

Electricity Industry Participation Code Distributor Audit Report

for

Eastland Network Limited



Prepared by Rebecca Elliot – Veritek Ltd

Date of Audit: 04/04/17

Date Audit Report Complete: 31/05/17

Date Audit Report Due: 30/07/17

Executive Summary

This Distributor audit was performed at the request of **Eastland Network Ltd (Eastland)**, to encompass the Electricity Industry Participation Code requirement for an audit, in accordance with clause 11.10 of part 11. The audit was carried out at Eastland's premises in Gisborne, on April 4th, 2017. This audit has been undertaken under the new regime that comes into effect June 1st, 2017. Therefore the audit was conducted in accordance with the Guideline for Distributor Audits V7.1, which was produced by the Electricity Authority.

The audit found seven non-compliances and three recommendations are made. Four of the non-compliances raised relate to one ICP that was backdated at creation. This was an isolated event, but did highlight that the management of registry rejection files requires review to ensure all such incidents are identified and actioned in a timely way. The accuracy of initial energisation dates was also highlighted. I have repeated last year's recommendation to examine initial energisation date discrepancies. The remaining two non-compliances raised relate to the timeliness of updates to the registry. These are exceptions and not related to any systematic issues. Overall Eastland have good processes in place and robust controls. The indicative audit frequency table indicates the next audit should be in 12 months and I agree with this recommendation.

This is the last year Bruce Easton will be involved with the audits as he retires in mid-June. His considerable experience will be missed. Jennette Moore is taking over and there has been a good handover process to ensure that business will continue as usual. I wish Bruce well in his retirement and thank the team at Eastland for their co-operation in completing this first audit under the new regime.

The matters are set out in the table below:

Table of Non-Compliance

Subject	Section	Clause	Non compliance	Controls	Audit Risk Rating	Breach Risk Rating	Remedial Action
Requirement to Correct Error	2.2	11.2(2) of part 11	Registry rejection file not picked up and actioned.	Moderate	Low	2	Identified
Distributors to Create ICPs	3.2	11.5(3) of Part 11	1 ICP not created within 3 business days of request.	Moderate	Low	2	Identified
Timeliness of ICP Information to the Registry	3.4	7(2) of Schedule 11.1	1 ICP not updated to the registry before electricity was traded.	Moderate	Low	2	Identified
Timeliness of the Population if Initial Energisation Date	3.5	7(2A) of Schedule 11.1	21 initial energisation dates updated late to the registry.	Strong	Low	1	Identified

Subject	Section	Clause	Non compliance	Controls	Audit Risk Rating	Breach Risk Rating	Remedial Action
Connection of ICPs	3.6	11.17 of Part 11	1 ICP without a trader recorded on the registry after electrical connection had occurred.	Moderate	Low	2	Identified
Changes to Registry	4.1	8 of schedule 11.1	Updates to registry backdated greater than 3 business days of the event.	Moderate	Low	2	Identified
Provision of ICP Information to the Registry	4.6	7(1)(p) of schedule 11.1	14 initial energisation dates populated incorrectly.	Moderate	Low	2	Investigating
Breach Risk Rating Score						13	
Indicative Next Audit Frequency						12 months	

Table of Recommendations

Subject	Section	Clause	Recommendation for improvement	Remedial Action
Requirement to Correct Error	2.2	11.2(2) of part 11	Review management of registry rejection notifications.	Identified
Provision of ICP Information to the Registry	4.6	7(1)(p) of schedule 11.1	Examine all IED discrepancies to ensure Eastland date is correct.	Investigating
Management of "Ready" Status	4.9	14 of schedule 11.1	Investigate network registry information being stripped out when updating.	Identified

Persons Involved in This Audit

Auditor:

Rebecca Elliot

Veritek Limited

Electricity Authority Approved Auditor

Eastland personnel assisting in this audit were:

Name	Title
Bruce Easton	Business Service Manager
Jennette Moore	Billing and Revenue Assurance Manager
Jason Grout	Information Manager
Carl Williamson	GIS/CAD Technician

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1. Administrative

1.1 Summary of Previous Audit

Eastland provided a copy of their previous audit, conducted in April 2016 by Steve Woods of Veritek Limited. The matters raised are detailed in the table below.

Table of Non-Compliance

Subject	Section	Clause	Non compliance	Status
Changes to Registry	3.1	8 of schedule 11.1	Updates to registry backdated greater than 3 business days of the event.	Still existing
Date of ICP Initial Energisation	3.7	7(1)(p) & (2A) of schedule 11.1	Initial energisation date not updated on the registry within 10 days. One initial energisation date recorded incorrectly.	Still existing

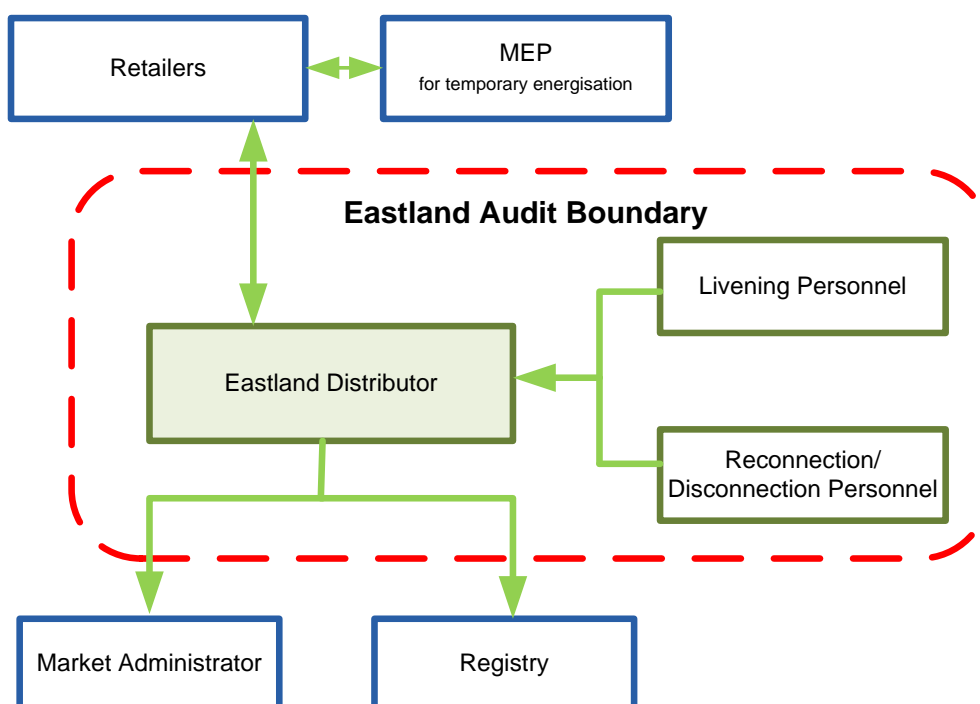
Table of Recommendations

Subject	Section	Clause	Recommendation for improvement	Status
Date of ICP Initial Energisation	3.7	7(1)(p) & (2A) of schedule 11.1	Examine all IED discrepancies to ensure Eastland date is correct.	Still existing

1.2 Scope of Audit

This Distributor audit was performed at the request of Eastland, to encompass the Electricity Industry Participation Code requirement for an annual audit, in accordance with clause 11.10 of part 11. The audit was carried out at Eastland's premises in Gisborne, on April 4th 2017.

The scope of the audit is shown in the diagram below, with the Eastland audit boundary shown for clarity.



Eastland Network is owned by Eastland Network Limited which is managed by Eastland Group Ltd (Eastland). All activities covered by this audit are managed at Eastland's head office in Gisborne.

The audit was conducted in accordance with the Guideline for Distributor Audits V7.1, which was produced by the Electricity Authority.

1.3 Balancing Areas and ICP Data

Eastland has responsibility for the Eastland local network, which has one NSP and one balancing area. There have been no changes during the audit period. The table below sets out the details.

Distributor	NSP POC	Description	Parent POC	Parent Network	Balancing Area	Network Type	Start Date
EAST	TUI1101	TUAI FOR EAST			TUI1101EASTG	G	1/04/2015

There are no embedded networks connected to the Eastland network.

Eastland provided a list of all ICPs as at March 2017 by way of a registry “list file”. A summary of this data by “ICP status” is as follows:

Status	Number of ICPs (2017)	Number of ICPs (2016)	Number of ICPs (2015)
Distributor	0	0	0
New	0	0	0
Ready	12	13	21
Active	25,422	25,423	25,405
Inactive- new connection in progress (1,12)	10	6	15
Inactive – vacant (1,4)	416	413	338
Inactive – AMI remote disconnection (1,7)	75	18	0
Inactive – -de-energised due to meter disconnected (1,8)	4	0	0
Inactive – - at pole fuse(1,9)	1	0	0
Inactive – de-energised at meter box switch (1,10)	4	2	0
Inactive- at meter box switch (1,11)	1	0	0
Inactive – ready for decommissioning (1,6)	3	2	2
Decommissioned (3)	3,749	3,679	3,585

1.4 Exemptions From Obligations to Comply With Code (Section 11 of Electricity Industry Act 2010)

Section 11 of the Electricity Industry Act provides for the Electricity Authority to exempt any participant from compliance with all or any of the clauses.

There are no exemptions in relation to this audit that have been granted to Eastland.

1.5 Supplier List

Eastland provided a list of approved contractors, which is summarised below:

Network Construction/Maintenance/Livening Agents		
Company	Location	Name
Apex Power Systems Ltd	Gisborne	Jason Collier
Inline Construction Ltd	Gisborne	Aaron McKinnon
Power Connections Ltd	Gisborne	Glen McKinnon
Power Technologies Ltd	Gisborne	Steven Clark (Foxy)
Eastech Ltd	Gisborne	Dennis McConnell
Eastech Ltd	Gisborne	Tony Leggett
Unison Contracting Services Ltd	Hastings	Mark Lawrie
Inspectors		
Company	Location	Name
ECIS Ltd	Gisborne	Jai Goodyear
Electrinet Ltd	Gisborne	Toby Pickering
John McLaughlin	Wairoa	John McLaughlin
Mark Gregory	Wairoa	Mark Gregory

1.6 Hardware and Software

Eastland continues to use the Gentrack Velocity system for most of the functions covered by this audit. Their GIS is called "Powerview".

Eastland performs a nightly server backup, and on a fortnightly basis a tape backup is performed. These are stored off-site and periodically restored to check readability. A mirrored server also exists in a separate building.

1.7 Breaches or Breach Allegations

Eastland has no breaches recorded by the Electricity Authority that are relevant to the scope of this audit.

2. Operational Infrastructure

2.1 Requirement to Provide Complete and Accurate Information (Clause 11.2(1) of Part 11)

A participant must take all practicable steps to ensure that information that the participant is required to provide to any person under Part 11 is:

- a) complete and accurate*
- b) not misleading or deceptive*
- c) not likely to mislead or deceive.*

Audit Observation

Eastland data management processes were examined. The list file as at 28 February 2017, was examined to confirm compliance.

Audit Commentary

Eastland have processes in place to ensure that information is complete and accurate and is not misleading or deceptive. Examination of the list file found no examples of misleading or deceptive information found. Eastland make every effort to ensure data is complete and accurate. Compliance is confirmed.

2.2 Requirement to Correct Errors (Clause 11.2(2) of Part 11)

If the participant becomes aware that in providing information under this Part, the participant has not complied with that obligation, the participant must, as soon as practicable, provide such further information as is necessary to ensure that the participant does comply.

Audit Observation

Eastland data management processes were examined. The list file as at 28 February 2017, was examined to confirm compliance.

Audit Commentary

Eastland have a comprehensive suite of discrepancy reporting in place. These are managed on a daily basis to ensure that information is complete and accurate and is not misleading or deceptive. Any incorrect data is corrected upon discovery. There was five examples found of registry rejection notification files not being picked up. One related to the creation of a new ICP and the others related to pricing updates. Overall the controls in place are robust, but I recommend that the management of registry rejection notification files is reviewed to ensure all such notifications are managed. This is recorded as non-compliance.

Recommendation	Description	Audited party comment	Remedial action
Regarding: 11.2(2)	Review management of registry rejection notifications.	A check has been implemented each Monday to ensure that energisation dates are correct in both Gentrack and the Registry	Identified

Non-compliance	Description	
With: Clause 11.2 of Part 11 From/to: Oct 16- Feb 17	Registry rejection file not picked up and actioned. Potential impact: Low Actual impact: Low Audit history: None Controls: Moderate Breach Risk Rating: 2	
Audit Risk Rating	Rationale for audit risk rating	
Low	The management of registry rejection notification files could result in this occurring again and this could impact settlement outcomes.	
Actions taken to resolve the issue	Completion date	Remedial action Status
Action - Accept recommendation to check files daily	05/04/2017	Identified
Preventative actions taken to ensure no further issues will occur	Completion date	
As above	As above	

3. Creation of ICPs

3.1 Distributors Must Create ICPs (Clause 11.4 of Part 11)

Audit Observation

The new connection process was examined in detail and is described in Section 2.2 below. Ten new connection applications of the 129 created were checked from the point of application through to when the ICP was created.

Audit Commentary

The process in place is robust and has good controls in place. The sample checked in Section 2.2 below confirms this. Compliance is confirmed.

3.2 Participants May Request Distributors to Create ICPs (Clause 11.5(3) of Part 11)

The distributor, within three business days of receiving a request for the creation of an ICP identifier for an ICP, must either create a new ICP identifier or advise the participant of the reasons it is unable to comply with the request.

Audit Observation

The new connection process was examined in detail. Ten new connection applications of the 129 created during the audit period were checked from the point of application through to when the ICP was created. These were selected using the typical characteristic methodology to confirm the process and controls worked in practice.

Audit Commentary

For all new connections an “engineering review” is completed prior to the application for an ICP. The application for service form (AFS) is normally completed by the electrician, and provided to one of Eastland’s approved contractors, who approves the application from an engineering perspective, and then submits it to Eastland for the final approval and the creation of an ICP.

The date the AFS is submitted to Eastland is entered into Gentrack as the “received date”; the ICP is then created and provided to the retailer by email. Eastland runs a report monthly to monitor performance in relation to the application vs. creation date.

Of the 10 new ICPs checked I found that all were created compliantly with the exception of ICP 0009063100WW8C0. This ICP was not created within three business days of the request. This was created on the registry on 9/1/17 with an effective date of 23/12/16. It appears that the original file sent to the registry failed due to the inclusion of a comma in a field due to human error. The subsequent file rejection notification from the registry was not picked up. This resulted in the backdated creation of this ICP. This was the only example found of this occurring. This is recorded as non-compliance.

Non-compliance	Description		
With: Clause 11.5(3) of Part 11 From/to: 23/12/16-9/1/17	1 ICP not created within 3 business days of request. Potential impact: Low Actual impact: Low Audit history: None Controls: Moderate Breach Risk Rating: 2		
Audit Risk Rating	Rationale for audit risk rating		
Low	The creation process is robust to the point of registry rejection file management. The management of registry rejection notification files could result in this occurring again which could impact settlement outcomes.		
Actions taken to resolve the issue		Completion date	Remedial action Status
Brought to the attention of the Information Team that this important requirement is completed in a timely manner.		05/04/2017	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
As noted above 3 working day requirement has been reiterated and anticipate an improvement moving forward		05/04/2017	

3.3 Provision of ICP Information to the Registry (Clause 11.7 of Part 11)

The distributor must provide information about ICPs on its network in accordance with Schedule 11.1.

Audit Observation

The new connection process for populating all required registry fields was examined. The list file was examined for all ICPs created during the audit period.

Audit Commentary

The process for updating the registry is automated for all fields, and the update occurs on a nightly basis. 129 ICPs were created during the audit period. All had the correct information populated as required by this clause. Compliance is confirmed.

3.4 Timeliness of the Provision of ICP Information to the Registry (Clause 7(2) of Schedule 11.1)

This information is provided as soon as practicable, and before electricity is traded at the ICP.

Audit Observation

The new connection process was examined. The event detail report for the period from October 2016 through to February 2017 was examined.

Audit Commentary

The process for updating the registry is automated for all fields, and the update occurs on a nightly basis. 129 ICPs were created during the audit period. Eastland monitors a “creation before livening” report to ensure compliance with this requirement. Strong controls are in place. All were updated to the registry prior to energisation with the exception of ICP 0009063100WW8C0. This is discussed in Section 2.2 above. The late updating of information to the registry in relation to this ICP is recorded below as non-compliance.

Non-compliance	Description	
With: Clause 7(2) of Schedule 11.1 From/to: 5/1/17-9/1/17	1 ICP not updated to the registry before electricity was traded. Potential impact: Low Actual impact: Low Audit history: None Controls: Moderate Breach Risk Rating: 2	
Audit Risk Rating	Rationale for audit risk rating	
Low	The population of the ICP data is robust to the point of registry rejection file management. The management of registry rejection notification files could result in this occurring again which could impact settlement outcomes.	
Actions taken to resolve the issue	Completion date	Remedial action Status
Reliance on Livening Agents needs to be carefully monitored and regularly reviewed.	05/04/2017	Identified
Preventative actions taken to ensure no further issues will occur	Completion date	
Information Team follow this up on a regular basis	05/04/2017	

3.5 Timeliness of the Provision of the Initial Energisation Date (Clause 7(2A) of Schedule 11.1)

*The **distributor** must provide the information specified in sub-clause (1)(p) to the **registry** no later than 10 **business days** after the date on which the **ICP** is initially **energised**.*

Audit Observation

The new connection process for populating all required registry fields was examined. The event detail report for the period from October 2016 through to February 2017 was examined.

Audit Commentary

The event detail report was examined and I found that 21 ICPs were updated later than 10 business days after the initial energisation date. Eastland runs a daily report comparing active date with initial energisation date. Any that the retailer has taken to active, but for which Eastland has no initial energisation date are followed up by an email to the livening agents requesting the paperwork be submitted. ICPs with an initial energisation date but still at status “new connection in progress” beyond five days are also monitored. However despite these efforts paperwork is sometimes late from the field. The late updating of the registry is recorded as non-compliant.

Non-compliance	Description		
With: Clause 7(2) of Schedule 11.1 From/to: Oct 16 - Feb 17	21 initial energisation dates updated late to the registry. Potential impact: Low Actual impact: Low Audit history: Three Controls: Strong Breach Risk Rating: 1		
Audit Risk Rating	Rationale for audit risk rating		
Low	The population of the initial energisation date is robust with strong controls in place therefore I have applied a low audit risk rating.		
Actions taken to resolve the issue		Completion date	Remedial action Status
Reliance on Livening Agents needs to be carefully monitored and regularly reviewed.		05/04/2017	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
Information Team follow this up on a regular basis		05/04/2017	

3.6 Connection of ICPs (Clause 11.17 of Part 11)

This clause also requires that distributors must not electrically connect ICPs of any other kind unless a trader is recorded in the registry as accepting responsibility for the ICP.

Audit Observation

The new connection process was examined. The event detail report for the period from October 2016 through to February 2017 was examined.

Audit Commentary

Traders engage agents who are approved to work on Eastland's network to conduct energisation activities. Eastland does not conduct energisation; however, the design of the new connections process includes a step where the trader accepts responsibility in accordance with this clause. Eastland network creates all ICPs at "Ready" with a proposed trader. Strong controls are in place and as discussed in Sections 2.2 and 2.3 above all ICPs were recorded in the registry with a trader prior to electrical connection with the exception of ICP 0009063100WW8C0 for the reasons discussed above. This is recorded as non-compliance.

Non-compliance	Description		
With: Clause 11.17 of Part 11 From/to: 23/12/2016-9/1/17	1 ICP without a trader recorded on the registry after electrical connection had occurred. Potential impact: Low Actual impact: Low Audit history: None Controls: Moderate Breach Risk Rating: 2		
Audit Risk Rating	Rationale for audit risk rating		
Low	The population of ICP data is robust to the point of registry rejection file management. The management of registry rejection notification files could result in this occurring again which could impact settlement outcomes.		
Actions taken to resolve the issue		Completion date	Remedial action Status
Reliance on Livening Agents needs to be carefully monitored and regularly reviewed.		05/04/2017	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
Information Team follow this up on a regular basis		05/04/2017	

3.7 Electrical Connection of ICPs that are NSPs (Clause 10.28(7) of Part 10)

A network owner must not electrically connect a new point of connection that is to be quantified by metering unless requested to do so by the:

- MEP (for a temporary energisation); or*
- Reconciliation participant responsible for ensuring there is a metering installation.*

Note this clause focusses on all points of connections to the network including EN and LE ICPs.

Audit Observation

Eastland does not have any embedded networks connected to their network therefore this clause this was not assessed as part of this audit.

Audit Commentary

N/A

3.8 Electrical Connection of an ICP that is not an NSP (Clause 10.31 of Part 10)

A distributor must not electrically connect an ICP that is not also an NSP unless:

- the trader trading at the ICP has requested the electrical connection; or*
- the MEP who has an arrangement with the trader trading at the ICP has requested temporary energisation of the ICP.*

Audit Observation

The new connection process was examined in relation to ICPs that are not also NSPs to Eastland's network. All ICPs created during the audit period were checked for a proposed trader on the list file as at February 28th, 2017.

Audit Commentary

Eastland creates all new ICPs at "Ready" and all have a trader who has requested and accepted responsibility for the ICP as confirmed by examination of the list file. Compliance is confirmed.

3.9 Electrical Connection of an NSP that is not a Point of Connection to the Grid (Clause 10.30(2) of Part 10)

A distributor must, within five business days of electrically connecting an NSP that is not also a point of connection to the grid, notify the reconciliation manager of the following in the prescribed form:

- the NSP electrically connected*
- the date of the electrical connection*
- the participant identifier of each MEP*
- the certification expiry date for each metering installation.*

Audit Observation

Eastland do not have any embedded networks on their distribution network therefore this was not assessed.

Audit Commentary

N/A

3.10 Definition of ICP Identifier (Clause 1(1) of Schedule 11.1)

Audit Observation

The new connection process was examined and a sample checked. This is detailed in Section 2.1 above.

Audit Commentary

All ICPs are created in the appropriate format. The sample checked confirmed compliance.

3.11 Loss Category (Clause 6 of Schedule 11.1)

Audit Observation

The list file was examined to confirm all active ICPs have a single loss category code.

Audit Commentary

Eastland has two loss factors (LV & GN); this was verified against Eastland's list file. Each active ICP only has a single loss category, which clearly identifies the relevant loss factor. Compliance is confirmed.

3.12 Management of “New” Status (Clause 13 of Schedule 11.1)

Audit Observation

The management of ICPs in relation to the use of the “new” status was examined. The list file and event detail report for the period October 2016 to February 2017 were examined in relation to the use of the “new” status.

Audit Commentary

The status of “New” is not used by Eastland; except in the case where an ICP needs to be decommissioned prior to being made active either due to no longer being required, or not accepted by a trader. All new ICPs are created at “Ready”. Examination of the list file and event detail report confirmed the status is used compliantly.

3.13 Monitoring of “New” & “Ready” Statuses (Clause 15 of Schedule 11.1)

Audit Observation

As detailed in Section 2.12 above, Eastland does not use the “New” status; all ICPs are created at “Ready”. The process of the management of ICPs at the “ready” status was examined. The list file was examined for any ICPs at the “ready” status for greater than 24 months.

Audit Commentary

Each month Eastland monitors a report of ICPs at the “Ready” status. Any record on this report that is older than approximately six months is investigated with the trader. The report as at April 2017 contained 12 ICPs and the oldest record on the report was for April 2016. Eastland were aware of the reasons the ICPs were still at “Ready”. ICPs at status “new connections in progress” are also monitored. At the time of the audit, there were six ICPs at “new connections in progress” but none of them had been energised. Compliance is confirmed.

3.14 Embedded Generation Loss Category (Clause 7(6) of Schedule 11.1)

If the ICP connects the distributor's network to an embedded generating station that has a capacity of 10 MW or more (clause 7(1)(f) of Schedule 11.1):

The loss category code must be unique; and the distributor must provide the following to the reconciliation manager:

- the unique loss category code assigned to the ICP*
- the ICP identifier of the ICP*
- the NSP identifier of the NSP to which the ICP is connected*
- the plant name of the embedded generating station*

Audit Observation

This requirement was discussed and the list file was examined.

Audit Commentary

Eastland Network has a good understanding of this requirement. Examination of the list file confirmed that they do not have any embedded generation stations with a capacity of 10MW or more that require an individual loss category code. There are two embedded generators connected to Eastland's network. One owned by Clearwater Hydro with an output of approximately 5MW, and Waihi Generation owned by Eastland Network, with an output of less than 5MW. Eastland also has six portable embedded generators with an output of approximately 1MW each which are used periodically when maintenance is occurring, or during fault situations. Compliance is confirmed.

4. Maintenance of Registry Information

4.1 Changes to Registry Information (Clause 8 of Schedule 11.1)

When information that is held by the registry changes, the distributor responsible for that ICP must provide notice to the registry of that change within three business days of that change taking effect unless the change is to the NSP identifier of the NSP to which the ICP is usually connected (other than a change that is the result of the commissioning or decommissioning of an NSP).

In those cases, notification must be given no later than eight business days after the change takes effect. If the change to the NSP identifier is for more than 14 days, the time within which notification must be effected in accordance with Clause 8(3) of Schedule 11.1 begins on the 15th day after the change.

Audit Observation

As Eastland has only one NSP there were no NSP changes to be examined.

The process to manage ICP changes were examined. The event detail report for the five month period from October 2016 through to February 2017. I used the typical case methodology examining a sample of ten late updates for any change where the initial analysis could not determine the cause.

Audit Commentary

The majority of changes to ICP are made effective on the date Gentrack is updated, which then updates to the registry that night.

- 187 address events. All were updated within three business days.
- 292 network events – 114 were backdated:
 - 41 of these relate to distributed generation details being added. This is discussed in Section 3.6 below.
 - 21 of these relate to the population of the initial energisation date. These are discussed in Section 2.5 above as this requirement is assessed under Clause 7(2A).
 - 52 of these relate to the updating of unmetered load details. Any changes to street lights require an “as built” to be provided before these changes are updated on the registry in line with the billing cycle, hence these will always be backdated.
- 338 pricing events – 22 of these were backdated. A sample of 10 late updates found:
 - Four events were corrections to customer pricing. I note all that all were updated as soon as they were notified to Eastland.
 - Three events related to failed registry notifications in the first instance, these were then corrected late.
 - Three events related to an ICP being decommissioned as it was set up in error. Events will always backdate to the date of creation to enable them to be cleared from the registry. This is compliant.

Eastland continue to backdate pricing events, but only if it is found that the customer has been billed incorrectly. This meets the requirement to provide correct and accurate information but does cause a technical non-compliance for the late updating of the registry in these instances.

- 41 ICPs were decommissioned. 37 of these were not updated in the registry within three days of the physical event. The sample of ten late updates checked found these were caused by late paperwork in all cases.

Non-compliance	Description		
With: Clause 8 of schedule 11.1 From/to: Oct 16-Feb 17	Updates to registry backdated greater than 3 business days of the event. Potential impact: Medium Actual impact: Low Audit history: Three times previously Controls: Moderate Breach Risk Rating: 2		
Audit Risk Rating	Rationale for audit risk rating		
Low	The population of ICP data is robust to the point of registry rejection file management. The management of registry rejection notification files could result in this occurring again which could impact settlement outcomes.		
Actions taken to resolve the issue		Completion date	Remedial action Status
Back dating will occur when Eastland is found to be in error, otherwise we refrain from back dating using date of notification.		05/04/2017	Identified- actions to address registry notifications noted in Section 2.1
Preventative actions taken to ensure no further issues will occur		Completion date	
Good reasons need to be in place before any back dating is actioned.		05/04/2017	

4.2 Notice of NSP for Each ICP (Clauses 7(1), 7(4) & (5) of Schedule 11.1)

Audit Observation

The new connection process was examined and is described in detail in Sections 2.1 & 2.3 above. There is no uncertainty regarding NSP and ICP relationships on Eastland's network, as there is only one NSP and one balancing area.

Audit Commentary

The NSP for each ICP is notified to the registry as part of the new connections process. Compliance is confirmed

4.3 Customer Queries About ICP (Clause 11.31 of Part 11)

Audit Observation

The management of customer queries was examined.

Audit Commentary

Requests for ICP identifiers are not a common occurrence, and in most cases Eastland advises customers to contact their retailer for a duplicate invoice. If the customer can be correctly identified and the enquiry relates directly to Eastland's activity they will help the customer immediately where possible. Compliance is confirmed.

4.4 ICP Location Address (Clauses 2 & 7(1)(a) of Schedule 11.1)

Each ICP identifier must have a location address that allows the ICP to be readily located.

Audit Observation

The process to manage address accuracy was examined and the list file was analysed.

Audit Commentary

All of Eastland's address records on the registry are unique and the rigorous process in place ensures only meaningful information is populated into the "property name" field when addresses are similar. Gentrack will not allow duplicate addresses for new ICPs. Sometimes a duplicate address may be created as a result of an address change request from a trader, but these are identified via discrepancy reporting and are resolved at the earliest opportunity.

4.5 ICP De-energisation (Clause 3 of Schedule 11.1)

Each new ICP created after 7 October 2002 must be able to be de-energised without de-energisation of any other ICP. Unless it is an ICP that represents the consumption calculated by difference between the total consumption for the embedded network and all other ICPs on that embedded network.

Audit Observation

This was examined as part of the new connection process and proof of process was checked as part of the sample of new connections examined.

Audit Commentary

This requirement is well understood by personnel involved in livening and is included in Eastland's "Network Connection Standards". The new connections process requires contractors to identify the disconnection point for all new ICPs. This process was observed during the audit and compliance with this requirement is confirmed.

4.6 Distributors to Provide ICP Information to the Registry (Clause 7(1) of Schedule 11.1)

The distributor must provide to the registry the information listed in clause 7(1) of schedule 11.1.

Audit Observation

The new connection and updating of ICP information processes for populating all required registry fields was examined. The list file was examined to check for the population of all required information and it's alignment with the trader where appropriate e.g. Distributed generation, unmetered load if known and shared unmetered load.

Audit Commentary

The process for updating the registry is automated for all fields, and the update occurs on a nightly basis. Eastland has a fully automated registry update process, which ensures all information listed in this clause is provided to the registry. I have recommended in Section 1.9 above, that the management of registry rejection files is reviewed. In all instances the correction was made but made late. This is recorded as non-compliance in the relevant sections above.

Distributed Generation

Customers must apply to Eastland to get approval to connect distributed generation. The energisation of these sites is known by the network engineers but this information doesn't flow always very well to the new connections team and these are often picked up through the monitoring of the EIEP1 file or are advised to Eastland by the trader. Once aware of the presence of distributed generation, Eastland confirms that the installation has been inspected, and confirms the capacity and fuel type before loading to this to Gentrack. This process can easily take more than three business days to complete and late updates to the registry is recorded as non-compliance in Section 3.1 above.

Examination of the list file found 154 ICPs recorded with generation capacity. All have generation capacity and fuel type recorded correctly in the registry. The list file contained 11 ICPs with the PV1 profile but the distributed generation fields were not populated. These were all checked and found all except one ICP have had the details populated since the list file was provided. The remaining ICP identified has since been decommissioned.

Unmetered Load

Eastland does not allow any new unmetered connections to their network, unless they are part of an existing unmetered streetlight ICP. All new subdivision streetlight ICPs are metered.

Eastland has an unmetered load recorded for all active ICPs with the UML flag set to Y. They notify the registry of changes to unmetered load by populating the distributor unmetered load field using the recommended format. Compliance is confirmed.

Initial Energisation Date

There have been 128 initial energisation dates populated during the audit period. The list file was examined and found:

- Five ICPs were active and had no energisation date recorded:
 - Four have since been updated on the registry post the list file was provided. All were updated later than the required ten business days. This is recorded as non-compliance in Section 2.5 above.
 - ICP 0000351303EN704 was made active by the Retailer for 17/12/15 and did have an initial energisation date populated but a subsequent network update has stripped this out. Eastland are investigating this to determine cause.

- 22 ICPs have a different date recorded for initial energisation than the “Active” date. The energisation date is taken from the livening sheet received back from the field, if the ICP is physically connected to Eastland’s network (*some ICPs are physically connected at a transformer, pole fuse or pillar box directly to the network, other ICPs are connected at a privately owned distribution point, for example a block of commercial units may have one service main feeding a switchboard, then two or more sets of fuses for individual ICPs, where the fuses are not owned by Eastland and therefore the ICPs are not “physically connected” to the network*). When ICPs are not physically connected to the network, they can be energised by electricians without a check by Eastland and in this scenario, knowledge of the energisation date is sometimes difficult to obtain. I note that Eastland’s paperwork uses the heading “Date Livened” and this is the date that is being populated for the initial energisation date. This is not the date of energisation as the code means hence the misalignment in some cases. When the dates are different, there is no analysis conducted. I repeat last year’s recommendation below that all date differences are examined to ensure Eastland’s date is correct compared to their notification from the field. All 22 records were analysed and found:
 - 14 records where the initial energisation date is after the active date and meter certification dates. The active and meter certification dates aligned in all cases. As a site must be energised to certify metering this suggests that the initial energisation date recorded by Eastland is incorrect.
 - Six records where the initial energisation date was earlier than the active and meter certification dates. The active and meter certification dates aligned in all cases. Of these four were one day earlier. The paperwork from the field was sited in all six instances. Without the retailer’s meter consumption records (for those with AMI). I cannot determine which date is correct for five of them. For ICP 0000400303EN0DB I have received the paperwork from the Retailer. This confirms that energisation took place on 7/11/17 not 3/11/2017 as recorded by Eastland.

The recording of the incorrect initial energisation date is non-compliant.

Recommendation	Description	Audited party comment	Remedial action
Regarding: Clause 7(1)(p) of schedule 11.1	Examine all IED discrepancies to ensure Eastland date is correct.	For absolute clarity, the date supplied by Eastland is the date supplied by the agent responsible for enlivening. The form is signed and dated; information is uploaded to the Gentrack as supplied.	Investigating- it appears this date is inconsistently being provided by agents to Eastland.

Non-compliance	Description		
With: Clause 7(1)(p) of schedule 11.1 From/to: Oct 16-Feb 17	15 initial energisation dates populated incorrectly. Potential impact: :Low Actual impact: Low Audit history: Three times previously Controls: Moderate Breach Risk Rating: 2		
Audit Risk Rating	Rationale for audit risk rating		
Low	The management of mismatching initial energisation dates needs some attention. As this is not used directly for reconciliation but as a check that traders are using the correct active date, it is likely to have no impact to market participants.		
Actions taken to resolve the issue		Completion date	Remedial action Status
I think it is appropriate to consider the impact of mismatching energisation dates. One trader (TRUS) does contest dates and Eastland have previously supplied scanned copies of source documents in support.		30/06/2017	Investigating
Preventative actions taken to ensure no further issues will occur		Completion date	
Given that the AC from the trader has previously been found defective on occasion, it is considered that the only preventative action available to Eastland is to challenge Trader dates where they do not align with Eastland dates. This will not prevent a situation where Eastland dates are received and uploaded prior to trader AC dates and subsequently the trader date does not match.		30/06/2017	

4.7 Provision of Information to Registry after the Trading of Electricity at the ICP Commences (Clause 7(3) of Schedule 11.1)

The distributor must provide the following information to the registry no later than 10 business days after the trading of electricity at the ICP commences:

- *the actual price category code assigned to the ICP (Clause 7(3)(a) of Schedule 11.1)*
- *the actual chargeable capacity of the ICP determined by the price category code assigned to the ICP (if any) (Clause 7(3)(b) of Schedule 11.1)*
- *the actual distributor installation details of the ICP determined by the price category code assigned to the ICP (if any) (Clause 7(3)(c) of Schedule 11.1)*

Audit Observation

The new connection process was examined in detail. The backdated pricing changes were checked against the newly connected ICPs identified through the list.

Audit Commentary

Eastland is able to confirm these details in the majority of cases prior to energisation of the ICP. If any changes are required these are updated as soon as possible. The backdated price category changes were checked and confirmed that none were related to new connections. Compliance is confirmed.

4.8 GPS Co-ordinates (Clause 7(8) & (9) of Schedule 11.1)

If a distributor populates the GPS coordinates (optional), it must meet the NZTM2000 standard in a format specified by the Authority.

Audit Observation

Eastland do not populate GPS co-ordinates therefore this clause was not evaluated.

Audit Commentary

N/A

4.9 Management of “Ready” Status (Clause 14 of Schedule 11.1)

Audit Observation

The management of ICPs in relation to the use of the “ready” status was examined. The list file and event detail report for October 2016 to February 2017 were examined in relation to the use of the “ready” status.

Audit Commentary

Eastland creates all ICPs at the “Ready” status.

Eastland’s process achieves the outcome required by this clause. When ICPs are created at “Ready” a proposed trader is recorded in every instance, and only one price category code exists.

The AFS form contains a “retailer” field, which is provided by the customer or their agent. The date the AFS is submitted to Eastland is entered into Gentrack as the “received date”; the ICP is then created and provided to the retailer by email. The traders notify Eastland within two working days if they do not wish to take responsibility for an ICP. The ICP status will then be changed to “New” within three days of the ICP creation event date. There have been no instances of traders rejecting any ICPs created during the audit period.

Examination of the list file identified an issue highlighted in Section 3.6 of network information being stripped out with a subsequent network event writes to the registry in some instances. Analysis of the list file identified 80 ICPs where this has occurred. These were all populated correctly in the first instance. I recommend that this be investigated by Eastland.

Recommendation	Description	Audited party comment	Remedial action
Regarding: Clause 14 of schedule 11.1	Investigate network registry information being stripped out when updating.	The notification file failed and a Weekly check is now in place to avoid this problem moving forward.	Identified

The records of 10 recently created ICPs were examined and compliance is confirmed.

4.10 Management of “Distributor” Status (Clause 16 of Schedule 11.1)

Audit Observation

Eastland does not have any embedded networks or shared unmetered load; therefore, there are no ICPs with a “Distributor” status. This was confirmed by checking the list file.

Audit Commentary

N/A

4.11 Management of “Decommissioned” Status (Clause 20 of Schedule 11.1)

Audit Observation

The management of ICPs in relation to the use of the “decommissioned” status was examined. The list file and event detail report for the period from October 2016 to February 2017 were examined in relation to the use of the “decommissioned” status.

Audit Commentary

All ICPs that have been de-energised for more than 280 days are monitored. Notification is sent to the retailers of these ICPs, with a request for permission to permanently decommission. If this is confirmed by the trader the process to decommission the site is followed. Requests for decommissioning are also received directly from traders. In all instances written permission must then be received from the property owner. Only once this has been received will the ICP be moved to “Ready for Decommissioning”. A “site verification” process is then followed to ensure that electrical installations associated with ICPs are physically removed before the “Decommissioned” status is used.

Eastland’s overall management of decommissioning is very robust. There were two ICPs at “Ready for decommissioning” status when the list file was provided. These are both in the process of being investigated prior to decommissioning. Compliance is confirmed.

The timeliness of updates to the registry is discussed in Section 3.1 above.

4.12 Maintenance of Price Category Codes (Clause 23 of Schedule 11.1)

Audit Observation

The price category code table on the registry was examined.

Audit Commentary

Eastland keep the price category table up to date and has not created any new price category codes since 2011. Compliance is confirmed.

5. Creation and Maintenance of Loss Factors

5.1 Updating Table of Loss Category Codes (Clause 21 of Schedule 11.1)

Distributors must keep up to date the table in the registry of the loss category codes that may be assigned to ICPs on each distributor's network, by entering in the table any new loss category codes. Each entry must specify the date on which each loss category code takes effect, which must not be earlier than two months after the date the code is entered in the table.

Audit Observation

The loss category code table on the registry was examined.

Audit Commentary

Eastland keep the loss category table up to date and has not created any new loss category codes during the audit period.

5.2 Updating Loss Factors (Clause 22 of Schedule 11.1)

Audit Observation

The loss category code table on the registry was examined.

Audit Commentary

Eastland does not have any loss category codes with more than one loss factor. No loss factors were changed during the audit period. Compliance is confirmed.

6. Creation and Maintenance of NSPs

6.1 Creation and Decommissioning of NSPs (Clause 11.8 of Part 11 & Clause 25 of Schedule 11.1)

Audit Observation

The NSP table on the registry was examined. No NSPs were created or decommissioned during the audit period, therefore this was not assessed as part of this audit.

Audit Commentary

N/A

6.2 Provision of NSP Information (Clauses 26(1) & (2) of Schedule 11.1)

Audit Observation

The NSP table on the registry was examined. No NSPs were created or decommissioned during the audit period therefore this was not assessed as part of this audit.

Audit Commentary

N/A.

6.3 Notice of Balancing Areas (Clauses 24(1) & 26(3) of Schedule 11.1)

Audit Observation

The NSP table on the registry was examined. No new balancing areas were created during the audit period, therefore this was not assessed as part of this audit.

Audit Commentary

N/A

6.4 Notice of Supporting Embedded Network NSP Information (Clause 26(4) of Schedule 11.1)

Audit Observation

Eastland has no embedded networks connected to their network, therefore this was not assessed as part of this audit.

Audit Commentary

N/A

6.5 Maintenance of Balancing Area Information (Clauses 24(2)& (3) of Schedule 11.1))

Audit Observation

The NSP table on the registry was examined. No balancing areas were changed during the audit period, therefore this was not assessed as part of this audit.

Audit Commentary

N/A

6.6 Notice When an ICP Becomes an NSP (Clause 27 of Schedule 11.1)

Audit Observation

The NSP table on the registry was examined. Eastland has not had any ICPs that have changed to become an NSP during the audit period, therefore this was not assessed as part of this audit.

Audit Commentary

N/A

6.7 Notification of the Transfer of ICPs (Clauses 1-4 of Schedule 11.2)

If the distributor wishes to transfer an ICP, the distributor must notify the market administrator in the prescribed form, no later than three business days before the transfer takes effect.

Audit Observation

Eastland has not acquired any networks, therefore this was not assessed as part of this audit.

Audit Commentary

N/A

6.8 Responsibility for Metering Information for NSP that is not a POC to the Grid (Clause 10.25(1) of Part 10)

Audit Observation

Eastland has only one NSP that is a point of connection to the grid, therefore this was not assessed as part of this audit.

Audit Commentary

N/A

6.9 Responsibility for Metering Information when Creating an NSP that is not a POC to the Grid (Clause 10.25(1) of Part 10)

Audit Observation

The NSP table on the registry was examined. No NSPs were created during the audit period, therefore this was not assessed as part of this audit.

Audit Commentary

N/A

6.10 Obligations Concerning Change in Network Owners (Clause 29 of Schedule 11.1)

Audit Observation

Eastland has not acquired any networks, therefore this was not assessed as part of this audit.

Audit Commentary

N/A

6.11 Electrically Connecting NSP that is not a POC to the Grid (Clause 10.30(1) of Part 10)

Audit Observation

Eastland has only one NSP that is a point of connection to the grid, therefore this was not assessed as part of this audit.

Audit Commentary

N/A

6.12 Change of MEP Embedded Network Gate Meter (Clause 10.22(1)(b) of Part 10)

Audit Observation

Eastland has no embedded networks connected to their network, therefore this was not assessed as part of this audit.

Audit Commentary

N/A

6.13 Confirmation of Consent for Transfer of ICPs (Clauses 5 & 8 of Schedule 11.2)

Audit Observation

Eastland has not acquired any networks, therefore this was not assessed as part of this audit.

Audit Commentary

N/A

6.14 Transfer of ICPs- Embedded Network (Clauses 6 of Schedule 11.2)

Audit Observation

Eastland has no embedded networks connected to their network, therefore this was not assessed as part of this audit.

Audit Commentary

N/A

7. Maintenance of Shared Unmetered load

7.1 Notification of Shared Unmetered Load ICP list (Clause 11.14(2) & (4) of Part 11)

Audit Observation

The list file was examined and the streetlight audits of the network were assessed.

Audit Commentary

Eastland does not allow any new unmetered connections on its network and it does not have any shared unmetered load connections. No private lights have been identified in the street light audit of Gisborne District Council and Wairoa District Council. Compliance is confirmed.

7.2 Changes to Shared Unmetered Load (Clause 11.14(5) of Part 11)

Audit Observation

As detailed in Section 6.1 above, Eastland have no shared unmetered load connections on their network, therefore this was not assessed as part of this audit.

Audit Commentary

N/A

8. Calculation of Loss Factors

8.1 Creation of Loss Factors (Clause 11.2 of Part 11)

A participant must take all practicable steps to ensure that information that the participant is required to provide to any person under Part 11 is:

- (a) complete and accurate*
- (b) not misleading or deceptive*
- (c) not likely to mislead or deceive.*

Audit Observation

The “Guidelines on the calculation and the use of loss factors for reconciliation purposes v2.1” is still under review by the Loss Factor Review Panel. The calculation of loss factors was reviewed.

Audit Commentary

The following points are made regarding Eastland’s preparation in relation to loss factors:

- there is a good understanding of the draft guidelines regarding loss factors
- Eastland has recalculated loss factors in line with the network reconfiguration
- different loss factors have been calculated for different voltages (50kV, 11kV and LV)
- load flow studies were conducted to assist with this process.

As this section is still under review this clause is assessed under the requirement to provide complete and accurate information. Compliance is confirmed.

9. Conclusions

The audit found seven non-compliances and three recommendations are made. Four of the non-compliances raised relate to one ICP that was backdated at creation. This was an isolated event, but did highlight that the management of registry rejection files requires review to ensure all such incidents are identified and actioned in a timely way. The accuracy of initial energisation dates was also highlighted. I have repeated last year's recommendation to examine initial energisation date discrepancies. The remaining two non-compliances raised relate to the timeliness of updates to the registry. These are exceptions and not related to any systematic issues. Overall Eastland have good processes in place and robust controls. The indicative audit frequency table indicates the next audit should be in 12 months and I agree with this recommendation.

This is the last year Bruce Easton will be involved with the audits as he retires in mid-June. His considerable experience will be missed. Jennette Moore is taking over and there has been a good handover process to ensure that business will continue as usual. I wish Bruce well in his retirement and thank the team at Eastland for their co-operation in completing this first audit under the new regime.

The matters are set out in the table below:

Table of Non-Compliance

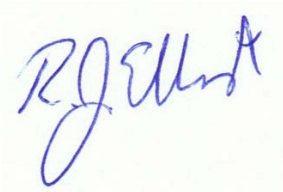
Subject	Section	Clause	Non compliance	Controls	Audit Risk Rating	Breach Risk Rating	Remedial Action
Requirement to Correct Error	2.2	11.2(2) of part 11	Registry rejection file not picked up and actioned.	Moderate	Low	2	Identified
Distributors to Create ICPs	3.2	11.5(3) of Part 11	1 ICP not created within 3 business days of request.	Moderate	Low	2	Identified
Timeliness of ICP Information to the Registry	3.4	7(2) of Schedule 11.1	1 ICP not updated to the registry before electricity was traded.	Moderate	Low	2	Identified
Timeliness of the Population if Initial Energisation Date	3.5	7(2A) of Schedule 11.1	21 initial energisation dates updated late to the registry.	Strong	Low	1	Identified
Connection of ICPs	3.6	11.17 of Part 11	1 ICP without a trader recorded on the registry after electrical connection had occurred.	Moderate	Low	2	Identified
Changes to Registry	4.1	8 of schedule 11.1	Updates to registry backdated greater than 3 business days of the event.	Moderate	Low	2	Identified

Subject	Section	Clause	Non compliance	Controls	Audit Risk Rating	Breach Risk Rating	Remedial Action
Provision of ICP Information to the Registry	4.6	7(1)(p) of schedule 11.1	14 initial energisation dates populated incorrectly.	Moderate	Low	2	Investigating
Breach Risk Rating Score						13	
Indicative Next Audit Frequency						12 months	

Table of Recommendations

Subject	Section	Clause	Recommendation for improvement	Remedial Action
Requirement to Correct Error	2.2	11.2(2) of part 11	Review management of registry rejection notifications.	Identified
Provision of ICP Information to the Registry	4.6	7(1)(p) of schedule 11.1	Examine all IED discrepancies to ensure Eastland date is correct.	Investigating
Management of "Ready" Status	4.9	14 of schedule 11.1	Investigate network registry information being stripped out when updating.	Identified

Signed by:



Rebecca Elliot – Veritek Limited
Electricity Authority Approved Auditor

Signed by:



Bruce Easton
Business Services Manager

10. Eastland's Response

The Auditors points will be carefully reviewed and efforts and additional checks have been implemented to ensure compliance is undertaken.

The IED (Initial Energisation Date) as mentioned in previous Audits will be difficult to reconcile on occasions as the Trader information can either "lead or lag". This is largely due to the fact that Eastland Network is geographically rural which does not help at times the paper work flowing through in a timely manner.

Electronic systems are difficult to use at times in the field due to remoteness and logistical challenges and can delay the process.