

Memo

To Audited participants
Copies Auditors
From Jonathon Staite
Date 20 April 2017
Subject Clarification on certification and next audit dates for participants

For your information

The Code places audit obligations on participants, not participant codes

The purpose of this memo is to clarify that obligations under the Electricity Industry Participation Code, including certification and audit obligations, sit with the participant, not the four letter participant code.

As a result, whenever a participant is audited, it must be audited for all four letter participant codes for which the participant is responsible. The next audit date determined by the Authority will apply to all codes.

Background

Clauses 2 of Schedule 10.3, 1 of Schedule 10.5, 11.8B, 11.10 and 11 of Schedule 15.1 require participants to arrange for and submit audit reports to the Authority.¹

The Authority uses these audit reports as the basis for decisions including granting certification, approving test houses and determining the next audit date for the audited participant.

Over time, participant Codes have transferred between participants. This may affect the audit and certification timeframes for those participants.

Examples of audit obligations on participants

Example 1: Reconciliation participant “A” purchases reconciliation participant “B”

Reconciliation participant A (RPA) purchases reconciliation participant B (RPB) and operates RPB as a brand name. RPB ceases to exist as a separate legal entity and RPA becomes the participant responsible for all of the actions for RPB, including correction of historical information.

As a result, RPB is no longer required to hold certification as a reconciliation participant. RPA is required to be certified for its functions, including any functions it has taken over from RPB, or which RPA is performing under the RPB brand name.

¹ The Code clauses requiring participants to arrange for audits will be replaced with clauses 10.17A, 11.8B, 11.10 and 15.37A from 1 June 2017.

All Code obligations, including certification and next audit dates for RPA remain those set for RPA. RPA will be responsible for all functions previously performed by RPB, including correction of historic information.

RPA may be required to undergo a material change audit for any changes to its systems or processes as a result of being responsible for RPB.

Example 2: RPA purchases RPB and operates RPB as a separate entity

Reconciliation participant A (RPA) purchases reconciliation participant B (RPB). RPB continues to exist as a wholly owned subsidiary of RPA.

As a result, RPB must continue to hold certification for all functions it performs. RPA must continue to hold certification of all functions it performs.

All Code obligations, including certification and next audit dates remain with RPA and RPB as if the purchase had not occurred.

Example 3: Metering Equipment Provider A operates two participant codes independently

Metering Equipment Provider A (MEPA) operates two participant codes for two different fleets of metering stock. Each participant code is run independently, with different staff, systems and processes but remains the responsibility of MEPA.

MEPA is required to be audited against both participant codes, with the same lead audit before its 'next audit date'. There only needs to be one audit, which covers both participant codes, and which covers the systems and processes provided under both participant codes.



Jonathon Staite
Adviser Market Operations