

Rule change 18 – Forward audit estimates

In developing the methodology for undertaking forward estimate audits, a number of rule changes were identified to support the guidelines. These rule changes are minor in nature as they seek to clarify the rules and remove ambiguity by defining a number of terms. The rule changes are only intended to support the guidelines, which are designed to encourage forward estimate auditors to follow a recommended audit methodology. The rule changes do not impose substantial new obligations or require compliance with the guidelines.

1. Rule 4.3 of schedule G7 of part G of the Electricity Governance Rules (EGRs) is to be amended by deleting the words that are struck out and inserting the underlined words, as set out below:

4.3 Methodology for forward estimates

A **forward estimate** can only be used where no **historical estimate** under rule 4.2 is possible. For the avoidance of doubt, a **forward estimate** will always be used in relation to the previous **reconciliation period**. ~~A forward estimate is an estimation (in kWh) of the total quantity of electricity that flowed through an ICP during the reconciliation period.~~ The methodology used for providing a calculating forward estimates will be at the discretion of the **independent retailer** provided that:

2. Rule 4.3.1 of schedule G7 of part G of the EGRs is to be amended by deleting the words that are struck out and inserting the underlined words, as set out below:

4.3.1 Accuracy of forward estimates

Each **data administrator** must ensure that the accuracy of its ~~forward estimates against historical estimates is~~ the **consumption information** by **NSP** submitted in its **initial file** and any subsequent **revised file**, when compared to **consumption information** by **NSP** submitted in the most recent **revised file**, is within the percentage of error specified by the **market administrator** from time to time. Each year, the **market administrator** must test in relation to each **data administrator** the accuracy of its ~~forward estimates~~ the **consumption information** by **NSP** submitted in its **initial file** and any subsequent **revised file** against historical estimates for a sample set of **NSPs**. The **market administrator** must **publish** the results of this test.

3. In order to ensure clarity, the following terms be defined in part A of the EGRs:
 - a. "historical estimate";
 - b. "forward estimate";
 - c. "initial file"; and
 - d. "revised file".

4. The defined terms are set out below:
 - a. “**historical estimate**” means, in relation to non **half hour** metered **ICPs**, the volume (in kWh) between two actual **meter** reads apportioned to part or full **reconciliation periods** after having the **seasonally-adjusted profile shape** applied.
 - b. “**forward estimate**” means, in relation to non **half hour** metered **ICPs**, any volume (in kWh) submitted for a part or full **reconciliation period** that is not a **historical estimate**.
 - c. “**initial file**” means, in relation to non **half hour** metered **ICPs**, the **consumption information** (in kWh) by **NSP** by **profile** submitted to the **reconciliation manager** by 4 pm on the 4th **business day** for the previous **reconciliation period** and by definition contains only **forward estimates**.
 - d. “**revised file**” means, in relation to non **half hour** metered **ICPs**, the **consumption information** (in kWh) by **NSP** by **profile** submitted to the **reconciliation manager**, subsequent to the **initial file**, and for the avoidance of doubt may contain any ratio of both **forward estimates** and **historical estimates**.
5. As the words "historical estimate" become a defined term in part A of the EGRs, those words need to be bolded to reflect that fact where they appear elsewhere in the EGRs. The relevant rules are as follows:
 - a. rule 2.4 of schedule G7 of part G;
 - b. rule 4.2 of schedule G7 of part G;
 - c. rule 4.2.1 of schedule G7 of part G;
 - d. rule 4.2.2 of schedule G7 of part G; and
 - e. rule 4.4 of schedule G7 of part G.
6. As the words "forward estimate" also become a defined term in part A of the EGRs, those words need to be bolded to reflect that fact where they appear elsewhere in the EGRs too. The relevant rule is as follows:
 - a. rule 2.2 of appendix 1 of code of practice G2 of schedule G8 of part G.