ELECTRICITY INDUSTRY PARTICIPATION CODE
RECONCILIATION PARTICIPANT AUDIT REPORT

For

PAYLESS ENERGY

Prepared by Ewa Glowacka

Date audit commenced: 14 September 2017

Date audit report completed: 4 October 2017

Audit report due date: 04-Oct-17

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EXECUTIVE SUMMARY

This reconciliation participant audit was performed at the request of Payless Energy (PLEL) to support their application for renewal of certification, in accordance with clauses 5 and 7 of Schedule 15.1 of The Code.

The relevant rules audited are as required by the Guidelines for Reconciliation Participants Audits, V 7.0 issued by the Electricity Authority.

The number of ICPs traded by Payless Energy increased by 104 since the last audit. The company uses the same system, "Google Works" spreadsheets as the storage of meter readings and the reconciliation system. "Fresh Books" is used as their billing system. Mid July this year Payless Energy implemented "Payless Energy Go", which automates a transfer of meter readings from FSTP servers to a master sheet. Switching is done using registry web interface.

The only processes documented are two switching processes and new connections because they do involve Payless Energy's staff. All other instances are managed by business owners. At this stage they don't see a need to have the procedures written down.

Overall the current growth in the customer base is already straining this system and the resource required to support it. The system is based on customer account, not an ICP, which make auditing process of difficult. In the previous audit report we noted that the company is planning to implement a new system but it has not happened yet.

Non-compliances identified during this audit are in similar areas as noted in the previous audit.

We thank the Payless Energy staff for their full and complete cooperation in this audit.

AUDIT SUMMARY

NON-COMPLIANCES

Subject	Section	Clause	Non Compliance	Controls	Audit Risk Rating	Breach Risk Rating	Remedial Action
Relevant information	2.1	11.2 of Part 11	Information in some CS files are incorrect and readings from one accepted RR files was not entered into the system	Moderate	Low	2	Identified
Changes to registry information	3.3	10 of Schedule 11.1	Update of the trader's field in the registry was late for 4 ICPs and update of the status field for 11 ICPs	Moderate	Low	2	Identified
Provision of information to the registry	3.5	9 (1)(c) of Schedule 11.1	MEP's nomination for 2 ICPs was later than 5 business days of trading, UML information incorrect	Moderate	Low	2	Identified
Losing trader must provide final information	4.3	5 of Schedule 11.3	Final switching information for 12 ICPs were sent later than 5 business days after the event date.	Moderate	Low	2	Identified
Losing trader to provide information – switch move	4.8	10(1) of Schedule 11.3	Final switching information for 8 ICPs were send later than 5 business days after the event date; 2 CS files contained incorrect date of actual read.	Moderate	Low	2	Identified
Meter data used to derive volume information	9.3	3(5) of Schedule 15.2	Register reads, provided by MEPs, used to derive volume information are truncated or rounded.	Weak	Low	3	Identified
Future Risk Rating						13	

Based on Table 1 of the Guidelines for Reconciliation Participant audit, the next audit should happen within next 12 months.

RECOMMENDATIONS

Subject	Section	Recommendation	Description
NHH meters 90% read rate	6.10	Create a list of special circumstance ICPs to be excluded from the Meter Readings Frequency Report	PLEL has one customer which constantly refuses to give access to a meter to meter reader

ISSUES

Subject	Section	Issues	Description

1. ADMINISTRATIVE

1.1. Exemptions from Obligations to Comply with Code (Section 11)

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.

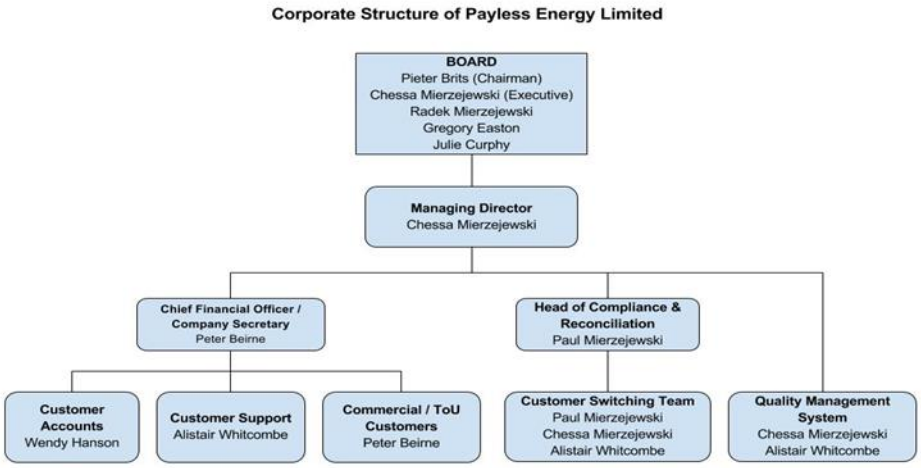
Audit observation

Payless Energy does not have any exemptions granted to exempt them from compliance with all or any of the clauses.

Audit commentary

Payless Energy did not apply for any exemptions.

1.2. Structure of Organisation



1.3. Persons involved in this audit

Name	Title	Company
Chessa Mierzejewski	Managing Director	Payless Energy
Paul Mierzejewski	Compliance and Reconciliation Director	Payless Energy
Alistair Whitcombie	Customer Support	Payless Energy
Wendy Hanson	Customer Accounts	Payless Energy
Peter Beirne	Chief Financial Officer	Payless Energy
Ewa Glowacka	Electricity Authority Approved Auditor	TEG & Associates

1.4. Use of Agents (Clause 15.34)

Code reference

Clause 15.34

Code related audit information

A reconciliation participant who uses am agent

- *remains responsible for the contractors' fulfillment of the participants Code obligations*
- *cannot assert that it is not responsible or liable for the obligation due to something the agent has or has not done*

Audit observation

Payless Energy uses Delta for NHH meter reading and AMCI for HHR data collection as their agents. From 1 October 2017 Delta will cease to provide NHH meter reads. Wells will be a new agent.

All other activities covered by this audit are performed "in-house".

Audit commentary

The Delta and AMS audit reports were reviewed during this audit.

1.5. Hardware and Software

Payless Energy uses "Google Works" spreadsheets as the storage of meter readings and the reconciliation system. "Fresh Books" is used as their billing system. These are both "cloud based" products. Mid July this year Payless Energy implemented "Payless Energy Go", which automates a transfer of meter readings from FSTP servers to a master sheet.

1.6. Breaches or Breach Allegations

Payless Energy has had no breach allegations recorded during the period covered by this audit.

1.7. ICP Data

Payless Energy provided a list of all ICP's as of 08/09/2017. The total number of ICPs in the registry was 833.

Metering Category	08/09/2017	Sept'2016	Jan'2016
1	816	715	586
2	10	7	3
3	4	2	2
4	0	0	0
5	0	0	0
9	1	1	0

Status	Number of ICPs (08/09/2017)	Number of ICPs Sept'2016	Number of ICPs Jan'2016
Active (2,0)	825	721	591
Inactive- new connection in progress (1,12)	0	2	1
Inactive – vacant (1,4)	6	4	0
Inactive – AMI remote disconnection (1,7)	0	0	1
Inactive – de-energised at pole fuse (1,8)	0	0	0
Inactive – de-energised due to meter disconnected (1,9)	0	0	0
Inactive – de-energised at meter box switch (1,10)	0	0	0
Inactive – at meter box switch (1,11)	0	0	0
Inactive – ready for decommissioning (1,6)	0	2	0
Inactive – reconciled elsewhere (1,5)	0	0	0
Decommissioned (3)	2	1	1
New (999)	0	0	0
Ready (0)	0	0	0

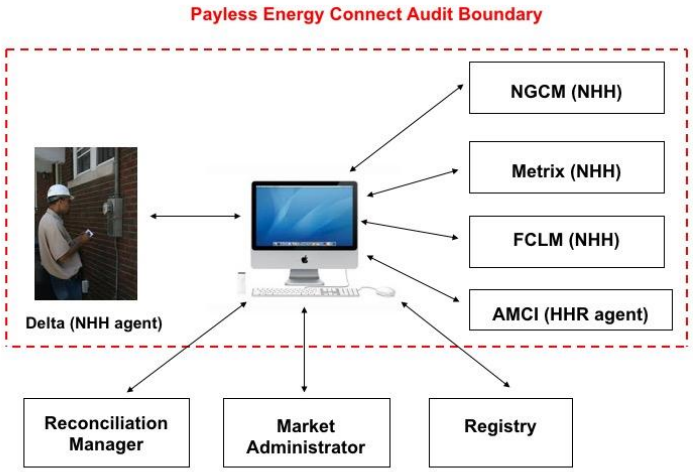
1.8. Authorisation Received

Payless Energy provided a letter of authorisation to TEG & Associates permitting the collection of data from other parties for matters directly related to the audit.

1.9. Scope of Audit

This reconciliation participant audit was performed at the request of Payless Energy to encompass the Authority's' request for annual audits as required by clause 2, of Schedule 15.1, of the Code to assure compliance with the Electricity Industry Participation Code 2010.

The audit was carried out on the Payless Energy premises at 442 Moray Place in Dunedin, on 14/15 September 2017.



The table below shows the tasks under clause 15.38 of part 15 for which PLEL require certification.

Tasks Requiring Certification Under Clause 15.38(1) of Part 15	Agents providing services	MEPs providing services
(1)(a) - Maintaining registry information and performing customer and embedded generator switching		
(1)(b) – Gathering and storing raw meter data	AMCI – HHR data collection Delta – NHH data collection	NGCM – NHH data collection FCLM – NHH data collection Metrix – NHH data collection
(1)(c)(iii) - Creation and management of HHR and NHH volume information	AMCI – HHR data collection	FCLM – NHH data collection Metrix – NHH data collection
(1)(d) – Calculation of ICP days, monthly kWh information of half hour metered ICPs, and electricity supplied		
(1)(e) – Provision of submission information for reconciliation		

1.10. Summary of previous audit

The previous audit was conducted by Ewa Glowacka of TEG & Associates on 15/16 September 2016. The following non-compliances were identified.

Subject	Clause	Non compliance	Cleared
Response to switch request	3 of Schedule 11.3	1 late AN for ICP 0000017121DE87C	Cleared
Losing traders provide final information	5 of Schedule 11.3	12 late CS files.	On-going
Losing traders provide final information for move in switch	11 of Schedule 11.3	5 late CS files	On-going

Provision of information to the registry	9(1)(f)(j) of Schedule 11.1	Incorrect UML details, 2 ICPs status changed to Active late	On-going
Changes to Registry Information	10 of Schedule 11.1	10 late updates of registry information	On-going
Management of "Inactive" status	12 & 19 of Schedule 11.1	Incorrect use of "Inactive" status.	Cleared
Accuracy of submitted information	15.2 of Part 15	Some calculation of HE not correct	Cleared
Forward Estimate Process	3 & 4 of Schedule 15.3	Some calculation of HE not correct	Cleared

Subject	Clause	Recommendation Improvement	Cleared
Response to switch move request	10 of Schedule 11.3	Pay attention to the date stated by a gaining trader in NT file for move in switches	Cleared
Provision of information to the registry	9 of Schedule 11.1	Closely check registry records after gaining a customer. Liaise with distributors in relation to UML information	On-going

2. OPERATIONAL INFRASTRUCTURE

2.1. Relevant information (Clause 10.6, 11.2, 15.2)

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 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

These clauses are interconnected to compliance with other parts of the Code. We identified not accurate information in the registry for UML, incorrect information in CS files created manually.

The company takes steps to ensure that information provided to others is complete and accurate but lack of effective monitoring processes (controls) influences negatively quality information.

Audit commentary

The company takes steps to ensure that information provided to others is complete and accurate but lack of effective monitoring processes (controls) for checking of information in CS files are correct It influences negatively quality information.

There is routine process to spot check of correctness information. It is particularly important because CS files creation is manual using the registry interface.

Our assessment of control is they are Moderate.

Audit outcome

Non-compliant

Non-compliance	Description
Audit Ref: 2.1 With: 11.2 Of Part 11 From: 01-Sep-16 To: 31-Aug-17	Information in some CS files are incorrect Potential impact: Low Actual impact: Low Audit history: None Controls: Moderate Breach risk rating: 2
Audit risk rating	**Rationale for audit risk rating**
Low	Audit rating risk assigned as low because of small number of ICPs effected. No impact on settlement outcomes.

Actions taken to resolve the issue	Completion date	Remedial action status
We'll be reviewing our processes with the view of minimizing the distractions and other causes of the possible entry errors. An additional staff training will be developed specifically focusing on the accuracy issues	ongoing improvement	Identified
Preventative actions taken to ensure no further issues will occur	**Completion date**	
An additional staff training will be developed specifically focusing on the accuracy issues – and will be taken progressively.	ongoing improvement	

2.2. Provision of information (Clause 15.35)

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 such as switching, reconciliation files.

Audit commentary

We asked Payless Energy if they were requested to provide any information by the Authority or participants. The requests from other participants were mainly related to switching. There were no requests from the Authority.

Audit outcome

Compliant

2.3. Data transmission (Clause 20 Schedule 15.2)

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

All data transmissions to and from AMS, Metrix, Delta, and FCLM meters are conducted electronically via SFTP. As from 1 October 2017 Payless Energy will receive NHH meter readings from Wells.

In July this year Payless Energy implemented "Payless Energy Go", which allows meter reads to be downloaded using SFTP to a master sheet for monthly reads. The impact of improvement is as follows:

1. Satisfies the audit recommendation for secure transfer of data
2. Further enhances data integrity by removing manual intervention in read transfer
3. Enhances traceability to source reads by adding the source file name to every read
4. Removes the need for manual transfer of reads from the Delta spreadsheet to PLEL file.
5. Supports move to smart meter reads as primary source where available

Audit commentary

In the last audit it was identified as the issue that Delta was providing NHH meter reads via email. The issue was addressed and all readings are received via SFTP and automatically stored in a master sheet for monthly reads.

Audit outcome

Compliant

2.4. Audit trails (Clause 21 Schedule 15.2)

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

During this audit, Payless Energy showed us the audit trails of register reads changes recorded in their system. It is a functionality provided by Google Works software. The logs of these activities include the activity identifier, date and time and an operator identifier

An audit trail is also recorded by the registry and the reconciliation manager when data is downloaded via the RM portal.

Audit commentary

Compliance confirmed based on observation and audit trail recorded by the registry and the reconciliation manager portal.

Audit outcome

Compliant

2.5. Retailer responsibility for electricity conveyed - participant obligations (Clause 10.4)

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

We read Contract for Delivered Electricity published on Payless Energy website.

Audit commentary

We confirm that the contract covers any participants which may need to rely on that consent.

Audit outcome

Compliant

2.6. Retailer responsibility for electricity conveyed - access to metering installations (Clause 10.7(2), (4), (5) and (6))

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

The majority of metering installations are category 1. According to the Contract for Delivered Electricity Payless Energy will give a customer notice of at least five working days' (part 111).

Audit commentary

Payless Energy will use its best endeavours to arrange access to a metering installation if requested. It will be solely dependent on the customer's availability or health and safety concerns due to the nature of the customer's business that determines if access is granted and within what time frame.

Audit outcome

Compliant

2.7. Physical location of metering installations (Clause 10.35(1) & (2))

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

The majority of metering installations are category 1. For all of them the metering installation is located physically close to a point of connection. Payless Energy trade 10 metering installations category 2.

Audit commentary

We discussed category 2 and 3 metering installations with Payless Energy and checked the LIS file evaluating the type of customer. For all of them the metering installation is located physically close to a point of connection. There is no requirement to apply a compensation factor due to the meter location.

Audit outcome

Compliant

2.8. Trader contracts to permit assignment by the Authority (Clause 11.15B)

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

We read the Contract for Delivered Electricity published on the Payless Energy website. Point 26 of the document quotes clause 11.15B, which allows the electricity Authority to assign the rights and obligations of Payless Energy to contract to another trader if they commit an event of default.

Audit commentary

Compliance confirm based on review of the document.

Audit outcome

Compliant

2.9. Electrical connection of an ICP (Clause 10.32)

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

Based on analysis of the LIS file dated 8 September 2017, Payless Energy acquired 15 new connections. The company accepted responsibility for the ICPs before electrical connection. MTRX, FCLM, AMCI, and LMGL are the MEPs.

Audit commentary

Payless Energy has a process in place for new connections, in which individual steps are described. We sampled five ICPs and confirm compliance.

Audit outcome

Compliant

2.10. Metering certification (Clause 10.33(2))

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

Before any new installation is energised, Payless Energy nominates an MEP and changes the status of ICPs to "new connection in progress" which confirms that Payless Energy accepted responsibility.

Audit commentary

We reviewed the process and walk through five new connections in the registry. The process is well written.

Audit outcome

Compliant

2.11. Arrangements for line function services and metering (Clause 11.16)

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

Payless Energy has arrangements with networks on which they trade ICPs. Network charges are part of a monthly invoice sent to the customer.

Payless Energy has arrangements with all MEPs which provide services to them.

Audit commentary

The Contract for Delivered Electricity, part 177 to 182, covers arrangements with distributors and customer's obligations.

Audit outcome

Compliant

2.12. Arrangements for metering equipment provision (Clause 10.36)

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

Payless Energy acquired 15 new connections. MTRX, FCLM, AMCI, and LMGL are the MEPs for these installations.

Audit commentary

Payless Energy have arrangements with the above listed MEPs. They provide the MEP's services not only for new connections but also existing installations.

Audit outcome

Compliant

3. MAINTAINING REGISTRY INFORMATION

3.1. Obtaining ICP identifiers (Clause 11.3)

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

Since the last audit Payless Energy acquired 15 new connections located on the Aurora network.

Audit commentary

According to the new connection process adopted by Payless Energy, a customer applies for an ICP identifier. Once it is created PLEL is notified by Aurora.

Audit outcome

Compliant

3.2. Providing registry information (Clause 11.7(2))

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

We reviewed the LIS file dated 8 September 2017 and confirm that Payless Energy provided information to the registry about each ICP at which it trades electricity.

Audit commentary

Compliance was confirmed based on evaluation of the LIS file.

Audit outcome

Compliant

3.3. Changes to registry information (Clause 10 Schedule 11.1)

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

According to the Event Detail File (EDA) provided by Payless Energy for the period 1/9/16 to 31/8/17, the registry recorded 81 trader's transactions (4 transactions were late) and 44 status's transactions (11 transactions were late).

Audit commentary

Some of the updates to the registry information were conducted later than 5 BD. The table below shows the list of late updates including comments

ICP	Information updated	Days	Comment
0000013680DE5A4	change profile and type of reconciliation	-8	
0000502582DE2B0	removed UML	-210	correction after last audit
0000504470CE0FD	change profile	-26	
0001480530TGE67	removed UML	-118	correction after last audit
0000001468DECAC	change to active from vacant	-7	newly gained ICP
0000007424DE8D7	change to active from vacant	-12	newly gained ICP
0000009338DE6A6	change to active from vacant	-11	newly gained ICP
0000503319DE425	change to active	-19	new connection

0000503907DE719	change to active	-9	new connection
0000504301DE8FC	change to active	-8	new connection
0000504706DE937	change to active	-8	new connection
0000504707DE572	change to active	-10	new connection
0000504892CE6CE	change to active	-18	new connection
0000505138DEAF2	change to active	-8	new connection
0000505636DE66B	change to active	-11	new connection

It was discussed with the company as to why changing the status of these new connections to "active" were mostly late. It was explained that the company relies on being advised by MEPs of the installation of metering and electrical connections. These notifications come in late and it takes a few reminders to receive the information.

I do appreciate that Payless Energy is dependent on information provided by the MEPs which could cause delays but updating the status of an "old" ICP should be possible to be done within 5 BD. It was identified as a non-compliance in the previous audit and it appears that it is a problem.

It was discussed with the company and there is a process in place to check status, ANZSIC code, and evidence of UML but somehow it does not work effectively. Our assessment of effectiveness of control is Moderate.

Audit outcome

Non-compliant

Non-compliance	Description
Audit Ref: 3.3 With: 10 of Schedule 11.1 From: 12-Sep-16 To: 29-Jul-17	Update of the trader's field in the registry was late for 4 ICPs and update of the status field for 11 ICPs Potential impact: Low Actual impact: Low Audit history: Twice previously Controls: Moderate Breach risk rating: 2
Audit risk rating	**Rationale for audit risk rating**
Low	Small number of ICPs affected, no impact on market settlement

Actions taken to resolve the issue	Completion date	Remedial action status
PLEL strictly controls timeframe when new connection (ICP) or new meter is due. (Action taken): When overdue, a reminder is sent to MEP, sometimes many more reminders are needed.	ongoing improvement	Identified
Preventative actions taken to ensure no further issues will occur	Completion date	
Preventing action Reminders are sent. However, it is noted that PLEL is the fourth party in a row to receive install report, after MEP, Contractor and ATH. ATH sends a report to Contractor, then Contractor sends report to MEP, then MEP sends report to PLEL. In some cases, reports come after 3 weeks and a series of our reminders.	ongoing improvement	

3.4. Trader responsibility for an ICP (Clause 11.18)

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

The LIS was reviewed and we confirm that for all metered ICPs traded by Payless Energy the MEPs are recorded in the registry.

Audit commentary

Payless Energy has an understanding of their responsibilities in this area that any ICP having PLEL against their name must be read, volume reconciled and correct information recorded.

Audit outcome

Compliant

3.5. Provision of information to the registry (Clause 9 Schedule 11.1)

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:
  - *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)).*
  - *the type and capacity of any unmetered load at each ICP (clause 9(1)(g))*
  - *the status of the ICP, as defined in clauses 12 to 20 (clause 9(1)(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

We reviewed the Event Detail file to assess compliance. We identified two ICP for which the MEP nomination was later than 5 BD.

ICP	Information updated	Days	Comment
0000491992CEB42	MEP nomination	-23	
0001730540TG987	MEP nomination	-14	

ICP 0000504245DE257 is recorded as using 1 kWh per day as unmetered load. It is the ICP which switched from Contact Energy in June this year. It is a metering installation where a smart meter was installed in November last year. It is rather unusual to have unmetered load connected to a residential ICP.

Audit commentary

We discussed the ICP 0000504245DE257 with Payless Energy, which contacted a customer who confirmed that there is no unmetered load connected to this installation. The unmetered load entry probably relates to BTS, which was originally populated by a previous trader Contact Energy and not updated when a smart meter was installed.

The ICP 0000504245DE257 switched to Payless Energy on 3 June 2017, the entry was not corrected and volume was not reconciled. It will be discussed in the relevant section of this audit.

The previous audit also identified the problem with information recorded for UML in the registry. The company put in place “safe guards” in a form of alert but the alert for this ICP was overlooked by PLEL’s personnel.

Our assessment of effectiveness of control is Moderate.

Audit outcome

Non-compliant

Non-compliance	Description
Audit Ref: 3.5 With: 9(1)(c) of Schedule 11.1 From: 02-Nov-16 To: 29-Jul-17	MEP's nomination for 2 ICPs was later than 5 business days of trading, UML information incorrect Potential impact: Low Actual impact: Low Audit history: Twice previously Controls: Moderate Breach risk rating: 2
Audit risk rating	**Rationale for audit risk rating**
Low	Small number of ICPs affected, no impact on market settlement

Actions taken to resolve the issue	Completion date	Remedial action status
2 each ICP, identified as late 23 and 14 days, were late due to the lateness by MEP. PLEL nominated but MEP did not accept/reject MN on time. MEPs are notorious in late responses - prompting by email and telephone calls makes little difference. It is ineffective and a time-consuming burden on retailers. The only logical solution is that the 5 BD should be counted from day that the registry is updated by MEP. ICP 0000504245DE257 – a human error caused that after uploading CSEDA data in to customer's back-file the actual UML flag has not been noticed there and subsequently no action was taken then.	Ongoing process	Identified
Preventative actions taken to ensure no further issues will occur	Completion date	
The UML flag color has been changed to make it more visible for an operator.	completed	

3.6. ANZSIC codes (Clause 9 (1(k) of Schedule 11.1)

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

The LIS file date 8 September 2017 was reviewed to assess compliance. We randomly chosen 10 ICPs to review correctness of ANZSIC code

Audit commentary

Based on judgement -based sampling we came to a conclusion that ANZSIC code assigned to ICPs in the registry was correct.

Audit outcome

Compliant

3.7. Changes to unmetered load (Clause 9(1)(f) of Schedule 11.1)

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, the trader must populate:

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

the daily average kWh of unmetered load at the ICP - in all other cases (clause 9(1)(f)(ii)).

Audit observation

Based on the LIS file dated 8 September 2017, Payless Energy traders two ICPs 0000504245DE257 and 0001980010TG095. Information are correctly populated but during the audit it was identified that for ICP 0000504245DE257 they do not reflect what is actually connected.

Audit commentary

The information for ICP 0000504245DE257 was incorrect in the registry. It was identified as non-compliance in section 3.5.

Audit outcome

Compliant

3.8. Management of “active” status (Clause 17 Schedule 11.1)

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

816 ICPs traded by Payless Energy have the status of "active". All these installations, but one, is metered and volumes are submitted to the reconciliation manager. Each ICP has only one customer and an MEP is recorded in the registry.

Audit commentary

Compliance is confirmed based on review of the LIS file.

Audit outcome

Compliant

3.9. Management of "inactive" status (Clause 19 Schedule 11.1)

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 PayLess Energy had 6 metering installations de-energised vacant. We went through the disconnection process.

Audit commentary

ICPs where smart meters are installed and which need to be disconnected are disconnected using so-called "soft disconnections" done by MEPs. For installations metered by legacy meters so called "hard-disconnection method is used.

Payless Energy provided two examples of two requests for "soft disconnection".

Audit outcome

Compliant

3.10. ICPs at new or ready status for 24 months (Clause 15 Schedule 11.1)

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

Payless Energy has not been approached by any traders to ask if an ICP created more than 24 months ago was still required.

Audit commentary

Payless Energy keeps a very close eye on each new connection. We checked 14 new connections and all of them moved very quickly from application for new ICP to being electrically connected.

Audit outcome

Compliant

3.11. Change of MEP (Clause 10.22(1)(a)(i))

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

Payless Energy prefers to have smart meters to record electricity volumes used by their customers. If they gained an ICP which has a legacy meter installed, a new MEP is nominated and asked to install a smart meter.

Audit commentary

Overall Payless Energy sent 53 MEP nominations in the period covered by this audit. We checked all MEP nominations to assess compliance.

Audit outcome

Compliant

4. PERFORMING CUSTOMER AND EMBEDDED GENERATOR SWITCHING

4.1. Inform registry of switch request for ICPs - standard switch (Clause 2 Schedule 11.3)

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

We reviewed the EDA file for the period 1/9/16 to 31/8/17. Switching ICPs is done using the registry web interface. 129 standard switch notifications were sent to the registry.

Audit commentary

We checked all notifications and confirm that none of them were backdated. We went through the gaining customer process and confirm compliance.

Audit outcome

Compliant

4.2. Losing trader response to switch request and event dates - standard switch (Clauses 3 and 4 Schedule 11.3)

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

Based on the EDA file provided by Payless Energy for auditing purposes, 49 ICPs were lost using the standard switch process.

Audit commentary

We evaluated all standard switches and confirm that for 33 switches (67.3%) the event date was no more than 5 business days after the date of notification from a gaining trader.

Audit outcome

Compliant

4.3. Losing trader must provide final information - standard switch (Clause 5 Schedule 11.3)

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

During the period covered by this audit Payless Energy provided final reads for 49 ICPs.

Based on analysis of the EDA file and Switch Breach report we identified a small number of ICPs (12) for which the CS file was sent later than 5 business days after the event date. The results are shown below:

ICP	NT received	Proposed date by PLEL	Actual Transfer Date	CS sent	Days between Actual Transfer Date and a date of CS file
0000006143DEE48	19/07/17	24/07/17	19/07/17	28/07/17	-8
0000015319DE4D7	20/01/17	23/01/17	20/01/17	1/02/17	-9
0000025111DEDE8	14/03/17	14/03/17	14/03/17	22/03/17	-7
0000035730DE21F	11/07/17	11/07/17	12/07/17	21/07/17	-8
0000038077DE852	20/07/17	24/07/17	24/07/17	1/08/17	-7
0000039241DE582	5/07/17	5/07/17	5/07/17	14/07/17	-8
0000040105DE337	12/07/17	12/07/17	12/07/17	21/07/17	-8
0000202978DE931	4/07/17	4/07/17	4/07/17	12/07/17	-7
0000208620DE262	24/05/17	24/05/17	24/05/17	2/06/17	-8
0000488977CE8F6	2/12/16	6/12/16	2/12/16	15/12/16	-10
0000503436CE7B7	3/07/17	3/07/17	3/07/17	12/07/17	-8
0001270250TGA6E	19/05/17	19/05/17	19/05/17	31/05/17	-9

Audit commentary

Overall the switching process works well but for 12 ICPs the final information was sent later than this clause requirement. It is interesting to observe that for 3 ICPs (highlighted in yellow), an actual transfer date was earlier than a proposed date specified in AN file.

Our assessment of control is Moderate. It is possible that there could be a misunderstanding of the Code requirement for how quickly the CS file should be sent.

Audit outcome

Non-compliant

Non-compliance	Description
Audit Ref: 4.3 With: 5 of Schedule 11.3 From: 02-Dec-16 To: 03-Jul-17	Final switching information for 12 ICPs were send later than 5 business days after the event date. Potential impact: Low Actual impact: Low Audit history: Twice previously Controls: Moderate Breach risk rating: 2
Audit risk rating	**Rationale for audit risk rating**
Low	CS file late for a small number ICPs, no impact on market settlement. The latest file was only 5 business days late

Actions taken to resolve the issue	Completion date	Remedial action status
For the 3 ICPs (0000006143DEE48, 0000015319DE4D7, 0000488977CE8F6) an actual transfer date was earlier than a proposed date specified in AN file. In all three cases the Accounts team did not realise changes in the proposed switch dates and issued the final invoices according the NT specified dates instead. Causes for lateness in issuing CS have been identified and the discussed with the Switching team with aim of better management of the process.	October 2017	Identified
Preventative actions taken to ensure no further issues will occur	Completion date	
Ongoing improvements, part of continual improvement plan.	October 2017	

4.4. Retailers must use same reading - standard switch (Clause 6(1) and 6A Schedule 11.3)

Code reference

Clause 6(1) 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

Payless Energy gained 124 ICPs using the standard switch process. The company closely evaluates meter readings provided by a losing trader in the CS file. On one occasion RR file for ICP 0000038366DEDB9 was sent. The readings were provided by Trustpower. Two meters were installed on site and for one meter with two registers the reading were transposed between the two registers.

Payless Energy did not receive any RR file from a gaining traders for standard switches.

Audit commentary

The switching is done using the registry web interface therefore switch meter readings are entered manually into the system. Each switch event read is evaluated at the time of a switch and later on when actual read from Delta is received.

Audit outcome

Compliant

4.5. Non-half hour switch event meter reading - standard switch (Clause 6(2) and (3) Schedule 11.3)

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

Payless Energy reconciled ICPs as NHH with the exception of 7 ICPs. The business process adopted by the company does not include switching ICPs reconciled as NHH and then changing a type of reconciliation to HHR. Payless Energy does not use a provision of clause 6(3) of Schedule 11.3.

Audit commentary

Using the EDA file, we checked gained switches using standard switch protocol and confirmed that all of them are reconciled as NHH.

Audit outcome

Compliant

4.6. Disputes - standard switch (Clause 7 Schedule 11.3)

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

Payless Energy sent only one RR file. There were no disputes with other traders in relation to a switch event meter reading.

Audit commentary

Payless Energy has a procedure in place when a dispute arises in relation to a switch event meter reading.

Audit outcome

Compliant

4.7. Gaining trader informs registry of switch request - switch move (Clause 9 Schedule 11.3)

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

Based on analyses the EDA files Payless Energy gained 150 ICPs using the switch move process. For all of them the registry was notified within 2 business days after the arrangement came into effect.

Audit commentary

Switch Move are difficult because quite often a customer approaches Payless Energy after they have already moved in. The company accepts a customer and sends notification to the registry. We went through seven ICPs to verify if a late notification from a customer was a reason of "late" notification to the registry. We confirm that this was not the case for all of them.

Audit outcome

Compliant

4.8. Losing trader provides information - switch move (Clause 10(1) Schedule 11.3)

Code reference

Clause 10(1) 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 traders 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

Based on analyses of the EDA file, we identified 34 ICPs which were lost by Payless Energy using move in protocol. The table below shows ICPs for which the final information was sent later than within 5 business days after receipt of the notification of the switch move from the registry.

ICP	NT date	CS file sent	Days
0000000935DEF57	22/01/2017	01/02/2017	-7
0000007778DE0C2	07/09/2016	19/09/2016	-9
0000007796DE9E3	18/01/2017	26/01/2017	-7
0000009195DEBE5	13/03/2017	21/03/2017	-7
0000027621DE652	13/10/2016	28/10/2016	-12
0000027964DE6B7	10/03/2017	21/03/2017	-8
0000031295DE4CA	16/12/2016	31/12/2016	-11
0000036039DE1AC	15/12/2016	30/12/2016	-12

Audit commentary

The final information for 8 switches out of 34 were provided to the gaining trader later that 5 business days after receipt of the notification of the switch move from the registry. It is identified as non-compliance.

We sampled 15 CS files provided to a gaining trader. 2 CS files contained incorrect date of actual read.

We identified two switches, described in section 4.9, for which Payless Energy did not accept a date specified in NT files. The dates specified by Payless Energy were not later than 10 business days after the date of the notification.

CS files are created using the registry web interface which requires manual entry, which makes it vulnerable to human mistakes. PLEL does not trader many ICPs therefore it is easier to control accuracy of information. Our assessment of effectiveness of control is Moderate.

Audit outcome

Non-compliant

Non-compliance	Description
Audit Ref: 4.8 With: 10(1) of Schedule 11.3 From: 02-Oct-16 To: 21-Mar-17	Final switching information for 8 ICPs were send later than 5 business days after the event date; 2 CS files contained incorrect date of actual read. Potential impact: Low Actual impact: Low Audit history: Once previously Controls: Moderate Breach risk rating: 2
Audit risk rating	**Rationale for audit risk rating**
Low	CS file later for a small number ICPs, no impact on market settlement. The latest file was only 7 business days late

Actions taken to resolve the issue	Completion date	Remedial action status
Payless Energy will record backdated switch from 2 October 2017 onward as these will always appear as technical 5 day breaches. This record can be referenced for future audit purposes. 0000007796DE9E3 - human error, the estimate due to "Not Home" was mistaken as actual read. 0000036039DE1AC - human error, for some unknown reason 28/12/2016 was entered instead of 25/11/2016, possibly due to some distraction. The human error reasons have been discussed and recommendations issued on importance of double checking before actually pushing the Enter button	2 October 2017 and ongoing.	Identified
Preventative actions taken to ensure no further issues will occur	Completion date	
Payless Energy will record any known breach of 5 business day rule and reason, and remedial action to be taken to avoid similar breaches.	2 October 2017 and ongoing.	

4.9. Losing trader determines a different date - switch move (Clause 10(2) Schedule 11.3)

Code reference

Clause 10(2) Schedule 11.3

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

It is PayLess Energy policy to accept the data specified by a gaining trader unless there are good reasons not to. We identified 2 ICPs for which Payless Energy specified a different date.

ICP	Date requested by a gaining trader	Date proposed by PLEL and accepted by a gaining trader
0000006165DE292	10/02/17	11/02/17
0000104140DE5A4	14/02/17	17/02/17

Audit commentary

We followed both switches in the registry and confirm that they were finalised in a compliant manner.

Audit outcome

Compliant

4.10. Losing trader must provide final information - switch move (Clause 11 Schedule 11.3)

Code reference

Clause 11 Schedule 11.3

Code related audit information

The losing trader must provide final information to the registry for the purpose of clause 10(1)(a)(ii), including –

(a) the event date; and
(b) a switch event meter reading as at the event date for each meter or data storage device that is recorded in the registry with an accumulator type of C and settlement indicator of Y; and
(c) if switch event meter reading is not a validated meter reading, the date of the last reading of the meter or data storage device described in paragraph (b)

Audit observation

The results of analysis of Switch Move were described in previous paragraphs. We checked a small number of CS files (5) and confirm that the readings provided to a gaining trader were validated meter readings.

Audit commentary

Compliance was confirmed based on a review of meter readings validation and sampling of 5 CS files provided to gaining traders.

Audit outcome

Compliant

4.11. Gaining trader changes to switch meter reading - switch move (Clause 12 Schedule 11.3)

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

The process of evaluating a switch event read is the same as for a standard switch. We checked CS files for five ICPs to check if the data contained in the CS files was correctly imported into the Payless Energy system.

Payless Energy sent four RR files because they did not agree with the switch event readings provided by the gaining trader.

Payless Energy sent RR files for the following ICPs 0000003905CE454, 0000030551DEC8D, 0000053655CE027, and 0000100507DE04A. The RR files were accepted.

Payless Energy received RR files from gaining traders for five ICPs asking to amend previously provided readings. The RR files were sent for the following ICPs:

- 0000007778DE0C2 – reading accepted by PLEL and used for reconciliation
- 0000003678DEF46 –Original reading provided to CTCT was taken from another account. CTCT sent RR file and the reading accepted by PLEL. The reading from the correct account was used.
- 0000014011CEA7B- reading accepted by PLEL and used for reconciliation
- 0000035018DE25C - reading accepted by PLEL and used for reconciliation
- 0000200784DEF73 – reading was rejected by PLEL

Audit commentary

Readings received in RR files are entered manually in to the system. We examined all RR files received by the company and confirm that they were entered into the system.

Audit outcome

Compliant

4.12. Gaining trader informs registry of switch request - gaining trader switch (Clause 14 Schedule 11.3)

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

Payless Energy gained one ICP 0000024483DE62F using this process. It is a metering installation category 3. The registry was advised on 31/10/16 asking for a switch event date 1/11/2016.

Audit commentary

The switch was initiated in a compliant manner.

Audit outcome

Compliant

4.13. Losing trader provision of information - gaining trader switch (Clause 15 Schedule 11.3)

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

Payless Energy did not lose any ICPs using the gaining trader switch process.

Audit commentary

The company has a good understanding of the process.

Audit outcome

Compliant

4.14. Gaining trader to notify registry - gaining trader switch (Clause 16 Schedule 11.3)

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

Payless Energy completed the switch of ICP 0000024483DE62F in a compliant manner.

Audit commentary

Payless Energy cannot switch more than 7 HHR ICPs due to their system restriction.

Audit outcome

Compliant

4.15. Withdrawal of switch requests (Clauses 17 and 18 Schedule 11.3)

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

The EDA for the period of 1/9/16 to 31/8/17 was analysed. Payless Energy sent overall 38 NW files. All files were sent within 2 calendar months after the event date of the switch.

Audit commentary

We identified one exception. NT for ICP 0000004689DE774 was sent on 1/6/17 asking for a switch date of 23/2/17. It was a human error and Payless Energy quickly sent NW with the Advisory Code of DF (Date Failed) to Contact Energy. The file was accepted and the following day PLEL sent the NT file with the correct date.

Audit outcome

Compliant

4.16. Metering information (Clause 21 Schedule 11.3)

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

Payless Energy meter readings used in the switching process are validated and as accurate as possible. Readings are provided by the MEPs or agents. The cost of all switch event reads carried out by Delta or MEPs is covered by Payless Energy.

Audit commentary

The company policy is to validate thoroughly all meter readings and provide a switch event meter reading as accurate as possible. Payless Energy received 65% of reads from meters which are read remotely. It has a significant impact on accuracy of readings.

Audit outcome

Compliant

4.17. Switch saving protection (Clause 11.15AA to 11.15AB)

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

It was discussed with Payless Energy during the audit. The company is not a part of the Switch saving protection.

Audit commentary

When NT is received and before it is accepted, a customer is contacted to make sure that a switch is requested for the correct ICP. Quite often they are mistakes. The company never offers any incentive to stay with them.

Audit outcome

Compliant

5. MAINTENANCE OF UNMETERED LOAD

5.1. Maintaining shared unmetered load (Clause 11.14)

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

The registry files dated 8 September 2017 was reviewed, shared unmetered load is not traded by Payless Energy.

Audit commentary

Audit outcome

Not applicable

5.2. Unmetered threshold (Clause 10.14 (2)(b))

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

The only unmetered load ICP traded by Payless Energy was 0001980010TG095, which uses 4.08 kWh per day.

Audit commentary

UML ICPs traded by Payless Energy use 1,489 kWh per annum, well below 3,000 kWh.

Audit outcome

Compliant

5.3. Unmetered threshold exceeded (Clause 10.14 (5))

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.*

UML ICPs traded by Payless Energy use 1,489 kWh per annum, well below 3,000 kWh.

Audit observation

Audit commentary

Audit outcome

Not applicable

5.4. Distributed unmetered load (Clause 11 Schedule 15.3, Clause 15.37B)

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

Payless Energy does not trade distributed unmetered load.

Audit commentary

Audit outcome

Not applicable

6. GATHERING RAW METER DATA

6.1. Electricity conveyed & notification by embedded generators (Clause 10.13, Clause 10.24 and 15.13)

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 are 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 analysis of the LIS file showed that all ICPs traded by Payless Energy but one is metered. None of the installations uses subtraction to determine submission information.

Audit commentary

Meter readings are provided by MEPs and Delta. All Installations are certified, data submitted to the reconciliation manager

Audit outcome

Compliant

6.2. Responsibility for metering at GIP (Clause 10.26 (6), (7) and (8))

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

Payless Energy does not have a connection to the grid.

Audit commentary

Audit outcome

Not applicable

6.3. Certification of control devices (Clause 33 Schedule 10.7 and clause 2(2) Schedule 15.3)

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

Payless Energy does not have such installations. Only the HHR and RPS profiles are used. No control devices are needed therefore they never approach an MEP asking for a control device to be certified.

Audit commentary

Compliance confirmed based on review of the LIS file dated 8 September 2017 and reconciliation files.

Audit outcome

Compliant

6.4. Reporting of defective metering installations (Clause 10.43(2) and (3))

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

Payless Energy is aware of this obligation and it will advise the appropriate MEP if it becomes aware that a metering installation could be inaccurate. The company thoroughly validates data received from smart and legacy meters checking to see if registers have advanced.

HHR data is checked for "zeros".

Audit commentary

Payless Energy commented that in the last year no installations were identified that could be defective.

Audit outcome

Compliant

6.5. Collection of information by certified reconciliation participant (Clause 2 Schedule 15.2)

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 is 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

HHR data for seven ICPs is provided by AMCI. The rest of the ICPs traded by Payless Electricity are reconciled as NHH therefore register reads are used. NHH ICPs are read by an agent and MEPs. The breakdown is shown below:

- Delta - 200 ICPs
- Metrix – 120 ICPs
- FCLM – 20 ICPs
- NGCM – 400 ICPs

Payless Energy does not read meters themselves.

Audit commentary

We reviewed the Delta and AMCI audit reports. No non-compliances were found.

Audit outcome

Compliant

6.6. Derivation of meter readings (Clause 3(1), 3(2) and 5 Schedule 15.2)

Code reference

Clause 3(1), 3(2) and 5 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.

During the manual interrogation of each NHH metering installation the reconciliation participant must:

a) obtain the meter register
b) ensure seals are present and intact
c) check for phase failure (if supported by the meter)
d) check for signs of tampering and damage
e) check for electrically unsafe situations.

If the relevant parts of the metering installation are visible and it is safe to do so.

Audit observation

200 ICPs have been read by Delta in the last 12 months. We confirm that all NHH meter readings provided are validated once imported into the PLEL's system. Payless Electricity accepted customer readings, they are validated against actual reads provided by MEPs or Delta

Audit commentary

The Delta report was reviewed and it confirmed compliance with clause 5 of Schedule 15.2. During the audit we "shadowed" the import of data and observed the validation process. We found the process thorough and compliant.

Audit outcome

Compliant

6.7. NHH meter reading application (Clause 6 Schedule 15.2)

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

The NHH readings are used by Payless Energy for installations which are reconciled as NHH. The switch read from the CS file is used as a start read. Consecutive readings from Delta apply from 0000hrs on the day after the last meter interrogation up to and including 2400hrs on the day of the meter interrogation.

Audit commentary

The compliance with this clause was examined during the checking of correctness of historic estimates, which is described in section 12.11.

Audit outcome

Compliant

6.8. Interrogate meters once (Clause 7(1) and (2) Schedule 15.2)

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

When an ICP switches in, a switch event read is always received, it is actual or estimates. Later on the company receives readings from Delta or an MEP. Payless Energy has an agreement with Delta to read meters each month.

Audit commentary

The process adopted by Payless Energy is to closely monitor meter readings for each ICP. If there is no read for 2 months a customer is contacted by email or phone and ask for access or to provide a photo of a meter showing the register read.

The Code has a provision that if a trader is responsible for the ICP for a period of less than 3 months a reasonable estimate of the meter reading can be used as a switch event meter reading.

Payless Energy confirmed that for all ICPs for which they were responsible for more than 3 months' a meter reading was obtained.

Audit outcome

Compliant

6.9. NHH meters interrogated annually (Clause 8(1) and (2) Schedule 15.2)

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

Payless Energy provided the Meter Reading Frequency report for the month of July 2017 provided to the Market Administrator.

Audit commentary

The report provided confirmed that a validated meter reading for every register for NHH metered ICPs, at which PayLess Energy traded continuously for each 12-month period, was obtained.

Audit outcome

Compliant

6.10. NHH meters 90% read rate (Clause 9(1) and (2) Schedule 15.2)

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.

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

Payless Energy provided the Meter Reading Frequency report for the month of July 2017 provided to the Market Administrator.

Audit commentary

According to the report provided, the target of 90% for BAL0331 was not achieved because 2 ICPs out of 17 were not read during the last 4 months. After close analysis of the report, we noticed that the ICP 0001980010TG095 was included in the report which is incorrect because it is UML. Once this ICP is rightly excluded from the report, the result for BAL0331 for the month of July 2017 is 94%.

The company commented that they have at least one ICP for which a customer constantly refuses to give access to read a meter. In such a case we recommended to Payless Energy to take advantage of clause 8(2), which allows a trader to exclude from the report an ICP if exceptional circumstances exist.

Audit outcome

Compliant

Recommendation	Description	Audited party comment	Remedial action
Create a list of special circumstances ICPs to be excluded from the Meter Readings Frequency Report	PLEL has one customer which constantly refuses to give access to a meter to be read		

6.11. NHH meter interrogation log (Clause 10 Schedule 15.2)

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

The NHH metering installations are read by Delta. Customer reads are accepted as an exception.

Audit commentary

We reviewed the Delta audit report dated 14 August 2017, which confirmed compliance with this clause

Audit outcome

Compliant

6.12. HHR data collection (Clause 11(1) Schedule 15.2)

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

Payless Energy received, once per month, data from AMCI (AMS) for seven ICPs.

Audit commentary

We reviewed AMS (AMCI) audit report dated 15 May 2017. The report covers HHR Data collection & Submissions. AMS interrogates meters remotely.

Audit outcome

Compliant

6.13. HHR interrogation data requirement (Clause 11(2) Schedule 15.2)

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

Payless Energy received, once per month, data from AMCI (AMS) for seven ICPs.

Audit commentary

We reviewed AMS (AMCI) audit report dated 15 May 2017. The report covers HHR Data collection & Submissions. The report confirms that an interrogation log is generated to record details of all interrogations, and appropriate action is taken where problems are apparent.

Audit outcome

Compliant

6.14. HHR interrogation log requirements (Clause 11(3) Schedule 15.2)

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

Payless Energy received, once per month, data from AMCI (AMS) for seven ICPs.

Audit commentary

We reviewed AMS (AMCI) audit report dated 15 May 2017. The report confirms compliance with quoted clause in this section.

Audit outcome

Compliant

7. STORING RAW METER DATA

7.1. Trading period duration (Clause 13 Schedule 15.2)

Code reference

Clause 13 Schedule 15.2

Code related audit information

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

Audit observation

Payless Energy received, once per month, data from AMCI (AMS) for 7 ICPs.

Audit commentary

The AMS (AMCI) audit report dated 15 May 2017 stated that the trading period duration, normally 30 minutes, must be within ±0.1% (±2 seconds).

Audit outcome

Compliant

7.2. Archiving and storage of raw meter data (Clause 18 Schedule 15.2)

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 unauthorised personnel.

Meter readings cannot be modified without an audit trail being created.

Audit observation

Raw meter data is stored by the MEPs and Delta which collects the data on Payless Energy's behalf. Data received by the company is stored in "Payless Energy Go", which is a secure and robust database, and cannot be accessed by unauthorised persons. Once data is collected by Payless Energy via secure compliant transmission channels, it is stored in a secure location. The access to this data is restricted.

Audit commentary

Payless Energy showed us the "Payless Energy Go" database, which was implemented mid-July this year. It stores meter readings securely.

Audit outcome

Compliant

7.3. Non metering information collected / archived (Clause 21(5) Schedule 15.2)

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

Payless Energy uses only RPS and HHR profile for reconciliation submissions. No external control equipment is used.

Audit commentary

Audit outcome

Not applicable

8. CREATING AND MANAGING (INCLUDING VALIDATING, ESTIMATING, STORING, CORRECTING AND ARCHIVING) VOLUME INFORMATION

8.1. Correction of NHH meter readings (Clause 19(1) Schedule 15.2)

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

Payless Energy receives a switch event read in the CS file, it is an actual read or estimated. It is validated when the actual read is received from Delta or MEPs. If, during validation, an error is detected, Payless Energy asks Delta to read the meter again to confirm the original meter reading. If the CS reading appears to be incorrect, RR file is sent to a losing trader.

Audit commentary

Meter readings which are most likely to fail the validation process are switch event reads or reads provided by Delta. Payless Energy commented that in last 12 months no read provided by Delta failed the validation process.

Audit outcome

Compliant

8.2. Correction of HHR metering information (Clause 19(2) Schedule 15.2)

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

This was discussed with Payless Energy during the audit. Readings for HHR ICPs are provided by AMCI. If errors are detected during validation, AMCI will correct data.

Audit commentary

We reviewed the AMS audit to assess PLEL's compliance with this clause. According to the report, where errors are detected during the validation of half-hour metering information, and check metering data is not available, then data from a period with a quantity and profile similar to that expected is used for those participants who require AMS to conduct this activity.

In the last 12 months no errors were detected during the validation of data used for Payless Energy for reconciliation purposes.

Audit outcome

Compliant

8.3. Error and loss compensation arrangements (Clause 19(3) Schedule 15.2)

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

Payless Energy does not have any installation where error or loss compensation occurs. Any multipliers recorded in the registry are uploaded to Payless Energy's system through CS.eda file and applied to data.

According to the LIS files dated 8 September 2017, Payless Energy trades six ICPs for which a meter multiplier flag in the registry is Y. They are metering installations category 2, all of them are reconciled as NHH. We checked all of them and confirm that the multiplier of 40 is applied.

Audit commentary

According to the AMS audit report there are no examples of loss compensation factors being applied. Compliance confirmed based on the AMS audit report and checking six ICPs in the Payless Energy's system.

Audit outcome

Compliant

8.4. Correction of HHR and NHH raw meter data (Clause 22(1) and (2) Schedule 15.2)

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

Correction of HRR data, if required, is done by AMS.

Correction of NHH readings is done in house. Raw data is never overwritten. For any changes to NHH data, a journal is created. It is a feature of Google Works.

Audit commentary

Compliance confirmed based on observation.

Audit outcome

Compliant

9. ESTIMATING AND VALIDATING VOLUME INFORMATION

9.1. Identification of readings (Clause 3(3) Schedule 15.2)

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

Google Works, used by Payless Energy, allows the identification of actual, estimated or customer reads.

Audit commentary

Compliance based on observation. Screen shots are below.

FKN0331	Register 1	Multiplier:	1	Register 2	Multiplier:	1
0000950710LN543	Serial No. 1301006815:1	CN16	S13C	Serial No. 1301009839:1	UN24	S24
LATEST Read Day in a Month	LATEST Read in a Month - Register 1	Read / Estimate	Consumption - Reg 1 kWh	LATEST Read in a Month - Register 2	Read / Estimate	Consumption - Reg 2 kWh
03/03/2017	*9124*			*14547*		
31/03/2017	9348	Estimate	224	14883	Estimate	336
21/04/2017	9721	Estimate	373	15116	Estimate	233
24/05/2017	10100	Estimate	379	15973	Estimate	857
22/06/2017	10349	Read	249	16733	Read	760
26/07/2017	10735	Read	386	18184	Read	1451
23/08/2017	11018	Read	283	19066	Read	882
27/09/2017	11405	Read	387	19919	Read	853

HWB0331	Register 1	*Multiplier:*	1
000016753DEA0	Serial No. AP00073519:1	IN19	017

LATEST Read Day in a Month	LATEST Read in a Month - Register 1	Read / Estimate	Calculated kWh / period
20/03/2017	32961		
31/03/2017	33137	Estimate	176
18/04/2017	33675	Read	538
16/05/2017	34247	Read	572
19/06/2017	34988	Read	741
18/07/2017	35752	Read	764
16/08/2017	36533	Read	781
18/09/2017	37186	Read	653

Audit outcome

Compliant

9.2. Derivation of volume information (Clause 3(4) Schedule 15.2)

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 volume information is derived from validated meter readings. Readings are received from MEPs and Delta. If data is not available, readings are estimated using the average between two reads. It is a manual process.

Audit commentary

We reviewed the validation of readings and walked through the process of estimation, which is robust.

Audit outcome

Compliant

9.3. Meter data used to derive volume information (Clause 3(5) Schedule 15.2)

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

HHR data received from AMCI is used for reconciliation purposes without being rounded and truncated.

NHH data comes in two formats. Readings from Delta are always whole numbers, no decimals. Register reads provided by Metrix, NGCM and FCLM contain decimal places.

Audit commentary

We sampled 22 register reads from various parties. 5 from Delta, 6 from Metrix, 4 from NGCM, and 7 from FCLM. We checked original readings against readings used for reconciliation and billing. Non-compliance is identified because the new system, implemented mid-July this year, rounds register reads to whole numbers.

We also randomly compared a few reads imported into the system prior to the new system and the formula shows that readings were truncated.

Payless Energy pays a lot of attention to correctly import data and its validation. This non-compliance was caused by a misunderstanding that this rule applies only to HHR data.

Our assessment of control is they are weak.

Audit outcome

Non-compliant

Non-compliance	Description
Audit Ref: 9.3 With: 3(5) of Schedule 15.2 From: 01-Sep-16 To: 31-Aug-17	Register reads, provided by MEPs, used for derive volume information are truncated or rounded. Potential impact: Low Actual impact: Low Audit history: None Controls: Weak Breach risk rating: 3
Audit risk rating	**Rationale for audit risk rating**
Low	Audit risk rating is assign as low because of small number of ICPs and because if rounding method is used the end result over all data population is neutral. Most of ICPs traded by Payless Energy are metering installations category 1.

Actions taken to resolve the issue	Completion date	Remedial action status
Payless Energy will standardise recording of NHH meter reads to a single methodology and record the methodology adopted for future reference	30 November 2017	Identified
Preventative actions taken to ensure no further issues will occur	**Completion date**	
Payless Energy will refer to the NHH meter reads recording methodology when enhancing or developing systems and when receiving NHH meter reads from any new MEPs or contractors.	30 November 2017 and ongoing	

9.4. Half hour estimates (Clause 15 Schedule 15.2)

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

This was discussed with Payless Energy during the audit. Readings for HHR ICPs are provided by AMCI. If errors are detected during validation, AMCI will correct the data.

Audit commentary

The AMS audit report was reviewed. According to the report where errors are detected during validation of half-hour metering information, and check metering data is not available, then data from a period with a quantity and profile similar to that expected is used for those participants who require AMS to conduct this activity.

Audit outcome

Compliant

9.5. NHH metering information data validation (Clause 16 Schedule 15.2)

Code reference

Clause 16 Schedule 15.2

Code related audit information

Each validity checks 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 soon as NHH readings are downloaded from the SFTP server they are validated one by one. The validation is done manually. Payless Energy trades around 800 ICPs therefore it is possible to use this method.

Audit commentary

We shadowed one of the Payless Energy's employee during the validation of data. The operator was checking the consistency of the reading for each ICP, kWh/day, seasonality, very low, very high, comparing with a reading back as far as 12 months if necessary. We found the process robust.

Audit outcome

Compliant

9.6. Electronic meter readings and estimated readings (Clause 17 Schedule 15.2)

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 checks 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

Electronic meter readings are received from FCLM, Metrix, and NGCM. The readings are validated the same way as readings provided by Delta.

Audit commentary

All readings for NHH ICPs are validated the same way as described in section 9.5. Each reading is validated individually.

Audit outcome

Compliant

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 (Clause 13.136)

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

Audit commentary

Audit outcome

Not applicable

10.2. Unoffered & intermittent generation provision of metering information (Clause 13.137)

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

Audit commentary

Audit outcome

Not applicable

10.3. Loss adjustment of HHR metering information (Clause 13.138)

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

Audit commentary

Audit outcome

Not applicable

10.4. Notification of the provision of HHR metering information (Clause 13.140)

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

Audit commentary

Audit outcome

Not applicable

11. PROVISION OF SUBMISSION INFORMATION FOR RECONCILIATION

11.1. Buying and selling notifications (Clause 15.3)

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

Payless Energy trades ICPs with a profile code of HHR or RPS. There are no plans to change it in the near future.

Audit commentary

We checked the LIS file and submission files and confirm that Payless Energy use only profile RPS and HHR.

Audit outcome

Compliant

11.2. Calculation of ICP days (Clause 15.6)

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

Payless Energy submits ICP days files for a current month and consecutive wash-ups. The table below shows the accuracy of ICP days for NHH ICPs recorded in PLEL's system against the registry ICP days. The table is based on GR-100 provided by the reconciliation manager.

Month	R0	R1	R3	R7	R14
Aug-15	-0.69%	-0.40%	-0.40%	-0.21%	-0.02%
Sep-15	-0.53%	-0.38%	-0.38%	-0.02%	-0.02%
Oct-15	-0.37%	-0.35%	-0.18%	-0.01%	-0.01%
Nov-15	-0.05%	-0.39%	-0.22%	-0.05%	-0.05%
Dec-15	-0.23%	-0.21%	-0.21%	-0.07%	-0.06%
Jan-16	-0.08%	-0.01%	-0.02%	-0.02%	-0.02%
Feb-16	1.25%	-0.16%	-0.01%	-0.01%	-0.01%
Mar-16	-0.02%	-0.02%	-0.02%	-0.02%	-0.02%
Apr-16	0.00%	0.00%	0.00%	0.00%	0.00%
May-16	0.01%	0.00%	0.00%	0.00%	0.00%
Jun-16	-0.11%	-0.11%	-0.16%	-0.16%	-0.16%
Jul-16	0.00%	0.00%	0.00%	0.00%	
Aug-16	0.00%	0.00%	0.00%	0.00%	
Sep-16	-0.04%	0.00%	0.00%	0.00%	
Oct-16	-0.01%	0.03%	0.00%	0.00%	
Nov-16	0.10%	-0.03%	-0.03%	-0.03%	
Dec-16	-0.03%	-0.03%	-0.03%	-0.03%	
Jan-17	-0.11%	-0.15%	-0.04%	-0.04%	
Feb-17	-0.26%	-0.05%	-0.05%		
Mar-17	-0.02%	0.15%	-0.02%		
Apr-17	0.24%	0.19%	0.12%		
May-17	0.17%	0.16%	0.03%		
Jun-17	0.25%	0.24%	0.00%		
July-17	0.08%	0.12%			

Audit commentary

Overall ICP days calculations are quite accurate. It might be worthwhile checking why the ICP days for revision 14 still does not line up with the registry calculation. ICP days for HHR ICPs are exactly the same as the registry.

Audit outcome

Compliant

11.3. Electricity supplied information provision to the reconciliation manager (Clause 15.7)

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.*

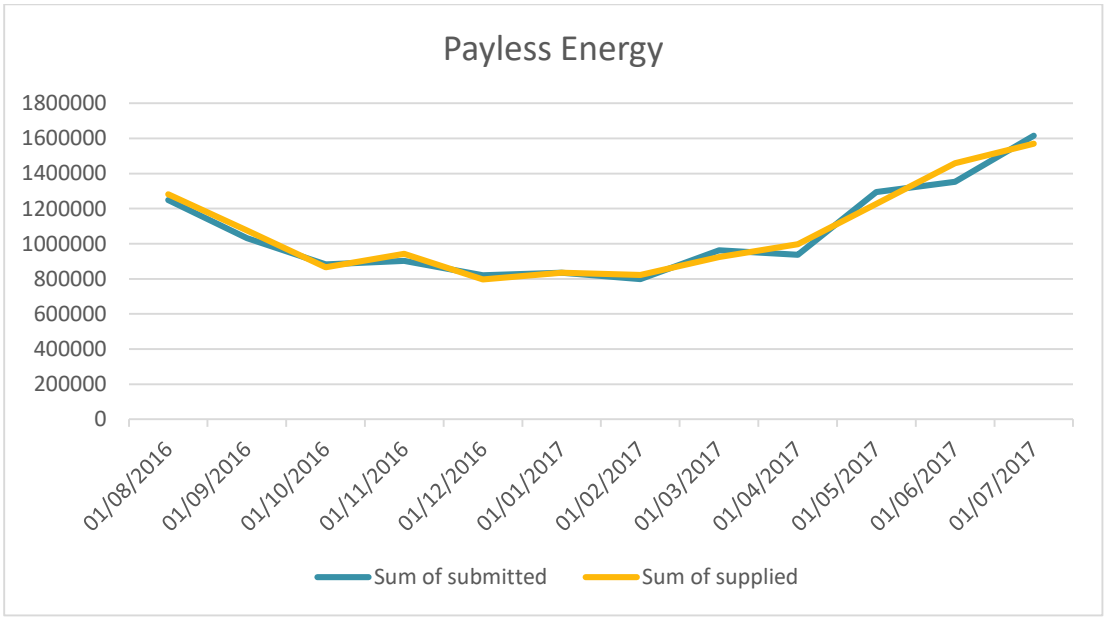
Audit observation

The compliance with this clause was reviewed. Electricity supplied information is aggregated by invoice months from PLEL's billing system. Files (AV-120) are submitted every month.

The overall difference between volumes reconciled and submitted was 0.88%.

The table and graph below represent submissions for 12 months.

Month	Volume submitted [kWh]	Volume billed [kWh]
201608	1,248,235	1,281,353
201609	1,032,021	1,075,756
201610	882,784	865,193
201611	903,187	941,855
201612	820,037	796,270
201701	835,348	835,103
201702	798,934	822,352
201703	963,229	924,703
201704	936,655	996,712
201705	1,295,411	1,227,323
201706	1,352,051	1,458,966
201707	1,615,681	1,569,569
Total	12,683,573	12,795,155



Audit commentary

Compliance confirmed based on a review of AV-120 and a source of information.

Audit outcome

Compliant

11.4. HHR aggregates information provision to the reconciliation manager (Clause 15.8)

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

To assist assessment of compliance Payless Energy provided HHRAGGR for 3 months, March, May, and July 2017. The files are submitted every month.

Audit commentary

We compared HHRVOL and HHRAGGR for corresponding months. We confirm that both files contain the same HHR volumes.

Audit outcome

Compliant

12. SUBMISSION COMPUTATION

12.1. Daylight saving adjustment (Clause 15.36)

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

HHR data provided by AMCI for 7 ICPs is already adjusted for NZDT. AMS uses the "trading period run on" technique for daylight saving adjustment where they conduct this on behalf of reconciliation participants.

Audit commentary

Compliance confirmed based on the AMS audit report.

Audit outcome

Compliant

12.2. Creation of submission information (Clause 15.4)

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

During the audit we reviewed the submission process and we are fully satisfied with the timelines of the reconciliation submissions. The volume files were submitted for NHH and HHR metering installations.

Payless Energy showed us a graphical representation of time table of initial submission files and subsequent revisions.

Part 15, clause 15.4	https://docs.goo	End of Report Month:	31 Jul 2017	31 Aug 2017	30 Sep 2017
Report Month	4th (R0) & 13th BIZ-Day of the Month, by 1600 hours		17 Aug 2017	19 Sep 2017	18 Oct 2017
201605	6 Jun 2016	R0			
201606	6 Jul 2016	R0	R14		
201607	4 Aug 2016	R0		R14	
201608	6 Sep 2016	R0			R14
201609	6 Oct 2016	R0			
201610	4 Nov 2016	R0			
201611	6 Dec 2016	R0			
201612	5 Jan 2017	R0			
201701	6 Feb 2017	R0	R07		
201702	6 Mar 2017	R0		R07	
201703	6 Apr 2017	R0			R07
201704	4 May 2017	R0			
201705	6 Jun 2017	R0	R03		
201706	6 Jul 2017	R0		R03	
201707	4 Aug 2017	R0	R01		R03
201708	6 Sep 2017	R0		R01	
201709	5 Oct 2017	R0			R01

Audit commentary

We walked through process of submission of reconciliation files and found it robust and compliant.

Audit outcome

Compliant

12.3. Allocation of submission information (Clause 15.5)

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

Payless Energy thoroughly validates and checks volumes data before submission files are sent to the reconciliation manager.

Audit commentary

Payless Energy is thorough checking reconciliation files before submission, comparing volumes with previous months and making sure that for all ICPs volumes are submitted. Compliance based on observation.

Audit outcome

Compliant

12.4. Grid owner volumes information (Clause 15.9)

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

Audit commentary

Audit outcome

Not applicable

12.5. Provision of NSP submission information (Clause 15.10)

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

Payless Energy is not an embedded network owner.

Audit commentary

Audit outcome

Not applicable

12.6. Grid connected generation (Clause 15.11)

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

Payless Energy is not s grid connected generator.

Audit commentary

Audit outcome

Not applicable

12.7. Accuracy of submission information (Clause 15.12)

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

Payless Energy submits data every month for the previous months. The company put a process in place to submit data for all revisions regardless if volume data changed or not. This approach allows to make sure that the most accurate information available are sent to the reconciliation manager.

Audit commentary

Compliance is based on review of the submission schedule and PLEL's system which creates files.

Audit outcome

Compliant

12.8. Permanence of meter readings for reconciliation (Clause 4 Schedule 15.2)

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

We checked reconciliation file for revision 14 submitted during the period covered by this audit. Payless Energy submitted revision 14 files for Aug'15 to June'16. For all ICPs traded at the time forwards estimates were replaced by historic estimates.

Audit commentary

Compliance confirmed based on analysis of GR-170NHH files fir Aug'15 to June'16.

Audit outcome

Compliant

12.9. Reconciliation participants to prepare information (Clause 2 Schedule 15.3)

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)):*
  - *a) half hour volume information for the ICP; or*
  - *b) non half hour volumes information calculated under clauses 4 to 6 (as applicable).*
  - *c) 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):*
  - *a) for each ICP, the compensation factor that is recorded in the registry (clause 2(3)(a))*
  - *b) for each NSP the compensation factor that is recorded in the metering installations most recent certification report. (clause 2(3)(b))*

Audit observation

Payless Energy prepares submission files based on information in their system. Submission files are prepared for both NHH and HHR ICPs.

Audit commentary

To assess compliance, we asked Payless Energy to provide breakdown of submission files per ICP for BAL 0331 and HWB1101 for February 2017. We checked both volumes and ICP days. We are satisfied with methodology used to create submission files.

Audit outcome

Compliant

12.10. Historical estimates and forward estimates (Clause 3 Schedule 15.3)

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

For assessment of compliance with this clause we provided Payless Energy with a set of scenarios to validate the accuracy of the calculation of historic and forward estimation for NHH ICP days. During testing of these scenarios ICP days calculation is expected to be checked. The company provided results for scenarios which occurred in last 12 months. The results are shown below:

Test	Scenario	Test Expectation	Result
1	Switch in during the month with estimated switch read, actual read gained in the next month, full profile data available.	Confirm that HE is calculated for the relevant part of the month, even though the switch in read is an estimate, and calculation begins on correct day	Compliant
2	Switch in during the month with actual switch read, actual read gained in the next month, full profile data available.	Confirm that HE is calculated for the relevant part of the month, and calculation begins on correct day	Compliant
3	Status change to active during the month, read gained in the next month, full profile data available	Confirm that HE is calculated for the relevant part of the month	Compliant
4	Switch out on estimate during the month	Confirm that HE is calculated even though the reading is an estimate Confirm that HE calculation ends on the correct day."	Compliant
5	Switch out on actual during the month	Confirm that HE is calculated for the relevant part of the month, and calculation ends on correct day	Compliant
6	Complete month without a read in the month	Read in the previous month and the month after, confirm correct HE for the month	Compliant
7	Complete month with a read in the month	Confirm the two calculations for the month are correct	Compliant
8	GXP Change in the Month	Confirm submission against one GXP for part month then the other GXP for part month, with correct HE/FE balance on each	No example found,
9	Proportion of HE	Confirm the proportion of HE in the AV080 is correct	Compliant

10	Switch in 2 months ago, first actual read gained in current month, profile data not available for current month	Confirm estimation is shown as forward, not historic	No example found
11	Complete month without a read in the month	Read in the previous month and the month after, confirm correct HE for the month	Compliant
12	Half-hour meter installed during month	If NHH read is added to meter, and site class is 'DEEMED', then estimation should be calculated for HH meter according to the same rules as NHH meter	Process not used by PLEL
13	Two reads in the same month	Confirm usage between two reads is 'Historic' even if no profile data is available	Compliant
14	FE based on default value	Confirm the default multiplied by correct number of days	Compliant
15	FE based on daily kWh from CS file	Confirm CS value multiplied by correct number of days.	Compliant
16	FE based on historic consumption	Confirm the default multiplied by correct number of days	Compliant
17	ICP days for all HE scenarios above	Confirm ICP days calculations are correct	Compliant
18	No longer any ICPs with a particular combination of GXP, loss cat code etc.	Confirm that this row is "zeroed" in subsequent submissions	Compliant
19	Consumption submitted for a given revision then changed for a subsequent revision.	Consumption submitted for a given revision then changed for a subsequent revision.	Compliant
20	CS read modified by RR	Confirm that consumption is updated to match RR read replacing CS	Compliant
21	GXP change backdated	Read in the previous month and the month after, confirm correct HE for the month	No example found
22	Unmetered load submissions	Check that this works the same as a normal meter and is considered HE	Compliant

Audit commentary

During the previous audit we were not able to fully assess compliance with this clause, it was addresses during this audit. We satisfied with the results provided by Payless Energy. Compliance confirmed.

Audit outcome

Compliant

12.11. Historical estimate process (Clause 4 and 5 Schedule 15.3)

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 kWh_{Px}.

Audit observation

For day 4 submissions a seasonal adjustment shape is not available. Payless Energy incorporated in their system a functionality which allow them to create their own shape for each NSP. It is used for initial submissions. As soon as seasonal adjustment shapes are published by RM, they are uploaded to PLEL's system and used for calculation of submission files due on day13 each month.

Audit commentary

Compliance confirmed based on review of methodology and "walking" through two examples.

Audit outcome

Compliant

12.12. Forward estimate process (Clause 6 Schedule 15.3)

Code reference

Clause 6 Schedule 15.3

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.

Audit observation

The methodology of forward estimates has not changed since the last audit. The methodology used is described below:

- Average daily kWh provided in CS file by a losing retailers are used only in the 1st month (gain month), sometimes in the second month.
- Used kWh from CS file are generally adjusted by Accounts (known customer previous consumption or property type) for the gain month

We reviewed the reporting in relation to forward estimate accuracy. We chose June 2016 and examined wash up files.

Balancing area	Ri	R1	R3	R7	R14	R1/Ri	R3/Ri	R7/Ri	R14/Ri
DUNEDINDUNEG	618,549	606,164	600,572	601,036	601,036	-2.00%	-2.9%0	-2.83%	-2.83%

Audit commentary

The methodology was confirmed by going through test scenarios described in section 12.11. Based on analysis of June 2016 files we confirm that Payless Energy meets the Code requirements of its initial submission information against subsequent revision cycle submission information for the balancing area and is less than the percentage of error specified by the Board (+/- 15%) for a balancing area.

Audit outcome

Compliant

12.13. Compulsory meter reading after profile change (Clause 7 Schedule 15.3)

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

Company policy is not to change the profile associated with a meter. All ICPs except seven are reconciled using RPS profile. In a situation where a legacy meter is replaced with a smart meter, the same profile is used for submissions to the reconciliation manager.

Audit commentary

Audit outcome

Compliant

13. SUBMISSION FORMAT AND TIMING

13.1. Provision of submission information to the RM (Clause 8 Schedule 15.3)

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

Payless Energy Provided HHR and NHH submission data for 3 months to assist in the assessment of compliance.

Audit commentary

The review of the provided files proved that they meet compliance with above clause.

Audit outcome

Compliant

13.2. Reporting resolution (Clause 9 Schedule 15.3)

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

NHH data, submitted to the RM as AV-080, is not rounded before submissions because it is already rounded when it is imported into “Payless Energy Go”. This was described in section 9.3.

HHR data submission as AV-090 are round to 2 decimal places.

Audit commentary

Compliance is confirmed even though the issue with NHH data was previously identified under a different clause.

Audit outcome

Compliant

13.3. Historical estimate reporting to RM (Clause 10 Schedule 15.3)

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

The quantity of HE is contained in the reconciliation submission file (AV-140) and is not a separate report. We reviewed Payless Energy submissions to assess compliance with this clause using GR170NHH provided by the reconciliation manager. We covered submissions uploaded to the RM portal between October 2016 and August 2017. The submissions covered revision 14 for August 2015 to June 2016, revision 7 for May 2016 to January 2017 and revision 3 for September 2016 to July 2017.

Audit commentary

We observed that starting revision7, Payless Energy achieved 100% of historical estimates for each NSP. In most months except August and September 2015, 100% of HE was achieved by revision 3. It is the result, in our view, of the excellent management of NHH meter reads.

Audit outcome

Compliant

CONCLUSION

PARTICIPANT RESPONSE

Payless Energy is negotiating with Agility CIS to purchase their new software Engage. It is part of our continual improvement plan. Timeframe ongoing within 12 months. Nov 2018.

All our processes will be thoroughly reviewed before implementing the Engage software to assure high level of compliance.

Payless Energy has found the MEP introduction as participant of the NZ Electricity Market added heavy burden on our resources. The time and effort required to achieve compliance in new metering installations is very frustrating and most of the time unproductive. To assure the correct data entry we cannot update the registry until an MEP provides us with a job report and all the relevant data. This is a main reason for not being able to update Registry within 5 BD, while MEP has 10 BD for this.

All this is adding unnecessary costs and is not conductive to maintaining lower electricity prices to the consumers.