

Compliance plan for Pulse – March 2019

| Participants to give access | | |
|--|---|------------------------|
| Non-compliance | Description | |
| Audit Ref: 1.11 With: Clause 16A.4 From: 09-Jan-2019 To: 24-Jan-2019 | Late provision of audit information Potential impact: Low Actual impact: Low Audit history: None Controls: Weak Breach risk rating: 3 | |
| Audit risk rating | Rationale for audit risk rating | |
| Low | Controls are rated as weak as the late provision of audit information has been consistent with this participant. The impact is assessed to be low. | |
| Actions taken to resolve the issue | Completion date | Remedial action status |
| Information was provided to a revised schedule in agreement with the auditors. | 21/01/2019 | Identified |
| Preventative actions taken to ensure no further issues will occur | Completion date | |
| The Compliance Manager will ensure that auditors' deadlines are noted and auditors are kept informed if there is an issue with meeting them. | 01/03/2019 | |

| Relevant information | | | |
|---|--|-----------------|------------------------|
| Non-compliance | Description | | |
| <p>Audit Ref: 2.1</p> <p>With: Clause 10.6, 11.2, 15.2</p> <p>From: 01-Jul-2018</p> <p>To: 27-Feb-2019</p> | <p><u>Pulse</u></p> <p>Discrepancies between Gentrack and the Registry.</p> <p><u>Property Power</u></p> <p>Discrepancies between Gentrack and the Registry.</p> <p>Potential impact: Medium</p> <p>Actual impact: Low</p> <p>Audit history: Multiple times</p> <p>Controls: Moderate</p> <p>Breach risk rating: 2</p> | | |
| Audit risk rating | Rationale for audit risk rating | | |
| Low | <p>Controls are rated as moderate and will mitigate risk most of the time but there is room for improvement. Additional discrepancy checks are recommended within the report.</p> <p>The impact is assessed to be low as the overall volume of discrepancies has decreased during the audit period and this trend is expected to continue.</p> | | |
| Actions taken to resolve the issue | | Completion date | Remedial action status |
| <p>Maintenance of registry data remains a strong focus of our improvement programme. Training, monitoring, and configuration of Gentrack have all been improved within the past three months.</p> <p>More than 355 historic profile errors have been corrected since the audit.</p> | | 11/03/2019 | Identified |
| Preventative actions taken to ensure no further issues will occur | | Completion date | |
| <p>Pulse places a strong priority on maintaining the accuracy of registry data wherever possible. When we discover an error, we correct it at the expense of a post-dated update.</p> | | 11/03/2019 | |

| Provision of information | | |
|---|--|------------------------|
| Non-compliance | Description | |
| <p>Audit Ref: 2.2 With: Clause 15.35</p> <p>From: November 2018</p> | <p>Pulse</p> <p>One breach was recorded for late provision of submission information.</p> <p>Potential impact: High Actual impact: Unknown Audit history: Multiple times Controls: Strong Breach risk rating: 1</p> | |
| Audit risk rating | Rationale for audit risk rating | |
| Low | The controls are assessed to be strong and the impact as low. The file was submitted one hour late, after Pulse discovered an error and worked through correction and validation prior to submission. The reconciliation manager was kept informed throughout the process. | |
| Actions taken to resolve the issue | | Completion date |
| Correct data were provided as soon as humanly possible after we became aware of the issue. The reconciliation manager was kept informed throughout the process. | | 19/11/2018 |
| Preventative actions taken to ensure no further issues will occur | | Completion date |
| Submission procedures have been improved to eliminate a bottleneck where an error in one file could cause delay in submitting others. | | 01/12/2018 |
| | | Remedial action status |
| | | Identified |

| Audit Trails | | | |
|--|---|-----------------|------------------------|
| Non-compliance | Description | | |
| <p>Audit Ref: 2.4</p> <p>With: Clause 21 Schedule 15.2</p> <p>From: 01-Jul-18</p> <p>To: 27-Feb-19</p> | <p><u>Pulse and Property Power</u></p> <p>Viper audit trails do not record the operator identifier for the person who completed the activity; there is only one operator identifier for Viper.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: Twice</p> <p>Controls: Strong</p> <p>Breach risk rating: 1</p> | | |
| Audit risk rating | Rationale for audit risk rating | | |
| Low | <p>The controls are rated as strong and the impact as low.</p> <p>Viper audit trails are available and contain the required information, but the person who processed the change is not identifiable within the audit trail because there is only one operator identifier. A small number of users have access to Viper.</p> | | |
| Actions taken to resolve the issue | | Completion date | Remedial action status |
| <p>Since only one person at a time can use Viper, and we have a de facto record of who that was (meaning: we know who was using it on each date), we do not believe this omission introduces any material risk.</p> | | 22/03/2018 | Disputed |
| Preventative actions taken to ensure no further issues will occur | | Completion date | |
| <p>Since only one person at a time can use Viper, and we have a de facto record of who that was (meaning: we know who was using it on each date), we do not believe this omission introduces any material risk.</p> <p>The error identified in the audit was caused by HHR reconciliation analyst being unavailable, and the alternative HHR reconciliation analyst was on vacation overseas. A third party with in-depth knowledge of the HHR submission system was brought in to assist with the submission.</p> | | 22/03/2018 | |

| Electrical Connection of Point of Connection | | | |
|--|--|---|------------------------|
| Non-compliance | | Description | |
| Audit Ref: 2.11 With: Clause 10.33A From: 15-Sep-17 To: 31-Dec-18 | | <u>Pulse</u> 15 reconnections had expired certification recorded on the registry when they were reconnected. Potential impact: Low Actual impact: Low Audit history: Once Controls: Weak Breach risk rating: 3 | |
| Audit risk rating | | Rationale for audit risk rating | |
| Low | | Controls are rated as weak because Pulse does not have robust processes in place to ensure meters are certified when an ICP is reconnected. The impact is assessed to be low due to the small number of ICPs affected. | |
| Actions taken to resolve the issue | | Completion date | Remedial action status |
| Reporting is being put in place to identify expired certification. | | 01/05/2019 | Identified |
| Preventative actions taken to ensure no further issues will occur | | Completion date | |
| Once appropriate reporting is available, Field Services will be alerted to follow up immediately when a reconnection is made on an installation with expired certification. We are also reviewing disconnection procedures to investigate the most cost-effective way to ensure that certification is checked before requesting disconnection | | 01/07/2019 | |

| Changes to registry information | | | |
|--|--|-----------------|------------------------|
| Non-compliance | Description | | |
| <p>Audit Ref: 3.3</p> <p>With: Clause 10 Schedule 11.1</p> <p>From: 13-Apr-17</p> <p>To: 31-Dec-18</p> | <p>Pulse</p> <p>173 late updates to active status and 60 late updates to inactive status.</p> <p>186 late MEP nominations.</p> <p>453 late trader updates.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: Multiple times</p> <p>Controls: Moderate</p> <p>Breach risk rating: 2</p> | | |
| Audit risk rating | Rationale for audit risk rating | | |
| Low | <p>Controls are rated as moderate, as controls have been improved during the audit period and now staff can manage exceptions and have a good understanding of how the end to end processes work.</p> <p>The audit risk rating is assessed to be low as the updates to the registry have improved overall. Corrections are being carried out as expected so any consumption volumes will be washed up.</p> | | |
| Actions taken to resolve the issue | | Completion date | Remedial action status |
| See Audit Ref 2.1. | | | Identified |
| Preventative actions taken to ensure no further issues will occur | | Completion date | |
| See Audit Ref 2.1. | | | |

| Trader responsibility for an ICP | | | |
|--|---|-----------------|------------------------|
| Non-compliance | Description | | |
| <p>Audit Ref: 3.4</p> <p>With: Clause 11.8</p> <p>From: 28-Nov-17</p> <p>To: 27-Feb-19</p> | <p>Pulse</p> <p>Final reads not used for two decommissioned ICPs.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: None</p> <p>Controls: Moderate</p> <p>Breach risk rating: 2</p> | | |
| Audit risk rating | Rationale for audit risk rating | | |
| Low | <p>Controls are rated as moderate as the process is documented but was not followed in two instances. The addition of the suggested validation would move the controls to strong.</p> <p>The potential impact is assessed to be low as the volume of decommissioned ICPs is small. Revised volumes will be submitted using the revision process in the two instances found.</p> | | |
| Actions taken to resolve the issue | | Completion date | Remedial action status |
| The service order structure includes a checklist item for meter updates. However, it is possible to bypass this check. We are reviewing the structure. | | 01/08/2019 | Investigating |
| Preventative actions taken to ensure no further issues will occur | | Completion date | |
| We are reviewing the ability of frontline staff to make status changes without following prescribed service orders. | | 01/08/2019 | |

| Provision of information to the registry manager | | |
|---|---|------------------------|
| Non-compliance | Description | |
| <p>Audit Ref: 3.5</p> <p>With: Clause 9 Schedule 11.1</p> <p>From: 11-Sept-2017</p> <p>To: 14-Dec-2018</p> | <p><u>Pulse</u></p> <p>77 late updates to active.</p> <p>Potential impact: Low</p> <p>Actual impact: Unknown</p> <p>Audit history: Multiple times</p> <p>Controls: Moderate</p> <p>Breach risk rating: 2</p> | |
| Audit risk rating | Rationale for audit risk rating | |
| Low | <p>Controls are rated as moderate as the workflow now works correctly and there is reporting in place to identify ICPs with a status mismatch between Gentrack and the registry.</p> <p>The audit risk rating is assessed to be low overall as status differences are expected to be corrected, and volumes will be washed up through the revision process.</p> | |
| Actions taken to resolve the issue | Completion date | Remedial action status |
| Reporting is in place and reviewed weekly to identify status mismatches between Gentrack and the Registry. | 03/01/2019 | Identified |
| Preventative actions taken to ensure no further issues will occur | Completion date | |
| Work is ongoing to streamline and automate the reporting so that the team updating/correcting statuses have a clearer report to work with | 01/05/2019 | |

| ANZSIC codes | | |
|---|---|------------------------|
| Non-compliance | Description | |
| <p>Audit Ref: 3.6</p> <p>With: Clause 9 (1(k)) of Schedule 11.1</p> <p>From: 01-Jul-18</p> <p>To: 31-Dec-18</p> | <p>Pulse</p> <p>Ten ICPs with incorrect ANZSIC codes.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: Once</p> <p>Controls: Weak</p> <p>Breach risk rating: 3</p> | |
| Audit risk rating | Rationale for audit risk rating | |
| Low | <p>Controls are rated as weak as there is no validation of the ANZSIC code when ICPs switch in.</p> <p>The audit risk rating is low, as this has no direct impact on reconciliation.</p> | |
| Actions taken to resolve the issue | Completion date | Remedial action status |
| ANZSIC codes are reviewed from time to time (to ensure that non-residential ICPs have non-residential codes) and corrected as soon as we become aware of an error. | 01/09/2018 | Identified |
| Preventative actions taken to ensure no further issues will occur | Completion date | |
| Sales staff will be asked to note the nature of the customer's business on all non-residential signups. The Field Services team will be briefed to convert their responses into ANZSIC codes. | 01/06/2019 | |

| Changes to unmetered load | | |
|---|---|------------------------|
| Non-compliance | Description | |
| <p>Audit Ref: 3.7</p> <p>With: Clause 9 (1)(f) of Schedule 11.1</p> <p>From: 01-Nov-17</p> <p>To: 31-Dec-18</p> | <p>Pulse</p> <p>Unmetered load incorrectly recorded for one ICP.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: Once</p> <p>Controls: Moderate</p> <p>Breach risk rating: 2</p> | |
| Audit risk rating | Rationale for audit risk rating | |
| Low | <p>Controls are rated as moderate as they identified mismatches in all but one scenario which will be corrected if the additional recommended validation is actioned.</p> <p>The audit risk rating is low, as the only ICP identified is being correctly submitted.</p> | |
| Actions taken to resolve the issue | Completion date | Remedial action status |
| The submission process ensures that UML is submitted correctly, even if the registry records are imperfect. | 03/01/2019 | Identified |
| Preventative actions taken to ensure no further issues will occur | Completion date | |
| <p>Registry records will be reviewed monthly, and any discrepancies followed up with the distributor.</p> <p>In the longer term, we are looking into adding a validation alert to be raised when distributor UML details are updated.</p> | 01/05/2019 | |

| Management of "active" status | | |
|--|--|------------------------|
| Non-compliance | Description | |
| <p>Audit Ref: 3.8</p> <p>With: Clause 17 Schedule 11.1</p> <p>From: 15-Jun-17</p> <p>To: 31-Dec-18</p> | <p>Pulse</p> <p>Nine ICPs had incorrect active dates.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: Multiple times</p> <p>Controls: Weak</p> <p>Breach risk rating: 3</p> | |
| Audit risk rating | Rationale for audit risk rating | |
| Low | <p>Controls are rated as weak as there are no checks in place to check the correct active date is applied. If the recommendation is adopted this will assist in identifying such incidents.</p> <p>The impact is rated as low because a small number of ICPs were affected and the incorrect dates will have a small impact on settlement.</p> | |
| Actions taken to resolve the issue | Completion date | Remedial action status |
| <p>The list of ICPs in 'READY' status is checked weekly.</p> <p>Our priority is always to ensure accurate data is recorded. Sometimes this means asking other participants (networks and MEPs) to reverse and correct Registry updates; we are dependent on other participants to complete corrections in a timely manner.</p> | 03/01/2019 | Investigating |
| Preventative actions taken to ensure no further issues will occur | Completion date | |
| We will continue to do our utmost to ensure that correct dates are recorded. | 01/05/2019 | |

| Management of "inactive" status | | | |
|---|---|-----------------|------------------------|
| Non-compliance | Description | | |
| <p>Audit Ref: 3.9</p> <p>With: Clause 19 Schedule 11.1</p> <p>From: 01-Sep-17</p> <p>To: 31-Dec-18</p> | <p><u>Property Power</u></p> <p>Two ICPs with consumption while disconnected did not have their status updated to "active".</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: Multiple times</p> <p>Controls: Moderate</p> <p>Breach risk rating: 2</p> | | |
| Audit risk rating | Rationale for audit risk rating | | |
| Low | <p>Controls are rated as moderate, because these appear to be manual data entry errors and most updates were correct.</p> <p>The impact is rated as low as the volume of ICPs affected is small.</p> | | |
| Actions taken to resolve the issue | | Completion date | Remedial action status |
| Reconciliation is training the Switching Team to update status of ICPs found with Consumption by Cobra NHH reconciliation system. | | 01/05/2019 | Identified |
| Preventative actions taken to ensure no further issues will occur | | Completion date | |
| The application of status updates has been improved by the programme mentioned in audit section 2.1. | | 01/08/2019 | |
| We are continuing to focus on this area, and if weaknesses remain after the current improvements, these will be addressed. | | | |

| Losing trader response to switch request and event dates- standard switch | | |
|---|--|------------------------|
| Non-compliance | Description | |
| <p>Audit Ref: 4.2</p> <p>With: Clauses 3 and 4 Schedule 11.3</p> <p>From: 01-Jul-18</p> <p>To: 31-Dec-18</p> | <p>Pulse</p> <p>Four incorrect AN response codes were applied by Pulse.</p> <p>Potential impact: Low</p> <p>Actual impact: None</p> <p>Audit history: Twice previously</p> <p>Controls: Moderate</p> <p>Breach risk rating: 2</p> | |
| Audit risk rating | Rationale for audit risk rating | |
| Low | <p>Controls are rated as moderate as they are sufficient to mitigate risk most of the time, but there is room for improvement.</p> <p>Four AN response codes were applied incorrectly. The information to determine the correct AMN code for the ICPs was available on the registry.</p> | |
| Actions taken to resolve the issue | Completion date | Remedial action status |
| Training and procedures are being revised to identify gaps and ensure that all staff are aware of procedures to set AN codes correctly. | 01/05/2019 | Identified |
| Preventative actions taken to ensure no further issues will occur | Completion date | |
| Adherence to procedures will be periodically checked, and procedures modified as necessary to ensure that they can be followed in practice and will result in correct outcomes. | 01/10/2019 | |

| Losing trader must provide final information- standard switch | | | |
|---|--|-----------------|------------------------|
| Non-compliance | Description | | |
| <p>Audit Ref: 4.3</p> <p>With: Clause 5 Schedule 11.3</p> <p>From: 09-Jul-18</p> <p>To: 09-Jan-19</p> | <p><u>Pulse</u></p> <p>Average daily consumption calculation methodology incorrect.</p> <p>Six of 12 examples of questionable average daily consumptions checked found to be incorrect.</p> <p><u>Property Power</u></p> <p>Average daily consumption calculation methodology incorrect.</p> <p>One transfer CS file had an incorrect estimated daily consumption recorded.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: Multiple times</p> <p>Controls: Weak</p> <p>Breach risk rating: 3</p> | | |
| Audit risk rating | Rationale for audit risk rating | | |
| Low | <p>Controls are rated as weak, because the calculation of average daily consumption for both Pulse and Property Power is incorrect resulting in inaccuracy in the CS files being sent.</p> <p>I estimate the potential impact will be low, but this will vary depending on the kWh difference, and whether the gaining retailer creates forward estimates for reconciliation or billing based on the estimated daily consumption provided in the CS file.</p> | | |
| Actions taken to resolve the issue | | Completion date | Remedial action status |
| <p>The Code does not specify any methodology by which average daily consumption should be calculated. Indeed, it does not mention the requirement to provide this data at all.</p> <p>The only requirement is imposed by the Registry functional spec, which uses the term "last read period". Moreover, the value is only required to "indicate" this average, suggesting that approximations are expected.</p> <p>Since the term "last read period" is not defined either in the code or the spec, we believe we are fully compliant in this respect.</p> | | 03/01/2019 | Disputed |
| Preventative actions taken to ensure no further issues will occur | | Completion date | |

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| <p>We have identified a process for ensuring that a non-negative value is set, using the most accurate reads available (billed Actual reads, or Meter Removal/ Installation or Switching reads if these are not available). We are looking at implementing this process later this year.</p> | 31/12/2019 | |
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| Retailers must use same reading- standard switch | | | |
|--|---|-----------------|------------------------|
| Non-compliance | Description | | |
| <p>Audit Ref: 4.4</p> <p>With: Clause 6(1) and 6A Schedule 11.3</p> <p>From: 11-Oct-18</p> <p>To: 03-Jan-19</p> | <p>Pulse</p> <p>Eight late RR files for transfer switches.</p> <p>Three RRs were not supported by two validated actual reads.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: Multiple times</p> <p>Controls: Moderate</p> <p>Breach risk rating: 2</p> | | |
| Audit risk rating | Rationale for audit risk rating | | |
| Low | <p>The controls are rated as moderate as apart from the treatment of customer photo reads (which is being addressed) the process ensures that the RR are sent appropriately, and RR's received are managed correctly.</p> <p>The impact on reconciliation is assessed to low due to the high level of accuracy found.</p> | | |
| Actions taken to resolve the issue | | Completion date | Remedial action status |
| In agreement with the consensus view of relevant industry groups, we believe that late RR updates are better than none. | | | Identified |
| Preventative actions taken to ensure no further issues will occur | | Completion date | |
| <p>Procedures and training have been improved to ensure correct handling of customer and photo reads.</p> <p>In future, photo reads will be treated as equivalent to any other customer reads. Only contractor and/or MEP reads will be considered "validated" for purposes of determining an RR read.</p> | | 01/04/2019 | |

| Gaining trader informs registry of switch request - switch move | | | |
|---|---|-----------------|------------------------|
| Non-compliance | Description | | |
| <p>Audit Ref: 4.7</p> <p>With: Clause 9 Schedule 11.3</p> <p>From: 01-Jul-18</p> <p>To: 31-Dec-18</p> | <p>Pulse</p> <p>Incorrect switch type used for three ICPs (all related to the ICPs moving from Property Power to Pulse).</p> <p>Some NTs not issued for the correct gain date and therefore not issued within two days after pre-conditions were cleared.</p> <p>Potential impact: Low</p> <p>Actual impact: Unknown</p> <p>Audit history: Once</p> <p>Controls: Weak</p> <p>Breach risk rating: 6</p> | | |
| Audit risk rating | Rationale for audit risk rating | | |
| Medium | <p>The controls are rated as weak as the sales process does not have controls in place to ensure that the NT gain date is for the same date as the reconnection occurs.</p> <p>The impact was assessed to be medium due to half of the sample checked for backdated reconnections indicating this practice is common place for the sales team which causes reconciliation inaccuracies.</p> | | |
| Actions taken to resolve the issue | | Completion date | Remedial action status |
| <p>The three ICPs with incorrect switch type were switching from Pulse to Pulse – therefore there is no market impact from this breach.</p> <p>When a reconnection is backdated before the NT date, our corrective procedure is to issue a NW/DF to the other retailer, then reprocess the NT for the correct date.</p> | | | Investigating |
| Preventative actions taken to ensure no further issues will occur | | Completion date | |
| <p>Customer service staff will be retrained to understand that reconnections cannot be dated before the NT date. Customers will be advised that they will be billed from the date of reconnection.</p> | | | |

| Losing trader provides information - switch move | | | |
|---|---|-----------------|------------------------|
| Non-compliance | Description | | |
| <p>Audit Ref: 4.8</p> <p>With: Clause 10(1) Schedule 11.3</p> <p>From: 06-Jul-18</p> <p>To: 29-Nov-18</p> | <p><u>Pulse</u></p> <p>Four incorrect AN response codes applied.</p> <p>Pulse proposed an event date more than ten business days after NT receipt for two switch moves.</p> <p><u>Property Power</u></p> <p>One incorrect AN response code was applied.</p> <p>Property Power proposed an event date before the gaining trader's requested date for one switch move.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: Twice previously</p> <p>Controls: Moderate</p> <p>Breach risk rating: 2</p> | | |
| Audit risk rating | Rationale for audit risk rating | | |
| Low | <p>Controls are rated as moderate overall as they are sufficient to mitigate risk most of the time, but there is room for improvement.</p> <p>The impact is assessed to be low as the switches were completed for the correct date and the incorrect AN codes manually applied have no direct impact on reconciliation.</p> | | |
| Actions taken to resolve the issue | | Completion date | Remedial action status |
| Training and procedures are being revised to identify gaps and ensure that all staff are aware of procedures to set AN codes and proposed switch dates correctly. | | 01/05/2019 | Identified |
| Preventative actions taken to ensure no further issues will occur | | Completion date | |
| Adherence to procedures will be periodically checked, and procedures modified as necessary to ensure that they can be followed in practice and will result in correct outcomes. | | 01/10/2019 | |

| Losing trader determines a different date - switch move | | | |
|---|---|-----------------|------------------------|
| Non-compliance | Description | | |
| <p>Audit Ref: 4.9</p> <p>With: Clause 10(2) Schedule 11.3</p> <p>From: 01-Jul-18</p> <p>To: 07-Jan-19</p> | <p><u>Pulse</u></p> <p>Pulse proposed a different event date more than ten days from receipt of NT for two switch moves. Both switches were later completed with the same date as the gaining trader requested.</p> <p><u>Property Power</u></p> <p>Pulse proposed an event date before the gaining trader's requested date for one switch move. The switch was later completed with a compliant event date.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: Twice previously</p> <p>Controls: Strong</p> <p>Breach risk rating: 1</p> | | |
| Audit risk rating | Rationale for audit risk rating | | |
| Low | <p>Controls are rated as strong, as all three instances were due to human error and represent a very small error rate.</p> <p>The impact is assessed to be low. The incorrect proposed event dates occurred due to human error and the three switches affected were completed with a compliant date.</p> | | |
| Actions taken to resolve the issue | | Completion date | Remedial action status |
| All errors were identified and corrected before they could have any effect. | | - | Identified |
| Preventative actions taken to ensure no further issues will occur | | Completion date | |
| <p>Procedures will be reviewed periodically to ensure that they match actual working practices and result in compliant outcomes.</p> <p>Human error is to be expected, but each instance will be treated as a learning opportunity for the entire team.</p> | | 01/08/2019 | |

| Losing trader must provide final information - switch move | | | |
|--|---|-----------------|------------------------|
| Non-compliance | Description | | |
| <p>Audit Ref: 4.10</p> <p>With: Clause 11 Schedule 11.3</p> <p>From: 09-Jul-18</p> <p>To: 09-Jan-19</p> | <p><u>Pulse</u></p> <p>Average daily consumption calculation methodology incorrect.</p> <p>12 of 15 examples of questionable average daily consumptions checked found to be incorrect.</p> <p>Three ICPs with reads incorrectly labelled as actual.</p> <p>One ICP sent with the incorrect final read.</p> <p><u>Property Power</u></p> <p>Average daily consumption calculation methodology incorrect.</p> <p>Potential impact: Medium</p> <p>Actual impact: Unknown</p> <p>Audit history: Once previously</p> <p>Controls: Weak</p> <p>Breach risk rating: 6</p> | | |
| Audit risk rating | Rationale for audit risk rating | | |
| Medium | <p>Controls are rated as weak, because the calculation of average daily consumption for both Pulse and Property Power is incorrect resulting in inaccuracy in the CS files being sent. Additional to this, final reads being ignored is resulting in consumption being passed to the gaining trader.</p> <p>The impact is assessed to be medium based on those ICPs that are not sent with the correct read for the event date when this information is available. And the potential that the sending of the incorrect average daily consumption has, but this will vary dependent on how the gaining trader uses this information.</p> | | |
| Actions taken to resolve the issue | | Completion date | Remedial action status |
| <p>The Code does not specify any methodology by which average daily consumption should be calculated. Indeed, it doesn't mention the requirement to provide this data at all.</p> <p>The only requirement is imposed by the Registry functional spec, which uses the term "last read period". Moreover, the value is only required to "indicate" this average, suggesting that approximations are expected.</p> <p>Since the term "last read period" is not defined either in the code or the spec, we believe we are fully compliant in this respect.</p> | | 03/01/2019 | Disputed |
| Preventative actions taken to ensure no further issues will occur | | Completion date | |

| | | |
|--|------------|--|
| <p>We have identified a process for ensuring that a non-negative value is set, using the most accurate reads available (billed Actual reads, or Meter Removal/ Installation or Switching reads if these are not available). We are looking at implementing this process later this year.</p> | 31/12/2019 | |
|--|------------|--|

| Gaining trader changes to switch meter reading - switch move | | |
|---|---|------------------------|
| Non-compliance | Description | |
| Audit Ref: 4.11 With: Clause 12 Schedule 11.3 From: 02-Oct-18 To: 04-Jan-19 | <p>Pulse</p> <p>Five late RR files for switch moves. Three RRs were not supported by two validated actual reads.</p> <p>Potential impact: Low Actual impact: Low Audit history: Multiple times Controls: Moderate Breach risk rating: 6</p> | |
| Audit risk rating | Rationale for audit risk rating | |
| Low | <p>The controls are rated as moderate as apart from the treatment of customer photo reads (which is being addressed) the process ensures that the RR are sent appropriately, and RR's received are managed correctly.</p> <p>The impact on reconciliation is assessed to low due to the high level of accuracy found.</p> | |
| Actions taken to resolve the issue | | Completion date |
| See section 4.4 | | |
| Preventative actions taken to ensure no further issues will occur | | Completion date |
| See section 4.4. | | |
| | | Remedial action status |
| | | Identified |

| Withdrawal of switch requests | | | |
|--|--|-----------------|------------------------|
| Non-compliance | Description | | |
| <p>Audit Ref: 4.15</p> <p>With: Clauses 17 and 18 Schedule 11.3</p> <p>From: 01-Jul-18</p> <p>To: 09-Jan-19</p> | <p>Pulse</p> <p>1 incorrect NW code applied.</p> <p>45 late NW files.</p> <p>Property Power</p> <p>1 late NW file.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: Twice</p> <p>Controls: Moderate</p> <p>Breach risk rating: 2</p> | | |
| Audit risk rating | Rationale for audit risk rating | | |
| Low | <p>Controls are rated as moderate, as they are sufficient to prevent most errors.</p> <p>The impact is assessed to be low:</p> <ul style="list-style-type: none"> the NWs issued in error have no impact, because Pulse is the only participant affected a small proportion of NWs were issued late. | | |
| Actions taken to resolve the issue | | Completion date | Remedial action status |
| As noted, late NW files cannot always be avoided. We believe the Code should be amended to reflect the fact that switching errors may take more than 2 months to detect. | | 01/03/2019 | Identified |
| Preventative actions taken to ensure no further issues will occur | | Completion date | |
| Every late NW request is manually reviewed, and issued only if the relevant team leader considers it is necessary. | | 01/03/2019 | |

| Electricity conveyed & notification by embedded generators | | |
|---|---|------------------------|
| Non-compliance | Description | |
| <p>Audit Ref: 6.1</p> <p>With: Clause 10.13 and Clause 15.2</p> <p>From: 09-Sep-18</p> <p>To: 17-Jan-19</p> | <p>Pulse</p> <p>Energy is not metered and quantified according to the code where meters are bridged.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: Twice</p> <p>Controls: Strong</p> <p>Breach risk rating: 1</p> | |
| Audit risk rating | Rationale for audit risk rating | |
| Low | <p>Controls are rated as strong. Bridging only occurs where a soft reconnection cannot be performed after hours and the customer urgently requires their energy supply for health and safety reasons.</p> <p>The impact as rated as low, because only four bridged meters were identified, and consumption during the bridged period is expected to be low.</p> | |
| Actions taken to resolve the issue | Completion date | Remedial action status |
| Contractor reports are routinely reviewed to identify bridged meters, and reports of bridging are addressed immediately. | 03/01/2019 | Identified |
| Preventative actions taken to ensure no further issues will occur | Completion date | |
| The Revenue Assurance team is responsible for ensuring that bridged consumption is estimated and records updated appropriately. | 01/05/2019 | |

| Derivation of meter readings | | |
|--|---|------------------------|
| Non-compliance | Description | |
| <p>Audit Ref: 6.6</p> <p>With: Clause 3(1), 3(2) and 5 Schedule 15.2</p> <p>From: 01-Jul-18</p> <p>To: 27-Feb-19</p> | <p><u>Pulse</u></p> <p>Monthly reporting on missing and broken seals is reviewed, but reporting on other meter events is not reviewed unless an issue is identified.</p> <p>Seven photo reads were treated as validated, when they had not been validated against at least two actual reads from other sources.</p> <p><u>Property Power</u></p> <p>Meter condition information provided by Wells is not routinely reviewed.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: Once</p> <p>Controls: Weak</p> <p>Breach risk rating: 3</p> | |
| Audit risk rating | Rationale for audit risk rating | |
| Low | <p>The controls are rated as weak, because they are not sufficient to ensure that meter condition information provided by Wells is reviewed and acted upon.</p> <p>The impact is expected to be low.</p> | |
| Actions taken to resolve the issue | Completion date | Remedial action status |
| <p>We are concerned to note that the Auditor has been given incorrect information on this topic.</p> <p>In fact, Wells meter condition reports are routinely reviewed by the Field Services team, and any actionable reports are acted upon.</p> | | Disputed |
| Preventative actions taken to ensure no further issues will occur | Completion date | |
| N/A | | |

| Interrogate meters once | | |
|--|---|-----------------|
| Non-compliance | Description | |
| <p>Audit Ref: 6.8</p> <p>With: Clause 7(1) and (2) Schedule 15.2</p> <p>From: 03-Jul-18</p> <p>To: 26-Aug-18</p> | <p><u>Pulse</u></p> <p>Two ICPs were unread during the period of supply. Exceptional circumstances did not apply, and the best endeavours requirement was not met.</p> <p><u>Property Power</u></p> <p>One ICP was unread during the period of supply. Exceptional circumstances did not apply, and the best endeavours requirement was not met.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: Multiple times</p> <p>Controls: Moderate</p> <p>Breach risk rating: 2</p> | |
| Audit risk rating | Rationale for audit risk rating | |
| Low | <p>Controls are rated as moderate, because most ICPs had actual reads during the period of supply. No ICPs are currently supplied by Property Power.</p> <p>The impact is low, because only three ICPs without an actual read during the period of supply were identified.</p> | |
| Actions taken to resolve the issue | | Completion date |
| Missing read reports are reviewed regularly. | | Date |
| Preventative actions taken to ensure no further issues will occur | | Completion date |
| <p>We are investigating the feasibility of adding a new check to alert relevant teams when an NT is received for an ICP that has never been read. If it is feasible to do so, a special read may be requested at that time.</p> <p>However, this would only work with NTs where we can set a future completion date.</p> | | 01/10/2019 |
| | | Investigating |

| NHH meters interrogated annually | | |
|--|--|------------------------|
| Non-compliance | Description | |
| <p>Audit Ref: 6.9</p> <p>With: Clause 8(1) and (2) Schedule 15.2</p> <p>From: July 2018, November 2018</p> | <p><u>Pulse</u></p> <p>For nine ICPs without an actual read for 12 months, exceptional circumstances could not be confirmed, and there was insufficient evidence that the best endeavours requirement was met.</p> <p><u>Property Power</u></p> <p>No meter reading frequency report was submitted for July 2018, although some NHH ICPs were active with Property Power until August 2018.</p> <p>For four ICPs without an actual read for 12 months, exceptional circumstances could not be confirmed, and there was insufficient evidence that the best endeavours requirement was met.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: Once previously</p> <p>Controls: Moderate</p> <p>Breach risk rating: 2</p> | |
| Audit risk rating | Rationale for audit risk rating | |
| Low | <p>Controls for Pulse and Property Power were weak at the beginning of the audit period but have improved during the audit period to moderate and are expected to move to strong in future.</p> <p>The impact is low for Pulse and Property Power, because overall read attainment rates are high.</p> | |
| Actions taken to resolve the issue | Completion date | Remedial action status |
| New resources have been allocated to improving read attainment for ICPs that have not been read in 6 months. Thanks to these efforts, the number of such ICPs has decreased dramatically in the past 3 months. Efforts will be made to extract the memo content relating to meter read attainment from Gentrack. | 03/01/2019 | Identified |
| Preventative actions taken to ensure no further issues will occur | Completion date | |
| New reporting and procedures are being prepared to ensure that read attainment is maximised before reaching the 12 month threshold, and that best endeavours are being made to reach every meter. | 01/08/2019 | |

| NHH meters 90% read rate | | |
|--|--|------------------------|
| Non-compliance | Description | |
| <p>Audit Ref: 6.10</p> <p>With: Clause 9(1) and (2) Schedule 15.2</p> <p>From: Sep-Nov 2018</p> | <p>Pulse</p> <p>For NSPs without at least 90% of ICPs read within four months, exceptional circumstances could not be confirmed, and there was insufficient evidence that the best endeavours requirement was met.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: Once</p> <p>Controls: Weak</p> <p>Breach risk rating: 3</p> | |
| Audit risk rating | Rationale for audit risk rating | |
| Low | <p>Controls remain weak for ICPs unread at four months but are expected to improve to at least moderate during the next audit period.</p> <p>The impact is low, because overall read attainment rates are high.</p> | |
| Actions taken to resolve the issue | Completion date | Remedial action status |
| New resources have been allocated to improving read attainment for ICPs that have not been read in 6 months. Thanks to these efforts, the number of such ICPs has decreased dramatically in the past 3 months. | 03/01/2019 | Identified |
| Preventative actions taken to ensure no further issues will occur | Completion date | |
| New reporting and procedures are being prepared to ensure that read attainment is maximised before reaching the 12 month threshold, and that best endeavours are being made to reach every meter. | 01/08/2019 | |

| Correction of NHH meter readings | | | |
|--|---|-----------------|------------------------|
| Non-compliance | Description | | |
| <p>Audit Ref: 8.1</p> <p>With: Clause 19(1) Schedule 15.2</p> <p>From: 01-Jul-18</p> <p>To: 27-Feb-19</p> | <p>Pulse</p> <p>Two corrections for defective meters from the 2018 audit have not been processed.</p> <p>Five corrections for bridged meters have not been processed, including three relating to the 2018 audit.</p> <p>Potential impact: Medium</p> <p>Actual impact: Unknown</p> <p>Audit history: Twice</p> <p>Controls: Weak</p> <p>Breach risk rating: 3</p> | | |
| Audit risk rating | Rationale for audit risk rating | | |
| Low | <p>Controls are rated as weak as they are unlikely to mitigate the risk of incorrect data. Processes are in place to identify corrections required, but they are not consistently followed through to completion.</p> <p>The impact is difficult to quantify but is estimated to be low based on the corrections reviewed during the audit.</p> | | |
| Actions taken to resolve the issue | | Completion date | Remedial action status |
| Identified corrections have been entered into Cobra as permanent estimates. | | 25/03/2019 | Investigating |
| Preventative actions taken to ensure no further issues will occur | | Completion date | |
| Procedures are being reviewed to identify changes that would ensure required corrections are consistently entered in a timely fashion. | | 01/08/2019 | |

| Correction of HHR metering information | | |
|---|--|------------------------|
| Non-compliance | Description | |
| <p>Audit Ref: 8.2</p> <p>With: Clause 19(2) Schedule 15.2</p> <p>From: 01-Oct-18</p> <p>To: 31-Oct-18</p> | <p>Pulse</p> <p>Estimates replaced some actual HHR data for October 2018.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: None</p> <p>Controls: Strong</p> <p>Breach risk rating: 1</p> | |
| Audit risk rating | Rationale for audit risk rating | |
| Low | <p>The controls are assessed to be strong, this appears to be an isolated human error.</p> <p>The impact is assessed to be low, the estimated data will be replaced, and corrected data will be provided through the revision process.</p> | |
| Actions taken to resolve the issue | Completion date | Remedial action status |
| <p>The erroneous data were replaced during the audit.</p> <p>This event was caused by HHR reconciliation analyst being unavailable, and the alternative HHR reconciliation analyst was on vacation overseas. A third party with in-depth knowledge of the HHR submission system was brought in to assist with the submission.</p> | 25/02/2019 | Identified |
| Preventative actions taken to ensure no further issues will occur | Completion date | |
| <p>Estimation is only generated when actual data is not available. Estimation files are now isolated from import files.</p> | 01/03/2019 | |

| Identification of readings | | |
|--|---|------------------------|
| Non-compliance | Description | |
| <p>Audit Ref: 9.1</p> <p>With: Clause 3(3) Schedule 15.2</p> <p>From: 25-Jul-18</p> <p>To: 09-Jan-19</p> | <p>Pulse</p> <p>Seven ICPs with customer photo reads were treated as validated, when they had not been validated against at least two actual reads from other sources.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: Once previously</p> <p>Controls: Moderate</p> <p>Breach risk rating: 2</p> | |
| Audit risk rating | Rationale for audit risk rating | |
| Low | The controls are assessed to be moderate, Pulse are revising their process to comply, and the impact is assessed to be low. | |
| Actions taken to resolve the issue | | Completion date |
| <p>Procedures and training have been reviewed.</p> <p>In future, photo reads will be treated as customer reads. Only contractor and/or MEP reads will be considered "validated" for reconciliation purposes.</p> | | 01/03/2019 |
| Preventative actions taken to ensure no further issues will occur | | Completion date |
| <p>In future, photo reads will be treated as equivalent to other customer reads. Only contractor and/or MEP reads will be considered "validated" for reconciliation purposes.</p> | | 01/04/2019 |
| | | Remedial action status |
| | | Identified |

| NHH metering information data validation | | |
|---|---|------------------------|
| Non-compliance | Description | |
| Audit Ref: 9.5 With: Clause 16 Schedule 15.2 From: 29-Jan-19 To: 29-Jan-19 | Actual reads not applied when negative consumption is present. Potential impact: Low Actual impact: Low Audit history: None Controls: Moderate Breach risk rating: 2 | |
| Audit risk rating | Rationale for audit risk rating | |
| Low | The controls are rated as moderate, and the impact is assessed to be low. Any read differences greater than 200 kWh are expected to be dealt with through the read renegotiation process. | |
| Actions taken to resolve the issue | Completion date | Remedial action status |
| Since we are obliged by the Code to accept the losing retailer's closing estimate (where conditions for issuing an RR are not met), the only possible way to correct this issue is by ignoring the validation rule that prevents negative consumption from being entered. The negative reading is <i>not a validated read</i> (at least, unless and until supporting data can be provided) and therefore it would be incorrect to report it as historical estimation. We believe that in these circumstances, our forward estimation process is likely to be more accurate than a negative consumption report. | | Disputed |
| Preventative actions taken to ensure no further issues will occur | Completion date | |
| See above. | | |

| Electronic meter readings and estimated readings | | |
|--|---|------------------------|
| Non-compliance | Description | |
| <p>Audit Ref: 9.6</p> <p>With: Clause 17 Schedule 15.2</p> <p>From: 01-Jul-18</p> <p>To: 27-Feb-19</p> | <p><u>Pulse</u> Meter event information for AMI meters is not consistently reviewed.</p> <p><u>Property Power</u> Meter event information for AMI meters is not consistently reviewed.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: Multiple times</p> <p>Controls: Weak</p> <p>Breach risk rating: 3</p> | |
| Audit risk rating | Rationale for audit risk rating | |
| Low | <p>Controls are rated as weak as they are insufficient to mitigate risk of non-compliance.</p> <p>The risk rating is low because most issues should be identified through Pulse and Property Power's other read validation processes, and some events are emailed by the MEPs for urgent action.</p> | |
| Actions taken to resolve the issue | Completion date | Remedial action status |
| <p>We are chagrined to note that the Auditor has been given incorrect information on this topic.</p> <p>In fact, MEPs' meter event reports are routinely reviewed by the Field Services team, and any actionable reports are acted upon.</p> | | Disputed |
| Preventative actions taken to ensure no further issues will occur | Completion date | |
| N/A | | |

| Buying and selling notifications | | |
|--|--|------------------------|
| Non-compliance | Description | |
| <p>Audit Ref: 11.1 With: Clause 15.3</p> <p>From: 01-Aug-18 To: 14-Aug-18</p> | <p>Trading notifications were not provided to cease using the HHB profile effective from 01/08/18 at ALB0331, ALB1101, SVL0331, HEP0331, HOB1101, MNG0331, OTA0221, PAK0331, PEN0221, PEN0331, PEN1101, ROS0221, ROS1101, TAK0331 or WIRO331.</p> <p>Potential impact: None Actual impact: None Audit history: None Controls: Strong Breach risk rating: 1</p> | |
| Audit risk rating | Rationale for audit risk rating | |
| Low | There is no impact. The notification process does not allow the trader to enter the profile. | |
| Actions taken to resolve the issue | Completion date | Remedial action status |
| <p>The Reconciliation Manager was notified via the Registry, when all profiles were changed from 'HHB' to 'HHR' or 'RPS' as appropriate, upon switching to PUNZ.</p> <p>Since no other means of notification is available, we believe this is the appropriate mechanism.</p> | 01/08/2018 | Disputed |
| Preventative actions taken to ensure no further issues will occur | Completion date | |
| The Reconciliation Manager was notified of the discontinued use of HHB profile through update of the profile codes by the gaining Trader (Pulse) in Registry. | | |

| HHR aggregates information provision to the reconciliation manager | | |
|--|--|------------------------|
| Non-compliance | Description | |
| <p>Audit Ref: 11.4</p> <p>With: Clause 15.8</p> <p>From: 01-Jul-18</p> <p>To: 27-Feb-19</p> | <p><u>Pulse</u></p> <p>HHR aggregates files do not contain electricity supplied information.</p> <p>One breach was recorded for late provision of HHR submission information in November 2018.</p> <p><u>Property Power</u></p> <p>HHR aggregates files do not contain electricity supplied information.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: Three times</p> <p>Controls: Strong</p> <p>Breach risk rating: 1</p> | |
| Audit risk rating | Rationale for audit risk rating | |
| Low | <p>The issue relating to content of the aggregates file is an error in the code, Pulse and Property Power are providing submission information as expected.</p> <p>For the late submission, the controls are rated as strong and the impact as low. The file was submitted one hour late, after Pulse discovered an error and worked through correction and validation prior to submission. The reconciliation manager was kept informed throughout the process.</p> | |
| Actions taken to resolve the issue | Completion date | Remedial action status |
| <p>HHR submission files are now prepared by a dedicated HHR reconciliation analyst.</p> <p>Our preferred approach to submitting HHR Aggregate data is to aggregate the current month's submission volume. The strict alternative is to aggregate the previous month's submission volume and submit that in place of the current month. We will continue to use current month aggregate volumes in HHR Aggregate files.</p> | | Identified |
| Preventative actions taken to ensure no further issues will occur | Completion date | |
| N/A | | |

| Creation of submission information | | |
|--|--|------------------------|
| Non-compliance | Description | |
| <p>Audit Ref: 12.2</p> <p>With: Clause 15.4</p> <p>From: November 2018</p> | <p><u>Pulse</u></p> <p>One breach was recorded for late provision of HHR submission information in November 2018.</p> <p>Potential impact: High</p> <p>Actual impact: Unknown</p> <p>Audit history: Multiple times</p> <p>Controls: Strong</p> <p>Breach risk rating: 1</p> | |
| Audit risk rating | Rationale for audit risk rating | |
| Low | <p>The controls are assessed to be strong and the impact as low. The file was submitted one hour late, after Pulse discovered an error and worked through correction and validation prior to submission. The reconciliation manager was kept informed throughout the process.</p> | |
| Actions taken to resolve the issue | | Completion date |
| <p>Correct data were provided as soon as humanly possible after we became aware of the issue. The reconciliation manager was kept informed throughout the process.</p> | | 19/11/2018 |
| Preventative actions taken to ensure no further issues will occur | | Completion date |
| <p>Submission procedures have been improved to eliminate a bottleneck where an error in one file could cause delay in submitting others.</p> | | 01/12/2018 |
| | | Remedial action status |
| | | Identified |

| Accuracy of submission information | | | |
|--|---|-----------------|------------------------|
| Non-compliance | Description | | |
| <p>Audit Ref: 12.7</p> <p>With: Clause 15.12</p> <p>From: 01-Jul-18</p> <p>To: 27-Feb-19</p> | <p>Pulse</p> <p>Some submission information was inaccurate.</p> <p>Potential impact: High</p> <p>Actual impact: Unknown</p> <p>Audit history: Once</p> <p>Controls: Moderate</p> <p>Breach risk rating: 4</p> | | |
| Audit risk rating | Rationale for audit risk rating | | |
| Medium | <p>Controls are rated as moderate as they will ensure submission data is accurate most of the time. I note that Pulse has acted to investigate and resolve errors once they are identified and has enlisted the help of JCC.</p> <p>The potential impact is assessed to be medium, because there have been some errors during the audit period which were significant enough to resulted in alleged breaches. Revised volumes will be submitted using the revision process.</p> | | |
| Actions taken to resolve the issue | | Completion date | Remedial action status |
| <p>Pulse remains committed to providing the most accurate information possible to the Reconciliation Manager.</p> <p>Where we become aware of a material error in submissions, we will advise the RM and correct the issue as quickly as possible.</p> <p>The root causes of such errors are investigated and resolved in each case, and not permitted to recur.</p> | | | Investigating |
| Preventative actions taken to ensure no further issues will occur | | Completion date | |
| <p>We cannot guarantee that similar issues will not occur again. The best we can do is ensure that each individual error that has caused this in the past is not repeated.</p> | | | |

| Permanence of meter readings for reconciliation | | |
|--|--|------------------------|
| Non-compliance | Description | |
| <p>Audit Ref: 12.8</p> <p>With: Clause 4 Schedule 15.2</p> <p>From: June-August 2017 r14</p> | <p>Pulse</p> <p>Some estimates are not replaced by revision 14.</p> <p>Potential impact: Medium</p> <p>Actual impact: Unknown</p> <p>Audit history: Multiple times</p> <p>Controls: Weak</p> <p>Breach risk rating: 6</p> | |
| Audit risk rating | Rationale for audit risk rating | |
| Medium | <p>Controls are rated as weak because there is no permanent estimate process.</p> <p>The audit risk rating is assessed to be medium, based on the volume of forward estimate remaining.</p> | |
| Actions taken to resolve the issue | Completion date | Remedial action status |
| <p>We have identified the need for a process to create permanent estimates after 12 months without actual reads, and are currently specifying and planning deployment of this process in Gentrack.</p> <p>The Cobra NHH reconciliation system has this capability, however we believe that the permanent estimates should be stored upstream to ensure consistency when NHH submissions are eventually performed via Gentrack.</p> | 01/10/2019 | Identified |
| Preventative actions taken to ensure no further issues will occur | Completion date | |
| See above | 01/10/2019 | |

| Forward estimate process | | |
|--|---|------------------------|
| Non-compliance | Description | |
| <p>Audit Ref: 12.12</p> <p>With: Clause 6 Schedule 15.3</p> <p>From:</p> <p>Pulse Feb 2018 (r7), Mar 2018 (r1, r3, r7), Apr 2018 (r1, r3, r7), May 18 (r1, r3), Jun 18 (r1, r3)</p> | <p>Pulse</p> <p>The accuracy threshold was not met for all months and revisions.</p> <p>Potential impact: High</p> <p>Actual impact: Low</p> <p>Audit history: Multiple times</p> <p>Controls: Moderate</p> <p>Breach risk rating: 2</p> | |
| Audit risk rating | Rationale for audit risk rating | |
| Low | <p>Controls are rated as moderate, as there is room for improvement.</p> <p>Initial data is replaced with revised data and washed up. A small number of submissions had differences over the threshold.</p> | |
| Actions taken to resolve the issue | Completion date | Remedial action status |
| <p>Within the past six months, we have instituted a policy of entering actual end-of-month reads for all AMI meters into the reconciliation engine. This substantially reduces our exposure to forward estimation.</p> | 01/11/2018 | Identified |
| Preventative actions taken to ensure no further issues will occur | Completion date | |
| <p>Other measures are undertaken to improve the attainment of actual readings, and the requirement for Permanent Estimates has been underlined by the points attained within this audit.</p> | 01/10/2019 | |

| Historical estimate reporting to RM | | |
|--|---|------------------------|
| Non-compliance | Description | |
| <p>Audit Ref: 13.3</p> <p>With: Clause 10 of Schedule 15.3</p> <p>From: Jun-Aug 17 (r14), Dec 17-Mar 18 (r7) and Jun-Aug 18 (r3)</p> | <p>Pulse</p> <p>Historic estimate thresholds were not met for some revisions.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: Multiple times</p> <p>Controls: Moderate</p> <p>Breach risk rating: 2</p> | |
| Audit risk rating | Rationale for audit risk rating | |
| Low | <p>Controls are rated as moderate as they are sufficient to mitigate risk most of the time, but there is room for improvement.</p> <p>Pulse was close to the target in all cases.</p> | |
| Actions taken to resolve the issue | Completion date | Remedial action status |
| <p>The read attainment programme described in sections 6.8 to 6.10 has already improved the accuracy of historic estimation at revisions 7 and 14.</p> <p>Use of end of month reads for reconciliation has improved historic estimation performance for earlier revisions, with less movement of volume due to seasonal shape changes.</p> | 01/03/2019 | Identified |
| Preventative actions taken to ensure no further issues will occur | Completion date | |
| <p>We believe that the measures already described to improve accuracy at all revisions will result in smaller corrections in future washups.</p> | 01/03/2019 | |