

# **ELECTRICITY INDUSTRY PARTICIPATION CODE DISTRIBUTOR AUDIT REPORT**

For

**Nelson Electricity**

Prepared by: Paul Troon

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## EXECUTIVE SUMMARY

This audit has found non compliance related to;

- The provision of initial energised date for 5 ICPs.
- The updating of registry information within the required timeframe.
- Maintenance of registry information.
- Address information for 3 ICPs

All are identified as having had little or no impact on any consumer, participant or the market.

One recommendation is identified regarding ICPs traded on generation profiles that have not been identified as having generation.

NELS have been very helpful providing all information requested for this audit.

## AUDIT SUMMARY

### NON-COMPLIANCES

Subject	Section	Clause	Non Compliance	Controls	Audit Risk Rating	Breach Risk Rating	Remedial Action
Provide energisation date	3.5	7(2A) of schedule 11.1	Initial energisation date not provided in required time for 5 ICPs.	Weak	Low	3	Identified
Maintain registry information	4.1	8 of schedule 11.1	ICP information not updted within 3 business days.	Moderate	Low	2	Identified
ICP address	4.4	2 of schedule 11.1	Address information provided for 3 ICPs would not allow ready location of the ICP.	Moderate	Low	2	Identified
Maintain registry information	4.6	7 (1) of schedule 11.1	Incorrect ICP information details	Moderate	Low	2	Identified

### RECOMMENDATIONS

Subject	Section	Recommendation	Description
Distributed generation	4.6	Investigate ICPs trading with generation profiles.	ICPs with generation profiles not identified as DG on network.

### ISSUES

Subject	Section	Recommendation	Description

## 1. ADMINISTRATIVE

### 1.1. Exemptions from Obligations to Comply With Code (Section 11)

#### Code reference

*Section 11 of Electricity Industry Act 2010.*

#### Code related audit information

*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.*

#### Audit Observation

NELS hold exemption No 228 exempting them from providing metering at the little used interconnection point with Network Tasman at FND0112NELSNP. As a condition of the exemption NELS are required to ensure any electricity conveyed is quantified in accordance with the Code.

We have observed documentation of the process for quantifying any electricity that flows through the interconnection point, and an agreement with a certified reconciliation participant who will submit the quantity to the reconciliation manager.

#### Audit commentary

We have confirmed with NELS that this interconnection point has not been used during the period of audit.

Processes are in place to meet the requirements of the exemption when the interconnection is used, NELS comply with the conditions of the exemption.

#### Audit outcome

Compliance is confirmed

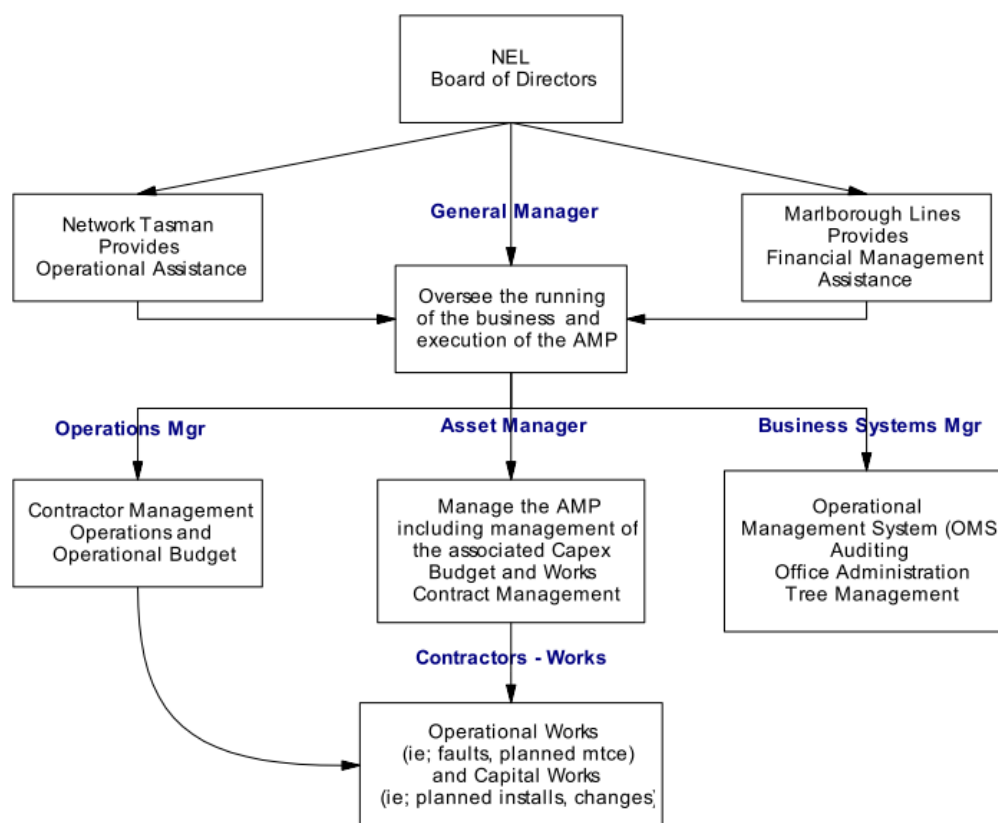
### 1.2. Structure of Organisation

The Nelson Electricity network comprises approximately 9,200 connections in a concentrated area of 24 square kilometres in the central Nelson city area. The connections are largely CBD, industrial and dense urban. Nelson Electricity has a peak loading of 33.0MW, during winter months and distributes 145GWh annually through the network.

The distribution system has four 33kV feeders supplying one 33kV Zone Substation. Thirteen 11kV feeders radiate to ultimately supply 198 11kV/400V transformer sites that feed the 400V network.



Accountabilities and responsibilities in respect of network operations and management are summarised in the chart below.



### 1.3. Persons involved in this audit

Name	Title	Company
Phil Goodall	General Manager	Nelson Electricity
Katie Homan	Business Systems Manager	Nelson Electricity
Paul Troon	Auditor	Paul Troon Consultancy

### 1.4. Use of Contractors (Clause 11.2A)

#### Code reference

Clause 11.2A

#### Code related audit information

A participant who uses a contractor

- remains responsible for the contractors fulfillment of the participants Code obligations
- cannot assert that it is not responsible or liable for the obligation due to the action of a contractor
- must ensure that the contractor has at least the specified level of skill, expertise, experience, or qualification that the participant would be required to have if it were performing the obligation itself

#### Audit commentary

NELS do not use any contractor to perform any of their responsibilities under the Code clauses relevant to this

audit.

#### 1.5. Supplier list

Not applicable

#### 1.6. Hardware and Software

NELS use Microsoft spreadsheet and database products to manage their responsibilities under the Code clauses relevant to this audit.

#### 1.7. Breaches or Breach Allegations

No existing breaches or breach allegations are identified.

#### 1.8. ICP and NSP Data

**NSP** : The following NSP information is sourced from the NSP table.

Distributor	NSP POC	Description	Parent POC	Parent Network	Balancing Area	Network type	Start date	No of ICPs
NELS	STK0331NELSGN	GXP	GXP	GXP	STK0331NELSG	GN	1/9/2013	9120
NELS	HVN0331NELSEN	Network interconnect	STK0331	NA	STK0331NELSG	NA	1/2/2014	NA
NELS	FND0112NELSNP	Network interconnect	STK0331	NA	STK0331NELSG	NA	1/2/2014	NA

**ICP**: The following ICP information is sourced from the audit data set.

Status	Number of ICPs 13/7/2017	Number of ICPs (date)	Number of ICPs (date)
Active (2,0)	9120		
Inactive - new connection in progress (1,12)	4		
Inactive - vacant (1,4)	63		
Inactive - AMI remote disconnection (1,7)	11		
Inactive - de-energised due to meter disconnected (1,8)	0		
Inactive - at pole fuse(1,9)	0		
Inactive - de-energised at meter box switch (1,10)	0		



Inactive - at meter box switch (1,11)	0		
Inactive - ready for decommissioning (1,6)	4		
Decommissioned (3)	1053		

#### 1.9. Authorisation Received

Not applicable - the auditor has not required authorisation to seek information from any party regarding this audit.

#### 1.10. Scope of Audit

The scope of this audit is all distributor functions as required by Clauses 16A.3 to 16A.16 and 16A.23

The following additional matters specified by the Authority are considered.

##### Emphasis required by Authority Clause 10A.9

We have not received any notice of specific emphasis required by the Authority.

##### Self reported instances of non compliance

We have not been advised of any self reported instances of non compliance.

##### Follow up from previous audit

From the review of the previous audit we identify the following matters as included in the scope of audit.

- Schedule 11.1 clause 15 - advise retailer of ICP in new or ready state for greater than 24 months.
- Clause 7 (1) (h) of Schedule 11.1 - Chargeable capacity provided for ICPs where the chargeable capacity may be calculated from metering information.

##### Compliance with exemption 228

Refer section 1.1 of this report.

#### 1.11. Summary of previous audit

The following information is sourced from the previous audit report.

##### Table of non-compliance

Non-compliance	Description	Audited comment	party	Remedial action
<b>With:</b> Schedule 11.1 Clause 15	Failure to advise retailer of 1 connection in new status for greater than 24 months.	ICP Setup for a new connection after consulting customer. New connection is not ready yet.		Investigating
<b>From / to:</b> Open	<b>Indicative impact:</b> None	Will remove ICP and create new one when customer is ready.		
	<b>Audit history:</b> None			
	<b>Procedures:</b> in place			
Non-compliance	Description	Audited party comment		Remedial action

<b>With:</b> Clause 7 (1) (h) of Schedule 11.1	Provision of chargeable capacity value where the value can be determined from metering information.	Chargeable Capacity field is the only numeric field available for use for our Winter Demand (which changes annually). This methodology has worked and retailers understand it. There is no other reliable way to publish the Nelson Electricity winter demand using the registry.	Investigating
<b>From / to:</b> Open	<b>Indicative impact:</b> Unknown		
	<b>Audit history:</b> Twice		
	<b>Procedures:</b> Need improvement		

#### Table of recommendations

There were no recommendations arising from the previous audit.

## 2. OPERATIONAL INFRASTRUCTURE

### 2.1. Requirement to provide complete and accurate information (Clause 11.2(1))

#### Code reference

*Clause 11.2(1)*

#### Code related audit information

*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

We have extensively evaluated the audit data set throughout this audit to determine instances of the provision of incorrect or incomplete information.

#### Audit commentary

NELS work diligently to provide complete and accurate information and have adequate processes in place relative to the size of their operation.

We find some instances where complete information has not been provided. Details of these are reported as non compliance in the appropriate section of this audit report being sections; 3.5, 4.1 and 4.6. All are considered minor.

We have not identified any instance where NELS have provided information that was or may have been misleading or deceptive.

#### Audit outcome

**Non-compliant**

## 2.2. Requirement to correct errors (Clause 11.2(2))

### Code reference

Clause 11.2(2)

### Code related audit information

*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

We have extensively evaluated the audit data set throughout this audit for errors that should have been corrected.

During the audit we identified that 2 ICPs had duplicated address information and 1 DUMML ICP had inadequate address information to allow ready location of the ICP (DUMML database).

### Audit commentary

NELS work diligently to correct any errors identified. Throughout the audit we have not identified any situations where errors have been identified and corrected during the period of audit.

The errors identified to NELS from audit observation were corrected within 1 day.

Compliance is confirmed.

### Audit outcome

**Compliant**

### 3. CREATION OF ICPS

#### **New connections sample selection.**

Compliance with the requirements for the creation of ICPS is determined by examining a sample of the new connections created by the distributor and made active by a trader during the period of audit. It is necessary to examine a sample because the registry does not hold all information relevant to auditing these functions, and consequently additional information must be obtained from the distributor.

NELS have created 66 new connections during the period of audit. Applying the Auditor Protocol sample selection guidelines for a high residual risk we determine a moderate - high sample size is required and select 30% of the candidates.

From the available 66 candidates we choose 20 new connections for the new connections sample using the judgment based methodology.

#### 3.1. Distributors must create ICPS (Clause 11.4)

##### **Code reference**

*Clause 11.4*

##### **Code related audit information**

*The distributor must create an ICP identifier in accordance with Clause 1 of Schedule 11.1 for each ICP on the distributor's network. This includes an ICP identifier for the point of connection at which an embedded network connects to the distributor's network.*

##### **Audit Observation**

We have examined the ICP identifiers for all new ICPS created during the period of audit.

##### **Audit conclusion**

All ICP identifiers have passed the registry ICP identifier test. Compliance is confirmed.

##### **Audit outcome**

**Compliant**

### 3.2. Participants may request distributors to create ICPs (Clause 11.5(3))

#### Code reference

*Clause 11.5(3)*

#### Code related audit information

*The distributor, within 3 business days of receiving a request from a participant 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

We have examined the distributors records for each of the 20 ICPs in the new connections sample to identify if a request for the creation of an ICP identifier has been made by a participant.

#### Audit commentary

None of the ICPs were created as a result of a request from a participant, compliance is confirmed.

We further note that the distributor has created all ICPs on the registry in a timely manner.

#### Audit outcome

**Compliant**

### 3.3. Provision of ICP Information to the registry (Clause 11.7)

#### **Code reference**

*Clause 11.7*

#### **Code related audit information**

*The distributor must provide information about ICPs on its network in accordance with clause 7 of Schedule 11.1.*

#### **Audit observation**

We have examined all ICPs in the new connections sample and confirm that all achieved status active which can only be achieved if the distributor has provided all the required information.

#### **Audit commentary**

Based on the audit observation described above we find the participant compliant with this clause of the Code.

#### **Audit outcome**

**Compliant**

### 3.4. Timeliness of Provision of ICP Information to the registry (Clause 7(2) of Schedule 11.1)

#### **Code reference**

*Clause 7(2) of Schedule 11.1*

#### **Code related audit information**

*The distributor must provide information specified in Clauses 7(1)(a) to 7(1)(o) of Schedule 11.1 as soon as practicable and prior to electricity being traded at the ICP.*

#### **Audit Observation**

We have examined all new connections in the audit data set to determine the date on which the distributor provided all the information required. We have compared this date with the date on which the trader first traded electricity at the ICP (status = active),

#### **Audit commentary**

In all instances the required information was provided to the registry before the ICP was traded. Compliance is confirmed.

#### **Audit outcome**

**Compliant**



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

#### Code reference

*Clause 7(2A) of Schedule 11.1*

#### Code related audit information

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

#### Audit Observation

We examined the provision of the initial energised date for all 66 new connections created during the period of audit and found 2 ICPs for which no initial energised date has been provided within 10 business days of the event, and 3 ICPs for which an initial energisation date was provided later than the required 10 business days.

#### Audit commentary

Based on examination of all new connections created during the period of audit we find the participant non compliant with this clause of the Code.

No participant or reconciliation process depends on this information being provided, we therefore assess the potential adverse impact of the alleged non compliance as Low.

#### Audit outcome

**Non-compliant**

Non-compliance	Description		
<p>Audit Ref: 3.5</p> <p>With: 7(2A) of schedule 11.1</p> <p>From: 03-Jan-16</p> <p>To: 13-Jul-17</p>	<p><i>Distributor provides initial energisation date to registry.</i></p> <p><i>The participant did not provide the initial energisation date for 5 new ICPs within the required period.</i></p> <p>Potential impact: <b>None</b></p> <p>Actual impact: None</p> <p>Audit history: Once</p> <p>Controls: Weak</p> <p>Breach risk rating: 3</p>		
Audit risk rating	Rationale for audit risk rating		
<b>Low</b>	<p>Audit risk is assessed as Low because no participant or reconciliation process depends on this information and there has not been any material adverse impact.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
Reminding retailer's agent to provide information in a timely manner.			Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
Reminding retailer's agent to provide information in a timely manner.			

### 3.6. Connection of ICPs (Clause 11.17)

#### Code reference

*Clause 11.17*

#### Code related audit information

*A distributor must, when electrically connecting an ICP that is not also an NSP, follow the electrical connection process set out in Clause 10.31.*

*The distributor must not electrically connect an ICP (except for an ICP across which unmetered load is shared) unless a trader is recorded in the registry as accepting responsibility for the ICP.*

*In respect of ICPs across which unmetered load is shared, the distributor must not electrically connect an ICP unless a trader is recorded in the registry as accepting responsibility for the shared unmetered load.*

#### Audit Observation

We have examined the audit data set and confirmed there are no shared unmetered loads (SUML) on the participants network, consequently no evaluation is performed for SUML.

For the new connections sample we have identified from the registry record the date on which the first trader was recorded on the registry. We have obtained from the distributor the date on which each ICP in the new connections sample was electrically connected.

#### Audit commentary

In all 20 cases examined the first trader was recorded on the registry before the ICP was electrically connected. Compliance is confirmed.

#### Audit outcome

**Compliant**

### 3.7. Electrical connection of ICPs (Clause 10.28(7))

#### Code reference

*Clause 10.28(7)*

#### Code related audit information

*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.*

#### Audit Observation

For the new connections sample of 20 ICPs we asked the distributor to provide evidence of approval from the trader assuming responsibility for metering at the ICP, and we examined that evidence to determine the date on which the approval (request to connect) was given.

#### Audit commentary

We compared the approval date with the date each ICP in the sample was electrically connected, and in all 20 cases the ICP was electrically connected after approval was given by the first trader.

Compliance is confirmed.

#### Audit outcome

**Compliant**

### 3.8. Electrical connection of ICP that is not an NSP (Clause 10.31)

#### Code reference

*Clause 10.31*

#### Code related audit information

*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

This requirement is a duplication of the requirement in section section 3.9 of this audit report. Please Refer to section 3.9 of this audit report for the compliance outcome.

#### Audit commentary

Refer to section 3.9 of this audit report

#### Audit outcome

**Compliant**

### 3.9. Electrical connection of NSP that is not a point of connection to the grid (Clause 10.30(2))

#### Code reference

*Clause 10.30(2)*

#### Code related audit information

*A distributor must, within 5 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

We have examined the current NSP mapping table and determined that no connection has been made to the distributors network during the period of audit of any new NSP that is not a connection to the grid.

#### Audit commentary

Compliance is confirmed.

#### Audit outcome

**Compliant**

### 3.10. Definition of ICP identifier (Clause 1(1) Schedule 11.1)

#### Code reference

*Clause 1(1) Schedule 11.1*

#### Code related audit information

*Each ICP created by the distributor in accordance with Clause 11.4 must have a unique identifier, called the “ICP identifier”, determined in accordance with the following format:*

*yyyyyyyyyyxxccc where:*

- *yyyyyyyyyy is a numerical sequence provided by the distributor*
- *xx is a code that ensures the ICP is unique (assigned by the Authority to the issuing distributor)*
- *ccc is a checksum generated according to the algorithm provided by the market administrator.*

#### Audit Observation

This requirement is a duplication of requirement 3.1 of this audit report. Please refer to section 3.1 of this audit report for the compliance outcome.

#### Audit commentary

Refer to section 3.1 of this audit report. Compliance is confirmed.

#### Audit outcome

**Compliant**

### 3.11. Loss category (Clause 6 Schedule 11.1)

#### **Code reference**

*Clause 6 Schedule 11.1*

#### **Code related audit information**

*Each ICP must have a single loss category that is referenced to identify the associated loss factors.*

#### **Audit Observation**

For all ICPs in the audit data set we have examined the registry record to confirm that each ICP has a loss factor code.

The distributor loss factors have been obtained from the registry static data, and we confirm that all loss factor codes provided for ICPs in the new connections sample are referenced in such a way that the associated loss factors are identified.

#### **Audit commentary**

Based on the audit observation described above we find the participant compliant with this clause of the Code.

#### **Audit outcome**

**Compliant**



### 3.12. Management of “new” status (Clause 13 Schedule 11.1)

#### **Code reference**

*Clause 13 Schedule 11.1*

#### **Code related audit information**

*The ICP status of “New” must be managed by the distributor to indicate:*

- *the associated electrical installations are in the construction phase (Clause 13(a) of Schedule 11.1)*
- *the ICP is not ready for activation (Clause 13(b) of Schedule 11.1).*

#### **Audit Observation**

We have examined all ICPs in the audit data set and none are in status new. We note that NELS routinely create ICPs in the ready state.

#### **Audit commentary**

With the qualification that no such events have occurred during the period of audit we find the participant compliant with this clause of the Code.

#### **Audit outcome**

**Compliant**

### 3.13. Monitoring of “new” & “ready” statuses (Clause 15 Schedule 11.1)

#### Code reference

Clause 15 Schedule 11.1

#### Code related audit information

*If an ICP has had the status of “New” or has had the status of “Ready” for 24 calendar months or more:*

- *the distributor must ask the trader who intends to trade at the ICP whether the ICP should continue to have that status (Clause 15(2)(a) of Schedule 11.1)*
- *the distributor must decommission the ICP if the trader advises that the ICP should not continue to have that status (Clause 15(2)(b) of Schedule 11.1).*

#### Audit Observation

We have examined the audit data set and find no ICPs with the status new or ready for 24 calendar months or more at the time of audit. There is only one proposed ICP which was created in 2017 which is in the ready state.

We requested from the distributor evidence of the results of the last 3 times their process was run to identify ICPs with the status new or ready for 24 calendar months. We are advised that there is no evidence available for the checks being undertaken and we cannot evaluate the process.

#### Audit commentary

With the qualification that we are unable to identify any ICPs in the new or ready state we find the participant compliant with this clause of the Code.

NELS are a small distributor and have adequate processes in place to manage the very small number of ICPs in the new or ready state at any time. The effectiveness of this process is demonstrated by there currently being only one recently created ICP in the new or ready state.

#### Audit outcome

**Compliant**

### 3.14. Embedded generation loss category (Clause 7(6) Schedule 11.1)

#### Code reference

*Clause 7(6) Schedule 11.1*

#### Code related audit information

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

#### Audit Observation

We have examined all ICPs in the audit data set with generation (type B and G) and find none have a generation capacity of 10MW or more. Examination of the participants Asset Management Plan confirms this observation.

#### Audit commentary

NELS do not have any embedded generators with capacity of 10MW or more, compliance is confirmed.

#### Audit outcome

**Compliant**

## 4. MAINTENANCE OF REGISTRY INFORMATION

### 4.1. Changes to registry information (Clause 8 Schedule 11.1)

#### Code reference

Clause 8 Schedule 11.1

#### Code related audit information

*If information held by the registry that relates to an ICP for which the distributor is responsible changes, the distributor must provide notice to the registry of that change.*

*Notification must be given by the distributor within 3 business days after the change takes 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 8 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

From the audit data set, registry pricing and network event creation dates are compared to event dates to assess timely creation of records on the registry. When evaluating the timing of events we allow 4 business days because it is common for the registry to introduce an extra day due to computer process timing.

The results of examining registry events are presented in the following table.

Item	Events examined	Events > 3 Business days
<b>Address events</b>		
Address change	862	132
<b>Pricing events</b>		
Price category code	1374	29
Loss code changes	38	5
Chargeable capacity	147	86
Installation details	9	3
<b>Network events</b>		
Dedicated status	0	0
Installation type	27	2
Reconciliation type	0	0
SI List	0	0
UNM detail	21	0

#### Audit commentary

We have examined all relevant registry events for the period of audit and find the participant non compliant with this clause of the Code.

None of the events for which the provision of information was delayed are identified as having any impact other than minor.

### Audit outcome

#### Non-compliant

Non-compliance	Description		
Audit Ref: 4.1 With: 8 of schedule 11.1  From: 03-Jan-16 To: 13-Jul-17	<i>Participant provides changes to registry information within 3 business days of the change taking effect. Participant did not provide information within 3 business days as tabulated in audit report - the majority of these are retailer requested backdating.</i>  Potential impact: Low  Actual impact: Low  Audit history: Once  Controls: Moderate  Breach risk rating: 2		
Audit risk rating	Rationale for audit risk rating		
Low	Controls in place are satisfactory for the small volume of changes made and no change has had any material impact on the market, any participant or any consumer.		
Actions taken to resolve the issue		Completion date	Remedial action status
Reminding retailers or their agent to provide information in a timely manner.			Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
Reminding retailers or their agent to provide information in a timely manner. Where appropriate make date of change as at date of receipt of change.			

#### 4.2. Notice of NSP for each ICP (Clauses 7(1),(4) and (5) Schedule 11.1)

##### **Code reference**

*Clauses 7(1),(4) and (5) Schedule 11.1*

##### **Code related audit information**

*The distributor must notify the registry of the NSP identifier of the NSP to which the ICP is usually connected under Clause 7(1)(b) of Schedule 11.1.*

*If the distributor cannot identify the NSP that an ICP is connected to, the distributor must nominate the NSP that the distributor thinks is most likely to be connected to the ICP, taking into account the flow of electricity within its network, and the ICP is deemed to be connected to the nominated NSP.*

##### **Audit Observation**

The NELS network is supplied from a single NSP, the allocation of ICPs to that NSP is known and none are nominated.

##### **Audit commentary**

The examination of NSP for ICP changes is not relevant to this audit, with this qualification we find the participant compliant with this clause of the Code.

##### **Audit outcome**

**Compliant**

#### 4.3. Customer queries about ICP (Clause 11.31(2))

##### **Code reference**

*Clause 11.31(2)*

##### **Code related audit information**

*The distributor must advise a customer (or any person authorised by the customer) or embedded generator of the customer or embedded generator's ICP identifier within 3 business days after receiving a request for that information.*

##### **Audit Observation**

We asked the distributor if they had any requests from any customer or their authorised agent for their ICP identifier during the period of audit.

##### **Audit commentary**

We are advised there were no such requests. With this qualification we find the participant compliant with this clause of the Code. We are confident that any consumer or their agent requesting the ICP address would be provided that information promptly.

##### **Audit outcome**

**Compliant**

#### 4.4. ICP location address (Clause 2 Schedule 11.1)

##### Code reference

*Clause 2 Schedule 11.1*

##### Code related audit information

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

##### Audit Observation

We examine all 9,203 active ICP addresses in the audit data set for the following:

1. **The presence of unique GPS coordinates:** The participant does not populate the registry with GPS coordinates for ICPs, we therefore examine addresses further.
2. **Duplication of addresses:** We have identified 2 addresses that are duplicates.
3. **Missing key information:** We have examined 37 ICPs with missing number or street information and find in all cases there is other information provided that would allow the ICP to be readily located.
4. **DUML ICPs:** A single DUML ICP is identified, there is no information that would allow location of the DUML database.

**Address change event timing:** Is reported in section 4.1 of this audit report.

##### Audit commentary

The following alleged non compliance is identified:

- 2 ICP location address are duplicates.
- There is no information that would allow ready location of 1 DUML ICP.

The identified address duplication involves only 2 ICPs and the trader is responsible for the DUML database (hence will know its location). We therefore assess the materiality of this alleged non compliance as Low.

The identified addresses have been corrected during the audit.

##### Audit outcome

**Non-compliant**



Non-compliance	Description		
<p>Audit Ref: 4.4</p> <p>With: Clause 2 of schedule 11.1</p> <p>From: 03-Jan-16</p> <p>To: 13-Jul-17</p>	<p><i>Address information provided for 3 ICPs would not allow ready location of the ICP.</i></p> <p>Potential impact: None</p> <p>Actual impact: None</p> <p>Audit history: Once</p> <p>Controls: Moderate</p> <p>Breach risk rating: 2</p>		
Audit risk rating	Rationale for audit risk rating		
Low	<p>NELS have adequate controls in place relative to the number of ICPs on their network. Only 2 ICPs at the same location have duplicate addresses, one is awaiting demolition. Confusion is common regarding the DUMI ICP address.</p> <p>This non compliance is extremely minor.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
No action necessary		1/8/2017	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
No action necessary			

#### 4.5. ICP de-energisation (Clause 3 Schedule 11.1)

##### Code reference

Clause 3 Schedule 11.1

##### Code related audit information

*Each ICP created after 7 October 2002 must be able to be de-energised without de-energisation of another ICP, except for ICPs that are the point of connection between a network and an embedded network, or ICPs that represent the consumption calculated by difference between the total consumption for the embedded network and all other ICPs on the embedded network.*

##### Audit Observation

Compliance with this requirement could only be confirmed by field examination of a large number of installations, and in most cases would require a power outage at the installation. This is considered beyond the scope of this audit.

##### Audit commentary

We have discussed this requirement with the participant and find they are aware of the requirement.

Given modern electrical practice that has been in place since the year 2002, we think it extremely unlikely any ICP would have been connected that could not be isolated without isolating any other ICP, and we consider the risk of non compliance to be extremely low.

With this qualification we find the participant compliant with this clause of the Code.

##### Audit outcome

**Compliant**

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

##### Code reference

Clause 7(1) Schedule 11.1

##### Code related audit information

For each ICP on the distributor's network, the distributor must provide the following information to the registry:

- the location address of the ICP identifier (Clause 7(1)(a) of Schedule 11.1)
- the NSP identifier of the NSP to which the ICP is usually connected (Clause 7(1)(b) of Schedule 11.1)
- the installation type code assigned to the ICP (Clause 7(1)(c) of Schedule 11.1)
- the reconciliation type code assigned to the ICP (Clause 7(1)(d) of Schedule 11.1)
- the loss category code and loss factors for each loss category code assigned to the ICP (Clause 7(1)(e) of Schedule 11.1)
- if the ICP connects the distributor's network to an embedded generating station that has a capacity of 10MW or more (Clause 7(1)(f) of Schedule 11.1):
  - a) the unique loss category code assigned to the ICP
  - b) the ICP identifier of the ICP
  - c) the NSP identifier of the NSP to which the ICP is connected
  - d) the plant name of the embedded generating station
- the price category code assigned to the ICP, which may be a placeholder price category code only if the distributor is unable to assign the actual price category code because the capacity or volume information required to assign the actual price category code cannot be determined before electricity is traded at the ICP (Clause 7(1)(g) of Schedule 11.1)
- if the price category code requires a value for the capacity of the ICP, the chargeable capacity of the ICP as follows (Clause 7(1)(h) of Schedule 11.1):
  - a) a placeholder chargeable capacity if the distributor is unable to determine the actual chargeable capacity
  - b) a blank chargeable capacity if the capacity value can be determined from metering information
  - c) the actual chargeable capacity of the ICP in any other case
- the distributor installation details for the ICP determined by the price category code assigned to the ICP (if any), which may be placeholder distributor installation details only if the distributor is unable to assign the actual distributor installation details because the capacity or volume information required to assign the actual distributor installation details cannot be determined before electricity is traded at the ICP (Clause 7(1)(i) of Schedule 11.1)
- the participant identifier of the first trader who has entered into an arrangement to sell or purchase electricity at the ICP (only if the information is provided by the first trader) (Clause 7(1)(j) of Schedule 11.1)
- the status of the ICP (Clause 7(1)(k) of Schedule 11.1)
- designation of the ICP as "Dedicated" if the ICP is located in a balancing area that has more than 1 NSP located within it, and the ICP will be supplied only from the NSP advised under Clause 7(1)(b) of Schedule 11.1, or the ICP is a point of connection between a network and an embedded network (Clause 7(1)(l) of Schedule 11.1)
- if unmetered load, other than distributed unmetered load, is associated with the ICP, the type and capacity in kW of unmetered load (Clause 7(1)(m) of Schedule 11.1)
- if shared unmetered load is associated with the ICP, a list of the ICP identifiers of the ICPs that are associated with the unmetered load (Clause 7(1)(n) of Schedule 11.1)
- if the ICP is capable of generating into the distributors network (Clause 7(1)(o) of Schedule 11.1):
  - a) the nameplate capacity of the generator; and
  - b) the fuel type
- the initial energisation date of the ICP (Clause 7(1)(p) of Schedule 11.1).

##### Audit observation

Item Clause 7 (1)	
(a): Location address.	Refer to section 4.4 of this report
(b): NSP usually connected	Refer to section 4.2 of this report
(c): Installation type	<p>There are 9,120 active ICPs on the network</p> <p>9021 are configured as installation type L</p> <p>99 are configured as installation type B</p> <p>0 are configured as installation type G</p> <p>1 active ICP (0000184262CTAE3) is configured as type L and has generation details. This is identified as an alleged non compliance.</p>
(d): Reconciliation type	<p>The participant is not responsible for any embedded networks.</p> <p>We have examined all active ICPs in the audit data set and found all are correctly configured as reconciliation type GN.</p>
(e): Loss category code	<p>We have examined all records for active ICPs in the audit data set and find that all have valid loss category codes applied.</p> <p>Refer also to sections 3.11 and section 5 of this report for further examination of loss category codes and loss factors.</p>
(f): EG > 10MW	We have examined the audit data set and not identified any ICPs with capacity equal to or greater than 10MW.
(g): Price category code	<p>We have examined all records in the audit data set for price category code and confirm that each ICP has a price category code.</p> <p>We have compared the price category codes in the audit data set with the participants price information records and with the registry. All codes are valid and have associated pricing information.</p> <p>The participant does not use placeholders for price category codes.</p>
(h): Chargeable capacity	<p>We have examined the participants pricing disclosure for price category codes where a chargeable capacity value is required. We have examined all active ICP records in the audit data set for the correct supply of chargeable capacity values.</p> <p>The price category code 0-UM has a capacity charge \$/kW/day. This is an unmetered supply price category code and the capacity value cannot be calculated from metering information.</p> <p>We identify 31 ICPs with the price category code 0-UM and no chargeable capacity value on the registry.</p> <p>We identify 107 half hour metered ICPs on the registry, these all require a chargeable capacity however as the capacity can be determined from metering information the values should not be posted on the registry.</p> <p>This alleged non compliance was identified in the previous audit and we note that NELS have not taken any action to correct the registry.</p> <p>We identify 107 HHR metered ICPs have chargeable capacity values posted on the registry that can be calculated from metering information.</p>

Item Clause 7 (1)	
(i): Installation details	<p>(i) the <b>distributor</b> installation details of the <b>ICP</b> determined by the <b>price category</b> code assigned to the <b>ICP</b> (if any), which may be placeholder <b>distributor</b> installation details only if the <b>distributor</b> is unable to assign the actual <b>distributor</b> installation details because the capacity or <b>volume information</b> required to assign the actual <b>distributor</b> installation details cannot be determined before <b>electricity</b> is traded at the <b>ICP</b>:</p> <p>We have examined the participants pricing disclosure and do not find any requirements for the participant to publish installation details fro any ICP on the registry.</p>
(j): First trader	Refer to section 0 for provision of first trader. This information is provided when an ICP is first energised and is not subsequently maintained.
(k): ICP status	<p>ICP status is not directly managed by distributors. Depending on the information provided to the registry an ICP will be allocated a particular status, distributors may effect new, ready and decommissioned status.</p> <p>Refer to the following sections of this audit report for status change analysis.</p> <p><b>New:</b> Section 3.12</p> <p><b>Ready:</b> Section 4.9</p> <p><b>Decommissioned:</b> Section 4.11</p>
(l): Dedicated status	<p>(l) designation of the <b>ICP</b> as "Dedicated" if the <b>ICP</b> is located in a <b>balancing area</b> that has more than 1 <b>NSP</b> located within it, and—</p> <p>(i) the <b>ICP</b> will be supplied only from the <b>NSP</b> with the <b>NSP identifier</b> provided under paragraph (b); or</p> <p>(ii) the <b>ICP</b> is a <b>point of connection</b> between a <b>network</b> and an <b>embedded network</b>:</p> <p>The participants network is supplied by 1 <b>NSP</b> and a consequently 1 balancing area. The dedicated status may therefore be set to either Y or N.</p> <p>Non compliance with this clause is therefore not possible.</p>
(m): UNM details	Unmetered load details were changed for 21 Telecom payphone sites. The load values posted by the distributor were obtained from the trader responsible for the ICPs.
(n): SUML list	The participants network does not have any SUML. Non compliance with this clause is therefore not possible.
(o): DG capacity and fuel type	<p>From the audit data set we identify 99 ICPs having installation type B or G indicating the ICPs have generation. All ICPs with installation type B or G have generation capacity and fuel type on the registry.</p> <p>From the audit data set we identify 76 ICPs trading on the profile PV1 or EG1 which indicates that the ICP has embedded generation. Of the 77 identified we find that 2 have installation type L indicating there is no generation.</p> <p>It is not possible to determine whether the distributor or trader record is correct, we therefore recommend the distributor investigate these ICPs.</p>

Item Clause 7 (1)	
(p): Date initially energised	<p>For the new connections sample we have examined the provision of the first energised date.</p> <p>The date of first energisation is determined from the electrical connection records which include the required certificate of compliance safety tests that are performed at the time of electrical connection and for which the installation must be energised. The date of initial energisation is therefore the date of electrical connection.</p> <p>In 18 of the 20 installations examined in the new connections sample we find the initial energisation date has been correctly recorded, for 2 of the 20 there is no initial energisation date recorded. Refer to section 3.5 of this audit report for the related non compliance allegation.</p>

### Audit Observation

We examined the maintenance of ICP information on the registry for the entire audit data set as indicated above.

### Audit commentary

We identify the following recommendation.

1. 2 ICPs are traded with generation profiles but there are no DG details provided by the participant. We recommend investigating these ICP to find out if generation is present.

We find alleged non compliance with the following.

1. 1 active ICP with installation type L has DG details.
2. 31 ICPs are identified that have chargeable capacity missing.
3. 107 HHR metered ICPs have chargeable capacity that may be calculated from metering information.

NELS have adequate controls in place to manage this function.

The placing of chargeable capacity values that may be calculated from metering information has arisen previously and NEL have explained why they do this.

While chargeable capacity information that may be calculated from metering information is provided on the registry, it is also a matter of direct communication between the participant and larger retailers in which case confusion is unlikely to arise, NELS regularly update the chargeable capacity values on the registry as they change.

We therefore assess the materiality of this alleged non compliance as low.

### Audit outcome

**Non-compliant**

Non-compliance	Description
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<p>Audit Ref: 4.6</p> <p>With: Clause 7 (1) of schedule 11.1</p> <p>From: 03-Jan-16</p> <p>To: 13-Jul-17</p>	<p><i>Distributor maintains registry information.</i></p> <p><i>1. 1 active ICP with installation type L has DG details.</i></p> <p><i>2. 31 ICPs are identified that have chargeable capacity missing.</i></p> <p><i>3. 107 HHR metered ICPs have chargeable capacity that may be calculated from metering information.</i></p> <p>Potential impact: Low</p> <p>Actual impact: None</p> <p>Audit history: Once</p> <p>Controls: Moderate</p> <p>Breach risk rating: 2</p>		
Audit risk rating	Rationale for audit risk rating		
Low	<p>This non compliance mainly concerns chargeable capacity values that may be calculated from metering information. NELS are aware of this situation and have chosen to continue with it as well as their processes for independently communicating chargeable capacity values to retailers. While a new entrant retailer could be confused over chargeable capacities, overall we consider the impact and risk of this alleged non compliance to be very low.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
No Action			Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
No Action			

4.7. Provision of information to registry after the trading of electricity at the ICP commences (Clause 7(3) Schedule 11.1)

**Code reference**

*Clause 7(3) Schedule 11.1*

**Code related audit information**

*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 audit data set was examined for the use of placeholders.

**Audit commentary**

NELS have not used placeholders for any of price category code, chargeable capacity or distributor installation details. We find the participant compliant with this clause of the Code.

**Audit outcome**

**Compliant**



#### 4.8. GPS coordinates (Clause 7(8) and (9) Schedule 11.1)

##### **Code reference**

*Clause 7(8) and (9) Schedule 11.1*

##### **Code related audit information**

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

##### **Audit Observation**

We have examined the audit data set for the existence of GPS coordinates on the registry.

##### **Audit commentary**

NELS do not publish GPS coordinates for ICP locations on the registry. With this qualification we find the participant compliant with this clause of the Code.

##### **Audit outcome**

**Compliant**

#### 4.9. Management of “ready” status (Clause 14 Schedule 11.1)

##### **Code reference**

*Clause 14 Schedule 11.1*

##### **Code related audit information**

*The ICP status of “Ready” must be managed by the distributor and indicates that:*

- *the associated electrical installations are ready for connecting to the electricity supply (Clause 14(1)(a) of Schedule 11.1); or*
- *the ICP is ready for activation by a trader (Clause 14(1)(b) of Schedule 11.1)*

*Before an ICP is given the “Ready” status in accordance with Clause 14(1) of Schedule 11.1, the distributor must:*

- *identify the trader that has taken responsibility for the ICP (Clause 14(2)(a) of Schedule 11.1)*
- *ensure the ICP has a single price category (Clause 14(2)(b) of Schedule 11.1).*

##### **Audit Observation**

We have discussed ready status with the participant, it is well understood. The audit data set has been examined for the correct use of ICP status.

##### **Audit commentary**

Compliance is confirmed.

##### **Audit outcome**

**Compliant**

#### 4.10. Management of “distributor” status (Clause 16 Schedule 11.1)

##### **Code reference**

*Clause 16 Schedule 11.1*

##### **Code related audit information**

*The ICP status of “distributor” must be managed by the distributor and indicates that the ICP record represents a shared unmetered load installation or the point of connection between an embedded network and its parent network.*

##### **Audit Observation**

We have discussed status management with NELS and it is well understood. We have examined the audit data set for the presence of any distributor status ICP.

##### **Audit commentary**

The participant understands the requirement for distributor status ICPs.

The NELS network does not have any DUML or connected embedded networks.

Compliance is confirmed.

##### **Audit outcome**

**Compliant**

#### 4.11. Management of “decommissioned” status (Clause 20 Schedule 11.1)

##### Code reference

Clause 20 Schedule 11.1

##### Code related audit information

*The ICP status of “decommissioned” must be managed by the distributor and indicates that the ICP is permanently removed from future switching and reconciliation processes (Clause 20(1) of Schedule 11.1).*

*Decommissioning only occurs when:*

- *electrical installations associated with the ICP are physically removed (Clause 20(2)(a) of Schedule 11.1); or*
- *there is a change in the allocation of electrical loads between ICPs with the effect of making the ICP obsolete (Clause 20(2)(b) of Schedule 11.1); or*
- *in the case of a distributor-only ICP for an embedded network, the embedded network no longer exists (Clause 20(2)(c) of Schedule 11.1).*

##### Audit Observation

We examined the audit data set for ICPs that had been decommissioned during the period of audit.

##### Audit commentary

We identified and examined 86 decommissioning events recorded in the audit data set.

- 72 of these have been decommissioned on advice from the trader that the ICP has been deenergised ready for decommissioning.
- 13 were new ICPs created in error and decommissioned without becoming active.
- 1 was made inactive by the trader with reason code 12 (new connection in progress) and made decommissioned by NELS with reason code 1 (set up in error).

Compliance is confirmed.

##### Audit outcome

**Compliant**

#### 4.12. Maintenance of price category codes (Clause 23 Schedule 11.1)

##### **Code reference**

*Clause 23 Schedule 11.1*

##### **Code related audit information**

*The distributor must keep up to date the table in the registry of the price category codes that may be assigned to ICPs on each distributor's network by entering in the table any new price category codes.*

*Each entry must specify the date on which each price category code takes effect, which must not be earlier than 2 months after the date the code is entered in the table.*

*A price category code takes effect on the specified date.*

##### **Audit Observation**

We examined the distributors pricing methodology and related disclosures. We have examined the registry price category code table.

##### **Audit commentary**

There have not been any changes made to pricing in the current audit period, compliance is confirmed.

##### **Audit outcome**

**Compliant**

## 5. CREATION AND MAINTENANCE OF LOSS FACTORS

### 5.1. Updating table of loss category codes (Clause 21 Schedule 11.1)

#### Code reference

*Clause 21 Schedule 11.1*

#### Code related audit information

*The distributor must keep the registry up to date with the loss category codes that may be assigned to ICPs on the distributor's network.*

*The distributor must specify the date on which each loss category code takes effect.*

*A loss category code takes effect on the specified date.*

#### Audit Observation

We have examined the loss category code table on the registry.

#### Audit commentary

There have not been any changes made in the period of audit, compliance is confirmed.

#### Audit outcome

**Compliant**

## 5.2. Updating loss factors (Clause 22 Schedule 11.1)

### Code reference

*Clause 22 Schedule 11.1*

### Code related audit information

*Each loss category code must have a maximum of 2 loss factors per calendar month. Each loss factor must cover a range of trading periods within that month so that all trading periods have a single applicable loss factor.*

*If the distributor wishes to replace an existing loss factor on the table on the registry, the distributor must enter the replaced loss factor on the table in the registry.*

### Audit Observation

We have examined the loss factor table on the registry.

### Audit commentary

Each loss category code has a maximum of 2 loss factors per calendar month and each loss factor covers all trading periods in any month.

Compliance is confirmed.

### Audit outcome

**Compliant**

## 6. CREATION AND MAINTENANCE OF NSPS (INCLUDING DECOMMISSIONING OF NSPS AND TRANSFER OF ICPS)

### 6.1. Creation and decommissioning of NSPs (Clause 11.8 and Clause 25 Schedule 11.1)

#### Code reference

*Clause 11.8 and Clause 25 Schedule 11.1*

#### Code related audit information

*If the distributor is creating or decommissioning an NSP that is an interconnection point between 2 local networks, the distributor must notify the reconciliation manager of the creation or decommissioning.*

*If the embedded network owner is creating or decommissioning an NSP that is an interconnection point between 2 embedded networks, the embedded network owner must notify the reconciliation manager of the creation or decommissioning.*

*If the distributor is creating or decommissioning an NSP that is a point of connection between an embedded network and another network, the distributor must notify the reconciliation manager of the creation or decommissioning.*

*If the distributor wishes to change the record in the registry of an ICP that is not recorded as being usually connected to an NSP in the distributor's network, so that the ICP is recorded as being usually connected to an NSP in the distributor's network (a "transfer"), the distributor must:*

- *notify the reconciliation manager*
- *notify the market administrator*
- *notify each affected reconciliation participant*
- *comply with Schedule 11.2.*

#### Audit Observation

The NSP table was examined to determine if any NSP has been created or decommissioned during the period of audit.

#### Audit commentary

No NSP has been created or decommissioned during the period of audit. Compliance is confirmed.

#### Audit outcome

**Compliant**



## 6.2. Provision of NSP information (Clause 26(1) and (2) Schedule 11.1)

### Code reference

*Clause 26(1) and (2) Schedule 11.1*

### Code related audit information

*If the distributor wishes to create an NSP or transfer an ICP as described above, the distributor must request that the reconciliation manager create a unique NSP identifier for the relevant NSP.*

*The request must be made at least 10 business days before the NSP is electrically connected, in respect of an NSP that is an interconnection point between 2 local networks. In all other cases, the request must be made at least 1 calendar month before the NSP is electrically connected or the ICP is transferred.*

### Audit Observation

The NSP table was examined to determine if any NSP has been created during the period of audit.

### Audit commentary

No new NSP has been created during the period of audit, compliance is confirmed.

### Audit outcome

**Compliant**

### 6.3. Notice of balancing areas (Clause 24(1) and Clause 26(3) Schedule 11.1)

#### Code reference

*Clause 24(1) and Clause 26(3) Schedule 11.1*

#### Code related audit information

*If a participant has notified the creation of an NSP on the distributor's network, the distributor must notify the reconciliation manager of the following:*

- *if the NSP is to be located in a new balancing area, all relevant details necessary for the new balancing area to be created and notification that the NSP to be created is to be assigned to the new balancing area*
- *in all other cases, notification of the balancing area in which the NSP is located.*

#### Audit Observation

The NSP table was examined to determine if any the participant has notified the creation of an NSP during the period of audit.

#### Audit commentary

We examined the NSP table and determined that no new NSP has been created during the period of audit, compliance is confirmed.

#### Audit outcome

**Compliant**

#### 6.4. Notice of supporting embedded network NSP information (Clause 26(4) Schedule 11.1)

##### Code reference

*Clause 26(4) Schedule 11.1*

##### Code related audit information

*If a participant notifies the creation of an NSP, or the transfer of an ICP to an NSP that is a point of connection between a network and an embedded network owned by the distributor, the distributor must notify the reconciliation manager at least 1 calendar month before the creation or transfer of:*

- *the network on which the NSP will be located after the creation or transfer (Clause 26(4)(a))*
- *the ICP identifier for the ICP that connects the network and the embedded network (Clause 26(4)(b))*
- *the date on which the creation or transfer will take effect (Clause 26(4)(c)).*

##### Audit Observation

The NSP table was examined for the creation of any embedded networks.

##### Audit commentary

No embedded networks have been created on the NELS network during the period of audit, compliance is confirmed.

##### Audit outcome

**Compliant**

#### 6.5. Maintenance of balancing area information (Clause 24(2) and (3) Schedule 11.1)

##### **Code reference**

*Clause 24(2) and (3) Schedule 11.1*

##### **Code related audit information**

*The distributor must notify the reconciliation manager of any change to balancing areas associated with an NSP supplying the distributor's network. The notification must specify the date and trading period from which the change takes effect, and be given no later than 3 business days after the change takes effect.*

##### **Audit Observation**

NELS network is supplied by a single GXP, 1 interconnection that is used all the time and potentially 2 interconnection points that are rarely used. These supplies are configured in the single balancing area STK0331NELSG. This balancing area configuration is appropriate for the purpose of reconciliation.

We have examined the NSP table for any change of balancing area during the audit period and found no changes.

We have examined the NELS asset management plan and find nothing that would indicate any need for changes to balancing areas now or in the immediate future.

##### **Audit commentary**

Based on the audit observation described above we find the participant compliant with this clause of the Code.

##### **Audit outcome**

**Compliant**

#### 6.6. Notify when an ICP becomes an NSP (Clause 27 Schedule 11.1)

##### **Code reference**

*Clause 27 Schedule 11.1*

##### **Code related audit information**

*If a transfer of an ICP results in an ICP becoming an NSP at which an embedded network connects to a network, or in an ICP becoming an NSP that is an interconnection point, in respect of the distributor's network, the distributor must notify any trader trading at the ICP of the transfer at least 1 calendar month before the transfer.*

##### **Audit Observation**

Examine the NSP table for the addition of any new NSP where an ICP has become the NSP.

##### **Audit commentary**

No new NSP has been created on the NELS network during the period of audit, there has therefore not been any ICP becoming an NSP. Compliance is confirmed.

##### **Audit outcome**

**Compliant**

#### 6.7. Notification of transfer of ICPs (Clause 1 to 4 Schedule 11.2)

##### **Code reference**

*Clause 1 to 4 Schedule 11.2*

##### **Code related audit information**

*If the distributor wishes to transfer an ICP, the distributor must notify the market administrator in the prescribed form, no later than 3 business days before the transfer takes effect.*

##### **Audit Observation**

We asked NELS to identify any ICPs that have been transferred as per clause 1 to 4 of schedule 11.2.

##### **Audit commentary**

We are advised that no ICPs have been transferred, compliance is confirmed.

##### **Audit outcome**

**Compliant**

## 6.8. Responsibility for metering information for NSP that is not a POC to the grid (Clause 10.25(1))

### Code reference

*Clause 10.25(1) and 10.25(3)*

### Code related audit information

*A network owner must, for each NSP that is not a point of connection to the grid for which it is responsible, ensure that:*

- there is 1 or more metering installations (Clause 10.25(1)(a)); and*
- the electricity is conveyed and quantified in accordance with the Code (Clause 10.25(1)(b)).*

*For each NSP covered in 10.25(1) the network owner must, no later than 20 business days after a metering installation at the NSP is recertified notify the reconciliation manager of:*

- the reconciliation participant for the NSP*
- the participant identifier of the metering equipment provider for the metering installation*
- the certification expiry date of the metering installation*

### Audit Observation

The NSP table was examined to determine if the participant is responsible for metering at any NSP.

NELS are responsible for the network interconnect at HVN0331NELSEN. We have observed the NSP table indicates the metering installation is certified. NELS has an agreement in place with a certified reconciliation participant (Simply Energy) to quantify electricity conveyed in accordance with the Code.

NELS are responsible for the network interconnect FND0112NELSNP. This network interconnect is the subject of exemption 228 where NELS are exempt from the provision of metering information.

### Audit commentary

NELS has an agreement in place with a certified reconciliation participant (Simply Energy) to quantify the electricity conveyed in accordance with the Code.

Exemption 228 is discussed in section 1.1 of this audit report.

### Audit outcome

**Compliant**

6.9. Responsibility for metering information when creating an NSP that is not a POC to the grid (Clause 10.25(2))

**Code reference**

*Clause 10.25(2)*

**Code related audit information**

*If the network owner proposes the creation of a new NSP which is not a point of connection to the grid it must:*

- *assume responsibility for being the metering equipment provider (Clause 10.25(2)(a)(i)); or*
- *contract with a metering equipment provider to be the MEP (Clause 10.25(2)(a)(ii)); and*
- *no later than 20 business days after identifying the MEP advise the reconciliation manager in the prescribed form of:*
  - a) the reconciliation participant for the NSP (Clause 10.25(2)(b)(i)); and*
  - b) the MEP for the NSP (Clause 10.25(2)(b)(ii)); and*
  - c) no later than 20 business days after the data of certification of each metering installation, advise the reconciliation participant for the NSP of the certification expiry date (Clause 10.25(2)(c)).*

**Audit Observation**

The NSP table was examined to determine if the participant has proposed any new NSP that is not a connection to the grid.

**Audit commentary**

NELS have not proposed the creation of any new NSP during the period of audit. Compliance is confirmed.

**Audit outcome**

**Compliant**



## 6.10. Obligations concerning change in network owner (Clause 29 Schedule 11.1)

### Code reference

*Clause 29 Schedule 11.1*

### Code related audit information

*If a network owner acquires all or part of a network, the network owner must notify:*

- *the previous network owner (Clause 29(1)(a) of Schedule 11.1)*
- *the reconciliation manager (Clause 29(1)(b) of Schedule 11.1)*
- *the market administrator (Clause 29(1)(c) of Schedule 11.1)*
- *every reconciliation participant who trades at an ICP connected to the acquired network or part of the network acquired (Clause 29(1)(d) of Schedule 11.1).*

*At least 1 calendar month notification is required before the acquisition (Clause 29(2) of Schedule 11.1).*

*The notification must specify the ICPs to be amended to reflect the acquisition and the effective date of the acquisition (Clause 29(3) of Schedule 11.1).*

### Audit Observation

We have asked NELS if they have acquired any part of any network during the period of audit, NELS advise they have not acquired any part of any network during the period of audit.

### Audit commentary

Based on the audit observation described above we find the participant compliant with this clause of the Code.

### Audit outcome

**Compliant**

#### 6.11. Electrically connecting NSP that is not point of connection to grid (Clause 10.30(1))

##### **Code reference**

*Clause 10.30(1)*

##### **Code related audit information**

*A distributor must not electrically connect an NSP that is not a point of connection to the grid unless:*

- *a reconciliation participation has requested the electrical connection (Clause 10.30(1)(a)); or*
- *a metering equipment provider (authorised by the trader) has requested the electrical connection for a temporary energisation of the ICP (Clause 10.30(1)(b)).*

##### **Audit Observation**

The NSP table was examined to determine if any new NSP has been connected during the period of audit.

##### **Audit commentary**

No new NSP has been connected during the period of audit, compliance is confirmed.

##### **Audit outcome**

**Compliant**

#### 6.12. Change of MEP for embedded network gate meter (Clause 10.22(1)(b))

##### **Code reference**

*Clause 10.22(1)(b)*

##### **Code related audit information**

*If the MEP for an ICP which is also an NSP changes the participant responsible for the provision of the metering installation under Clause 10.25, the participant must notify the reconciliation manager and the gaining MEP.*

##### **Audit Observation**

The NSP table was examined to determine if the participant is responsible for any embedded network.

##### **Audit commentary**

NELS are not responsible for any embedded network gateway metering, compliance is confirmed.

##### **Audit outcome**

**Compliant**

#### 6.13. Confirmation of consent for transfer of ICPs (Clauses 5 and 8 Schedule 11.2)

##### **Code reference**

*Clauses 5 and 8 Schedule 11.2*

##### **Code related audit information**

*The distributor must give the market administrator confirmation that it has received written consent to the proposed transfer from:*

- *the distributor whose network is associated with the NSP to which the ICP is recorded as being connected immediately before the notification (unless the notification relates to the creation of an embedded network) (Clause 5(a) of Schedule 11.2)*
- *every trader trading at an ICP being supplied from the NSP to which the notification relates (Clause 5(b) of Schedule 11.2).*

*The notification must include any information requested by the Authority (Clause 8 of Schedule 11.2).*

##### **Audit Observation**

NELS advised there has not been any ICP transfer during the period of audit.

##### **Audit commentary**

Compliance is confirmed.

##### **Audit outcome**

**Compliant**

#### 6.14. Transfer of ICPs for embedded network (Clause 6 Schedule 11.2)

##### **Code reference**

*Clause 6 Schedule 11.2*

##### **Code related audit information**

*If the notification relates to an embedded network, it must relate to every ICP on the embedded network.*

##### **Audit Observation**

We ask the participant if any ICP transfer has taken place.

##### **Audit commentary**

We are advised no ICP transfer has taken place, compliance is confirmed.

##### **Audit outcome**

**Compliant**

## 7. MAINTENANCE OF SHARED UNMETERED LOAD

### 7.1. Notification of shared unmetered load ICP list (Clause 11.14(2) and (4))

#### Code reference

*Clause 11.14(2) and (4)*

#### Code related audit information

*The distributor must notify the registry and each trader responsible for the ICPs across which the unmetered load is shared of the ICP identifiers of those ICPs.*

*A distributor who receives notification from a trader relating to a change under Clause 11.14(3) must notify the registry and each trader responsible for any of the ICPs across which the unmetered load is shared of the addition or omission of the ICP.*

#### Audit Observation

The registry was examined to determine if the participant has any SUML on their network.

#### Audit commentary

The participant does not have any SUML on their network. Compliance is confirmed.

#### Audit outcome

**Compliant**

## 7.2. Changes to shared unmetered load (Clause 11.14(5))

### Code reference

Clause 11.14(5)

### Code related audit information

*If the distributor becomes aware of a change to the capacity of a shared unmetered load ICP or if a shared unmetered load ICP is decommissioned, it must notify all traders affected by that change or decommissioning as soon as practicable after the change or decommissioning.*

### Audit Observation

We examined the registry to determine if the participant has any SUML on their network.

### Audit commentary

The participant does not have any SUML on their network. Compliance is confirmed.

### Audit outcome

**Compliant**

## 8. CALCULATION OF LOSS FACTORS

### 8.1. Creation of loss factors (Clause 11.2)

#### Code reference

*Clause 11.2*

#### Code related audit information

*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 Code requires that participants provide complete and accurate information as specified in the Code. The Code does not specify what constitutes complete and accurate information regarding the calculation of loss factors.

Clause 16A.23 identifies additional requirements for distributor audits, including (c) The creation of loss factors.

Distributors are required to provide and update loss factors for loss category codes (clause 22 of schedule 11.1)

In the absence of any standard against which we may evaluate the creation of loss factors, we compare the loss factors provided by NELS with those provided by similar distributors and at 1.044 for low voltage and 1.033 for high voltage we find these consistent with the network structure which largely supplies urban load.

#### Audit commentary

Based on the audit observation described above we find the participant compliant with this clause of the Code.

#### Audit outcome

**Compliant**



## CONCLUSION

The audit has identified four matters of alleged non compliance all of which are minor and have had no adverse effect on any consumer, participant or the market.

One recommendation is raised regarding the identification of potential DG on the network.

The indicative audit frequency table indicates the next audit should be in 12 months. Given the extremely minor nature of the identified alleged matters of non compliance we recommend the next audit should be in 24 months.

## PARTICIPANT RESPONSE

Nelson Electricity as an Electricity Industry participant attempts to comply with the Code in every respect. As identified in this audit there has been 4 non-compliances at the minor end of the risk spectrum. While Nelson Electricity has identified some changes that can improve our performance, much of the non-compliances revolve around the timeliness of the information provided by other participants and when changes are to apply from.