

Compliance plan for Powerco Distributor Audit – 2021

Requirement to correct errors		
Non-compliance	Description	
Audit Ref: 2.2 With: 11.2(2) and 10.6(2) From: 20-Jun-20 To: 30-Jun-21	1,238 active ICPs have duplicate addresses. 925 active ICPs have addresses which do not have a street number or property name. 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	Controls are rated as strong as the processes in place will mitigate risk and they have a dedicated resource who is working through the historic addresses to resolve these. The audit risk rating is low as the volume of ICPs that are not readily locatable and duplicated is reducing greatly during the audit period. Incorrect addresses can have a direct impact on the retailer's ability to read, disconnect and reconnect these sites.	
Actions taken to resolve the issue	Completion date	Remedial action status
Powerco has allocated a dedicated resource to resolve historic data errors. Our focus has been on correcting the backlog of duplicate addresses which is reflected in the large reduction seen in the audit period.	In place	Identified
Preventative actions taken to ensure no further issues will occur	Completion date	
Powerco will continue to identify and correct errors in its weekly and ad-hoc reporting.	On-going	

Distributor must create ICPs		
Non-compliance	Description	
Audit Ref: 3.1 With: 11.4 From: 19-Jun-20 To: 30-Jun-21	36 private lights in the Palmerston North City Council region do not have shared unmetered load created. Potential impact: Low Actual impact: Low Audit history: None Controls: Strong Breach risk rating: 1	
Audit risk rating	Rationale for audit risk rating	
Low	I have rated the controls as strong as Powerco have a robust ICP creation process and these lights are an historic issue and no other such instances have been identified. I have rated the audit risk rating as low as the kWh volume associated with these lights will be small.	
Actions taken to resolve the issue	Completion date	Remedial action status
Powerco will continue to engage with councils including PNCC to ensure all unmetered load is correctly reconciled.	1/4/2022	Investigating
Preventative actions taken to ensure no further issues will occur	Completion date	
Powerco will continue to work with contractors, DUML owners, and traders to ensure all unmetered load is correctly reconciled and will create ICPs where appropriate.	On-going	

Timeliness of Provision of ICP Information to the registry manager		
Non-compliance	Description	
<p>Audit Ref: 3.4</p> <p>With: 7(2) of Schedule 11.1</p> <p>From: 01-Jul-20</p> <p>To: 30-Jun-21</p>	<p>Registry not updated prior to commencement of trading for 41 ICPs (0.6%).</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: Multiple</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 overall. One area of improvement was identified.</p> <p>The audit risk rating is low. The overall level of compliance is high, and the number of ICPs affected is very small and will only have a minor impact on settlement.</p>	
Actions taken to resolve the issue	Completion date	Remedial action status
<p>Powerco created 14 new ICPs for NZTA to make changes to its contractual arrangements for the reconciliation of its streetlights. NZTA and the contracted trader agreed to a start date prior to trader acceptance and our registry update.</p> <p>Moving the ready date to align with trader acceptance for compliance would have affected the contracted start date and would not be for benefit the consumer or trader.</p> <p>If this situation arises in future, we will better communicate the requirements in the Code and communicate directly with the trader involved where possible.</p>	Complete / On-going	Investigating
Preventative actions taken to ensure no further issues will occur	Completion date	
<p>As above in our responses to the recommendation and actions, Powerco is reviewing its processes for non-standard connections where proposed trader switches occur.</p> <p>We have also confirmed our new connections process does obtain trader acceptance in these cases for standard connections.</p>	<p>1/4/2022</p> <p>Complete</p>	

Timeliness of Provision of Initial Electrical Connection Date			
Non-compliance	Description		
<p>Audit Ref: 3.5 With: 7(2A) of Schedule 11.1 From: 23-Jul-20 To: 28-Jun-21</p>	<p>Late population of the initial electrical connection date for 182 ICPs. Potential impact: None Actual impact: None Audit history: Three times Controls: Strong Breach risk rating: 1</p>		
Audit risk rating	Rationale for audit risk rating		
Low	<p>Controls are strong, with initial electrical connection dates based on the best information available and daily monitoring and resolution of missing and potentially incorrect dates. The audit risk rating is low because there is no direct impact on submission. Retailers may use this information to check their active dates.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
Powerco is working to clean up historic IECD inaccuracies back their initial implementation.		1/4/2022	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
Powerco has made improvements to its IECD reporting to better identify historic issues. We are continuously refining these reports to combine all available internal and external information to populate and correct IECDs as soon as practicable.		In place	

Connection of ICP that is not an NSP		
Non-compliance	Description	
Audit Ref: 3.6 With: 11.17 From: 01-Jun-21 To: 30-Jun-21	No trader was recorded for the 14 NZTA DUML ICPs until post the first active date. 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 overall. One area of improvement was identified. The audit risk rating is low. The overall level of compliance is high, and the number of ICPs affected is very small and will only have a minor impact on settlement.	
Actions taken to resolve the issue		Completion date
As discussed in 3.4, Powerco has worked with NZTA and the trader to ensure data for these connections accurate and complete. If this situation arises in future, we will better communicate the requirements in the Code and communicate directly with the trader involved where possible.		Complete/On-going
Preventative actions taken to ensure no further issues will occur		Completion date
As discussed in 3.4, Powerco is reviewing its processes for non-standard connections where proposed trader switches occur. We have also confirmed our new connections process does obtain trader acceptance in these cases for standard connections.		1/4/2022 Complete
Remedial action status		
Investigating		

Connection of ICP that is not an NSP		
Non-compliance	Description	
<p>Audit Ref: 3.7 With: 10.31</p> <p>From: 01-Jun-21 To: 30-Jun-21</p>	<p>Trader acceptance was not gained for 14 NZTA DUML ICPs prior to initial electrical connection.</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>The controls are rated as strong overall. One area of improvement was identified.</p> <p>The audit risk rating is low. The overall level of compliance is high, and the number of ICPs affected is very small and will only have a minor impact on settlement.</p>	
Actions taken to resolve the issue		Completion date
<p>As discussed in 3.4 and 3.6, Powerco has worked with NZTA and the trader to ensure data for these connections accurate and complete.</p> <p>If this situation arises in future, we will better communicate the requirements in the Code and communicate directly with the trader involved where possible.</p>		<p>Complete</p> <p>On-going</p>
Preventative actions taken to ensure no further issues will occur		Completion date
<p>As discussed in 3.4 and 3.6, Powerco is reviewing its processes for non-standard connections where proposed trader switches occur.</p>		1/4/2022
Remedial action status		
Investigating		

Changes to registry information			
Non-compliance	Description		
<p>Audit Ref: 4.1</p> <p>With: 8 Schedule 11.1</p> <p>From: 01-Jul-20</p> <p>To: 19-Jul-21</p>	<p>51 late address updates.</p> <p>891 late distributed generation updates.</p> <p>2,879 late network updates (excluding the 891 late distributed generation updates).</p> <p>61 late NSP changes.</p> <p>312 late pricing updates.</p> <p>116 late updates to decommissioned status.</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>I have rated the controls as moderate as the controls in place will mitigate the risk most of the time, and many of the late updates related to corrections.</p> <p>There is a potential minor impact on settlement, hence the audit risk rating is low.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
<p>Powerco is committed to correcting data inaccuracies to the appropriate effective date as soon as they are identified. Improvements to processes and reporting will lead to less errors to be corrected and the timeliness of any updates.</p>		On-going	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
<p>Powerco will continue to work with its contractors to maintain and improve timeframes for providing information. Regular reporting provides Powerco with visibility of timeframes and any issues are raised with contractors as required.</p> <p>Powerco is continuing to improve reporting to identify errors quickly for correction and identify areas where processes and/or controls should be reviewed.</p>		On-going	

ICP location address			
Non-compliance	Description		
<p>Audit Ref: 4.4</p> <p>With: 2 Schedule 11.1</p> <p>From: 19-Jun-20</p> <p>To: 17-Jul-21</p>	<p>1,238 active ICPs have duplicate addresses.</p> <p>925 active ICPs have addresses which do not have a street number or property name.</p> <p>1 active ICP with the incorrect town recorded.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</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 rated as strong as the new connection process is robust and the historic addresses are being resolved using as many tools as are available to Powerco.</p> <p>The audit risk rating is low as the volume of ICPs that are not readily locatable and duplicated is reducing. Incorrect addresses can have a direct impact on the retailer's ability to read, disconnect and reconnect these sites.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
As discussed in 2.2 Powerco has allocated a dedicated resource to resolve historic data errors. Our focus has been on correcting the backlog of duplicate addresses which is reflected in the large reduction seen in the audit period.		On-going	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
Powerco will continue to identify and correct errors in its weekly and ad-hoc reporting.		On-going	

Distributors to Provide ICP Information to the Registry manager		
Non-compliance	Description	
<p>Audit Ref: 4.6</p> <p>With: 7(1) of Schedule 11.1</p> <p>From: 01-Jul-20</p> <p>To: 30-Jun-21</p>	<p>Five ICPs with distributed generation with the incorrect fuel type recorded.</p> <p>Two ICPs invalidly had “unmetered load” recorded in the distributor unmetered load details.</p> <p>36 private lights in the Palmerston North City Council region do not have shared unmetered load created.</p> <p>Two ICPs had incorrect initial electrical connection dates.</p> <p>59 active ICPs have missing initial electrical connection dates.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</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 rated as strong as the reporting and associated processes in place will mitigate risk to an acceptable level.</p> <p>The number of discrepancies is minor and has no direct impact on reconciliation.</p>	
Actions taken to resolve the issue		Completion date
<p>Powerco has made corrections to the DG and unmetered load ICPs identified in the audit.</p> <p>As discussed in 3.1 Powerco will continue to engage with councils including PNCC to ensure all unmetered load is correctly reconciled.</p>		<p>Complete</p> <p>On-going</p>
Preventative actions taken to ensure no further issues will occur		Completion date
<p>Powerco will continue to monitor its reporting and make corrections when required. Powerco is also investigating alternative methods of verifying addresses as residual exceptions become more difficult to resolve.</p>		<p>On-going</p>
Remedial action status		
<p>Identified</p>		

Provision of information to registry after the trading of electricity at the ICP commences		
Non-compliance	Description	
Audit Ref: 4.7 With: 7(3) Schedule 11.1 From: 01-Jun-21 To: 28-Jun-21	Pricing was not provided within ten business days of initial electrical connection for eight ICPs. Potential impact: Low Actual impact: Low Audit history: Once previously Controls: Strong Breach risk rating: 1	
Audit risk rating	Rationale for audit risk rating	
Low	Controls are rated as strong as the reporting and associated processes will mitigate risk to an acceptable level. The audit risk rating is low. The late pricing events all related to a one incident.	
Actions taken to resolve the issue	Completion date	Remedial action status
Powerco has continued to work with traders and contractors to ensure the correct information and effective dates have been sent to registry.	On-going	Identified
Preventative actions taken to ensure no further issues will occur	Completion date	
Powerco is confident in its processes for assigning pricing to new connections but will continue to monitor and report on them to identify issues and correct them as soon as practicable.	On-going	

Updating of loss category codes		
Non-compliance	Description	
<p>Audit Ref: 5.2</p> <p>With: 22 Schedule 11.1</p> <p>From: 01-Feb-21</p> <p>To: 05-Feb-21</p>	<p>27 loss factors were updated on the registry less than two months before they came into effect.</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 strong and ensure that correct event dates are normally applied. A staff change elsewhere in the business resulted in this being notified late to the team responsible to update this on the registry. Training has been provided.</p> <p>The impact is low because the updates were made 54 days before coming into effect, which is close to two months prior.</p>	
Actions taken to resolve the issue	Completion date	Remedial action status
Powerco's updates to loss factors was correct and in line with those notified to retailers but sent to registry after the required timeframe. Preventative actions are discussed below.	Complete	Identified
Preventative actions taken to ensure no further issues will occur	Completion date	
Clarification of the timeframe to update registry has been communicated to the pricing team and the process has been updated to ensure changes are received in time to meet our obligations.	Complete	