

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 17(4)(d), 17(4)(f) and 17(4)(g) of Schedule 15.2 of the Electricity Industry Participation Code 2010 (Code) by Nova Energy Limited (Nova) between March 2019 and October 2020.

The alleged breaches resulted from a fault with a metering installation for which Counties Energy Limited (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 by Counties 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.

Counties and Genesis Energy Limited joined the investigation, however no participant had any settlement requirements, and therefore a settlement was not achieved.

Nova denied that it breached clauses 17(4)(d), 17(4)(f) and 17(4)(g) of Schedule 15.2.

The investigator considered that Nova did not breach clause 17(4)(d) of Schedule 15.2 because it had processes in place to compare consumption with previous flow patterns.

The investigator considered that Nova may have breached clause 17(4)(f) of Schedule 15.2 as it was the relevant reconciliation participant that had the obligation to check validity of meter and data storage device event logs. It did not do that, instead relying on Counties' contractor to review data and inform it of any issues to take action on.

The investigator considered that Nova did not breach clause 17(4)(g) of Schedule 15.2 because that clause did not exist during the period March 2019 to October 2020.

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:

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

In addition, the Authority has asked for a case study to be published on this case, reminding participants of obligations under the Code for these types of situations.