non half hour metering installation at an ICP with the losing trader trades through a half hour metering installation with an AMI flag of "N".

If the uninvited direct sale agreement applies to an arrangement described above, the gaining trader must identify the period within which the customer or embedded generator may cancel the arrangement in accordance with section 36M of the Fair Trading Act 1986. The arrangement is deemed to come into effect on the day after the expiry of that period.

A gaining trader must advise the registry of the switch and expected event date no later than 3 business days after the arrangement comes into effect.

14(2) The gaining trader must include in its advice to the registry:

- a) a proposed event date; and
- b) that the switch type is HH.

14(3) The proposed event date must be a date that is after the date on which the gaining trader advises the registry, unless clause 14(4) applies.

14(4) The proposed event date is a date before the date on which the gaining trader advised the registry, if:  
14(4)(a) – the proposed event date is in the same month as the date on which the gaining trader advised the registry; or

14(4)(b) – the proposed event date is no more than 90 days before the date on which the gaining trader advises the registry and this date is agreed between the losing and gaining traders.

### Audit Observation

Pioneer Energy trades a number of ICPs of category 3 and higher, which are reconciled as HHR. This work is done by EMS as the agent. Since the last audit Pioneer sent 155 NT files as a notification to the registry. All these customers had already been Pioneer customers therefore clause 14(1) does not apply.

All these switches except 2 were part of the ICPs transfer from Simply Energy to Pioneer. We checked the timing of all NT files and confirm they were sent within the timeframe described in clause 14(a).

### Audit Commentary

We confirm compliance which was assessed by checking the timing of all HH switches.

### Audit Attachments

There are no uploaded attachments for this subsection.

### Audit Outcome: Compliant

### Recommendations

There are no recommendations arising from this subsection.

### Issues

There are no issues arising from this subsection.

#### 4. 14. Losing trader provision of information - gaining trader

##### Code Reference

Clause 15 Schedule 11.3

##### Code Related Audit Information

Within 3 business days after the losing trader is informed about the switch by the registry, the losing trader must:

15(a) - provide to the registry a valid switch response code as approved by the Authority; or

15(b) - provide a request for withdrawal of the switch in accordance with clause 17.

##### Audit Observation

Pioneer Energy had lost no ICPs which are HH type. The process is documented.

##### Audit Commentary

Such activity has not occurred since the last audit.

##### Audit Attachments

There are no uploaded attachments for this subsection.

Audit Outcome: No applicable

##### Recommendations

There are no recommendations arising from this subsection.

##### Issues

There are no issues arising from this subsection.

#### 4. 15. Gaining trader to notify registry - gaining trader

##### Code Reference

Clause 16 Schedule 11.3

##### Code Related Audit Information

The gaining trader must complete the switch no later than 3 business days, after receiving the valid switch response code, by advising the registry of the event date.

If the ICP is being de-energised or if metering equipment is being removed, the gaining trader must either-  
16(a)- give the losing trader or MEP for the ICP an opportunity to interrogate the metering installation immediately before the ICP is de-energised or the metering equipment is removed; or

16(b)- carry out an interrogation and, no later than 5 business days after the metering installation is de-energised or removed, advise the losing trader of the results and metering component numbers for each data channel in the metering installation.

##### Audit Observation

Pioneer Energy gained 155 ICPs using a gaining trader type of switch. According to the Switch Breach report Pioneer did not meet compliance for 6 ICPs, for which the CS file was sent later than within 3 business days after it received confirmation with the valid switch response code.



## **Audit Commentary**

Non compliance identified based analysis of the switch breach report and the EDA file. ICPs which did not meet compliance were 0009999011ML76F, 0009999012MLBAF, 0009999013ML7EA, 0009999014MLA20, 0009999014MLA20, and 0009803940AL7F0. Switches were finalized later than 3 business days after it received confirmation. The Switch process is well documented but the delay was caused by high workload and not sufficient familiarity with the process. Our assessment of strength of controls is "Moderate" because the HHI Switching process is well documented.

## **Audit Attachments**

There are no uploaded attachments for this subsection.

## **Audit Outcome: Non-Compliant**

## **Recommendations**

There are no recommendations arising from this subsection.

## **Issues**

There are no issues arising from this subsection.

## **4. 16. Withdrawal of switch requests**

### **Code Reference**

Clauses 17 and 18 Schedule 11.3

### **Code Related Audit Information**

A losing trader or gaining trader may request that a switch request be withdrawn at any time until the expiry of 2 calendar months after the event date of the switch.

If a trader requests the withdrawal of a switch, the following provisions apply:

- for each ICP, the trader withdrawing the switch request must provide the registry with (clause 18(c)):
- the participant identifier of the trader making the withdrawal request (clause 18(c)(i)); and
- the withdrawal advisory code published by the Authority. (clause 18(c)(ii))
- within 5 business days after receiving a notification from the registry of a switch, the trader receiving the withdrawal must notify the registry that the switch withdrawal request is accepted or rejected. A switch withdrawal request must not become effective until accepted by the trader who received the withdrawal. (clause 18(d))
- on receipt of a rejection notification from the registry, in accordance with clause 18(d), a trader may re-submit the switch withdrawal request for an ICP in accordance with clause 18(c). All switch withdrawal requests must be resolved within 10 business days after the date of the initial switch withdrawal request. (clause 18(e))
- if the trader requests that a switch request be withdrawn, and the resolution of that switch withdrawal request results in the switch proceeding, within 2 business days after receipt of notification from the registry in accordance with clause 22(b), the losing trader must comply with clauses 3,5,10 and 11 (whichever is appropriate) and the gaining trader must comply with clause 16. (clause 18(f))

### **Audit Observation**

Analysis of the EDA file (15/01/17 -29/05/17) showed that Pioneer sent 5 NW files (ICP 0005832322RN36, 0006663806AL966, 0007147258RN25F, 1000547815PC506, and 1001262287LC543). 3 of them had the advisory code "DF", one WS, and "WR". All 4 files were sent to the registry within 13 business days

Pioneer received 70 NW files, 60 of them were from Simply Energy and 10 of them were from other retailers The advisory code was "DF". It appears that it was a misunderstanding between the two companies of what the switch

date should be. Pioneer specified 1 March, later it was changed to 1 April 2017.

Pioneer sent 75 AW files as the response to NW. We randomly chose 15 AW files to check the timeliness of sending such files and we also checked the Switch Breach report, which did not list any AW files sent later than 5 business days.

### **Audit Commentary**

Based on random sampling of 15 AW files and Switch Breach report we confirm that Pioneer met compliance with the above clause

### **Audit Attachments**

There are no uploaded attachments for this subsection.

Audit Outcome: Compliant

#### Recommendations

There are no recommendations arising from this subsection.

#### Issues

There are no issues arising from this subsection.

### 4. 17. Metering information

#### Code Reference

Clause 21 Schedule 11.3

#### Code Related Audit Information

For an interrogation or validated meter reading or permanent estimate carried out in accordance with Schedule 11.3:

21(a)- the trader who carries out the interrogation, switch event meter reading must ensure that the interrogation is as accurate as possible, or that the switch event meter reading is fair and reasonable.

21(b) and (c) - the cost of every interrogation or switch event meter reading carried out in accordance with clauses 5(b) or 11(b) or (c) must be met by the losing trader. The costs in every other case must be met by the gaining trader.

#### Audit Observation

We discussed this clause with Pioneer Energy and they fully understand their obligation if such a situation arises.

#### Audit Commentary

The policy in relation to the management of meter reading expenses is compliant.

#### Audit Attachments

There are no uploaded attachments for this subsection.

Audit Outcome: Compliant

#### Recommendations

There are no recommendations arising from this subsection.

#### Issues

There are no issues arising from this subsection.

## 4. 18. Switch saving protection

### Code Reference

Clause 11.15AA to 11.15AB

### Code Related Audit Information

A trader that buys electricity from the clearing manager may elect to have a switch saving protection by giving notice to the Authority in writing.

If a protected trader enters into an arrangement with a customer of another trader (the losing trader), or a trader enters into an arrangement with a customer of a protected trader, to commence trading electricity with the customer, the losing trader must not, by any means, initiate contact with the customer to attempt to persuade the customer to terminate the arrangement during the period from the receipt of the NT to the event date of the switch including by:

11.15AB(4)(a)- making a counter offer to the customer; or

11.15AB(4)(b)- offering an enticement to the customer.

### Audit Observation

After discussion with Pioneer their comment was:” We do not currently have a process in place as Pioneer is not currently part of the scheme and is not considering being a part of this scheme any time soon.” It was also confirmed that according to Pioneer’s policy they do no try to win back customers.

### Audit Commentary

We checked the EDA file, which confirms that the company haven't lost any ICPs in the period covered by this audit therefore no "win back" activity was initiated.

### Audit Attachments

There are no uploaded attachments for this subsection.

### Audit Outcome: Compliant

### Recommendations

There are no recommendations arising from this subsection.

### Issues

There are no issues arising from this subsection.

## 5. Maintenance of unmetered load

### 5. 1. Maintaining shared unmetered load

#### Code Reference

Clause 11.14

#### Code Related Audit Information

The trader must adhere to the process for maintaining shared unmetered load as outlined in clause 11.14:

11.14(2) - The distributor must notify the traders responsible for the ICPs across which the unmetered load is shared, of the ICP identifiers of the ICPs.

11.14(3) - A trader who receives such a notification from a distributor must notify the distributor if it wishes to add or omit any ICP from the ICPs across which unmetered load is to be shared.

11.14(4) - A distributor who receives such a notification of changes from the trader under (3) must notify the registry and each trader responsible for any of the ICPs across which the unmetered load is shared.

11.14(5) - If a distributor becomes aware of any change to the capacity of a shared unmetered load ICP or if a shared unmetered load ICP is decommissioned, it must notify all traders affected by that change as soon as practicable after that change or decommissioning.

11.14(6) - Each trader who receives such a notification must, as soon as practicable after receiving the notification, adjust the unmetered load information for each ICP in the list for which it is responsible to ensure that the entire shared unmetered load is shared equally across each ICP.

11.14(7) - A trader must take responsibility for shared unmetered load assigned to an ICP for which the trader becomes responsible as a result of a switch in accordance with Part 11.

11.14(8) - A trader must not relinquish responsibility for shared unmetered load assigned to an ICP if there would then be no ICPs left across which that load could be shared.

11.14(9) - A trader can change the status of an ICP across which the unmetered load is shared to inactive status, as referred to in clause 19 of Schedule 11.1. In that case, the trader is not required to notify the distributor of the change. The amount of electricity attributable to that ICP becomes UFE.

#### Audit Observation

Analysis of the LIS file dated 29/05/14 showed that Pioneer Energy does not trade shared unmetered load

#### Audit Commentary

Pioneer Energy does not trade shared unmetered load.

#### Audit Attachments

There are no uploaded attachments for this subsection.

Audit Outcome: Not applicable

#### Recommendations

There are no recommendations arising from this subsection.

#### Issues

There are no issues arising from this subsection.

## 5. 2. Unmetered threshold

### Code Reference

Clause 10.14 (2)(b)

### Code Related Audit Information

The reconciliation participant must ensure that unmetered load does not exceed 3,000 kWh per annum, or 6,000 kWh per annum if the load is predictable and of a type approved and published by the Authority.

### Audit Observation

Pioneer Energy trades 17 UML ICPs and 4 ICPs where there is metered load and unmetered load such as under verandah lighting. Unmetered load for existing ICPs is small, it varies between 0.05 to 2.8 kWh per day.

At the time of audit, the company did not yet have a process in place to monitor any new ICP if their unmetered load does not exceed 3,000 kWh per annum.

### Audit Commentary

We find Pioneer Energy compliant based on information recorded in the registry.

### Audit Attachments

There are no uploaded attachments for this subsection.

### Audit Outcome: Compliant

### Recommendations

Develop a monitoring process

### Issues

There are no issues arising from this subsection.

## 5. 3. Unmetered threshold exceeded

### Code Reference

Clause 10.14 (5)

### Code Related Audit Information

If the unmetered load limit is exceeded the retailer must:

- within 20 business days, commence corrective measure to ensure it complies with Part 10
- within 20 business days of commencing the corrective measure, complete the corrective measures
- no later than 10 business days after it becomes aware of the limit having been exceeded, advise each participant who is or would be expected to be affected of:
  - the date the limit was calculated or estimated to have been exceeded
  - the details of the corrective measures that the MEP proposes to take or is taking to reduce the unmetered load.

### Audit Observation

At the time of audit Pioneer did not have any ICPs for which unmetered load threshold was exceeded.

## **Audit Commentary**

The analysis of the LIS file confirmed compliance. All unmetered load ICPs have low daily kWh usage.

Not yet complete

#### Audit Attachments

There are no uploaded attachments for this subsection.

Audit Outcome: Compliant

#### Recommendations

#### Issues

There are no issues arising from this subsection.

### 5. 4. Distributed unmetered load

#### Code Reference

Clause 11 Schedule 15.3, Clause 15.37B

#### Code Related Audit Information

An up-to-date database must be maintained for each type of distributed unmetered load for which the retailer is responsible. The information in the database must be maintained in a manner that the resulting submission information meets the accuracy requirements of clause 15.2.

A separate audit is required for distributed unmetered load data bases.

The database must satisfy the requirements of Schedule 15.5 with regard to the methodology for deriving submission information.

#### **Audit Observation**

Pioneer Energy trades 6 ICPs which represent connection of distributed unmetered load. According to the Code, from 1 June 2017, a trader has an obligation to have a DUML database audited within one year, meaning 1 June 2018.

#### **Audit Commentary**

No DUML audit conducted yet.

#### Audit Attachments

There are no uploaded attachments for this subsection.

Audit Outcome: can't be

determined

#### Recommendations

There are no recommendations arising from this subsection.

#### Issues

There are no issues arising from this subsection.



## 6. Gathering raw meter data

### 6. 1. Electricity conveyed & notification by embedded generators

#### Code Reference

Clause 10.13, Clause 10.24 and 15.13

#### Code Related Audit Information

A participant must use the quantity of electricity measured by a metering installation as the raw meter data for the quantity of electricity conveyed through the point of connection.

This does not apply if data is estimated or gifted in the case of embedded generation under clause 15.13.

A trader must, for each energised ICP that is not also an NSP, and for which it is recorded in the registry as being responsible, ensure that:

- there is 1 or more metering installations
- all electricity conveyed is quantified in accordance with the Code
- it does not use subtraction to determine submission information for the purposes of Part 15.

An embedded generator must give notification to the reconciliation manager for an embedded generating station, if the intention is that the embedded generator will not be receiving payment from the clearing manager or any other person through the point of connection to which the notification relates.

#### Audit Observation

The LIS file dated 29/5/17 was analyzed. Pioneer trades both HHR and NHH ICPs. Most of installations are metered but there are 7 ICPs representing DUML and 24 ICPs UML.

The company does not use subtraction to determine submission information.

#### Audit Commentary

Analyses of the LIS file and Orion records proved that all installations, except DUML and 24 UML ICPs are metered.

#### Audit Attachments

There are no uploaded attachments for this subsection.

#### Audit Outcome: Compliant

#### Recommendations

There are no recommendations arising from this subsection.

#### Issues

There are no issues arising from this subsection.

## 6. 2. Responsibility for metering at GIP

### Code Reference

Clause 10.26 (6), (7) and (8)

### Code Related Audit Information

For each proposed metering installation or change to a metering installation that is a connection to the grid, the participant, must:

- provide to the grid owner a copy of the metering installation design (before ordering the equipment)
- provide at least 3 months for the grid owner to review and comment on the design
- respond within 3 business days of receipt to any request from the grid owner for additional details or changes to the design
- ensure any reasonable changes from the grid owner are carried out.

The participant responsible for the metering installation must:

- advise the reconciliation manager of the certification expiry date not later than 10 business days after certification of the metering installation
- become the MEP or contract with a person to be the MEP
- advise the reconciliation manager of the MEP identifier no later than 20 days after entering into a contract or assuming responsibility to be the MEP.

### Audit Observation

Not yet complete

### Audit Commentary

Not yet complete

### Audit Attachments

There are no uploaded attachments for this subsection.

### Audit Outcome: Not applicable

### Recommendations

There are no recommendations arising from this subsection.

### Issues

There are no issues arising from this subsection.

## 6. 3. Certification of control devices

### Code Reference

Clause 33 Schedule 10.7 and clause 2(2) Schedule 15.3

### Code Related Audit Information

The reconciliation participant must advise the metering equipment provider if a control device is used to control load or switch meter registers. The reconciliation participant must ensure the control device is certified prior to using it for reconciliation purposes.

### Audit Observation

Pioneer trades ICPs using the profiles of HHR, RPS, UML, DST for reconciliation purposes. None of these profiles requires to switch meter registers. Metering installations (2) where solar panels are installed have Export/Meter installed.

### Audit Commentary

The company does not require control devices to be certified.

### Audit Attachments

There are no uploaded attachments for this subsection.

### Audit Outcome: Not applicable

### Recommendations

There are no recommendations arising from this subsection.

### Issues

There are no issues arising from this subsection.

## 6. 4. Reporting of defective metering installations

### Code Reference

Clause 10.43(2) and (3)

### Code Related Audit Information

If a participant becomes aware of an event or circumstance that lead it to believe a metering installation could be inaccurate, defective, or not fit for purpose they must:

- advise the MEP
- include in the advice all relevant details.

### Audit Observation

We discussed with Pioneer their obligation of an event or circumstances that led it to believe a metering installation could be inaccurate, defective, or not fit for purpose. The company provided correspondence about a case where Pioneer was concerned that a meter installed at ICP 0001750551TGD37 was faulty. The correspondence is attached to the document. The end result of the investigation was that it was a problem with communication, not a meter.

### Audit Commentary

The process is not fully documented yet but the company proactively monitors readings from NHH meters. The company provided an example of action taken to resolve the "issue", when there was the possibility of a faulty meter.

## Audit Attachments

There are no uploaded attachments for this subsection.

## **Audit Outcome:** Compliant

## Recommendations

There are no recommendations arising from this subsection.

## Issues

There are no issues arising from this subsection.

## 6. 5. Collection of information by certified reconciliation participant

### Code Reference

Clause 2 Schedule 15.2

### Code Related Audit Information

Only a certified reconciliation participant may collect raw meter data, unless only the MEP can interrogate the meter, or the MEP has an arrangement which prevents the reconciliation participant from electronically interrogating the meter:

2(2) - The reconciliation participant must collect raw meter data used to determine volume information from the services interface or the metering installation or from the MEP.

2(3) - The reconciliation participant must ensure the interrogation cycle is such that it does not exceed the maximum interrogation cycle on the registry.

2(4) - The reconciliation participant must interrogate the meter at least once every maximum interrogation cycle.

2(5) - When electronically interrogating the meter the participant must:

(a) ensure the system is to within +/- 5 seconds of NZST or NZDST

(b) compare the meter time to the system time

(c) determine the time error of the metering installation

(d) if the error is less than the maximum permitted error, correct the meter's clock

(e) if the time error is greater than the maximum permitted error then:

(i) correct the metering installation's clock

(ii) compare the metering installation's time with the system time

(iii) correct any affected raw meter data.

(f) download the event log.

2(6) – The interrogation systems must record:

- the time

- the date

- the extent of any change made to the meter clock.

### **Audit Observation**

Data collection for HHR ICPs is conducted by EMS themselves or it is provided by MEPs. The obligation of compliance lies with agents but it is still the responsibility of Pioneer Energy. There is a significant number of HHR ICPs therefore Pioneer established solid communication channels between two companies.

### **Audit Commentary**

Management of HHR data is outsourced to EMS. Compliance is confirmed based on a review of EMS and AMS audit reports.

## Audit Attachments

There are no uploaded attachments for this subsection.

## **Audit Outcome:** Compliant

## Recommendations

There are no recommendations arising from this subsection.

## Issues

There are no issues arising from this subsection.

## 6. 6. Derivation of meter readings

### Code Reference

Clause 3(1), 3(2) Schedule 15.2

### Code Related Audit Information

All meter readings must in accordance with the participants certified processes and procedures and using its certified facilities be sourced directly from raw meter data and, if appropriate, be derived and calculated from financial records.

All validated meter readings must be derived from meter readings.

A meter reading provided by a consumer may be used as a validated meter reading only if another set of validated meter readings not provided by the consumer are used during the validation process.

### **Audit Observation**

NHH meters are read by WELLS or by Metrix. WELLS has just started reading its first meter and delivering data via SFTP server. Pioneer does not read any meters themselves. The company allows customers to provide their own read as an exception. Pioneer would like to receive register reads from FCLM but the current file format used does not allow them to identify clearly readings for multi-register meters. At the time of audit there was no interface to import Metrix reads to Orion. Reads were entered manually. We randomly sampled 49 readings to compare original read with the read in Orion. All sampled readings were entered correctly.

### **Audit Commentary**

Compliance is confirmed based on the observation of a sample of 49 Metrix reads.

## Audit Attachments

There are no uploaded attachments for this subsection.

## **Audit Outcome:** Compliant

## Recommendations

There are no recommendations arising from this subsection.

## Issues

There are no issues arising from this subsection.

## 6. 7. NHH meter reading application

### Code Reference

Clause 6 Schedule 15.2

### Code Related Audit Information

For NHH switch event meter reads, for the gaining trader the reading applies from 0000 hours on the day of the relevant event date and for the losing trader at 2400 hours at the end of the day before the relevant event date. In all other cases, All NHH readings apply from 0000hrs on the day after the last meter interrogation up to and including 2400hrs on the day of the meter interrogation.

### Audit Observation

This functionality is built into Orion. It was extensively tested during the initial audit by using a set of scenarios. This time no testing of this area was done because there was a problem gaining access to the test system.

### Audit Commentary

We decided for this clause to confirm compliance based on the test results conducted during the initial audit.

### Audit Attachments

There are no uploaded attachments for this subsection.

### Audit Outcome: Compliant

### Recommendations

There are no recommendations arising from this subsection.

## Issues

There are no issues arising from this subsection.

## 6. 8. Interrogate meters once

### Code Reference

Clause 7(1) and (2) Schedule 15.2

### Code Related Audit Information

Each reconciliation participant must ensure that a validated meter reading is obtained in respect of every meter register for every non half hour metered ICP for which the participant is responsible, at least once during the period of supply to the ICP by the reconciliation participant, and used to create volume information.

This may be a validated meter reading at the time the ICP is switched to, or from, the reconciliation participant. If exceptional circumstances prevent a reconciliation participant from obtaining the validated meter reading, the reconciliation participant is not required to comply with clause 7(1).

### Audit Observation

Pioneer lost 12 customers since the last audit The company provided evidence that all lost customers meters were interrogated once during the period of supply to the ICP It was validated meter reading at the time ICPs were switched to.

### Audit Commentary

Not yet complete

### Audit Attachments

Customer switch our data.

### Audit Outcome: Compliant

### Recommendations

There are no recommendations arising from this subsection.

### Issues

There are no issues arising from this subsection.

## 6. 9. NHH meters interrogated annually

### Code Reference

Clause 8(1) and (2) Schedule 15.2

### Code Related Audit Information

At least once every 12 months, each reconciliation participant must obtain a validated meter reading for every meter register for non half hour metered ICPs, at which the reconciliation participant trades continuously for each 12 month period.

If exceptional circumstances prevent a reconciliation participant from obtaining the validated meter reading, the reconciliation participant is not required to comply with clause 8(1).

### Audit Observation

Pioneer has not been trading any ICP for 5 months. The first ICPs were switched on 01/01/2017.

## **Audit Commentary**

Pioneer has not been trading any ICP for 5 months. The first ICPs were switched on 01/01/2017.

### **Audit Attachments**

There are no uploaded attachments for this subsection.

### **Audit Outcome:** Not applicable

### **Recommendations**

There are no recommendations arising from this subsection.

### **Issues**

There are no issues arising from this subsection.

## **6. 10. NHH meters 90% read rate**

### **Code Reference**

Clause 9(1) and (2) Schedule 15.2

### **Code Related Audit Information**

In relation to each NSP, each reconciliation participant must ensure that for each NHH ICP at which the reconciliation participant trades continuously for each 4 months, for which consumption information is required to be reported into the reconciliation process. A validated meter reading is obtained at least once every 4 months for 90% of the non half

A report is to be sent to the market administrator providing the percentage, in relation to each NSP, for which consumption information has been collected no later than 20 business days after the end of each month.hour metered ICPs.

If exceptional circumstances prevent a reconciliation participant from obtaining the validated meter reading, the reconciliation participant is not required to comply with clause 9(1).

### **Audit Observation**

At the time of audit, the report created by Orion was not correct because it was including 'Inactive' ICPs. During the audit we manually calculated the percentage of reads to assess compliance. Pioneer had 12 ICPs Active for 4 months, 11 sites were read by WELLS and for 1 ICP a customer provided their own read.

## **Audit Commentary**

Compliance confirmed based on confirmation from Pioneer that the Meter Frequency Report was sent to the Market Operation every month. Calculation of Actual reads to assess compliance proved that 92% was achieved. If the customer read is included, it will be 100%.

### **Audit Attachments**

There are no uploaded attachments for this subsection.

### **Audit Outcome:** Compliant

### **Recommendations**

There are no recommendations arising from this subsection.



## Issues

There are no issues arising from this subsection.

## 6. 11. Non half-hour metering information

### Code Reference

Clause 5 of Schedule 15.2

### Code Related Audit Information

A reconciliation participant must, when manually interrogating a non half-hour metering installation, if the relevant parts of the metering installation are visible and it is safe to do so, -

- (a) obtain the meter register value; and
- (b) ensure the seals are present and intact; and
- (c) check for phase failure if the meter supports it; and
- (d) check for signs of tampering or damage; and
- (e) check for electrically unsafe installations

### Audit Observation

Pioneer does not read meters themselves. All NH reads are done by Metrix or WELLS.

### Audit Commentary

Pioneer does not read meters themselves. All NH reads are done by Metrix or WELLS.

### Audit Attachments

There are no uploaded attachments for this subsection.

**Audit Outcome:** Not applicable

### Recommendations

There are no recommendations arising from this subsection.

## Issues

There are no issues arising from this subsection.

## 6. 12. NHH meter interrogation log

### Code Reference

Clause 10 Schedule 15.2

### Code Related Audit Information

The following information must be logged as the result of each interrogation of the NHH metering:

- 10(a) - the means to establish the identity of the individual meter reader
- 10(b) - the ICP identifier of the ICP, and the meter and register identification
- 10(c) - the method being used for the interrogation and the device ID of equipment being used for interrogation of the meter.
- 10(d) - the date and time of the meter interrogation.

### Audit Observation

Data is received from WELLS and Metrix. The verification of the accuracy of raw data collected by WELLS and Metrix is done within their system. WELLS's audit report confirms compliance in this area.

### Audit Commentary

Compliance is confirmed based on findings during WELLS's audit as a NHH readings agent.

### Audit Attachments

There are no uploaded attachments for this subsection.

### Audit Outcome: Compliant

### Recommendations

There are no recommendations arising from this subsection.

### Issues

There are no issues arising from this subsection.

## 6. 13. HHR data collection

### Code Reference

Clause 11(1) Schedule 15.2

### Code Related Audit Information

Raw meter data from all electronically interrogated metering installations must be obtained via the services access interface. This may be carried out by a portable device or remotely.

### Audit Observation

Data management for all HHR ICP is managed by EMS.

### Audit Commentary

Data management for all HHR ICPs is managed by EMS. Compliance is confirmed based on EMS's audit report.

## Audit Attachments

There are no uploaded attachments for this subsection.

## **Audit Outcome:** Compliant

## Recommendations

There are no recommendations arising from this subsection.

## Issues

There are no issues arising from this subsection.

## 6. 14. HHR interrogation data requirement

### Code Reference

Clause 11(2) Schedule 15.2

### Code Related Audit Information

The following information is collected during each interrogation:

11(2)(a) - the unique identifier of the data storage device

11(2)(b) - the time from the data storage device at the commencement of the download unless the time is within specification and the interrogation log automatically records the time of interrogation

11(2)(c) - the metering information, which represents the quantity of electricity conveyed at the point of connection, including the date and time stamp or index marker for each half hour period. This may be limited to the metering information accumulated since the last interrogation

11(2)(d) - the event log, which may be limited to the events information accumulated since the last interrogation

11(2)(e) - an interrogation log generated by the interrogation software to record details of all interrogations.

The interrogation log must be examined by the reconciliation participant responsible for collecting the data and appropriate action must be taken if problems are apparent or an automated software function flags exceptions.

### **Audit Observation**

Data management for all HHR ICPs is managed by EMS.

### **Audit Commentary**

Data management for all HHR ICPs is managed by EMS. Compliance is confirmed based on EMS's audit report.

## Audit Attachments

There are no uploaded attachments for this subsection.

## **Audit Outcome:** Compliant

## Recommendations

There are no recommendations arising from this subsection.

## Issues

There are no issues arising from this subsection.

## 6. 15. HHR interrogation log requirements

### Code Reference

Clause 11(3) Schedule 15.2

### Code Related Audit Information

The interrogation log forms part of the interrogation audit trail and, as a minimum, must contain the following information:

11(3)(a)- the date of interrogation

11(3)(b)- the time of commencement of interrogation

11(3)(c)- the operator identification (if available)

11(3)(d)- the unique identifier of the meter or data storage device

11(3)(e)- the clock errors outside the range specified in Table 1 of clause 2

11(3)(f)- the method of interrogation

11(3)(g)- the identifier of the reading device used for interrogation (if applicable).

### Audit Observation

Data management for all HHR ICPs is managed by EMS.

### Audit Commentary

Data management for all HHR ICPs is managed by EMS. Compliance is confirmed based on EMS's audit report.

### Audit Attachments

There are no uploaded attachments for this subsection.

### Audit Outcome: Compliant

### Recommendations

There are no recommendations arising from this subsection.

### Issues

There are no issues arising from this subsection.

## 7. Storing raw meter data

### 7. 1. Trading period duration

#### Code Reference

Clause 13 Schedule 15.2

#### Code Related Audit Information

The trading period duration, normally 30 minutes, must be within  $\pm 0.1\%$  ( $\pm 2$  seconds).

#### **Audit Observation**

Data management for all HHR ICPs is managed by EMS.

#### **Audit Commentary**

Data management for all HHR ICPs is managed by EMS. Compliance is confirmed based on EMS's audit report.

#### Audit Attachments

There are no uploaded attachments for this subsection.

#### **Audit Outcome:** Compliant

#### Recommendations

There are no recommendations arising from this subsection.

#### Issues

There are no issues arising from this subsection.

### 7. 2. Archiving and storage of raw meter data

#### Code Reference

Clause 18 Schedule 15.2

#### Code Related Audit Information

A reconciliation participant who is responsible for interrogating a metering installation must archive all raw meter data and any changes to the raw meter data for at least 48 months, in accordance with clause 8(6) of Schedule 10.6.

Procedures must be in place to ensure that raw meter data cannot be accessed by unauthorized personnel. Meter readings cannot be modified without an audit trail being created.

#### **Audit Observation**

Pioneer Energy does not interrogate any meters. Raw data is stored by WELLS and Metrix. The only time when Pioneer have raw meter data is when a customer provides their own read.

#### **Audit Commentary**

Pioneer Energy does not interrogate any meters. Raw data is stored by WELLS and Metrix.

#### Audit Attachments

There are no uploaded attachments for this subsection.

**Audit Outcome:** Not applicable

#### Recommendations

There are no recommendations arising from this subsection.

#### Issues

There are no issues arising from this subsection.

### 7. 3. Non metering information collected / archived

#### Code Reference

Clause 21(5) Schedule 15.2

#### Code Related Audit Information

All relevant non-metering information, such as external control equipment operation logs, used in the determination of profile data must be collected, and archived in accordance with clause 18.

#### Audit Observation

Profile data is collected by EMS for DUML to determine the profile as a part of the agreement between Pioneer and EMS.

#### Audit Commentary

Compliance confirmed based on conversation with EMS and Pioneer, and EMS's audit report.

#### Audit Attachments

There are no uploaded attachments for this subsection.

**Audit Outcome:** Compliant

#### Recommendations

There are no recommendations arising from this subsection.

#### Issues

There are no issues arising from this subsection.

## 8. Creating and managing (including validating, estimating, storing, correcting and archiving) volume information

### 8. 1. Correction of NHH meter readings

#### Code Reference

Clause 19(1) Schedule 15.2

#### Code Related Audit Information

If errors are detected during validation of non-half hour meter readings, one of the following must be undertaken:

19(1)(a) - confirmation of the original meter reading by carrying out another meter reading

19(1)(b) - replacement of the original meter reading by another meter reading (even if the replacement meter reading may be at a different date)

19(1)(c) - if the original meter reading cannot be confirmed or replaced by a meter reading from another interrogation, then an estimated reading is substituted and the estimated reading is marked as an estimate and it is subsequently replaced in accordance with clause 4(2).

#### Audit Observation

The process is not written yet. We discussed the requirements with Pioneer. NHH meters are read by WELLS and Metrix. When reads are imported into Orion, a validation process is activated and a report created. All ICPs in the report will be analyzed. If an operator is not able to figure out the "unusual" reading by checking the ICP's history, WELLS will be asked to read a meter again or Metrix will be contacted and asked to explain.

#### Audit Commentary

The compliance confirmed based on a conversation during which Pioneer described what actions will be taken if a NHH read fails Orion's read validation.

#### Audit Attachments

There are no uploaded attachments for this subsection

#### Audit Outcome: Compliant

#### Recommendations

There are no recommendations arising from this subsection.

#### Issues

There are no issues arising from this subsection.

## 8. 2. Correction of HHR metering information

### Code Reference

Clause 19(2) Schedule 15.2

### Code Related Audit Information

If errors are detected during validation of half hour metering information the correction must be as follows:

19(2)(a) - if a check meter or data storage device is installed at the metering installation, data from this source may be substituted

19(2)(b) - in the absence of any check meter or data storage device, data may be substituted from another period if the total of all substituted intervals matches the total consumption recorded on the meter, if available, and the pattern of consumption is considered materially similar to the period in error.

### Audit Observation

Data management for all HHR ICPs, including correction of HHR readings, is managed by EMS.

### Audit Commentary

Data management for all HHR ICPs, including correction of HHR readings, is managed by EMS. Compliance confirmed based on the review of EMS's audit report.

### Audit Attachments

There are no uploaded attachments for this subsection.

### Audit Outcome: Compliant

### Recommendations

There are no recommendations arising from this subsection.

### Issues

There are no issues arising from this subsection.

## 8. 3. Error and loss compensation arrangements

### Code Reference

Clause 19(3) Schedule 15.2

### Code Related Audit Information

If error compensation and loss compensation are carried out as part of the process of determining accurate data, the compensation process must be documented and must comply with audit trail requirements.

### Audit Observation

Pioneers' comment was that they were not aware of this. Given a quick review of a couple of MEP contracts, they are not very explicit on this point. EMS's audit report stated they don't have such installations.

### Audit Commentary

Compliance confirmed based on a conversation with Pioneer and EMS's audit report.



## Audit Attachments

There are no uploaded attachments for this subsection.

## **Audit Outcome:** Compliant

## Recommendations

There are no recommendations arising from this subsection.

## Issues

There are no issues arising from this subsection.

## 8. 4. Correction of HHR and NHH raw meter data

### Code Reference

Clause 22(1) and (2) Schedule 15.2

### Code Related Audit Information

In correcting a meter reading in accordance with clause 19, the raw meter data must not be overwritten. If the raw meter data and the meter readings are the same, an automatic secure backup of the affected data must be made and archived by the processing or data correction application.

If data is corrected or altered, a journal must be generated and archived with the raw meter data file. The journal must contain the following:

22(2)(a) - the date of the correction or alteration

22(2)(b) - the time of the correction or alteration

22(2)(c) - the operator identifier of the reconciliation participant

22(2)(d) - the half-hour metering data or the non half hour metering data corrected or altered, and the total difference in volume of such corrected or altered data

22(2)(e) - the technique used to arrive at the corrected data

22(2)(f) - the reason for the correction or alteration.

### **Audit Observation**

The correction of metering data for HHR ICPs, if required, is performed by EMS.

The correction of register reads for NHH is done using Orion by Pioneer. Whenever a read is changed in Orion, details such as a date and time of correction, operator identifier, a reason for correction, the difference of correction is recorded. At the time of the audit not many corrections of readings had been done. Mainly because most of the reads were CS reads, Metrix. Hardly any reads were delivered by WELLS. Orion has the functionality described in the above clause. It was checked in the test system during the audit.

### **Audit Commentary**

Compliance based observation of Orion's functionality. For HHR ICPs compliance is confirmed based on EMS' audit report.

## Audit Attachments

There are no uploaded attachments for this subsection.

## **Audit Outcome:** Compliant

## Recommendations

There are no recommendations arising from this subsection.

Issues

There are no issues arising from this subsection.

## 9. Estimating and validating volume information

### 9. 1. Identification of readings

#### Code Reference

Clause 3(3) Schedule 15.2

#### Code Related Audit Information

All estimated readings and permanent estimates must be clearly identified as an estimate at source and in any exchange of metering data or volume information between participants.

#### Audit Observation

Orion marks every reading as "A "Actual" or "E" (estimate). These flags will be included in communication between participants e.g. switching, EIEP3 etc.

#### Audit Commentary

Compliance is confirmed based on the review of register reads of 10 ICPs in Orion and review of the table of flags assigned meter reading.

#### Audit Attachments

There are no uploaded attachments for this subsection.

#### Audit Outcome: Compliant

#### Recommendations

There are no recommendations arising from this subsection.

#### Issues

There are no issues arising from this subsection.

### 9. 2. Derivation of volume information

#### Code Reference

Clause 3(4) Schedule 15.2

#### Code Related Audit Information

Volume information must be directly derived, in accordance with Schedule 15.2, from:

3(4)(a) - validated meter readings

3(4)(b) - estimated readings

3(4)(c) - permanent estimates.

#### Audit Observation

NHH volumes are derived from validated meter readings, estimated readings, permanent estimates, or Switch in read (CS file). Orion has functionality to use both validated and estimated readings.

#### Audit Commentary

Compliance confirmed based on a review of how meters' readings are imported into Orion, how they are validated and a review of the AV080 detailed report.

## Audit Attachments

There are no uploaded attachments for this subsection.

## **Audit Outcome:** Compliant

## Recommendations

There are no recommendations arising from this subsection.

## Issues

There are no issues arising from this subsection.

## 9. 3. Meter data used to derive volume information

### Code Reference

Clause 3(5) Schedule 15.2

### Code Related Audit Information

All meter data that is used for derive volume information must not be rounded or truncated from the stored data from the metering installation.

### **Audit Observation**

The data delivered by WELLS or Metrix is never truncated. It is imported to Orion or entered manually as original.

### **Audit Commentary**

Compliance confirmed based on comparing 40 Metrix reads with reads stored by Orion.

## Audit Attachments

There are no uploaded attachments for this subsection.

## **Audit Outcome:** Compliant

## Recommendations

There are no recommendations arising from this subsection.

## Issues

There are no issues arising from this subsection.

## 9. 4. Half hour estimates

### Code Reference

Clause 15 Schedule 15.2

### Code Related Audit Information

If a reconciliation participant is unable to interrogate an electronically interrogated metering installation before the deadline for providing submission information, the submission to the reconciliation manager must be the reconciliation participant's best estimate of the quantity of electricity that was purchased or sold in each trading period during any applicable consumption period for that metering installation.

The reconciliation participant must use reasonable endeavours to ensure that estimated submission information is within the percentage specified by the Authority.

### Audit Observation

EMS is an agent for the management of all HHR ICPs traded by Pioneer. If EMS does not have data before the deadline to provide to the reconciliation manager, data will be estimated.

### Audit Commentary

EMS is an agent for the management of all HHR ICPs traded by Pioneer. Compliance is confirmed based on EMS's audit report and the DSA agreement between the two companies.

### Audit Attachments

There are no uploaded attachments for this subsection.

### Audit Outcome: Compliant

### Recommendations

There are no recommendations arising from this subsection.

### Issues

There are no issues arising from this subsection.

## 9. 5. NHH metering information data validation

### Code Reference

Clause 16 Schedule 15.2

### Code Related Audit Information

Each validity check of non half hour meter readings and estimated readings must include the following:

16(2)(a) - confirmation that the meter reading or estimated reading relates to the correct ICP, meter, and register

16(2)(b) - checks for invalid dates and times

16(2)(c) - confirmation that the meter reading or estimated reading lies within an acceptable range compared with the expected pattern, previous pattern, or trend

16(2)(d) - confirmation that there is no obvious corruption of the data, including unexpected 0 values.

### Audit Observation

As an ICP switches in, the switch event read from the CS file is recorded in the appropriate account. A lot of validation of meter readings is performed when NHH meter readings are imported into ORION. The checks are: high/low consumption, unknown site, unknown meter, incorrect date, closing read exist, rollover reads, read before the opening read.

### **Audit Commentary**

Compliance confirmed based on the functionality of Orion. We were not in a position to test this as a part of Pioneer. Our conclusion is based on a knowledge of Orion working with other participants.

### **Audit Attachments**

There are no uploaded attachments for this subsection.

### **Audit Outcome:** Compliant

### **Recommendations**

There are no recommendations arising from this subsection.

### **Issues**

There are no issues arising from this subsection.

## **9. 6. Electronic meter readings and estimated readings**

### **Code Reference**

Clause 17 Schedule 15.2

### **Code Related Audit Information**

Each validity check of electronically interrogated meter readings and estimate readings must be at a frequency that will allow a further interrogation of the data storage device before the data is overwritten within the data storage device and before this data can be used for any purpose under the Code.

Each validity check of a meter reading obtained by electronic interrogation or an estimated reading must include:

17(4)(a) - checks for missing data

17(4)(b) - checks for invalid dates and times

17(4)(c) - checks of unexpected 0 values

17(4)(d) - comparison with expected or previous flow patterns

17(4)(e) - comparisons of meter readings with data on any data storage device registers that are available

17(4)(f) - a review of meter and data storage device event list. Any event that could have affected the integrity of metering data must be investigated.

### **Audit Observation**

NHH meters are electronically interrogated by Metrix.

### **Audit Commentary**

Compliance confirmed by the fact that data is delivered by the MEP, Metrix

### **Audit Attachments**

There are no uploaded attachments for this subsection.



**Audit Outcome:** Compliant

## Recommendations

There are no recommendations arising from this subsection.

## Issues

There are no issues arising from this subsection.

## 10. Provision of metering information to the pricing manager in accordance with subpart 4 of Part 13 (clause 15.38(1)(f))

### 10. 1. Generators to provide HHR metering information

#### Code Reference

Clause 13.136

#### Code Related Audit Information

The generator (and/or embedded generator) must provide to the pricing manager and the grid owner connected to the local network in which the embedded generator is located, half hour metering information in accordance with clause 13.138 in relation to generating plant that is subject to a dispatch instruction:

- that injects electricity directly into a local network; or
- if the meter configuration is such that the electricity flows into a local network without first passing through a grid injection point or grid exit point metering installation.

#### Audit Observation

Not yet complete

#### Audit Commentary

Not yet complete

#### Audit Attachments

There are no uploaded attachments for this subsection.

**Audit Outcome:** Not applicable

#### Recommendations

There are no recommendations arising from this subsection.

#### Issues

There are no issues arising from this subsection.

## 10. 2. Unoffered & intermittent generation provision of metering information

### Code Reference

Clause 13.137

### Code Related Audit Information

Each generator must provide the pricing manager and the relevant grid owner half-hour metering information for:

- any unoffered generation from a generating station with a point of connection to the grid 13.137(1)(a)
- any electricity supplied from an intermittent generating station with a point of connection to the grid.

13.137(1)(b)

The generator must provide the pricing manager and the relevant grid owner with the half-hour metering information required under this clause in accordance with the requirements of Part 15 for the collection of that generator's volume information. (clause 13.137(2))

If such half-hour metering information is not available, the generator must provide the pricing manager and the relevant grid owner a reasonable estimate of such data. (clause 13.137(3))

### Audit Observation

Not yet complete

### Audit Commentary

Not yet complete

### Audit Attachments

There are no uploaded attachments for this subsection.

### **Audit Outcome:** Not

### applicable Recommendations

There are no recommendations arising from this subsection.

### Issues

There are no issues arising from this subsection.

## 10. 3. Loss adjustment of HHR metering information

### Code Reference

Clause 13.138

### Code Related Audit Information

The generator must provide the information required by clauses 13.136 and 13.137,  
13.138(1)(a)- adjusted for losses (if any) relative to the grid injection point or, for embedded generators the grid exit point, at which it offered the electricity  
13.138(1)(b)- in the manner and form that the pricing manager stipulates  
13.138(1)(c)- by 0500 hours on a trading day for each trading period of the previous trading day.  
The generator must provide the half-hour metering information required under this clause in accordance with the requirements of Part 15 for the collection of the generator's volume information.

### Audit Observation

Not yet complete

### Audit Commentary

Not yet complete

### Audit Attachments

There are no uploaded attachments for this subsection.

**Audit Outcome:** Not applicable

### Recommendations

There are no recommendations arising from this subsection.

### Issues

There are no issues arising from this subsection.

## 10. 4. Notification of the provision of HHR metering information

### Code Reference

Clause 13.140

### Code Related Audit Information

If the generator provides half-hourly metering information to the pricing manager or a grid owner under clauses 13.136 to 13.138, or 13.138A, it must also, by 0500 hours of that day, advise the relevant grid owner.

### Audit Observation

Not yet complete

### Audit Commentary

Not yet complete

### Audit Attachments

There are no uploaded attachments for this subsection.

**Audit Outcome:** Not applicable

### Recommendations

There are no recommendations arising from this subsection.

### Issues

There are no issues arising from this subsection.

# 11. Provision of submission information for reconciliation

## 11. 1. Buying and selling notifications

### Code Reference

Clause 15.3

### Code Related Audit Information

Unless an embedded generator has given a notification in respect of the point of connection under clause 15.3, a trader must notify the reconciliation manager if it is to commence or cease trading electricity at a point of connection using a profile with a profile code other than HHR, RPS, UML, EG1, or PV1 at least five business days before commencing or ceasing trader.

The notification must comply with any procedures or requirements specified by the reconciliation manager.

### Audit Observation

Pioneer uses HHR, RPS, DST, UML, DFP. All notifications are up to date. Recently the reconciliation manager added a new functionality to their portal. One of the new functions is to add and edit contracts for a NSP.

### Audit Commentary

Compliance is confirmed based on a review of the LIS file dated 29/5/17 and assurance from Pioneer that none of their reconciliation files were rejected on the grounds of a lack of contract.

### Audit Attachments

There are no uploaded attachments for this subsection.

### Audit Outcome: Compliant

### Recommendations

There are no recommendations arising from this subsection.

### Issues

There are no issues arising from this subsection.

## 11. 2. Calculation of ICP days

### Code Reference

Clause 15.6

### Code Related Audit Information

Each retailer and direct purchaser (excluding direct consumers) must deliver a report to the reconciliation manager detailing the number of ICP days for each NSP for each submission file of submission information in respect of:

15.6(1)(a) - submission information for the immediately preceding consumption period, by 1600 hours on the 4th business day of each reconciliation period

15.6(1)(b) - revised submission information provided in accordance with clause 15.4(2), by 1600 hours on the 13th business day of each reconciliation period.

The ICP days information must be calculated using the data contained in the retailer or direct purchaser's reconciliation system when it aggregates volume information for ICPs into submission information.

### Audit Observation

ICP days for HHR ICPs are calculated and submitted by EMS.

ICP days for NHH ICPs are calculated using Orion and submitted by Pioneer Energy. We reviewed AV110 for 4 months and confirm that the format is correct. ICP days were calculated using Orion. It was noted that unnecessarily, "inactive" ICPs were included in the report. This was discussed with Agility and it was fixed by the time this report was finalized.

Both EMS and Pioneer, every month, submit revision files by the 13th business day.

### Audit Commentary

Compliance confirmed based on analysis of NHH ICP days for 4 months. To this document we attached the summary of ICP days. There is a small mismatch between the number of ICP days calculated by the registry and Pioneer.

### Audit Attachments

ICP days.

### Audit Outcome: Compliant

### Recommendations

There are no recommendations arising from this subsection.

### Issues

There are no issues arising from this subsection.



## 11. 3. Electricity supplied information provision to the reconciliation manager

### Code Reference

Clause 15.7

### Code Related Audit Information

A retailer must deliver to the reconciliation manager its total monthly quantity of electricity supplied for each NSP, aggregated by invoice month, for which it has provided submission information to the reconciliation manager, including revised submission information for that period as non-loss adjusted values in respect of:

15.7(a) - submission information for the immediately preceding consumption period, by 1600 hours on the 4th business day of each reconciliation period

15.7(b) - revised submission information provided in accordance with clause 15.4(2), by 1600 hours on the 13th business day of each reconciliation period.

### Audit Observation

Every month Pioneer sends AV120 for both NHH and HHR ICPs. We checked the files for the month of Jan to April'17. The file format is correct; the RM checker accepts it. However, Orion calculates aggregated volumes per invoice month, but a reconciliation month within a file refers to a month when volumes were supplied, which is incorrect.

We compared submission information and electricity supplied information over a 4 month period. It is attached to this document.

### Audit Commentary

Non-compliance identified. Orion calculates aggregated volumes per invoice month, but a reconciliation month within a file refers to a month when volumes were supplied, which is incorrect. Pioneer as a trader relies on Orion to perform many tasks covered by this audit. This software is used by number of companies in NZ so it could be expected that it can create correct AV120 file. Our assessment of controls to meet compliance with clause 15.7 is "weak" because the company uses a professional system but it did not check if the content of AV120 is correct.

### Audit Attachments

Supplied versus submitted

**Audit Outcome:** **Non-compliant**

Linked to 11.2

### Recommendations

There are no recommendations arising from this subsection.

### Issues

There are no issues arising from this subsection.

## 11. 4. HHR aggregates information provision to the reconciliation manager

### Code Reference

Clause 15.8

### Code Related Audit Information

A retailer or direct purchaser (excluding direct consumers) must deliver to the reconciliation manager its total monthly quantity of electricity supplied for each half hourly metered ICP for which it has provided submission information to the reconciliation manager, including:

15.8(a) - submission information for the immediately preceding consumption period, by 1600 hours on the 4th business day of each reconciliation period

15.8(b) - revised submission information provided in accordance with clause 15.4(2), by 1600 hours on the 13th business day of each reconciliation period.

### Audit Observation

Pioneer provided a set of HHRAGGR files for 4 months, which are created and submitted by EMS. We checked the format and compared volumes with HHRVOL. Both volumes matched.

Clause 15.8 states that the aggregates file should contain electricity supplied information rather than submission information. It differs from the Reconciliation Manager Functional Specification. In Section 3 of the Reconciliation Manager Functional Specification, HHR Aggregates information is described as: "*HHR submission information that is aggregated per ICP for the whole month (not half-hourly)*", which suggests an intention that this information should be sourced from submission information not electricity supplied information, which is covered by clause 15.7. It was brought to the Authority's attention and we received assurances that it is on the list of proposed changes to the Code.

### Audit Commentary

Compliance confirmed based on the review of 4 months of data and comparison between HHRAGGR and HHRVOL.

### Audit Attachments

There are no uploaded attachments for this subsection.

### Audit Outcome: Compliant

### Recommendations

There are no recommendations arising from this subsection.

### Issues

There are no issues arising from this subsection.

## 12. Submission computation

### 12. 1. Daylight saving adjustment

#### Code Reference

Clause 15.36

#### Code Related Audit Information

The reconciliation participant must provide submission information to the reconciliation manager that is adjusted for NZDT using 1 of the techniques set out in clause 15.36(3) specified by the Authority.

#### **Audit Observation**

EMS managed all HHR ICPs on behalf of Pioneer. The HHRVOL files for 4 months were reviewed.

#### **Audit Commentary**

Compliance confirmed based on EMS's audit report.

#### Audit Attachments

There are no uploaded attachments for this subsection.

#### **Audit Outcome:** Compliant

#### Recommendations

There are no recommendations arising from this subsection.

#### Issues

There are no issues arising from this subsection.

### 12. 2. Creation of submission information

#### Code Reference

Clause 15.4

#### Code Related Audit Information

By 1600 hours on the 4th business day of each reconciliation period, the reconciliation participant must deliver submission information to the reconciliation manager for all NSPs for which the reconciliation participant is recorded in the registry as having traded electricity during the consumption period immediately before that reconciliation period (in accordance with Schedule 15.3).

By 1600 hours on the 13th business day of each reconciliation period, the reconciliation participant must deliver submission information to the reconciliation manager for all points of connection for which the reconciliation participant is recorded in the registry as having traded electricity during any consumption period being reconciled in accordance with clauses 15.27 and 15.28, and in respect of which it has obtained revised submission information (in accordance with Schedule 15.3).

#### **Audit Observation**

Submission information for HHR ICPs is calculated and submitted by EMS. Before files are submitted they are

sent to Pioneer for approval. There is very close communication between EMS and Pioneer.

Submission information for NHH ICPs is calculated using Orion and submitted by Pioneer. Every month initial files are submitted and, on the 13<sup>th</sup> business day, relevant revisions.

Not yet complete

### **Audit Commentary**

Compliance confirmed based on a review of the RM files provided by Pioneer since the last audit.

### **Audit Attachments**

There are no uploaded attachments for this subsection.

### **Audit Outcome: Compliant**

### **Recommendations**

There are no recommendations arising from this subsection.

### **Issues**

There are no issues arising from this subsection.

## **12. 3. Allocation of submission information**

### **Code Reference**

Clause 15.5

### **Code Related Audit Information**

In preparing and submitting submission information, the reconciliation participant must allocate volume information for each ICP to the NSP indicated by the data held by the registry for the relevant consumption period at the time the reconciliation participant assembles the submission information. Volume information must be derived in accordance with Schedule 15.2.

However, if, in relation to a point of connection at which the reconciliation participant trades electricity, a notification given by an embedded generator under clause 15.13 for an embedded generating station is in force, the reconciliation participant is not required to comply with the above in relation to electricity generated by the embedded generating station.

### **Audit Observation**

Files are created by EMS (HHR) and Pioneer (NHH). EMS's audit report was reviewed to check if non-compliance was identified in this area. No non-compliance's were found.

NHH volumes created for UML ICPs are not correctly calculated by Orion because it applies a shape profile to calculated UML volumes. Correct process is to take the number of days for each ICP and multiply it by the "Daily kWh" recorded in the registry and record it as historic estimates. This was discussed with Pioneer who register it as an issue with Agility.

We attached spreadsheet to this document to show that inaccuracy is very small. For May'17, it is 1.52 kWh for all UML ICPs.

Our assessment of control is the same as described in section 11.2. This software is used by number of companies in NZ so it could be expected that it can correctly calculate volumes for UML ICPs. Our assessment of controls to meet compliance with clause 15.5 is "weak" because the company uses a professional system but it did not check if the calculation were correct.

### **Audit Commentary**

Not yet complete

## Audit Attachments

AV080 – UML calculation

**Audit Outcome:** Non-compliant

## Recommendations

There are no recommendations arising from this subsection.

## Issues

There are no issues arising from this subsection.

## 12. 4. Grid owner volumes information

### Code Reference

Clause 15.9

### Code Related Audit Information

The participant (if a grid owner) must deliver to the reconciliation manager for each point of connection for all of its GXPs, the following:

- submission information for the immediately preceding consumption period, by 1600 hours on the 4th business day of each reconciliation period (clause 15.9(a))
- revised submission information provided in accordance with clause 15.4(2), by 1600 hours on the 13th business day of each reconciliation period. (clause 15.9(b))

### Audit Observation

Not yet complete

### Audit Commentary

Not yet complete

### Audit Attachments

There are no uploaded attachments for this subsection.

**Audit Outcome: Not applicable**

### Recommendations

There are no recommendations arising from this subsection.

## Issues

There are no issues arising from this subsection.

## 12. 5. Provision of NSP submission information

### Code Reference

Clause 15.10

### Code Related Audit Information

The participant (if a local or embedded network owner) must provide to the reconciliation manager for each NSP for which the participant has given a notification under clause 25(1) Schedule 11.1 (which relates to the creation, decommissioning, and transfer of NSPs) the following:

- submission information for the immediately preceding consumption period, by 1600 hours on the 4th business day of each reconciliation period (clause 15.10(a))
- revised submission information provided in accordance with clause 15.4(2), by 1600 hours on the 13th business day of each reconciliation period. (clause 15.10(b))

### Audit Observation

Not yet complete

### Audit Commentary

Not yet complete

### Audit Attachments

There are no uploaded attachments for this subsection.

### Audit Outcome: Not applicable

### Recommendations

There are no recommendations arising from this subsection.

### Issues

There are no issues arising from this subsection.



## 12. 6. Grid connected generation

### Code Reference

Clause 15.11

### Code Related Audit Information

The participant (if a grid connected generator) must deliver to the reconciliation manager for each of its points of connection, the following:

- submission information for the immediately preceding consumption period, by 1600 hours on the 4th business day of each reconciliation period (clause 15.11(a))
- revised submission information provided in accordance with clause 15.4(2), by 1600 hours on the 13th business day of each reconciliation period. (clause 15.11(b))

### Audit Observation

Not yet complete

### Audit Commentary

Not yet complete

### Audit Attachments

There are no uploaded attachments for this subsection.

### Audit Outcome: Not applicable

### Recommendations

There are no recommendations arising from this subsection.

### Issues

There are no issues arising from this subsection.

## 12. 7. Accuracy of submission information

### Code Reference

Clause 15.12

### Code Related Audit Information

If the reconciliation participant has submitted information and then subsequently obtained more accurate information, the participant must provide the most accurate information available to the reconciliation manager or participant, as the case may be, at the next available opportunity for submission (in accordance with clauses 15.20A, 15.27, and 15.28).

### Audit Observation

We confirm that both EMS on behalf of Pioneer and Pioneer themselves submit revision files. They strictly follow the revision schedule. We confirm compliance based on a review of GR170 NHH and GR170 HHR, which confirm that revision files were submitted.

### Audit Commentary

Not yet complete

### Audit Attachments

There are no uploaded attachments for this subsection.

### Audit Outcome: Compliant

### Recommendations

There are no recommendations arising from this subsection.

### Issues

There are no issues arising from this subsection.

## 12. 8. Permanence of meter readings for reconciliation

### Code Reference

Clause 4 Schedule 15.2

### Code Related Audit Information

Only volume information created using validated meter readings, or if such values are unavailable, permanent estimates, has permanence within the reconciliation processes (unless subsequently found to be in error).

Volume information created using estimated readings must be subsequently replaced at the earliest opportunity by the reconciliation participant by volume information that has been created using validated meter readings or permanent estimates by, at the latest, the month 14 revision cycle.

A permanent estimate may be used in place of a validated meter reading, but only if, despite having used reasonable endeavours; the reconciliation participant has been unable to obtain a validated meter reading.

### Audit Observation

Pioneer has only been trading for 5 months therefore it is too early to assess compliance with this clause. Since the last audit Pioneer does not have any ICPs for which they are not able to get an actual read. The company understands that if an estimated reading can't be replaced by an actual using reasonable endeavours, Orion has a functionality to create permanent estimates.

### Audit Commentary

Not yet complete

### Audit Attachments

There are no uploaded attachments for this subsection.

### Audit Outcome: Not applicable

### Recommendations

There are no recommendations arising from this subsection.

### Issues

There are no issues arising from this subsection.

## 12. 9. Creation of submission information

### Code Reference

Clause 2 Schedule 15.3

### Code Related Audit Information

If a reconciliation participant prepares submission information for each NSP for the relevant consumption periods in accordance with the Code, such submission information must comprise the following:

- half hour volume information for each ICP notified in accordance with clause 11.7(2) for which there is a category 3 or higher metering installation (clause 2(1)(a))
- for each ICP about which information is provided under clause 11.7(2) for which there is a category 1 or category 2 metering installation (clause 2(1)(b)):
  - half hour volume information for the ICP; or
  - non half hour volumes information calculated under clauses 4 to 6 (as applicable).
- unmetered load quantities for each ICP that has unmetered load associated with it derived from the quantity recorded in the registry against the relevant ICP and the number of days in the period, the distributed unmetered load database, or other sources of relevant information. (clause 2(1)(c))
- to create non half hour submission information a reconciliation participant must only use information that is dependent on a control device if (clause 2(2)):
  - (a) the certification of the control device is recorded on the registry; or
  - (b) the metering installation in which the control device is location has interim certification.
- to create submission information for a point of connection the reconciliation participant must apply to the raw meter data (clause 2(3)):
  - for each ICP, the compensation factor that is recorded in the registry (clause 2(3)(a))
  - for each NSP the compensation factor that is recorded in the metering installations most recent certification report. (clause 2(3)(b))

### Audit Observation

Submission files for HHR ICPs are created by EMS. They also submit files for ICPs with the assigned profile DST and shape file. This was previously described in other parts of this report. In section 12.3 it was noted that the calculation for UML ICPs is incorrect.

### Audit Commentary

Noncompliance identified because calculations for UML are not correct.

### Audit Attachments

There are no uploaded attachments for this subsection.

### Audit Outcome: Non-compliant

### Recommendations

There are no recommendations arising from this subsection.

### Issues

There are no issues arising from this subsection.

## 12. 10. Historical estimates and forward estimates

### Code Reference

Clause 3 Schedule 15.3

### Code Related Audit Information

For each ICP that has a non-half hour metering installation, volume information derived from validated meter readings, estimated readings, or permanent estimates must be allocated to consumption periods using the following techniques to create historical estimates and forward estimates. (clause 3(1))

Each estimate that is a forward estimate or a historical estimate must clearly be identified as such. (clause 3(2))

If validated meter readings are not available for the purpose of clauses 4 and 5, permanent estimates may be used in place of validated meter readings. (clause 3(3))

### Audit Observation

Orion has a functionality to create both forward estimates and historic estimates. To check the accuracy of calculations we always provide a participant with a set of scenarios and ask them to provide evidence that the calculations are correct. Unfortunately, due to a problem with access to the system Pioneer was not able to provide results of volume calculations for different scenarios. In the previous audit we included the results of test scenarios but they can't be used for this audit because they were run in a test system.

### Audit Commentary

AV080 files did not display any historic estimates, which makes it difficult to assess whether it is a problem with the calculation or if it is an incorrect format. Pioneer is working with Agility to address it.

### Audit Attachments

There are no uploaded attachments for this subsection.

**Audit Outcome:** not determined

### Recommendations

There are no recommendations arising from this subsection.

### Issues

There are no issues arising from this subsection.

## 12. 11. Historical estimate process

### Code Reference

Clause 4 and 5 Schedule 15.3

### Code Related Audit Information

The methodology outlined in clause 4 of Schedule 15.3 must be used when preparing historic estimates of volume information for each ICP when the relevant seasonal adjustment shape is available.

If a seasonal adjustment shape is not available, the methodology for preparing an historical estimate of volume information for each ICP must be the same as in clause 4, except that the relevant quantities kWhPx must be prorated as determined by the reconciliation participant using its own methodology or on a flat shape basis using the relevant number of days that are within the consumption period and within the period covered by kWhPx.

### Audit Observation

Orion does not use or create its own seasonal adjustment shape for initial submissions. Seasonal shape profiles created by the reconciliation manager are never available for submission due by the 4<sup>th</sup> business day. For ICPs which don't have an actual read on the last day of the reconciliation period, Orion creates forward estimates which are replaced by historic estimates if an actual read is available. Volume is prorated using GR030.

As described in the previous section, to check the accuracy of calculations we always provide a participant a set of scenarios and ask them to provide evidence of the correctness of the calculations. Unfortunately, due to a problem with access to the system Pioneer was not able to provide results of volume calculations for different scenarios.

### Audit Commentary

Orion does not use or create its own seasonal adjustment shape for initial submissions

### Audit Attachments

There are no uploaded attachments for this subsection.

Audit Outcome: Not determined

### Recommendations

There are no recommendations arising from this subsection.

### Issues

There are no issues arising from this subsection.

## 12. 12. Forward estimate process

### Code Reference

Clause 6 Schedule 15.3

### Audit Observation

Orion has a functionality which allows it to calculate Forward Estimates (FE) based on an algorithm which calculates volume for an ICP using average daily usage multiplied by the number of days. Orion updates daily usage per ICP as soon as a new reading is entered. The average daily usage is displayed against each ICP. This value is used to validate uploads of new meter readings.

### Audit Commentary

Compliance is confirmed by checking 10 ICPs, for which estimated readings were calculated. Once the next actual read is uploaded the forward estimate is replaced by historic estimates for reconciliation purposes.

### Audit Attachments

There are no uploaded attachments for this subsection.

### Audit Outcome: Compliant

### Recommendations

There are no recommendations arising from this subsection.

### Issues

There are no issues arising from this subsection.

## 12. 13. Compulsory meter reading after profile change

### Code Reference

Clause 7 Schedule 15.3

### Code Related Audit Information

If the reconciliation participant changes the profile associated with a meter, it must, when determining the volume information for that meter and its respective ICP, use a validated meter reading or permanent estimate on the day on which the profile change is to take effect.

The reconciliation participant must use the volume information from that validated meter reading or permanent estimate in calculating the relevant historical estimates of each profile for that meter.

### Audit Observation

There has been no such occurrence but they know about. The only situation will be changing a meter from NHH to HHR, when the final read will be taken by a MEP.

### Audit Commentary

There has been no such occurrence but they know about. The only situation will be changing a meter from NHH to HHR, when the final read will be taken by a MEP.

#### **Audit Attachments**

There are no uploaded attachments for this subsection.

**Audit Outcome:** Not applicable

#### **Recommendations**

There are no recommendations arising from this subsection.

#### **Issues**

There are no issues arising from this subsection.

## 13. Submission format and timing

### 13. 1. Provision of submission information to the RM

#### Code Reference

Clause 8 Schedule 15.3

#### Code Related Audit Information

Submission information provided to the reconciliation manager must be aggregated to the following level:

- NSP code (clause 8(a))
- reconciliation type (clause 8(b))
- profile (clause 8(c))
- loss category code (clause 8(d))
- flow direction (clause 8(e))
- dedicated NSP (clause 8(f))
- trading period for half hour metered ICPs and consumption period or day for all other ICPs. (clause 8(g))

#### Audit Observation

HHRAGG (AV-140) and HHRVOL (AV-090) and AV110 will be submitted by EMS on behalf of Pioneer Energy. Pioneer has very well defined process how to monitor submissions to the reconciliation manager. The document created for May'17 is attached, it is like a check list.

#### Audit Commentary

Compliance confirmed based on the review of a set of reconciliation files for 2 months, March and April 2017 and the "check list " for May'17.

#### Audit Attachments

There are no uploaded attachments for this subsection.

#### Audit Outcome: Compliant

#### Recommendations

There are no recommendations arising from this subsection.

#### Issues

There are no issues arising from this subsection.



## 13. 2. Reporting resolution

### Code Reference

Clause 9 Schedule 15.3

### Code Related Audit Information

When reporting submission information, the number of decimal places must be rounded to not more than 2 decimal places.

If the unrounded digit to the right of the second decimal place is greater than or equal to 5, the second digit is rounded up, and

If the digit to the right of the second decimal place is less than 5, the second digit is unchanged.

### Audit Observation

The creation of the RM files for HHR ICPs is contracted out to EMS as an agent. The EMS audit report is attached to this document.

### Audit Commentary

Compliance is confirmed based on the viewing of 3 months of data submitted on behalf of PION by EMS. We also reviewed the EMS audit report which stated "When reporting submission information, the number of decimal places is rounded to two".

### Audit Attachments

There are no uploaded attachments for this subsection.

### Audit Outcome: Compliant

### Recommendations

There are no recommendations arising from this subsection.

### Issues

There are no issues arising from this subsection.

### 13. 3. Historical estimate reporting to RM

#### Code Related Audit Information

Forward estimates may be used only in respect of any period for which an historical estimate cannot be calculated.

The methodology used for calculating a forward estimate may be determined by the reconciliation participant, only if it ensures that the accuracy is within the percentage of error specified by the Authority.

#### Code Reference

Clause 10 Schedule 15.3

#### Code Related Audit Information

By 1600 hours on the 13th business day of each reconciliation period the reconciliation participant must report to the reconciliation manager the proportion of historical estimates per NSP contained within its non half hour submission information.

The proportion of submission information per NSP that is comprised of historical estimates must (unless exceptional circumstances exist) be:

- at least 80% for revised data provided at the month 3 revision (clause 10(3)(a))
- at least 90% for revised data provided at the month 7 revision (clause 10(3)(b))
- 100% for revised data provided at the month 14 revision. (clause 10(3)(c))

#### Audit Observation

Pioneer Energy has been trading since January'17. We asked Pioneer to provide the AV080 sent to the RM for rev 3 for January and February. We also checked GR170NHH. According to the two sets of data Pioneer did not achieve 80% of HE for revised data. Pioneer discussed it with Agility. It is difficult to assess if

#### Audit Commentary

Non compliance identified because according to NHHVOL files rev3 did not achieve 80% of HE. From our point of view there is a problem which must be addressed by Agility.

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#### Audit Attachments

There are no uploaded attachments for this subsection.

#### Audit Outcome:

Unable to determine

## **Non-Compliances**

Not yet complete

Participant preventive action completion date

Not yet complete

## **Recommendations**

There are no recommendations arising from this subsection.

## **Issues**

There are no issues arising from this subsection.

## Conclusion

Whilst 7 non-compliances (5 of them were cleared) have been found during this audit, in our view none of the matters have resulted in material reconciliation issues. Some non compliances will be cleared as soon as issued with Orion are solved by Agility.

Auditor Protocol Guideline dated 2 May 2017 was used to calculate breach risk rating for each non-compliance. Total score is 19.

Based on Table 1 from the Guidelines for Reconciliation Participants audits the recommendation is to conduct the next audit in 12 months

### Participant Response

Pioneer appreciates the learnings and insights that have been identified through the audit process. We view the audit and any issues/non-compliances identified through the process as valuable to our overall operation as a means to improve not only our regulatory compliance requirements but also our internal operations.

Pioneer's goal is to be 100% compliant, however we also acknowledge that as a new market participant there will always be areas to learn and improve on and we see the audit process as one avenue to identify those learnings to help us improve our business and processes.

We would like to thank Ewa for her insights and advice throughout this process, they have been very much appreciated.