

VERITEK

Gas Registry and Switching Performance Audit Final Report

For

Trustpower Limited



Prepared by

Steve Woods: Veritek Limited

Date of Audit: 09/06/20 & 11/06/20

Date Audit Report Complete: 06/11/20

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 Trustpower Limited (Trustpower) 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 Trustpower's control environment is "effective" for eight of the areas evaluated, "adequate" for three areas and "not adequate" for three areas.

Eight of the 14 areas evaluated were found to be compliant. Seven 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 Trustpower 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 errors are present in GTN files.

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

1. I recommend the GTV issue preventing automated loading of the registry when TRUS is not the proposed retailer is resolved,
2. investigate the reasons for delayed resolution of discrepancies once they have been discovered, and
3. investigate the cause of delayed notification between departments leading to delayed sending of GNT files.
4. Reviews the annualised consumption calculation in GTV to ensure accuracy.

Summary of Report Findings

Issue	Section	Control Rating <i>(Refer to Appendix 1 for definitions)</i>	Compliance Rating	Comments
Participant registration information	2	Effective	Compliant	Registration information is accurate.
Obligation to act reasonably	3	Effective	Compliant	No examples of Trustpower acting unreasonably were found.
Obligation to use registry software competently	4	Effective	Compliant	No examples of Trustpower using registry software incompetently were found.
ICP identifier on invoice	5	Effective	Compliant	The ICP identifier is shown on Trustpower's invoices.
Uplift of READY ICP	6	Not adequate	Not compliant	<p>The registry was not populated within two business days of Trustpower entering into a contract to supply gas to a consumer for 11 of 26 examples checked.</p> <p>I recommend the GTV issue preventing automated loading of the registry when TRUS is not the proposed retailer is resolved.</p>
Maintenance of ICP information in registry	7	Not adequate	Not compliant	Registry not updated as soon as practicable for 40 out of 100 ICPs.
Resolving discrepancies	8	Not adequate	Not compliant	Allocation group validation is effective, but there are delays in correcting errors identified through validation.
Initiation of consumer switch/switching notice	9.1	Adequate	Not Compliant	<p>Five out of 20 GNT files sent later than two business days of entering into a contract to supply gas.</p> <p>A Use of System Agreement is not in place with First Gas.</p>

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	Adequate	Not Compliant	Some errors were found with GTN files.
Accuracy of switch readings	9.5	Adequate	Not Compliant	Readings taken after a customer has “finalled” are not always taken into account when estimating the switch reading.
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

Trustpower personnel assisting in this audit were:

Name	Title
Shae McNae	Location Compliance Team Leader
Lisa Edge	AMI Deployment and Field Services Lead
Michelle Turner	Connections Manager
Lisa Riley	Customer Connection Specialist
Vicky Kingham	Customer Connection Specialist
Jo Andrews	Provisioning Team Leader
Evan Dobbs	Provisioning Specialist

Contents

Executive Summary	2
Summary of Report Findings	3
Persons Involved in This Audit	5
Contents	6
1. Pre-Audit and Operational Infrastructure Information	7
1.1 Scope of Audit	7
1.2 Audit Approach	8
1.3 General Compliance	9
1.3.1 Summary of Previous Audit	9
1.3.2 Breach Allegations	9
1.4 Provision of Information to the Auditor (Rule 91)	11
1.5 Draft Audit Report Comments	11
2. Participant Registration Information (Rules 7 and 10)	12
3. Obligation to Act Reasonably (Rule 34)	12
4. Obligation to Use Registry Software Competently (Rule 35)	12
5. ICP Identifier on Invoice (Rule 36)	12
6. Uplift of Ready ICP (Rule 54)	13
7. Maintenance of ICP Information in the Registry (Rules 58 to 61)	14
8. Resolving Discrepancies (Rule 62.1)	18
9. Switching	19
9.1 Initiation of Consumer Switch / Switching Notice (Rules 65 to 67)	19
9.2 Response to a Gas Switching Notice (Rules 69 to 75)	21
9.3 Gas Acceptance Notice (Rule 70)	21
9.4 Gas Transfer Notice (Rule 72)	21
9.5 Accuracy of Switch Readings (Rule 74)	23
9.6 Gas Switching Withdrawal (Rules 74A, 75, 76, 78)	23
9.7 Switch Reading Negotiation (Rule 79, 81)	24
10. Bypass of Distributor (Rule 82)	24
11. Recommendations	25
Appendix 1 – Control Rating Definitions	26
Appendix 2 – Trustpower Comments	27

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 June 9th and 11th 2020. The audit was conducted by video conference due to the Covid-19 travel restrictions.

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 Trustpower 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 Trustpower 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.¹

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

1.3 General Compliance

1.3.1 Summary of Previous Audit

The previous audit was conducted by Julie Langford and was completed on 27/04/17. The table below shows the findings of this audit and whether the issues have been resolved.

Section	Summary of issue	Rules potentially breached	Status
3	Physical address information on registry out of date.	10.1.1	Resolved
7	Status updates for new connections were not done within 2 business days of entering a contract for 3 ICPs.	54.1	Still existing
7	A systematic process of always changing READY ICPs to a status of INACT and GNM regardless of the ICP's actual status results in invalid registry updates.	54.1	Resolved
8	There were 965 instances of status event changes exceeding 30 days.	61.1	Still existing
10.1	The switch for a contract entered on 27/06/16 was not initiated until 04/07/16, a breach of the 2-business day rule.	66.1	Still existing
10.1	Trustpower's systems do not initiate a switch within the required timeframe for contracts where commencement of supply is between 3 and 12 business days of the contract date.	66.1	Resolved
10.4	Two GTNs with incorrect switch reads were identified.	72.1.8	Still existing

1.3.2 Breach Allegations

Trustpower has five alleged switching breaches recorded by the Market Administrator since July 2017, with six underlying breaches. A summary of the breaches is shown in the table below.

Breach month	Underlying breaches	Rule allegedly breached	Details
Feb-18	2	69.2 & 78.1	Late GAW and late switch completion
Jan-18	1	78.1	Late GAW
Dec-18	1	70.2	Expected switch date later than 10 business days
Mar-19	1	70.2	Expected switch date later than 10 business days
Dec-19	1	69.2	Late switch completion

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

Breach Allegation	Rule	Section in this report
Registry not populated within two business days of Trustpower entering into a contract to supply gas to a consumer for 11 of 26 examples checked.	54.1	6
Registry not updated as soon as practicable for 40 out of 100 ICPs.	61.1 & 58.1	7
Allocation group validation is not complete and does not identify ICPs where the allocation group needs to be changed to 4 from 6. There are delays in correcting errors identified through validation.	62.1	8
Five out of 20 GNT files sent later than two business days of entering into a contract to supply gas.	66.1	9.1
A Use of System Agreement is not in place with First Gas.	65.2.3	
ICP 0000006061QT866 had a reading on 31/01/20, which was used as an actual reading on the switch date of 07/02/20. Meter readings taken after 31/01/20 indicated consumption, therefore an estimated reading should have been calculated for 07/02/20, or the switch should have been withdrawn because the new customer may have moved in earlier than 07/02/20. ICP 0000012267GN131 switched on 18/01/20. A reading from 16/01/20 was used but it was called an actual reading and should have been called an estimate. ICP 0000013825GN8BB switched on 11/02/20. A reading from 05/02/20 was used but it was called an actual reading and should have been called an estimate.	72.2	9.4
ICP 0000006061QT866 had a reading on 31/01/20, which was used as an actual reading on the switch date of 07/02/20. Meter readings taken after 31/01/20 indicated consumption, therefore an estimated reading should have been calculated for 07/02/20, or the switch should have been withdrawn because the new customer may have moved in earlier than 07/02/20.	74.3.2	9.5

1.4 Provision of Information to the Auditor (Rule 91)

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

Information was provided by Trustpower 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 to report
Gas Industry Company	Yes	Yes	No
Trustpower	Yes	Yes	Yes

The comments received were considered in accordance with rule 93.1, prior to preparing the final audit report. The following table records the changes that were made to the report after considering comments.

Report Section	Change to Report
9.1	Breach allegation made for not having a Use of System agreement in place with First Gas.

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.

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

3. Obligation to Act Reasonably (Rule 34)

No examples of Trustpower acting unreasonably were found.

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

No examples of Trustpower using registry software incompetently were found.

5. ICP Identifier on Invoice (Rule 36)

The ICP identifier is shown on Trustpower'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.

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 2019 to March 2020. This report contained 262 ICPs where the initial registry update was later than two business days, out of a total of 590 new connections. I checked the records for 26 ICPs where the registry update was more than 15 business days. 11 of the 26 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
1001296742NG5DD	22/11/2018	30/01/2019	43	System issue where the automated registry update does not occur if TRUS is not the proposed retailer.
1002060258QTD6D	25/02/2019	28/03/2019	21	GTV loading error
1002058926QT489	23/01/2019	1/04/2019	45	GTV loading error
1000582013PGF39	21/03/2019	30/04/2019	23	GTV loading error
1001297088NGE01	20/03/2019	16/05/2019	36	System issue where the automated registry update does not occur if TRUS is not the proposed retailer.
1001297250NGB50	12/04/2019	16/05/2019	19	System issue where the automated registry update does not occur if TRUS is not the proposed retailer.
1002063243QTBF4	23/04/2019	6/06/2019	28	GTV loading error
1001297141NGEBB	29/04/2019	5/07/2019	46	GTV loading error
1001297732NG120	17/07/2019	14/10/2019	61	System issue where the automated registry update does not occur if TRUS is not the proposed retailer.

1001298582NG0F5	14/01/2020	10/02/2020	16	System issue where the automated registry update does not occur if TRUS is not the proposed retailer.
1000587769PG0D7	12/12/2019	4/03/2020	52	GTV loading error

As the table above shows, there are two issues causing late registry updates. Six late updates were due to errors at the time of populating GTV, and five late updates were due to a system issue preventing the automated registry update in cases where TRUS is not the proposed retailer. Weekly reporting is run to identify these issues.

I checked the “RSREADY” report to identify ICPs at Ready, where Trustpower is the proposed retailer to ensure they were loaded into GTV. There was one record and it was loaded correctly into GTV.

Non-Conformance	Description	Audited party comment
Regarding: Rule 54.1 Control Rating: Not adequate	Registry not populated within two business days of Trustpower entering into a contract to supply gas to a consumer for 11 of 26 examples checked.	Response: Trustpower accepts this breach Comments: We will review the current process and work with GTV to make the appropriate changes to the system. This work will be completed by 31 st December 2020.

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 Trustpower’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	3,962	909	178	7.0
ACTV	5,679	418	120	4.0
INACT	1,083	80	20	5.0

INACP	84	58	14	74
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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	10
ACTV	30	11
INACT	20	9
INACP	20	10

ACTC updates				
ICP	Event date	Input date	Business days	Reason
0000016525GNA93	3/08/2019	17/01/2020	114	Status change to bill vacant consumption not reversed.
0000019753GND26	13/01/2019	12/03/2019	40	Status change to bill vacant consumption not reversed.
0000119501QT77E	8/10/2019	9/12/2019	43	Status change by other retailer for a period prior to Trustpower ownership. Delay in processing discrepancy.
0000136871QT786	3/10/2019	4/02/2020	83	Status change to bill vacant consumption not reversed.
0000231351QT109	24/05/2019	10/07/2019	32	Processing error
0000502651QT2CB	23/09/2019	10/01/2020	74	Processing error
0000839081QT1E1	15/04/2019	9/07/2019	57	Processing error
0001014129NGA0D	12/07/2019	16/01/2020	129	Status change to bill vacant consumption not reversed.
0001017080NG7A7	29/05/2019	19/08/2019	57	Status change by other retailer for a period prior to Trustpower ownership. Delay in processing discrepancy.
0001022667NG0DD	19/10/2019	9/12/2019	34	Status change by other retailer for a period prior to Trustpower ownership. Delay in processing discrepancy.

ACTV updates				
ICP	Event date	Input date	Business days	Reason
0000013716GNC8C	13/04/2018	15/04/2019	253	Historic status in GTV for the previous period of ownership sent to registry once ICP has switched back in.
0000016525GNA93	3/10/2019	17/01/2020	71	Status change to bill vacant consumption not reversed.
0000026599GNA13	4/10/2018	7/11/2019	274	Processing issue
0000027343GN266	12/06/2018	10/04/2019	210	Historic status in GTV for the previous period of ownership sent to registry once ICP has switched back in.
0000027541GN4E5	8/02/2019	27/03/2019	33	Historic status in GTV for the previous period of ownership sent to registry once ICP has switched back in.
0000029182GNB0B	16/10/2018	4/01/2019	53	Processing issue
0000123071QT84A	20/10/2016	10/07/2019	692	Historic status in GTV for the previous period of ownership sent to registry once ICP has switched back in.
0000622891QT656	16/04/2018	22/08/2019	341	Historic status in GTV for the previous period of ownership sent to registry once ICP has switched back in.
0000716211QTAD6	6/09/2018	27/06/2019	200	Historic status in GTV for the previous period of ownership sent to registry once ICP has switched back in.
0000764751QT48F	28/05/2019	20/08/2019	59	Historic status in GTV for the previous period of ownership sent to registry once ICP has switched back in.
0001014129NGA0D	10/11/2019	16/01/2020	44	Status change to bill vacant consumption not reversed.

INACT updates				
ICP	Event date	Input date	Business days	Reason
0000030921QT726	10/06/2019	25/10/2019	99	Credit disconnection should have been manually populated in registry but was not.
0001658771QT1A3	15/08/2019	15/10/2019	43	Processing issue
0075002848PGEB2	15/02/2019	7/08/2019	119	Processing issue
0088535402PGA77	20/03/2017	8/07/2019	583	Processing issue
1000523375PG50D	7/10/2019	22/11/2019	33	System issue where the automated registry update does not occur if TRUS is not the proposed retailer.
1001296742NG5DD	22/11/2018	30/01/2019	45	Processing issue
1001296783NGE77	6/12/2018	31/01/2019	36	Processing issue
1001297088NGE01	20/03/2019	16/05/2019	38	System issue where the automated registry update does not occur if TRUS is not the proposed retailer.
1002058926QT489	23/01/2019	1/04/2019	47	Processing issue

INACP updates				
ICP	Event date	Input date	Business days	Reason
0000015785GNA6B	3/12/2019	14/01/2020	26	Processing issue
0000054111QT40B	28/09/2018	1/02/2019	85	Processing issue
0001501560PG492	30/04/2019	5/06/2019	25	Processing issue
0001747591QT4F3	19/12/2018	16/01/2019	16	Processing issue
0002005098NGF74	16/07/2015	10/12/2019	1130	Processing issue
0002007998NG53D	22/02/2017	13/12/2019	714	Processing issue
0003023737NGD03	16/05/2019	14/06/2019	20	Notification between departments did not occur as expected.
0004200348NG154	14/03/2019	9/04/2019	18	Processing issue

0004211146NG189	19/12/2019	17/02/2020	37	Notification between departments did not occur as expected.
0009000242NG39D	27/05/2019	28/06/2019	23	Notification between departments did not occur as expected.

Non-Conformance	Description	Audited party comment
Regarding: Rule 61.1 & 58.1 Control Rating: Not adequate	Registry not updated as soon as practicable for 40 out of 100 ICPs.	Response: Trustpower accepts this breach Comments: We will review the end to end process and strengthen controls to ensure registry updates are timely. This work will be completed by 31st December 2020.

8. Resolving Discrepancies (Rule 62.1)

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

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

I checked the discrepancy reporting for allocation groups, and it appears there is validation in place to ensure ICPs are changed to AG6 from AG4, but not from AG6 to AG4. A check of 36 potential discrepancies found 31 ICPs where the allocation group was incorrectly recorded.

I checked the detailed records for 25 ICPs to confirm whether the status reason was correct. I found three errors when checking the reasons against the records provided from the field.

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:

1. allocation group validation is identifying discrepancies, but they are not all being resolved, and
2. there are delays in correcting errors identified through validation.

Non-Conformance	Description	Audited party comment
Regarding: Rule 62.1 Control Rating: Not adequate	Allocation group validation identifying discrepancies, but they are not all being resolved. There are delays in correcting errors identified through validation.	Response: Trustpower accepts this breach Comments: A recent internal change in team structures and in roles & responsibilities led to an incorrect report (control) being used. The incorrect allocation groups have all been updated and the correct report is now being used.

9. Switching

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

I checked a sample of GNT files to confirm they were sent within two business days of entering into a contract to supply gas to the consumer. Five GNT files were sent two days 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
0004213025NG8FD	3/12/2018	11/01/2019	25	Delayed notification between departments
0000015571GN171	28/04/2019	23/05/2019	18	Delayed notification between departments
0000083961QT96A	10/08/2019	3/09/2019	16	Delayed notification between departments
0000084091QT414	8/10/2019	11/11/2019	23	Delayed notification between departments
0000102591QTF98	4/08/2019	2/10/2019	42	Processing issue

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
<p>Regarding: Rule 66.1</p> <p>Control Rating: Adequate</p>	<p>Five out of 20 GNT files sent later than two business days of entering into a contract to supply gas.</p>	<p>Response: Trustpower accepts this breach.</p> <p>Comments: There have been issues with our Sales System integrating with GTV. There is a project underway (AWAC) which will resolve this by 31/12/2020.</p>

I checked that Trustpower had Use of System Agreements in place with all distributors as required by rule 65.2.3. An agreement is not in place with First Gas, although negotiations are in progress.

Non-Conformance	Description	Audited party comment
<p>Regarding: Rule 65.2.3</p> <p>Control Rating: Adequate</p>	<p>A Use of System Agreement is not in place with First Gas.</p>	<p>Response: Our existing relationship is based on the novation of contracts as part of sale and purchase agreements that both us and Firstgas have undertaken over the last 7 years, dating back to the time that Wanganui Gas retailed to the customers on the original NGC gas distribution networks . We have asked Wanganui Gas for this original contract are awaiting a response.</p> <p>Trustpower are awaiting a draft UoSA from First Gas so that we have a modern up to date UoSA. First Gas have made the GIC aware of the pending work they are undertaking with all Retailers on signing new UoSA. The GIC will be aware that currently all Gas/Electricity Retailers are heavily committed to the Electricity Authority programme on the DDA , this work will impact on the ability of Gas retailers such as Trustpower to address the new First Gas UoSA when it is available. We expect that it should be completed during the 2021 calendar year.</p> <p>Comments: We are aware of the requirement to ensure we have active and fit for purpose UoSA with all distributors.</p>

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. The following issues were found:

- ICP 0000006061QT866 had a reading on 31/01/20, which was used as an actual reading on the switch date of 07/02/20. Meter readings taken after 31/01/20 indicated consumption, therefore an estimated reading should have been calculated for 07/02/20, or the switch should have been withdrawn because the new customer may have moved in earlier than 07/02/20.
- ICP 0000012267GN131 switched on 18/01/20. A reading from 16/01/20 was used but it was called an actual reading and should have been called an estimate.
- ICP 0000013825GN8BB switched on 11/02/20. A reading from 05/02/20 was used but it was called an actual reading and should have been called an estimate.

Non-Conformance	Description	Audited party comment
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Regarding: Rule 72.2	ICP 0000006061QT866 had a reading on 31/01/20, which was used as an actual reading on the switch date of 07/02/20. Meter readings taken after 31/01/20 indicated consumption, therefore an estimated reading should have been calculated for 07/02/20, or the switch should have been withdrawn because the new customer may have moved in earlier than 07/02/20.	Response: Trustpower accept this breach.
Control Rating: Adequate	<p>ICP 0000012267GN131 switched on 18/01/20. A reading from 16/01/20 was used but it was called an actual reading and should have been called an estimate.</p> <p>ICP 0000013825GN8BB switched on 11/02/20. A reading from 05/02/20 was used but it was called an actual reading and should have been called an estimate.</p>	Comments: We will work with GTV to strengthen reporting controls by 31st December 2020.

I checked 44 ICPs where there were potential errors in the estimated annualised consumption field. I checked 10 ICPs where the consumption figure was zero, 12 where it was negative and 22 where it was over 250 on AG6 ICPs. I found the following:

- one ICP with zero consumption was incorrect,
- all ICPs with negative consumption were incorrect, and
- all ICPs with high consumption were correct but the allocation groups were incorrect.

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 Trustpower reviews the annualised consumption calculation in GTV to ensure accuracy.

9.5 Accuracy of Switch Readings (Rule 74)

The accuracy of switch readings is discussed in **section 9.4** above. There was one example where compliance was not achieved with Rule 74.3.2 because ICP 0000006061QT866 had a reading on 31/01/20, which was used as an actual reading on the switch date of 07/02/20. Meter readings taken after 31/01/20 indicated consumption, therefore an estimated reading should have been calculated for 07/02/20, or the switch should have been withdrawn because the new customer may have moved in earlier than 07/02/20.

Non-Conformance	Description	Audited party comment
Regarding: Rule 74.3.2 Control Rating: Effective	ICP 0000006061QT866 had a reading on 31/01/20, which was used as an actual reading on the switch date of 07/02/20. Meter readings taken after 31/01/20 indicated consumption, therefore an estimated reading should have been calculated for 07/02/20, or the switch should have been withdrawn because the new customer may have moved in earlier than 07/02/20.	Response: Trustpower accepts this breach Comments: We will work with GTV to strengthen our controls. This work will be completed by 31 st December 2020

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

NW Files	CR	DF	IN	MI	UA	WP	WS	Total	% of GNTs
NW Sent (old)	1,080	49		14	3	93	354	1,593	17.9%
NW Sent (new)	332	70		14		53	1	470	4.9%
NW Received (old)	523	111		27	18	46	186	911	10.2%
NW Received (new)	206	51		3		35	4	299	3.1%

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 Trustpower was the new retailer and where Trustpower was the old retailer. In all cases, the correct codes were used and Trustpower 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 Trustpower. In all cases, Trustpower had sufficient information to support the rejection. 9.7% of GNW files received were rejected.

119 of 2,069 GNW files sent by Trustpower (5.8%) were rejected. All 10 ICPs sampled appeared to be correctly rejected.

9.7 Switch Reading Negotiation (Rule 79, 81)

There were 514 instances of Trustpower sending a GNC. A sample of 20 GNCs were reviewed and all were found to be substantiated.

There were 205 GNCs sent by other retailers, indicating inaccurate switch reads by Trustpower.

There were 27 GAC files sent by Trustpower where they rejected the other retailer's switch read. There were 59 of 514 ICPs where the other retailer rejected Trustpower's proposed read.

I checked a sample of 20 NC files sent by Trustpower and their read was confirmed as correct in all cases. The same is true for a sample of GNC files received by Trustpower, in all cases, Trustpower 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)

Trustpower 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 three recommendations, as follows:

1. I recommend the GTV issue preventing automated loading of the registry when TRUS is not the proposed retailer is resolved,
2. investigate the reasons for delayed resolution of discrepancies once they have been discovered, and
3. investigate the cause of delayed notification between departments leading to delayed sending of GNT files.
4. Review the annualised consumption calculation in GTV to ensure accuracy.

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 – Trustpower Comments

We would like to thank the auditors for their thorough approach.

The process has highlighted some areas where controls could be strengthened – we are committed to doing this before the end of 2020.