

Compliance plan for Nova Hunet & WISE Material Change– 2019

| Material Change Audit | | |
|---|--|------------------------|
| Non-compliance | Description | |
| Audit Ref: 1.11 With: 16A.11(1) From: 08-Apr-19 To: 31-Aug-18 | Material change audit not completed five business days prior. Potential impact: Low Actual impact: None Audit history: None Controls: Strong Breach risk rating: 1 | |
| Audit risk rating | Rationale for audit risk rating | |
| Low | The controls are rated as strong as Nova consulted with the Electricity Authority and undertook the audit as soon as possible. The audit risk is rated as low as the audit was undertaken as soon as possible and all risks have been assessed as part of this audit. | |
| Actions taken to resolve the issue | Completion date | Remedial action status |
| Nova Energy acquired the staff and resources of Hunet Ltd and Pre Pay Energy Ltd. Nova Energy retained the staff and resources of those companies to continue to trade as MegaTEL and Wise Prepay. Nova commissioned an MCA to confirm the changes have not disrupted the businesses; with an expected completion date of 31 August 2019. | 30/08/2019 | Cleared |
| Preventative actions taken to ensure no further issues will occur | Completion date | |
| We anticipate completing Material change audits five business days prior to relevant changes, subject to being achievable given the circumstances of the change. | 16/08/2019 | |

| Relevant information | | |
|--|--|-----------------|
| Non-compliance | Description | |
| Audit Ref: 2.1 With: 11.2 & 15.2 From: 15-Aug-18 To: 31-May-19 | <u>Hunet</u> ICP incorrect status recorded on the registry one Hunet ICP. Incorrect profile recorded for one Hunet ICP with distributed generation. Potential impact: Low Actual impact: Low Audit history: Multiple Controls: Strong Breach risk rating: 1 | |
| Audit risk rating | Rationale for audit risk rating | |
| Low | The controls are rated as strong and will mitigate risk to an acceptable level. The audit risk is rated low as both parties have robust controls in place to manage accuracy going forward. | |
| Actions taken to resolve the issue | | Completion date |
| MegaTEL: We have implemented system changes to validate profiles when CS files are received and auto-update the profile to RPS PV1 for those ICPs with distributed generation in the Registry. | | 16/08/2019 |
| Preventative actions taken to ensure no further issues will occur | | Completion date |
| MegaTEL: MegaTEL will continue to focus on optimizing its standards by identifying and monitoring its performance and ways for improvement. | | 16/08/2019 |
| | | Identified |

| Changes to registry information | | |
|--|---|------------------------|
| Non-compliance | Description | |
| Audit Ref: 3.3 With: 10 Schedule 11.1 From: 15-Aug-18 To: 31-May-19 | <u>Hunet and WISE</u> Registry information not updated within 5 business days of the event for 74 events. Potential impact: Low Actual impact: Low Audit history: Multiple Controls: Strong Breach risk rating: 1 | |
| Audit risk rating | Rationale for audit risk rating | |
| Low | The controls are rated as strong as controls are robust and errors are identified and corrected by both Hunet and WISE as soon as possible. The audit risk rating is low due to the small number of ICPs backdated greater than five days. | |
| Actions taken to resolve the issue | Completion date | Remedial action status |
| Wise: The WISE system generates a report by comparing the status of all ICPs with the registry twice a week. If there is a mismatch in ICP status, update the ICP status in the Registry. | Already completed | Identified |
| Preventative actions taken to ensure no further issues will occur | Completion date | |
| MegaTEL: MegaTEL will continue to focus on optimizing its standards by identifying and monitoring its performance and ways for improvement. Wise: To reduce the incidences of Registry information not being updated within 5 business days of the event, WISE has increased the frequency of producing and monitoring its ICP Status Mismatch report from once a week to twice a week. | Ongoing | |

| Management of "inactive" status | | |
|--|--|------------------------|
| Non-compliance | Description | |
| <p>Audit Ref: 3.9</p> <p>With: Clause 19 Schedule 11.1</p> <p>From: 15-Aug-18</p> <p>To: 31-May-19</p> | <p><u>Hunet</u></p> <p>ICP 0000100686UN849 incorrectly had the inactive status applied from 16/01/2018 to 15/01/2019.</p> <p><u>WISE</u></p> <p>The registry does not reflect the correct ICP status for ICPs which have been disconnected for credit for five days or less.</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>The controls are rated as moderate because they have been improved for identification of status discrepancies. Controls require improvement to ensure all inactive days are recorded.</p> <p>The audit risk is rated as low, as the volume of ICPs with the incorrect status will be small.</p> | |
| Actions taken to resolve the issue | Completion date | Remedial action status |
| <p>MegaTEL: This was a typo mistake that occurred when applying inactive status for 16.01.2019. The opportunity to revisit the validation process to ensure it considers backdated status updates was missed.</p> <p>Wise: The process used to be carried out on a weekly basis. However, WISE has since changed the frequency of updating the ICP status to inactive for an ICP disconnected to daily.</p> | <p>30/09/2019</p> <p>23/08/2019</p> | Identified |
| Preventative actions taken to ensure no further issues will occur | Completion date | |
| <p>MegaTEL: We are planning to implement a new reporting system for all the late Registry updates to be reviewed and validated. The validation tool is scheduled to be completed by 30 Sep 2019. MegaTEL will continue to focus on optimizing its standards by identifying and monitoring its performance and ways for improvement.</p> <p>Wise: As the number of activities are high, WISE is planning to move from a manual process to an automated process, while clearly maintaining and monitoring the list of disconnected ICPs. Faults in communications from MEPs has delayed the automation process. WISE is communicating with MEPs to resolve this issue.</p> | ongoing | |

| Losing trader response to switch request and event dates - standard switch | | |
|--|---|------------------------|
| Non-compliance | Description | |
| Audit Ref: 4.2 With: 3 and 4 Schedule 11.3 From: 15-Aug-18 To: 31-May-19 | <u>WISE</u> Three incorrect AN codes applied. Potential impact: None Actual impact: None Audit history: Multiple times Controls: Moderate Breach risk rating: 2 | |
| Audit risk rating | Rationale for audit risk rating | |
| Low | Controls are rated as moderate as they will mitigate risks most of the time but due to WISE's manual process human errors can occur. The audit risk rating is low as this has no direct impact on submission accuracy. | |
| Actions taken to resolve the issue | Completion date | Remedial action status |
| Wise: The three instances were due to human error where the staff member concerned selected the incorrect code. WISE acknowledges that more caution needs to be put in when selecting codes. | Ongoing | Identified |
| Preventative actions taken to ensure no further issues will occur | Completion date | |
| Wise: To remind staff on the importance of selecting the correct code; frequent training and increased monitoring will be carried out to help eliminate such errors. | Ongoing | |

| Losing trader must provide final information - standard switch | | | |
|--|--|-----------------|------------------------|
| Non-compliance | Description | | |
| <p>Audit Ref: 4.3</p> <p>With: 5 Schedule 11.3</p> <p>From: 15-Aug-18</p> <p>To: 31-May-19</p> | <p><u>WISE</u></p> <p>Calculation methodology for average daily consumption not compliant.</p> <p>WISE's CS process does not always ensure that the switch read reflects the actual reading on their last day of responsibility.</p> <p>Potential impact: Medium</p> <p>Actual impact: Low</p> <p>Audit history: Multiple</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 as the process is manual and controls are not sufficient to prevent errors occurring.</p> <p>The audit risk is rated as low as the volumes of ICPs with the incorrect last reads are exceptions as WISE's process should capture most cases .</p> | | |
| Actions taken to resolve the issue | | Completion date | Remedial action status |
| <p>Wise: As mentioned above, since WISE updates the daily reading, setting the average daily reading to the last two validated readings is less accurate.</p> <p>For the final reading and final reading date for the vacant property, WISE has applied the final reading and final read date since the audit. Any active vacant ICP's consumption will apply final reading & final read date.</p> | | 19/08/019 | Identified |
| Preventative actions taken to ensure no further issues will occur | | Completion date | |
| <p>Wise: For the final reading and final reading date for the vacant property, WISE system generates a reading consumption report for the vacant properties once a week. WISE has confirmed that since the application of the updated system, the final reading and final read date have been properly updated.</p> | | 19/08/019 | |

| Losing trader provides information - switch move | | | |
|---|---|-------------------------------|------------------------|
| Non-compliance | Description | | |
| Audit Ref: 4.8 With: 10(1) of 4 Schedule 11.3 From: 15-Aug-18 To: 31-May-19 | <u>Hunet</u> 18 late CS files sent <u>WISE</u> One proposed event date earlier than the NT requested date. 24 late CS files sent Potential impact: None Actual impact: None Audit history: Multiple times Controls: Moderate Breach risk rating: 2 | | |
| Audit risk rating | Rationale for audit risk rating | | |
| Low | Controls are rated as moderate as they will mitigate risks most of the time but due to WISE's manual process human errors can occur. The audit risk rating is low as this has no direct impact on submission accuracy. | | |
| Actions taken to resolve the issue | | Completion date | Remedial action status |
| MegaTEL: 15 of these were due a server failure and all CS files were sent as soon as the server was restored. The remaining three in January were due to human error. We have confirmed that no late CS files found since we updated our validation tool in Feb 2019. Wise: We reviewed our process to strengthen our controls | | 15 Feb 2019 19/08/2019 | Identified |
| Preventative actions taken to ensure no further issues will occur | | Completion date | |
| Wise: WISE will keep monitor the switching tab to ensure that AN and CS can be sent on time. | | Ongoing | |

| Losing trader determines a different date - switch move | | |
|--|---|------------------------|
| Non-compliance | Description | |
| Audit Ref: 4.9 With: 10(2) of 4 Schedule 11.3 From: 15-Aug-18 To: 31-May-19 | <u>WISE</u> One proposed event date earlier than the NT requested date. Potential impact: None Actual impact: None Audit history: Once Controls: Moderate Breach risk rating: 2 | |
| Audit risk rating | Rationale for audit risk rating | |
| Low | Controls are rated as moderate as they will mitigate risks most of the time but due to WISE's manual process errors can occur. The audit risk rating is low as this has no direct impact on submission accuracy. | |
| Actions taken to resolve the issue | Completion date | Remedial action status |
| Wise: This instance was due to a human error occurred by our staff member. To prevent human error, our internal procedure has been monitored and the process has been further strengthened. | 19/08/2019 | Identified |
| Preventative actions taken to ensure no further issues will occur | Completion date | |
| Wise: To reduce the occurrence of human error, our internal procedure has been monitored and altered where necessary. We are also undertaking and regular staff training to remind staff of the importance of inputting correct information. | Ongoing | |

| Losing trader must provide final information - switch move | | | |
|--|--|-----------------|------------------------|
| Non-compliance | Description | | |
| <p>Audit Ref: 4.10</p> <p>With: 11 Schedule 11.3</p> <p>From: 15-Aug-18</p> <p>To: 31-May-19</p> | <p><u>WISE</u></p> <p>Calculation methodology for average daily consumption not compliant.</p> <p>WISE's CS process does not always ensure that the switch read reflects the actual reading on their last day of responsibility.</p> <p>Potential impact: Medium</p> <p>Actual impact: Low</p> <p>Audit history: Multiple</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 as the process is manual and controls are not sufficient to prevent errors occurring.</p> <p>The audit risk is rated as low as the volumes of ICPs with the incorrect last reads are exceptions as WISE's process should capture most cases.</p> | | |
| Actions taken to resolve the issue | | Completion date | Remedial action status |
| <p>Wise: As mentioned above, since WISE updates the daily reading, setting the average daily reading to the last two validated readings is less accurate.</p> <p>For the final reading and final reading date for the vacant property, WISE has applied the final reading and final read date since the audit. Any active vacant ICP's consumption will apply final reading & final read date.</p> | | 19/08/2019 | Identified |
| Preventative actions taken to ensure no further issues will occur | | Completion date | |
| <p>Wise: For the final reading and final reading date for the vacant property, WISE system generates reading consumption report for the vacant properties once a week. WISE has confirmed that since the application of the updated system, the final reading and final read date have been properly updated.</p> | | Ongoing | |

| Withdrawal of switch requests | | | |
|---|--|-----------------|------------------------|
| Non-compliance | Description | | |
| <p>Audit Ref: 4.15</p> <p>With: 17 & 18 of schedule 11.3</p> <p>From: 01-Apr-18</p> <p>To: 31-May-19</p> | <p><u>Hunet</u></p> <p>One switch withdrawal not sent within two months of the event date.</p> <p><u>WISE</u></p> <p>One switch withdrawal not sent within two months of the event date.</p> <p>One switch withdrawal incorrectly rejected.</p> <p>One late AW file.</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 as the late files were sent as soon as they were known to be needing to be withdrawn and the one incorrectly rejected NW request was due to human error.</p> <p>The audit risk is rated as low as the number of late files is small in proportion to the overall number sent.</p> | | |
| Actions taken to resolve the issue | | Completion date | Remedial action status |
| <p>Wise: This instance was due to a human error occurred by our staff member. To prevent human error, our internal procedure has been monitored and process has been further strengthened.</p> | | 19/08/2019 | Identified |
| Preventative actions taken to ensure no further issues will occur | | Completion date | |
| <p>Wise: To reduce the occurrence of human error, internal procedure has been monitored and altered where necessary. Staffs will be provided with training to remind them of importance of inputting correct information.</p> | | Ongoing | |

| Metering information | | |
|---|--|------------------------|
| Non-compliance | Description | |
| <p>Audit Ref: 4.16</p> <p>With: 21 Schedule 11.3</p> <p>From: 15-Aug-18</p> <p>To: 31-May-19</p> | <p><u>WISE</u></p> <p>Readings in two CS files (post change) were inconsistent with the AMI read for the switch date or were not a reasonable estimate of the reading on the event date.</p> <p>Potential impact: Medium</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 as the process is manual and controls are not sufficient to prevent errors occurring.</p> <p>The impact is assessed as low overall, most CS files checked contained correct readings.</p> | |
| Actions taken to resolve the issue | Completion date | Remedial action status |
| Wise: WISE has applied the final reading and read date on the vacant properties and WISE system automatically populates the last final reading value on the CS file. | 19/08/2019 | Identified |
| Preventative actions taken to ensure no further issues will occur | Completion date | |
| Wise: WISE system now generates a report for the vacant properties once a week and the final reading has been applied on the vacant properties. properties once a week and the final reading has been applied on the vacant properties. | Ongoing | |

| Electricity conveyed & notification by embedded generators | | | |
|--|---|--|------------------------|
| Non-compliance | Description | | |
| <p>Audit Ref: 6.1</p> <p>With: 10.13, Clause 10.24 and 15.13</p> <p>From: 03-Apr-18</p> <p>To: 27-Mar-19</p> | <p><u>Hunet</u></p> <p>While meters were bridged, energy was not metered and quantified according to the code for two ICPs.</p> <p><u>WISE</u></p> <p>While meters were bridged, energy was not metered and quantified according to the code for two ICPs.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: Once</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 both Hunet and WISE has robust checks in place to detect and investigate ICPs with potential bridged meters.</p> <p>The audit risk rating is low the bridged meter corrections were processed in all instances.</p> | | |
| Actions taken to resolve the issue | | Completion date | Remedial action status |
| <p>MegaTEL: We provided two examples of bridged meters during the audit period. These were unbridged and the volume for the bridged period has been calculated correctly and submitted for the correct month.</p> <p>Wise: WISE changed the process for bridged ICP's and modified the process on averaging the daily consumption on customer's usage since when the meters were counting correctly.</p> | | <p>Already completed</p> <p>19/08/2019</p> | Identified |
| Preventative actions taken to ensure no further issues will occur | | Completion date | |
| <p>MegaTEL: MegaTEL will continue to focus on optimizing its standards by identifying and monitoring its performance and ways for improvement.</p> <p>Wise: We have changed our internal process to apply a calculation system for backdating data since the first occurrence of a bridged meter.</p> | | Ongoing | |

| 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: 28-Jun-18</p> <p>To: 27-Mar-19</p> | <p><u>WISE</u></p> <p>Three ICPs did not have an actual read recorded during the period of supply, and exceptional circumstances did not exist.</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 they will mitigate the risk most of the time.</p> <p>The impact is assessed as low, because in all cases, the ICPs were domestic customers, and the period of supply was short.</p> | |
| Actions taken to resolve the issue | Completion date | Remedial action status |
| <p>Wise: These instances occur where there are 'no-communication' issues with meters, particularly with short term customers who used WISE service for few weeks only. WISE internal procedure and policy have been updated to ensure that non-communicating meters have been manually read prior to switching out.</p> | 19/08/2019 | Identified |
| Preventative actions taken to ensure no further issues will occur | Completion date | |
| <p>Wise: WISE is currently carrying out investigation with MEPs to identify the cause for repeat no comms issues and is seeking to resolve those. In the case where the issue has not been resolved, even after the investigation, WISE will arrange manual reading in the case of any no meter updates two weeks after switching in.</p> | Ongoing | |

| Correction of NHH meter readings | | |
|---|---|------------------------|
| Non-compliance | Description | |
| <p>Audit Ref: 8.1</p> <p>With: Clause 19(1) Schedule 11.1</p> <p>From: 15-Aug-18</p> <p>To: 31-May-19</p> | <p><u>WISE</u></p> <p>Three corrections not applied for the correct period (1 defective meter and 2 bridged meters).</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 ensure that corrections correctly are processed most of the time.</p> <p>The audit risk is rated as low, as the number of ICPs bridged is small.</p> | |
| Actions taken to resolve the issue | Completion date | Remedial action status |
| Wise: WISE changed the process for bridged ICP's and modified the process on averaging the daily consumption on customer's usage since when the meters were counting correctly. | 19/08/2019 | Identified |
| Preventative actions taken to ensure no further issues will occur | Completion date | |
| Wise: We have changed our internal process to apply calculation system for backdating data since the first occurrence of bridged meter. | Ongoing | |

| Meter data used to derive volume information | | |
|---|--|------------------------|
| Non-compliance | Description | |
| <p>Audit Ref: 9.3</p> <p>With: Clause 3(5) Schedule 15.2</p> <p>From: 15-Aug-18</p> <p>To: 31-May-19</p> | <p><u>WISE</u></p> <p>Raw meter data is rounded upon receipt and not when volume information is created.</p> <p>Potential impact: Low</p> <p>Actual impact: None</p> <p>Audit history: Once</p> <p>Controls: None</p> <p>Breach risk rating: 5</p> | |
| Audit risk rating | Rationale for audit risk rating | |
| Low | <p>There are no controls to prevent rounding of raw meter data, the system is designed to round as soon as the data arrives.</p> <p>There is very little impact because no metered consumption information is “missing”, therefore the audit risk rating is low.</p> | |
| Actions taken to resolve the issue | Completion date | Remedial action status |
| <p>Wise: WISE was surprised to discover that this instance was considered as non-compliance when it was never the case previously. WISE will update the procedure to use raw meter data when submitting the report.</p> <p>WISE uses 100% AMI meters and daily base charging method, which allow us to produce the most accurate meter reading compared to others.</p> <p>Therefore, WISE believes that our level of accuracy is higher than when following the rounding method of this compliance.</p> <p>We would like to ask for re-consideration with this factor (accuracy) in mind.</p> | 30/09/2019 | Identified |
| Preventative actions taken to ensure no further issues will occur | Completion date | |
| Wise: WISE will update the procedure to use raw meter data when submitting the report. | 30/09/2019 | |

| Accuracy of submission information | | | |
|---|--|-----------------|------------------------|
| Non-compliance | Description | | |
| Audit Ref: 12.7 With: 15.12 From: 15-Aug-18 To: 31-May-19 | <u>WISE</u> Consumption during periods where a meter is bridged was not reported for the correct period for the two examples checked. Where the active period continues after a customer account is terminated, historic estimate may not include all consumption. Potential impact: Medium 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 they are unlikely to mitigate errors where the period of supply continues after the customer account is terminated. Audit risk rating is low due to the small volumes missing for those ICPs that remain with WISE with active vacant consumption. | | |
| Actions taken to resolve the issue | | Completion date | Remedial action status |
| Wise: WISE changed the process for bridged ICP's and modified the process on averaging the daily consumption on customer's usage since when the meters were counting correctly. | | 19/08/2019 | Identified |
| Preventative actions taken to ensure no further issues will occur | | Completion date | |
| Wise: We have changed our internal process to apply a calculation system for backdating data since the first occurrence of bridged meter. | | Ongoing | |

| Historical estimate reporting to RM | | |
|---|--|------------------------|
| Non-compliance | Description | |
| Audit Ref: 13.3 With: 10 Schedule 15.3 From: 15-Aug-18 To: 31-May-19 | <u>Hunet</u> Historic estimate thresholds were not met for some revisions. Potential impact: Low Actual impact: Low Audit history: Multiple times Controls: Strong Breach risk rating: 1 | |
| Audit risk rating | Rationale for audit risk rating | |
| Low | The controls are rated as strong because risks are mitigated to an acceptable level. The audit risk rating is low as the volume of FE overall is low. | |
| Actions taken to resolve the issue | Completion date | Remedial action status |
| MegaTEL: The threshold was not met for some NSPs for revisions 3 and small number of ICPs are connected at the NSPs. We have been actively working on gaining an actual read at the earliest timeframe as possible. | Ongoing | Identified |
| Preventative actions taken to ensure no further issues will occur | Completion date | |
| MegaTEL: MegaTEL will continue to focus on optimizing our standard by identifying and monitoring our own performance and ways for improvement. | Ongoing | |