

Notice of the Authority's decision under regulation 29 of the Electricity Industry (Enforcement) Regulations 2010

Under regulation 29(1) of the Electricity Industry (Enforcement) Regulations 2010 (Regulations) the Electricity Authority (Authority) must publicise every decision made under regulation 23(3) of the Regulations, together with the reasons for the Authority's decision.

Investigation

On 23 June 2022, the Authority appointed an investigator under regulation 12 of the Regulations to investigate alleged breaches of clauses 10.6(1), 10.13(3), 10.44(8) of the Electricity Industry Participation Code 2010 (Code), and clauses 8(5)(f) and 8(7) of Schedule 10.6 of the Code, by Counties Energy Limited (Counties) between March 2019 and February 2021.

The alleged breaches resulted from a fault with a metering installation for which Counties was the metering equipment provider. The fault started in March 2019 and was detected in October 2020. The fault caused the amount of electricity measured by the metering installation to be reduced to about two thirds of actual consumption.

The impact of the fault was mitigated by the application of a correction factor and subsequent reconciliation wash ups. It is estimated that about \$205,091 worth of unaccounted for electricity remains.

The faulty metering installation was replaced and recertified in February 2021.

The cause of the Code breaches was in software that Counties' contractor was using to monitor and read the metering installation. The fault meant that when an alarm was triggered, it was not exported for delivery to Nova or Counties and therefore went undetected.

Nova Energy Limited joined the investigation, however neither participant had any settlement requirements, and therefore a settlement was not achieved.

Counties admitted breaching clause 8(7) of Schedule 10.6, and considered it may have breached clause 10.13(3). It denied breaching clauses 10.6, 10.44(8), and clause 8(5)(f) of Schedule 10.6.

The investigator considered Counties may have breached clauses 10.13(3), 10.44(8), and clause 8(7) of Schedule 10.6 as follows:

- Clause 10.13(3) as not all electricity conveyed through the point of connection was measured by the relevant metering installation (i.e. the metering installation was only measuring 2/3 of the electricity conveyed)
- Clause 10.44(8) as there was evidence the metering installation in question was inaccurate, defective or not fit for purpose.
- Clause 8(7) of Schedule 10.6 as its automated software was not flagging exceptions so that appropriate action could be taken where a problem was apparent.

The investigator agreed with Counties it did not breach clause 10.6 or clause 8(5)(f) of Schedule 10.6.

On 13 October 2022, the Authority received and considered an investigator's report prepared in accordance with regulation 19 and a recommendation from the investigator to discontinue the investigation.

The Authority's decision

On 13 October 2022, the Authority decided under regulation 23(3)(a) of the Regulations to discontinue the investigation.

Reasons for the Authority's decision

The reasons for the Authority's decision to discontinue the investigation were that:

- Counties has taken steps to resolve the matter and prevent recurrence, including:
 - Counties promptly notified Nova when the fault was detected and subsequently replaced the metering installation. Nova applied a correction factor to invoicing until the metering installation was replaced.
 - Counties' contractor resolved the software issue and has tested it to ensure that alarms generate notifications and produce daily reports that are reviewed by staff.
 - The Authority noted the investigator's view that preventative steps taken by Counties and its contractor should prevent recurrence.
- Counties has not breached these clauses before.
- The breach was inadvertent.
- Increased transparency has been achieved through opening a formal investigation.
- The Authority noted the impact of the fault was mitigated by Nova applying a correction factor to its invoicing, recovering some line and energy charges, and through the reconciliation process, Nova was able to amend the consumption data back to November 2019.