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# **Gas Registry and Switching Performance Audit Final Report**

For

**Contact Energy Limited**

Prepared by

Steve Woods: Veritek Limited

Date of Audit: 19/10/20 to 21/10/20

Date Audit Report Complete: 21/12/20



## Executive Summary

This Performance Audit was conducted at the request of the Gas Industry Company (GIC) in accordance with Rule 88 of the 2015 Amendment Version of the Gas (Switching Arrangements) Rules 2008.

The purpose of this audit is to assess the systems, processes and performance of Contact Energy Limited (Contact) in terms of compliance with these rules.

The audit was conducted in accordance with terms of reference prepared by GIC.

The summary of report findings in the table below shows that Contact's control environment is "effective" for ten of the areas evaluated, "adequate" for one area and "not adequate" for three areas.

Ten of the 14 areas evaluated were found to be compliant. Four breach allegations are made in relation to the remaining areas. They are summarised as follows:

- the registry was not always populated within two business days of Contact entering into a contract to supply gas to a consumer,
- registry updates are not occurring as soon as practicable,
- validation occurs effectively for allocation groups but there are some delays in correcting registry information after discrepancies have been discovered, and some ICPs with TOU metering have the incorrect allocation group, and
- some GNT files were sent later than two business days of entering into a contract to supply gas.

As a result of this performance audit, I recommend the following:

- rule 72.1.3 requires GTN notices to contain "an annualised consumption (in gigajoules) estimate for the ICP", but it does not stipulate that the estimate must be accurate; therefore, I have not alleged a breach but I recommend Contact reviews the annualised consumption calculation logic as it relates to "clocked" meters to ensure accuracy, and
- I recommend reporting is put in place to identify ICPs where the network pressure is the same or less than the meter pressure.

## Summary of Report Findings

Issue	Section	Control Rating (Refer to Appendix 1 for definitions)	Compliance Rating	Comments
Participant registration information	2	Effective	Compliant	Registration information is accurate.
Obligation to act reasonably	3	Effective	Compliant	No examples of Contact acting unreasonably were found.
Obligation to use registry software competently	4	Effective	Compliant	No examples of Contact using registry software incompetently were found.
ICP identifier on invoice	5	Effective	Compliant	The ICP identifier is shown on Contact's invoices.
Uplift of READY ICP	6	Not adequate	Not compliant	The registry was not populated within two business days of Contact entering into a contract to supply gas to a consumer for 29 of 30 examples checked. Processing errors and backlogs due to resourcing are the main issues.
Maintenance of ICP information in registry	7	Not adequate	Not compliant	Registry not updated as soon as practicable for 52 out of 100 ICPs. Processing errors and backlogs due to resourcing are the main issues.
Resolving discrepancies	8	Not adequate	Not compliant	ICPs 0000953421QTD8B (01/07/08 onwards), 1001133052QTBC8 (01/07/08 onwards), 0000298891QTFA0 (21/11/17- 30/09/20), and 0000322631QT591 (05/04/17 - 21/05/20) have TOU metering and consume more than 250 GJ pa but have allocation group 4 assigned. There are delays in correcting errors identified through validation.
Initiation of consumer switch/switching notice	9.1	Adequate	Not Compliant	Two out of a sample of 20 GNT files sent later than two business days of entering into a contract to supply gas.

Response to a gas switching notice	9.2	Effective	Compliant	No issues were found with this process.
Gas acceptance notice	9.3	Effective	Compliant	No issues were found with this process.
Gas transfer notice	9.4	Effective	Compliant	No issues were found with this process.
Accuracy of switch readings	9.5	Effective	Compliant	No issues were found with this process.
Gas switching withdrawal	9.6	Effective	Compliant	No issues were found with this process.
Switch reading negotiation	9.7	Effective	Compliant	No issues were found with this process.

## Persons Involved in This Audit

Auditor:

Steve Woods  
**Veritek Limited**

Contact personnel assisting in this audit were:

Name	Title
Bernie Cross	Reconciliation Manager
Rajdeep Kaur	Registry and Reconciliation Analyst
Ashley Teh	Operations Team Member

# Contents

Executive Summary	2
Summary of Report Findings	3
Persons Involved in This Audit	5
Contents	6
<b>1. Pre-Audit and Operational Infrastructure Information</b>	<b>7</b>
1.1 Scope of Audit	7
1.2 Audit Approach	7
1.3 General Compliance	8
1.3.1 Summary of Previous Audit	8
1.3.2 Breach Allegations	8
1.4 Provision of Information to the Auditor (Rule 91)	9
1.5 Draft Audit Report Comments	9
<b>2. Participant Registration Information (Rules 7 and 10)</b>	<b>10</b>
<b>3. Obligation to Act Reasonably (Rule 34)</b>	<b>10</b>
<b>4. Obligation to Use Registry Software Competently (Rule 35)</b>	<b>10</b>
<b>5. ICP Identifier on Invoice (Rule 36)</b>	<b>10</b>
<b>6. Uplift of Ready ICP (Rule 54)</b>	<b>11</b>
<b>7. Maintenance of ICP Information in the Registry (Rules 58 to 61)</b>	<b>13</b>
<b>8. Resolving Discrepancies (Rule 62.1)</b>	<b>17</b>
<b>9. Switching</b>	<b>21</b>
9.1 Initiation of Consumer Switch / Switching Notice (Rules 65 to 67)	21
9.2 Response to a Gas Switching Notice (Rules 69 to 75)	21
9.3 Gas Acceptance Notice (Rule 70)	22
9.4 Gas Transfer Notice (Rule 72)	22
9.5 Accuracy of Switch Readings (Rule 74)	22
9.6 Gas Switching Withdrawal (Rules 74A, 75, 76, 78)	22
9.7 Switch Reading Negotiation (Rule 79, 81)	23
<b>10. Bypass of Distributor (Rule 82)</b>	<b>23</b>
<b>11. Recommendations</b>	<b>24</b>
Appendix 1 – Control Rating Definitions	25
Appendix 2 – Contact Comments	26

# 1. Pre-Audit and Operational Infrastructure Information

## 1.1 Scope of Audit

This Performance Audit was conducted at the request of the Gas Industry Company (GIC) in accordance with Rule 88 of the 2015 Amendment Version of the Gas (Switching Arrangements) Rules 2008.

88. Industry body to commission performance audits

88.1 The industry body must arrange performance audits of registry participants at intervals of no greater than five years.

88.2 The purpose of a performance audit under this rule is to assess in relation to the roles performed by a registry participant -

88.2.1 The performance of the registry participant in terms of compliance with these rules; and

88.2.2 The systems and processes of that registry participant that have been put in place to enable compliance with these rules.

The audit was conducted in accordance with terms of reference prepared by GIC.

The audit was carried out on October 19<sup>th</sup> to 21<sup>st</sup> 2020. The audit was conducted by video conference at the request of Contact.

The scope of the audit includes compliance with the “switching arrangements” rules only. There is a separate report for downstream reconciliation.

## 1.2 Audit Approach

As mentioned in **section 1.1** the purpose of this audit is to assess the performance of Contact in terms of compliance with the rules, and the systems and processes that have been put in place to enable compliance with the rules.

This audit has examined the effectiveness of the controls Contact has in place to achieve compliance, and where it has been considered appropriate sampling has been undertaken to determine compliance.

Where sampling has occurred, this has been conducted using the Auditing Standard 506 (AS-506) which was published by the Institute of Chartered Accountants of New Zealand. I have used my professional judgement to determine the audit method and to select sample sizes, with an objective of ensuring that the results are statistically significant.<sup>1</sup>

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<sup>1</sup> In statistics, a result is called statistically significant if it is unlikely to have occurred by chance. (Wikipedia)

Where compliance is reliant on manual processes, manual data entry for example, the sample size has been increased to a magnitude that, in my judgement, ensures the result has statistical significance.

Where errors have been found or processes found not to be compliant the materiality of the error or non-compliance has been evaluated.

## 1.3 General Compliance

### 1.3.1 Summary of Previous Audit

The previous audit was conducted by Steve Woods and Julie Langford and was completed on 04/01/17. The table below shows the findings of this audit and whether the issues have been resolved.

Section	Summary of issue	Rules potentially breached	Status
6	Registry not populated within two business days for 1,463 ICPs.	54.1	Still existing
7	Registry updates not occurring as soon as practicable.	61.1	Still existing
8	The best endeavours threshold has not been met in relation to the following two areas:  1. Validation does not occur between SAP and the registry for meter pressure and serial number.  Some ICPs have an incorrect registry status where they are recorded as ACTC but with removed meters.	62.1	Cleared
9.1	One late GNT file	66.1	Still existing
9.4	Incorrect date of last reading for one ICP	72.1.5	Cleared
9.4	Incorrect identification of one meter reading	72.1.8(d)	Cleared
9.4	Switch date earlier than requested switch date for 3 ICPs	72.2	Cleared

### 1.3.2 Breach Allegations

Contact has fifteen alleged switching breaches recorded by the Market Administrator since July 2017. A summary of the breaches is shown in the table below.

Breach month	Underlying breaches	Rule allegedly breached	Details
Jan-17	1463	54.1	Late uplift of Ready ICPs.
Jul-18	5	58.1	Reasonable endeavours not demonstrated with regard to maintaining accurate registry information.
Jan-17	62	61.1	Registry not updated as soon as practicable.
Jul-18	1	61.1	Registry not updated as soon as practicable.
Jan-17	1	62.1	Discrepancies not resolved as soon as practicable.
Jan-17	1	66.1	GNT not sent within two business days.



Nov-17	1	70.2	Incorrect expected switch date.
May-18	1	70.2	Incorrect expected switch date.
Aug-18	1	70.2	Incorrect expected switch date.
Dec-18	1	70.2	Incorrect expected switch date.
Jan-20	1	70.2	Incorrect expected switch date.
Jan-17	3	72.2	Incorrect switch readings.
Sep-18	10	69.1 & 70.2	Incorrect expected switch date.
Jan-17	1	72.1.5	Incorrect date of last reading for one ICP
Jan-17	1	72.1.8(d)	Incorrect identification of one meter reading

As noted in the Summary of Report Findings, non-compliance was found in four sections of this audit. Four breach allegations are made in relation to these matters.

Breach Allegation	Rule	Section in this report
Registry not populated within two business days of Contact entering into a contract to supply gas to a consumer for 29 of 30 examples checked.	54.1	6
Registry not updated as soon as practicable for 52 out of 100 ICPs.	61.1 & 58.1	7
ICPs 0000953421QTD8B (01/07/08 onwards), 1001133052QTBC8 (01/07/08 onwards), 0000298891QTFA0 (21/11/17-30/09/20), and 0000322631QT591 (05/04/17-21/05/20) have TOU metering and consume more than 250 GJ pa but have allocation group 4 assigned. There are delays in correcting errors identified through validation.	62.1	8
Two out of 20 GNT files sent later than two business days of entering into a contract to supply gas.	66.1	9.1

## 1.4 Provision of Information to the Auditor (Rule 91)

In conducting this audit, the auditor may request any information from Contact, the industry body and any registry participant.

Information was provided by Contact in a timely manner in accordance with this rule.

## 1.5 Draft Audit Report Comments

A draft audit report was provided to the industry body (GIC), the registry operator, and registry participants that I considered had an interest in the report. In accordance with rule 92.3 of the 2015 Amendment Version of the Gas (Switching Arrangements) Rules 2008, those parties were given an

opportunity to comment on the draft audit report and indicate whether they would like their comments attached as an appendix to the final audit report. The following responses were received.

Party	Response	Comments provided	Attached as appendix
Contact	Yes	Yes	Yes

The comments received were considered in accordance with rule 93.1, prior to preparing the final audit report. No changes were made to the report. Contact's comments are included in each section where non-conformance or recommendations are recorded.

## 2. Participant Registration Information (Rules 7 and 10)

All registry participants must supply registration information to the registry operator. Registration information consists of:

- the name of the registry participant,
- the registry participant's telephone number, physical address, facsimile number, email address, and postal address, and
- Identification as to which class, or classes, of registry participant (retailer, distributor or meter owner) that the registry participant belongs.

Registration information must be given in the form and manner required by the registry operator as approved by the industry body. Every person who is a registry participant at the commencement date must supply the registration information within 20 business days of the commencement date. Every person who becomes a registry participant after the commencement date must supply the registration information within 20 business days of becoming a registry participant.

Contact has supplied registration information and it appears to be correct.

## 3. Obligation to Act Reasonably (Rule 34)

No examples of Contact acting unreasonably were found.

## 4. Obligation to Use Registry Software Competently (Rule 35)

No examples of Contact using registry software incompetently were found.

## 5. ICP Identifier on Invoice (Rule 36)

The ICP identifier is shown on Contact's invoices.

## 6. Uplift of Ready ICP (Rule 54)

The process was examined for the connection and activation of new ICPs.

New connections are managed via the networks' portals. Progress notifications are automatically generated, and the relevant details are loaded into GTV.

One of the main issues with the new connections process is that the physical connection is made at the property when the ICP is still at the "ready" status, and at this point the consumer hasn't necessarily registered with a retailer and if Contact is the proposed retailer, the ICP will not be set up in SAP until the connection is confirmed.

Consumption information may not be provided to the allocation agent until the registry is updated, which means that for some ICPs where the status has changed to ACTC, consumption information has not been provided to the allocation agent for the initial allocation.

The "Maintenance Breach History Report (RET breaches)" report was examined for the period January 01/07/19 to 30/06/20. This report contained 1,021 ICPs where the initial registry update was later than two business days. I checked the records for 30 ICPs where the registry update was more than 20 business days. 29 of the 30 updates did not occur within two business days of entering into a contract to supply gas to the consumer. The table below shows the ICPs and the reason for the late updates.

ICP	Event date	Input date	Business days	Reason
1002072638QT53D	4/11/2019	1/02/2020	58	Delay due to backlog
1002060330QT98D	1/10/2019	6/02/2020	84	User error
1002056674QTBCB	23/10/2019	6/02/2020	68	User error
1002073584QT632	10/01/2020	13/02/2020	21	User error
1000584156PGC17	29/11/2019	25/02/2020	55	Paperwork received from network Powerco on 17.02.2020. Delay due to backlog.
1000587428PGD34	4/12/2019	13/03/2020	65	Paperwork received from network Powerco on 04.02.2020. Delay due to backlog.
1001298206NGBB7	17/01/2020	19/03/2020	41	Paperwork received from network AMS on 21.02.2020. Delay due to backlog.
1000588430PGCED	10/02/2020	21/03/2020	27	User error.
1002076609QT800	15/02/2020	21/03/2020	22	User error.
1002074476QTBC4	18/12/2019	25/03/2020	63	Paperwork received from network AMS on 26.02.2020. Delay due to backlog.

1002073532QT50F	14/02/2020	26/03/2020	27	Paperwork received from network AMS on 02.03.2020. Delay due to backlog.
1000588665PG3AD	21/01/2020	4/04/2020	50	Paperwork received from network Powerco on 11.03.2020. Delay due to backlog.
1002057337QT10B	27/02/2020	4/04/2020	24	Paperwork received from network AMS on 03.03.2020. Delay due to backlog.
1002077074QT5A0	27/02/2020	4/04/2020	24	Paperwork received from network AMS on 03.03.2020. Delay due to backlog.
1002075973QT223	28/02/2020	4/04/2020	23	Paperwork received from network AMS on 03.03.2020. Delay due to backlog.
1002074644QT6BE	2/03/2020	4/04/2020	22	Paperwork received from network AMS on 03.03.2020. Delay due to backlog.
1002075855QT7FD	2/03/2020	4/04/2020	22	Paperwork received from network AMS on 06.03.2020. Delay due to backlog.
1001298555NG07D	26/02/2020	18/04/2020	33	Paperwork received from Electrix on 10.03.2020. Delay due to backlog.
1002073546QT158	30/01/2020	23/04/2020	55	Paperwork received from network AMS on 16.04.2020. Delay due to backlog.
1002067033QT22E	9/03/2020	23/04/2020	29	Paperwork received from network AMS on 16.03.2020. Delay due to backlog.
1002078949QTD6A	20/04/2020	23/05/2020	21	Delay due to backlog.
1002075976QTF6C	3/02/2020	26/05/2020	75	User error.
1002077705QT3BA	24/03/2020	28/05/2020	42	User error.
1000584936PG3EA	9/09/2019	11/06/2020	186	Paperwork received on 11.05.2020. Delay due to backlog.
1002078900QT19E	29/04/2020	11/06/2020	28	Paperwork received on 12.05.2020. Delay due to backlog.
1002078113QT7FE	30/04/2020	11/06/2020	27	Paperwork received on 04.06.2020. Delay due to backlog.
1002072994QT133	30/04/2020	15/06/2020	29	Paperwork received on 02.06.2020. Delay due to backlog.
1002079205QTE7F	5/05/2020	16/06/2020	27	Paperwork received on 20.05.2020. Delay due to backlog.

1001298829NG336	4/05/2020	30/06/2020	38	Paperwork received on 27.05.2020. Delay due to backlog.
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As the table above shows, there are two issues causing late registry updates. Seven late updates were due to errors when processing the new connections, and 22 late updates were due to a processing backlog. Although many of the notifications from the networks were late, there was a further delay of between one and four weeks before the registry was updated once the notifications were received.

Contact has recently improved controls to minimise errors with the processing of new connections. The additional controls are:

- weekly reporting of all ICPs at “Ready” where CTCT is the proposed retailer,
- reporting of ICPs at “ready” status where meters are installed, and
- peer review of ICP setup before it is finalised.

I checked the “RSREADY” report to identify ICPs at Ready, where Contact is the proposed retailer. The report contained 444 ICPs. As mentioned above, Contact has reporting in place to identify ICPs with metering in the registry where notification has not been provided. This ensures follow up queries can be made to networks.

Non-Conformance	Description	Audited party comment
<p><b>Regarding:</b> Rule 54.1</p> <p><b>Control Rating:</b> Not adequate</p>	Registry not populated within two business days of Contact entering into a contract to supply gas to a consumer for 29 of 30 examples checked.	<p><b>Response:</b> CTCT have provided further training to the users and has recently setup new reporting which is helping to reduce these errors/late updates. We are also actively working with Distributors and our contractors to resolve any issues and paperwork delays.</p>

## 7. Maintenance of ICP Information in the Registry (Rules 58 to 61)

Retailers must use “reasonable endeavours” to maintain current and accurate information in the registry (Rule 58) and, if a responsible retailer becomes aware that information is incorrect or requires updating, they must correct or update the information “as soon as practicable” (Rule 61). The Rules do not define a specific time period but for the purpose of this audit, I checked the reasons for late updates for a selection of 100 ICPs. I have recorded breach allegations where I consider the reason for the late update was within Contact’s control and additional steps could have been taken to prevent the late update.

Analysis of status events was undertaken to determine whether the registry was populated as soon as practicable. The table below shows the results of the analysis.

Status	Total ICPs	Update greater than 5 days	Update greater than 30 days	Average update days
ACTC	3,543	1,169	185	9.0
ACTV	2,862	360	132	6.0
INACT	1,175	91	32	4.0
INACP	118	82	28	49

I checked a selection of ICPs for each status to confirm whether compliance was achieved with the requirement to update the information “as soon as practicable”.

Status	ICPs checked	Number of breaches
ACTC	30	6
ACTV	30	10
INACT	20	19
INACP	20	17

ACTC updates				
ICP	Event date	Input date	Business days	Reason
0000004811QTE76	1/12/2019	23/06/2020	137	Internal processing delay
0000015297GN546	29/04/2020	15/06/2020	32	Identified by status mis-match report, which is only managed monthly.
0000049521QTD33	6/11/2019	6/04/2020	103	Status mis-match report was not identifying ICPs with GTD status reasons.
0000061581QT1E1	13/02/2020	15/04/2020	42	Processing error
0000101261QT26D	9/07/2019	7/02/2020	147	Internal processing delay
0000301001QTF42	13/01/2020	17/03/2020	45	Internal processing delay

ACTV updates				
ICP	Event date	Input date	Business days	Reason
0000015297GN546	31/03/2020	15/06/2020	50	Identified by status mis-match report, which is only managed monthly.
0000020291QTE7B	16/10/2019	6/04/2020	117	Processing error
0000020291QTE7B	18/10/2019	6/04/2020	115	Processing error
0000030421QT22E	3/02/2020	6/04/2020	44	Processing error
0000058551QT12F	24/07/2019	6/04/2020	177	Processing error
0000061401QTDAF	13/02/2020	6/04/2020	37	Processing error
0000124461QTA86	23/01/2020	6/04/2020	51	Processing error
0000149671QT254	3/02/2020	16/04/2020	50	Processing error
0000200191QTC6D	21/02/2020	6/04/2020	31	Processing error
0000288011QT206	28/10/2019	8/04/2020	111	Processing error

INACT updates				
ICP	Event date	Input date	Business days	Reason
0000011724GN8B1	26/11/2019	20/01/2020	35	Processing error
0000020291QTE7B	17/10/2019	6/04/2020	116	Processing error
0000023225GN39D	26/11/2019	20/01/2020	35	Processing error
0000026344GNEOC	14/01/2020	5/06/2020	98	Internal processing delay
0000030421QT22E	4/02/2020	6/04/2020	43	Processing error
0000032561QTACF	3/12/2019	21/01/2020	31	Internal processing delay
0000058551QT12F	25/07/2019	6/04/2020	176	Processing error
0000061401QTDAF	14/02/2020	6/04/2020	36	Processing error
0000070371QTEB1	1/10/2019	17/01/2020	73	Internal processing delay
0000124461QTA86	25/01/2020	6/04/2020	49	Processing error
0000209031QT1D6	23/07/2019	6/01/2020	114	Processing error

0001008190NG58F	19/11/2019	20/02/2020	62	Internal processing delay
0001410329QT9F3	14/02/2020	6/04/2020	36	Processing error
0002142621QT8CE	8/11/2019	1/04/2020	98	Processing error
0002149581QTC32	3/05/2019	18/03/2020	221	Processing error
0002163061QT400	30/01/2020	6/04/2020	46	Processing error
0002172401QTEB0	6/11/2019	7/01/2020	40	Internal processing delay
0002206031QT5C4	4/02/2020	3/04/2020	42	Processing error
0002248251QT366	12/12/2019	6/04/2020	77	Processing error

<b>INACP updates</b>				
<b>ICP</b>	<b>Event date</b>	<b>Input date</b>	<b>Business days</b>	<b>Reason</b>
0000022331QTC20	11/11/2019	21/02/2020	69	Internal processing delay
0000024741QT0BC	4/12/2019	24/03/2020	74	Processing error, identified by connection mis-match report, which is only managed monthly.
0000169801QT8CF	15/10/2019	23/01/2020	67	Internal processing delay
0000328851QT22A	22/12/2019	24/03/2020	61	Processing error, identified by connection mis-match report, which is only managed monthly.
0000328871QTF7F	22/12/2019	24/03/2020	61	Processing error, identified by connection mis-match report, which is only managed monthly.
0000328881QTF68	22/12/2019	24/03/2020	61	Processing error, identified by connection mis-match report, which is only managed monthly.
0000340761QT585	22/12/2019	24/03/2020	61	Processing error, identified by connection mis-match report, which is only managed monthly.
0000431371QTD3B	30/10/2019	7/01/2020	45	Internal processing delay
0000709701QT4FF	31/12/2019	13/03/2020	50	Internal processing delay
0000928981QT5C5	7/02/2020	27/03/2020	35	Internal processing delay



0001005141NGEA8	13/09/2019	27/03/2020	134	Internal processing delay
0001753601QT676	21/08/2019	15/06/2020	203	Processing error, identified by connection mis-match report, which is only managed monthly.
0002004421NGE36	26/11/2019	20/04/2020	97	Processing error, identified by connection mis-match report, which is only managed monthly.
0002023741QT9AE	14/09/2019	8/01/2020	77	Internal processing delay
0002061691QT53D	22/10/2019	7/01/2020	50	Internal processing delay
0002064811QT15C	2/12/2019	18/02/2020	51	Processing error, identified by connection mis-match report, which is only managed monthly.
0002186321QTFFB	13/06/2019	24/03/2020	197	Internal processing delay

Contact has a suite of validation reports to identify potential status or status reason errors, but these reports are only managed monthly, which prevents updates occurring “as soon as practicable”.

The reporting was not identifying ICPs with the status reason “GTD” (gas temporary disconnect - GMS remains service turned off at service valve or supply capped or plugged); this is resolved and ICPs with this status reason are now included.

Non-Conformance	Description	Audited party comment
<p><b>Regarding:</b> Rule 61.1 &amp; 58.1</p> <p><b>Control Rating:</b> Not adequate</p>	Registry not updated as soon as practicable for 52 out of 100 ICPs.	<p><b>Response:</b> Further training has been provided to the users and we are making steady progress to resolve existing exceptions.</p> <p>We are also in process of implementing system enhancements which will increase accuracy of registry status data, this is expected to be implemented by the end July 2021.</p>

## 8. Resolving Discrepancies (Rule 62.1)

Contact has a set of validation processes and reports to identify and resolve discrepancies, which was demonstrated during the audit. The validation compares SAP data to registry data for all relevant fields.

As mentioned in **sections 6 and 7**, whilst reporting is in place to identify discrepancies, there are delays with the resolution of some of these discrepancies, which will sometimes have an effect on billing and reconciliation.

### Allocation groups

I checked the discrepancy reporting for allocation groups, and whilst there is validation in place to identify allocation group changes depending on consumption, there are delays in making the changes because the changes are made once the meter reading frequency is changed, and the change requires a meter reading.

The July 2020 analysis by Contact found the following:

- six allocation group 6 ICPs had estimated annual consumption exceeding 250 GJ; all were corrected to allocation group 4 prior to the audit, and the corrections were delayed by waiting for the ICPs' meter reading schedules to be updated,
- four allocation group 4 ICPs had estimated consumption under 250 GJ per annum; one was corrected to allocation group 6 prior to the audit, and three were close to the threshold and remained in allocation group 4 to be conservative, and
- no allocation group 4 or 6 ICPs were found with estimated consumption over 10,000 GJ per annum.

I compared the SAP metering information as at 15/07/20 to the registry list as at 08/07/20 and found four ICPs where the TOU flag was set to Y and the allocation group was 4. All consumed less than 10,000 GJ per annum but had correctors installed. They were expected to be submitted as TOU allocation group 2 ICPs because telemetry is not installed.

ICP	Contact supply start date	Contact supply end date	Comment
0000953421QTD8B	01/07/18	-	Still supplied by Contact as non-TOU AG4
1001133052QTBC8	01/07/08	-	Still supplied by Contact as non-TOU AG4
0000298891QTFA0	22/11/17	30/09/20	Switched out effective 01/10/20, last supplied by Contact as non-TOU AG4
0000322631QT591	05/04/17	21/05/20	Switched out effective 01/10/20, last supplied by Contact as non-TOU AG4

### Status reasons

I checked the detailed records for 18 ICPs to confirm whether the status reason was correct. I found three errors when checking the reasons against the records provided from the field. In all three cases, the error had been identified by validation reporting, but the correction had not been made.

### Removed meters

I checked 33 ICPs where the status was ACTV or ACTC, but the registry indicated that meters were removed. 16 ICPs have meters recorded in SAP and the meter owner needs to update the registry. Eight ICPs now have the correct status. One ICP (0001505701QT11E) has the incorrect status. Eight

ICPs had the incorrect status due to processing errors, where the status was not changed at the time the meter removal was processed in SAP. There is now reporting in place to identify these examples.

### **Gas gates**

31 gas gate discrepancies were identified. In all cases, Contact had updated SAP within one day of the distributor updating the changes in the registry, which were backdated from November 2019 to August 2019.

### **Meter pressure**

12 examples of differences between SAP and the registry were checked. Reporting is in place to find discrepancies but there were delays with making the changes for nine of the 12.

### **Meter numbers and digits**

The meter reading processes are designed to identify meter number or digit discrepancies.

The meter number is stored in the handheld device. If the meter reader's handheld device is expecting more digits than the number of dials, then the reading is entered as normal and notification is made in the "readers notes" field for investigation. If the handheld is expecting fewer digits than the number of dials, then the reading is entered into the "readers notes" field and once again an investigation is conducted.

I compared the SAP metering information as at 15/07/20 to the registry list as at 08/07/20, and found:

- 22 meter digit discrepancies not relating to TOU metering or metering which was removed on the registry; 18 of these were resolved during the audit and four were still being investigated, and
- 1,245 meter serial number discrepancies not relating to TOU metering or metering which was removed on the registry; I checked 20 examples and found that Contact's meter number was correct in 17 cases and three examples were resolved during the audit. For the 17 where Contact's meter serial number was correct, the meter owner's serial number had an addition prefix added to the serial number, which is not present on the meter. There is no further action for Contact to take in relation to this.

### **Network Pressure vs meter pressure**

There are 24 ICPs where the network pressure and the meter pressure are the same (two of these have the "operating at network pressure" flag set to yes), and four ICPs where the network pressure is less than the meter pressure. I initially found 11 appeared accurate compared to most ICPs on the street, 11 appeared reasonable based on other nearby ICPs, and six appeared unusually low compared to other ICPs on the street. Contact is investigating these ICPs to check what the network pressure should be. I recommend reporting is put in place to identify ICPs where the network pressure is the same or less than the meter pressure.

This rule requires the responsible retailer to use "best endeavours" to resolve discrepancies between their data and registry data. I have concluded that the best endeavours threshold has not been met in relation to the following two areas:

- four ICPs where the TOU flag was set to Y and the allocation group was 4; all consumed less than 10,000 GJ per annum but had correctors installed, were expected to be submitted as TOU allocation group 2 ICPs because telemetry is not installed, and
- there are delays in correcting allocation group and meter pressure errors identified through validation.

Non-Conformance	Description	Audited party comment
<p><b>Regarding:</b> Rule 62.1</p> <p><b>Control Rating:</b> Not adequate</p>	<p>ICPs 0000953421QTD8B (01/07/08 onwards), 1001133052QTBC8 (01/07/08 onwards), 0000298891QTFA0 (21/11/17 - 30/09/20), and 0000322631QT591 (05/04/17 - 21/05/20) have TOU metering and consume more than 250 GJ pa but have allocation group 4 assigned. There are delays in correcting allocation group and meter pressure errors identified through validation.</p>	<p><b>Response:</b> <b>Allocation group 4 ICPs with TOU metering flag populated</b></p> <p>Contact does not agree with this interpretation of the regulations around TOU metering flag for ICPs under 10 TJ.</p> <p>The purpose of a corrector being present is due to a number of reasons such as:</p> <ul style="list-style-type: none"> <li>• The meter is operating as network or close to network pressure.</li> <li>• The flow rate means the regulator is not able to maintain the meter pressure within the required tolerance.</li> <li>• The meter design was when the ICP had significantly higher gas load and now the ICP consumes significantly lower volumes – however the costs to modify the GMS is prohibitive</li> </ul> <p>Most electronic corrector also include a TOU logging capability which is why the metering provider has flagged the registry accordingly. This does not mean the primary purpose of the corrector being installed is for the TOU logging capability.</p> <p>The Regulations were written to allow retailers to decide how to settle ICPs below 10 TJ between TOU and NHH where TOU capability was present.</p> <p><b>Delays in correcting errors.</b> Contact has resolved this backlog of meter pressure discrepancies – including corrections to ensure all adjusted volumes are settled appropriately. We have also put in place a monthly process to ensure we correct any new exceptions as identified via a registry vs settlement mismatch report in a timely manner.</p> <p><b>Comments:</b> We have concerns how this interpretation of the regulations will impact the settlement of gas smart meters as these should also be flagged as being a TOU device with comms. If the same logic was applied then all gas smart meters will need to be settled as Allocation group 1 ICPs</p>

## 9. Switching

### 9.1 Initiation of Consumer Switch / Switching Notice (Rules 65 to 67)

I checked a sample of 20 GNT files sent later than two business days from the switch date to confirm they were sent within two business days of entering into a contract to supply gas to the consumer.

Two GNT files were sent late out of 20 that were checked. This does not achieve compliance with rule 66.1. The details are shown below.

ICP	Event date	Input date	Business days	Reason for late file
0000032426GN01A	21/02/2020	18/04/2020	38	Processing error where the electricity was set up but not gas at the time of switch.
0000066761QT53C	13/03/2020	28/04/2020	29	Processing error where the electricity was set up but not gas at the time of switch.

All GNT files for standard switches were sent prior to the event date. Compliance is confirmed.

No GNT files were sent more than 10 business days in advance of the switch date. Compliance is confirmed.

Non-Conformance	Description	Audited party comment
<b>Regarding:</b> Rule 66.1 <b>Control Rating:</b> Adequate	Two out of a sample of 20 GNT files sent later than two business days of entering into a contract to supply gas.	<b>Response:</b> These exceptions were due to human error as part of our onboarding process. We are providing additional training to these users to reduce the likelihood of these errors occurring again.

### 9.2 Response to a Gas Switching Notice (Rules 69 to 75)

Within two business days of receiving a gas switching notice, the responsible retailer must provide to the registry:

1. a gas acceptance notice (GAN), or
2. a gas transfer notice (GTN), or
3. a gas switching withdrawal notice (GNW).

The switch breach report confirmed there were no late files during the audit period.

### 9.3 Gas Acceptance Notice (Rule 70)

A sample of 15 GAN files was checked to confirm the accuracy of the content and that the expected switch date was not later than 10 business days as stipulated in Rule 70.2.2.

All GAN files contained correct response codes. No ICPs had incorrect expected switch dates.

### 9.4 Gas Transfer Notice (Rule 72)

The content of a sample of 20 GTN files was checked to confirm accuracy. All switch reads, read types and dates of last read were correct. The logic for estimated annualised consumption has been changed and it now uses a read to read period as close as possible to 12 months, which is then “normalised” to give an accurate estimate. The previous logic used a recent period, which was then extrapolated. This logic had a low level of accuracy. There is one issue with the new logic. When a meter “clocks over” (for example when readings advance past 99999 for a five-digit meter) the logic does not recognise this has occurred and the annualised consumption is too high. I checked 18 GTN files where the annualised consumption was high and two of them were incorrect due to meters having “clocked over”.

Rule 72.1.3 requires GTN notices to contain “an annualised consumption (in gigajoules) estimate for the ICP”, but it does not stipulate that the estimate must be accurate; therefore I have not alleged a breach but I recommend Contact reviews the annualised consumption calculation logic as it relates to “clocked” meters to ensure accuracy.

### 9.5 Accuracy of Switch Readings (Rule 74)

The accuracy of switch readings is discussed in **section 9.4** above. GTN files are automated and the readings were correct for a sample of 20 ICPs.

### 9.6 Gas Switching Withdrawal (Rules 74A, 75, 76, 78)

An analysis was undertaken of GNWs (switching withdrawal notices) to identify the number within each reason category. This was done as both the recipient of the GNW and as the initiator of the GNW. The results are shown in the tables below.

#### GNW files sent and received

GNW Files	CR	DF	IN	MI	UA	WP	WS	Total	% of GNTs
GNW Sent (old)	770	58	1	16	11	100	271	1,227	11.5%
GNW Sent (new)	156	170	0	2	1	61	2	392	4.9%
GNW Received (old)	513	30	0	21	21	47	276	908	8.5%

GNW Received (new)	278	40	0	19	3	98	4	442	5.5%
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The numbers above appear to be typical compared to the previous audit and to audits of other retailers.

I checked examples of all GNW codes where Contact was the new retailer and where Contact was the old retailer. In all cases, the correct codes were used, and Contact had sufficient information to support the withdrawal.

I checked 10 examples where GNW files had been sent by other retailers and had been rejected by Contact. In all cases, Contact had sufficient information to support the rejection. 8.1% of GNW files received were rejected.

165 of 1,671 GNW files sent by Contact (9.9%) were rejected. All 10 ICPs sampled appeared to be correctly rejected.

## 9.7 Switch Reading Negotiation (Rule 79, 81)

There were 328 instances of Contact sending a GNC. A sample of 20 GNCs were reviewed and all were found to be substantiated.

There were 804 GNCs sent by other retailers, indicating inaccurate switch reads by Contact.

There were 90 GAC files sent by Contact where they rejected the other retailer's switch read. There were 64 ICPs where the other retailer rejected Contact's proposed read.

I checked a sample of 20 NC files sent by Contact and their read was confirmed as correct in all cases. The same is true for a sample of GNC files received by Contact, in all cases, Contact agrees with the proposed reading change.

Rejected GAC files were examined and I found that rejections were only occurring when there was disagreement with the reading provided and acceptance was then confirmed once a reading had been negotiated. The process is working as expected.

## 10. Bypass of Distributor (Rule 82)

Contact is not the retailer on a bypass network, so they do not have responsibilities under this Rule.

## 11. Recommendations

As a result of this audit, I have made two recommendations, as follows:

- rule 72.1.3 requires GTN notices to contain “an annualised consumption (in gigajoules) estimate for the ICP”, but it does not stipulate that the estimate must be accurate; therefore, I have not alleged a breach, but I recommend Contact reviews the annualised consumption calculation logic as it relates to “clocked” meters to ensure accuracy, and
- I recommend reporting is put in place to identify ICPs where the network pressure is the same or less than the meter pressure.



## Appendix 1 – Control Rating Definitions

Control Rating	Definition
Control environment is not adequate	<p>Operating controls designed to mitigate key risks are not applied, or are ineffective, or do not exist.</p> <p>Controls designed to ensure compliance are not applied, or are ineffective, or do not exist.</p> <p>Efficiency/effectiveness of many key processes requires improvement.</p>
Control environment is adequate	<p>Operating controls designed to mitigate key risks are not consistently applied or are not fully effective.</p> <p>Controls designed to ensure compliance are not consistently applied or are not fully effective.</p> <p>Efficiency/effectiveness of some key processes requires improvement.</p>
Control environment is effective	<p>Isolated exceptions identified when testing the effectiveness of operating controls to mitigate key risks.</p> <p>Isolated exceptions identified when testing the effectiveness of controls to ensure compliance.</p> <p>Isolated exceptions where efficiency/effectiveness of key processes could be enhanced.</p>

## Appendix 2 – Contact Comments

In relation to the recommendation to review the annualised consumption calculation logic as it relates to “clocked” meters to ensure accuracy. This review has been completed and we are amending our logic to calculate the annualised consumption. Testing to this logic change is currently underway with a proposed implementation date in early March 2021.