

Electricity Industry Participation Code Distributor Audit Report

for

WEL Networks Limited



Prepared by Rebecca Elliot – Veritek Limited

Date of Audit: 17/07/2017

Date Audit Report Complete: 11/09/2017

Audit Report Due: 15/09/2017

Executive Summary

This Distributor audit was performed at the request of **WEL Networks Ltd (WEL)** to encompass the Electricity Industry Participation Code requirement for an annual audit as required by clause 11.10 of part 11. The audit was carried out at WEL's premises in Te Rapa, Hamilton on July 18th, 2017.

The audit was conducted in accordance with the Guideline for Distributor Audits version 7.1, which was produced by the Electricity Authority.

The audit found four minor non-compliances, and no recommendations are made.

WEL have robust processes and controls in place and this is reflected in their high level of compliance with no recommendations identified in this audit. The registry validation processes ensure discrepancies are identified promptly and resolved as soon as possible. Delays are generally caused by other participants not updating the registry and thereby causing WEL to be non-compliant. The indicative audit frequency table indicates the next audit should be in 24 months and I agree with this recommendation.

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
Provide Complete and Accurate Information	2.1	11.2(1)	Six unmetered ICPs created during the audit period with unmetered load details missing on the registry.	Strong	Low	1	Identified
Timeliness of the Population if Initial Energisation Date	3.5	7(2A) of Schedule 11.1	Incorrect application of event effective date for IED updates. 1 initial energisation date updated greater than ten days from the event date.	Strong	Low	1	Identified
Changes to Registry	4.1	8 of schedule 11.1	Updates to registry backdated greater than 3 business days of the event.	Strong	Low	1	Identified
Provision of ICP Information to the Registry	4.6	7(1)(p) of schedule 11.1	1 ICP with the incorrect unmetered load details. Five ICPs with the incorrect initial energisation date populated.	Moderate	Low	2	Identified
Breach Risk Rating Score						5	
Indicative Next Audit Frequency						24 months	

Table of Recommendations

Subject	Section	Clause	Recommendation for improvement	Remedial Action
			Nil	

Persons Involved in This Audit

Auditor:

Rebecca Elliot

Veritek Limited

Electricity Authority Approved Auditor

WEL personnel assisting in this audit were:

Name	Title
Allen Sneddon	Billing Manager
Andrew Thomas	Billing Analyst

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1. Administrative

1.1 Summary of Previous Audit

WEL Network provided a copy of the previous audit report, conducted in June 2016 by Rebecca Elliot of Veritek Limited. The findings are detailed in the table below:

Table of Non-Compliance

Subject	Section	Clause	Non compliance	Status
Provide Complete and Accurate Information	1.9 now 2.1	11.2 of part 11	Actual decommission date not recorded in all instances.	Cleared
Changes to Registry Information	3.1 now 4.1	8 of schedule 11.1	Backdated registry event changes greater than three days for 7 ICPs.	Cleared
ICP Location Address	3.6 now 4.4	2 & 7(1)(a) of schedule 11.1	10 addresses that do not have street numbers or other information to allow the ICP to be readily located.	Cleared
Date of ICP Initial Energisation	3.7 now 3.8 & 4.6	7(1)(p) & (2A) of schedule 11.1.	6 ICPs with no initial energisation date populated. 3 ICPs with the incorrect initial energisation date populated.	Cleared Still existing
Responsibility for metering information	5.2 now 6.8	10.25 (3) of part 10	Late meter recertification notification to the RM.	Cleared

Table of Recommendations

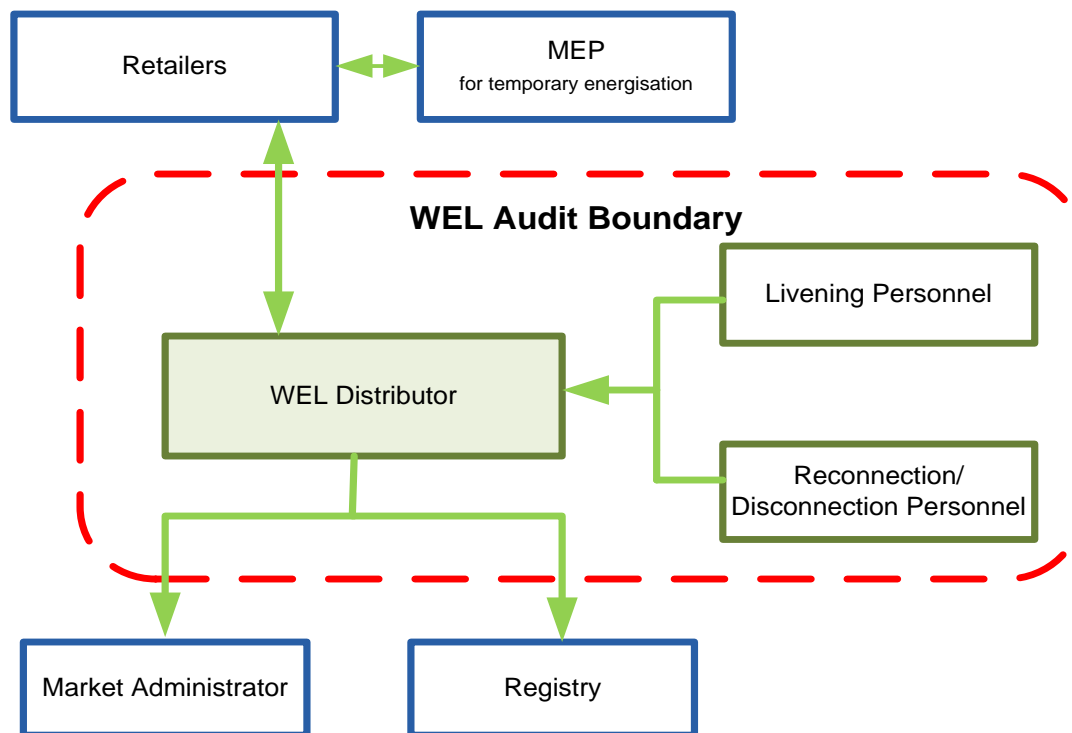
Subject	Section	Clause	Recommendation for Improvement	Remedial Action
Changes to Registry Information	3.1 now 4.1	8 of schedule 11.1	Recommend the actual date of decommission is recorded and that the notification from the field in relation to decommissioning is reviewed.	Cleared
ICP Location Address	3.6 now 4.4	2 & 7(1)(a) of schedule 11.1	Recommend a check be added to data validation to identify any addresses that have no street number or property.	Cleared
Date of ICP Initial Energisation	3.7 now 3.8 & 4.6	7(1)(p) & (2A) of schedule 11.1.	Recommend a check be added to registry validation to identify any ICPs that should have an initial energisation date populated but don't.	Cleared
			Recommend that if the Retailer's active date is used in the first instance that this date is confirmed with the field contractor.	Cleared

Subject	Section	Clause	Recommendation for Improvement	Remedial Action
Details of Unmetered Load Notified	6.1 now 7.1	7(1)(m) of schedule 11.1	Liaise with HCC to identify private lights and ensure these items are recorded appropriately in the registry.	Cleared - no private lights found in HCC database. Any lights previously recorded as private are now recorded as HCC.

1.2 Scope of Audit

This Distributor audit was performed at the request of WEL 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 WEL's premises in Te Rapa, Hamilton on July 18th, 2017.

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



WEL owns and manages the traditional WEL network as well as a number of embedded networks. All activities covered by this audit are conducted at WEL's head office in Hamilton.

The audit was conducted in accordance with the Guideline for Distributor Audits version 7.1, which was produced by the Electricity Authority.

1.3 Balancing Areas and ICP Data

WEL has responsibility for the WEL local network with five network supply points, ten embedded networks and one interconnection point with Counties Power. There have been no changes made during the audit period.

The table below lists the relevant NSPs and their associated balancing areas.

Distributor	NSP POC	Description	Parent POC	Parent Network	Balancing Area	Network Type	Start Date
WAIK	BRI0111	BRICK STREET	HEP0331	UNET	BRI0111WAIKE	E	01-05-08
WAIK	FLG0111	FLAGSHIP	WIR0331	VECT	FLG0111WAIKE	E	01-05-08
WAIK	HAM0111	HAMILTON			WAIKATOWAIGK	G	01-05-08
WAIK	HAM0331	HAMILTON			WAIKATOWAIGK	G	01-05-08
WAIK	HLY0331	Huntly			WAIKATOWAIGK	G	10-10-08
WAIK	HMB0111	HALF MOON BAY	PAK0331	VECT	HMB0111WAIKE	E	01-05-08
WAIK	HUL0111	HULME PLACE	HEP0331	UNET	HUL0111WAIKE	E	01-05-08
WAIK	JEF0111	JEFFS ROAD	OTA0221	VECT	JEF0111WAIKE	E	01-05-08
WAIK	KIR0111	KIRKDALE	TAK0331	VECT	KIR0111WAIKE	E	01-05-08
WAIK	MER0331	MEREMERE			WAIKATOWAIGK	G	01-05-08
WAIK	MTG0111	MANGATANGI	MER0331	WAIK	WAIKATOWAIGK	I	01-05-08
WAIK	OAK0111	OAKLANDS	CBG0111	WAIP	OAK0111WAIKE	E	01-05-08
WAIK	POR0111	Porchester Road	TAK0331	VECT	POR0111WAIKE	E	10-07-09
WAIK	RYN0111	RYAN PLACE	WIR0331	VECT	RYN0111WAIKE	E	01-05-08
WAIK	STG0111	SOUTHGATE	WEL0331	UNET	STG0111WAIKE	E	01-05-08
WAIK	TWH0331	TE KOWHAI			WAIKATOWAIGK	G	01-05-08

There are eight embedded networks connected to the WEL network. The details for these are shown in the table below:

Distributor	NSP POC	Description	Parent POC	Balancing Area	Network Type	Start Date
DMFL	WCW0011	WESTFEILD CHARTWELL	HAM0331	KCH0011KIPT	E	01-09-16
DMFL	WCW0111	WESTFEILD CHARTWELL	HAM0331	KCH0012KIPT	E	01-09-16
KIPT	KCH0011	KIWI CENTREPLACE WEST	HAM0331	KCH0014KIPT	E	01-11-12
KIPT	KCH0012	KIWI CENTREPLACE EAST	HAM0331	KDH0011KIPT	E	01-11-12
KIPT	KCH0014	KIWI CENTREPLACE TOWER	HAM0331	NWH0011NZALE	E	01-11-12
NZAL	NWH0011	WEL House	HAM0331	WCW0011WFNZE	E	01-04-10
TENC	KDH0011	10 WORLEY PLACE	HAM0331	WCW0111WFNZE	E	01-06-17
TENC	TAW0011	TE AWA SHOPPING CENTRE	TWH0331	TAW0011TENCE	E	01-11-14

WEL provided a list file of all ICPs as at June 2017. A summary of this data by “ICP status” is as follows.

Status	Number of ICPs (2017)	Number of ICPs (2016)	Number of ICPs (2015)	Number of ICPs (2014)	Number of ICPs (2013)
Distributor	21	21	17	11	11
New	0	0	0	1	1
Ready	115	123	68	82	158
Active	90,205	88,537	87,238	85,927	85,491
Inactive – new connection in progress (1,12)	176	102	93	76	
Inactive – vacant (1,4)	1,158	1,359	1,347	1,542	1,443
Inactive- reconciled elsewhere (1) (5)	2	2	2	2	119
Inactive – AML meter remote disconnection (1,7)	355	123	2	-	-
Inactive - (1,8)	7	-	-	-	-
Inactive - (1,9)	11	-	-	-	-
Inactive - (1,10)	1	-	-	-	-
Inactive – ready for decommissioning (1,6)	28	29	36	21	16
Decommissioned (3)	7,149	6,717	6,376	6,023	5,608

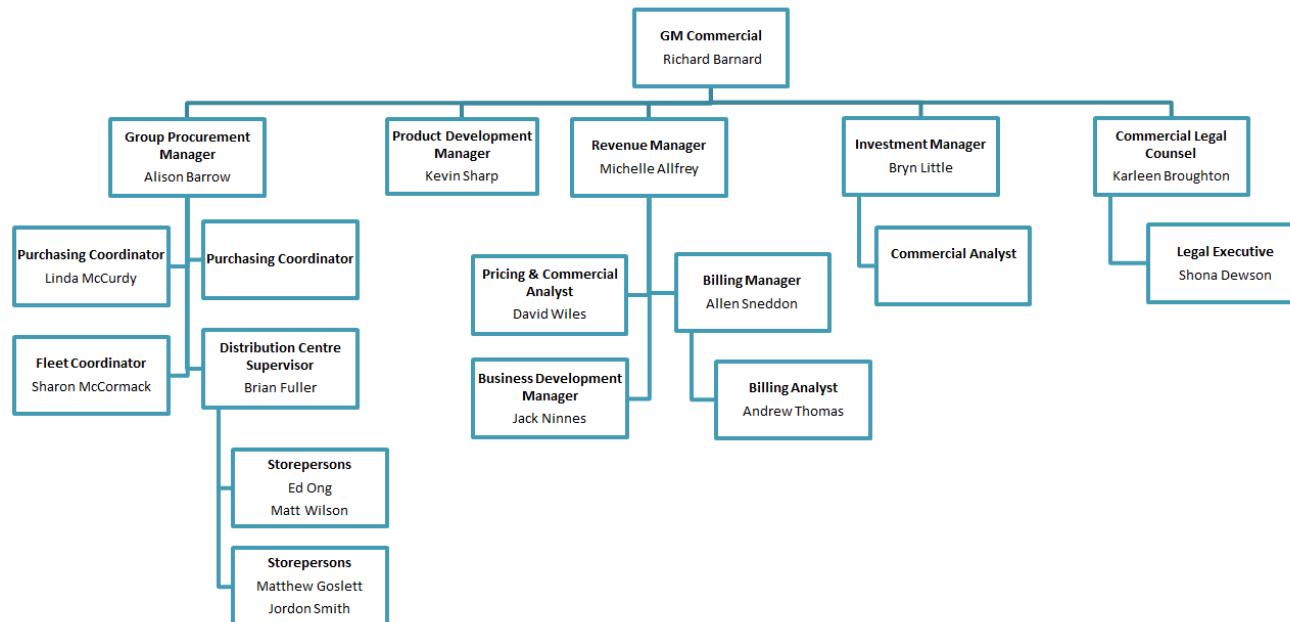
1.4 Exemptions from obligations to Comply with the code (Section 11 of Electricity Industry Act 2010)

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. WEL has no exemptions either granted or applied for.

1.5 Structure of Organisation

WEL provided an organisational structure:

Commercial



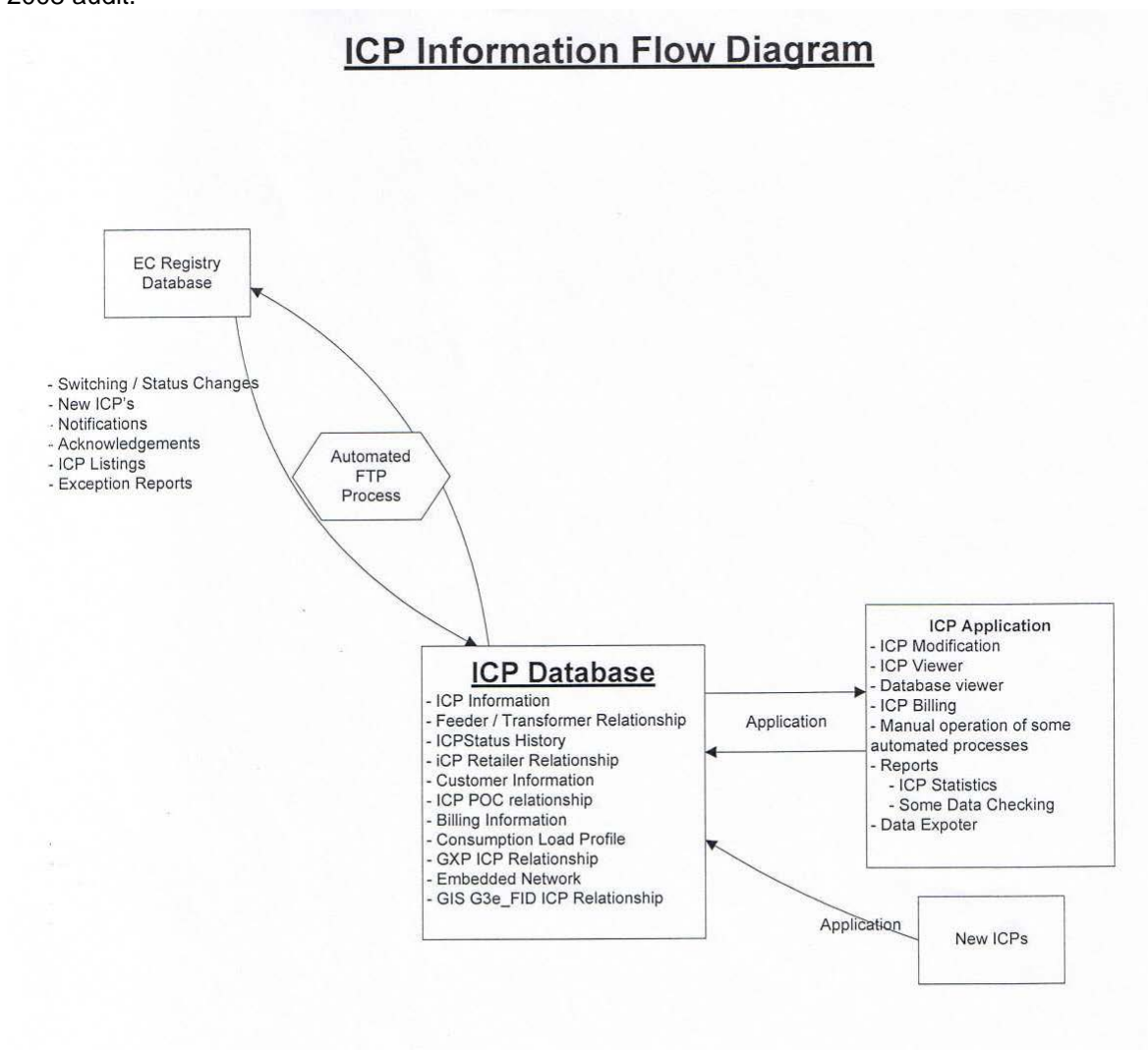
1.6 Supplier List

WEL has provided the list below of sub-contractors authorised to perform livening activities on their networks.

Region	Contractor
Hamilton	Hank Ollington Inspection Services Waikato Able Electrical Wells Brian Hobern
Auckland	Selwyn Electrical Ltd Pat Carmody

1.7 Hardware and Software

WEL provided the following diagram depicting ICP information flow. This has not changed since the 2008 audit.



WEL also provided a copy of their backup process, which includes a daily disk backup and a weekly backup to tape. A backup log is held and the tapes are stored off site in a fireproof safe. WEL also has disaster recovery suites at the Victoria St premises and at one of the substations. Backups are periodically restored to confirm readability.

1.8 Breaches or Breach Allegations

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.

WEL has had no breach allegations alleged during the audit period.

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

WEL Network data management processes were examined. The list file as at 30 June, 2017, was examined to confirm compliance.

Audit Commentary

Information is validated between WEL's database and the registry on a daily basis, error logs are created if any fields are different. These are reviewed every day and are investigated. Examination of the list file found that all of the discrepancies had been resolved since the list file was run with the exception of six unmetered load ICPs created for unmetered load on embedded networks. The load was correctly recorded in the WEL system but it hadn't written to the registry. As WEL don't allow new unmetered load connections this wasn't picked up through the normal registry discrepancy reporting but new reporting has since been added. All had been updated by the time of the site audit. This is recorded as non-compliance.

Non-compliance	Description		
Audit ref: 2.1 With: Clause 11.2 (1) From/to: 15/12/16-17/7/17	Six unmetered ICPs created during the audit period with unmetered load details missing on the registry. Potential impact: Low Actual impact: Low Audit history: Multiple times Controls: Strong Breach Risk Rating: 1		
Audit Risk Rating	Rationale for audit risk rating		
Low	The controls are strong and a new check has since been added to the registry validation to ensure no further occurrences. There is a minor impact on settlement, therefore the audit risk rating is low.		
Actions taken to resolve the issue		Completion date	Remedial action Status
All errors were corrected as soon as they were identified		July 2017	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
Daily reporting checks to identify discrepancies between WEL ICP Registry and EA Registry has been strengthened to include unmetered ICP's		July 2017	

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

WEL Network data management processes were examined. The list file as at 30 June, 2017, was examined to confirm compliance.

Audit Commentary

WEL has a fully automated registry update process, which ensures all information listed in this clause is provided to the registry. As detailed in **section 2.1**, information is validated between WEL's database and the registry on a daily basis. Examination of the list file found that the discrepancies had been resolved as part of BAU since the list file was run. The recommendations made in last year's audit have been adopted. The one error found in relation to unmetered load details were corrected as soon as practicable. Compliance is confirmed.

3. Creation of ICPs

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

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

The new connection process was examined in detail and is described in **Section 3.2** below. Ten new connection applications of the 1,895 created were checked from the point of application through to when the ICP was created.

Audit Commentary

WEL creates ICPs as required by clause 1 of schedule 11.1. There have been no new embedded networks created during the audit period. The KDH0011 network has a new start date recorded, as it was sold during the audit period. 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 1,895 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

All requests for new connections are received from the customer's agent and are generally lodged via the online portal. Some are received via email and these are entered into WEL's system. Upon receipt of a completed application the portal automatically sends on the application to the nominated trader to accept the nomination. If any applications are not able to be created within three business days a notification is sent to the applicant advising of the reason for delay. All applications pending are checked on a daily basis to ensure these are attended to in the required timeframe. The sample checked confirmed compliance.

A "blanket" notification is provided for the three day period between Christmas and the New Year, advising participants that the creation of ICPs will be later than three business days. Compliance is confirmed.

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 relating to the population of the initial ICP information. The WEL system updates occur on a nightly basis. 1,895 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 June 2017 was examined.

Audit Commentary

Examination of the list file found 1,895 ICPs were created. All of these were loaded to the registry at 'Ready' within three days of being created and before electricity was traded. Compliance is confirmed.

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 June 2017 was examined. A sample of ten ICPs updated greater than ten business days of the initial energisation date was examined using the extreme case methodology, and a further ten ICPs were examined using the diverse methodology.

Audit Commentary

WEL's authorised livening agents are all required to notify WEL of ICPs made active.

A daily report is run to confirm that all ICPs made active have an initial energisation date recorded and if found to be missing these are investigated to ensure they are updated as soon as possible. The list file was examined and confirmed all that all created and energised during the audit period have an initial energisation date populated.

Analysis of the event detail report identified 1,855 network events with an initial energisation date included. These were all updated with an event date of the same day as the update date. This is not the correct effective date to use as per the date dictionary description from the registry:

The Event Date defines the date from which the attribute values of the event should apply. There is no end date. The state defined by the attribute values of an event for an ICP continues until a new event of the same type supersedes it. By convention, all events are deemed to occur at 0:00:00 on the day of the Event Date and to end at 23:59:59 on the day before the Event Date of the next event of the same type.

This is recorded as non-compliance.

I then checked the update date against the initial energisation date and found that 1,528 of these were updated within ten business days. The remaining 327 ICPs were updated greater than ten business days of the initial energisation date. Of these 233 were updated greater than 30 days from the event. The extreme case sample checked found all updates related to an address update which creates a network event or a change of NSP. These were all made effective on the event date and are therefore compliant. A further sample of ten ICPs updated between 11-20 days after the initial energisation date was checked using the diverse methodology. This also found that nine of the ICPs the update related to an address or other network event and not to the updating of the initial energisation date. One late updating of the initial energisation date was found for ICP 0000039899WEE90. WEL have robust controls in place for this area and I consider the one late update to be an exception. This is recorded as non-compliance.

Non-compliance	Description	
Audit ref: 3.5 With: Clause 7(2)(A) of schedule 11.1 From/to: 1/7/16-30/6/17	Incorrect application of event effective date for IED updates. 1 initial energisation date updated greater than ten days from the event date. Potential impact: None Actual impact: None Audit history: Multiple times Controls: Strong Breach Risk Rating: 1	
Audit Risk Rating	Rationale for audit risk rating	
Low	The controls are strong and only one late update was found. There is no impact on settlement, therefore the audit risk rating is low.	
Actions taken to resolve the issue		Completion date
WEL have adopted the requirement for the Initial Energisation date to match Event Date in Registry. WEL were unaware of this requirement until this year's audit.		July 2017
Preventative actions taken to ensure no further issues will occur		Completion date
As above		July 2017
		Identified

3.6 Connection of ICPs (Clause 11.17 of Part 11)

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

The new connection process was examined. The event detail report for the period from October 2017 through to June 2017 was examined. The list file was examined to confirm that all ICPs at the status of “ready” have a trader nominated.

Audit Commentary

WEL does not intend to allow any new shared unmetered load connections. There was thought to have been some historic shared unmetered load identified as part of the Hamilton City Council Streetlights but this has been examined and confirmed to be being reconciled as part of the councils database. This is discussed further in **section 7.1** Notification of shared unmetered load.

ICP livening is an activity controlled by WEL and conducted by WEL approved contractors on their local network. The design of the new connections process includes a step where the trader accepts responsibility in accordance with this clause. WEL then provides notification to their approved contractor to authorise livening. The list file confirmed that all ICPs at the “Ready” status had a trader nominated. Compliance is confirmed.

3.7 Electrical Connection of ICPs (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

A registry list was received to identify any new connections of ICPs that are also NSPs.

Audit Commentary

The distributor is responsible for creating the ICP for the point of connection for an embedded network to its parent network. There have been no new embedded networks created during the audit period. The KDH0011 network has a new start date recorded as it was sold during the audit period. Compliance is confirmed.

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 WEL Network's network. All ICPs created during the audit period were checked for a proposed trader on the list file as at June 30th, 2017.

Audit Commentary

The list file confirmed that all ICPs at the "Ready" status had a trader nominated. Compliance is confirmed.

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

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

A registry list was received to identify any new connections of ICPs that are also NSPs.

Audit Commentary

The distributor is responsible for creating the ICP for the point of connection for an embedded network to its parent network. There have been no new embedded networks created during the audit period. The KDH0011 network has a new start date recorded as it was sold during the audit period. Compliance is confirmed.

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

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:

xxxxxxxxxxccc where:

- xxxxxxxxxx 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

The new connection process was examined and a sample checked. This is detailed in **Section 3.1** 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)

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

Audit Observation

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

Audit Commentary

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)

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

The new connection process was examined. The list and event detail files were examined in relation to the use of the “New” status.

Audit Commentary

WEL’s new connections process is not designed to use the “New” status. All ICPs are created at the “Ready” status. Examination of the list file found there were no ICPs at the “New” status. Analysis of the event detail report found 33 ICPs that were changed to the “new” status. All of these were ICPs created in error. Compliance is confirmed.

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

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

The new connection process was examined. The list and event detail files were examined in relation to the use of the “New” status.

Audit Commentary

WEL creates all ICPs at ‘Ready’. WEL 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. These are sent every three months to the traders via email.

There are 15 ICPs that have been at the “Ready” status for more than 24 months. WEL have communicated with the trader (Contact in all instances), but have had no response to their communications. Compliance is confirmed.

3.14 Embedded Generation Loss Category (Clause 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

The list file identified two ICPs with an embedded generator capacity greater than 10MW. Both ICPs have unique loss category codes in accordance with this clause. Compliance is confirmed.

4. Maintenance of Registry Information

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

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 three 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 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

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

NSP changes were examined.

Audit Commentary

WEL's system does not allow them to backdate more than three business days without manually updating the registry.

Analysis of the event detail report found:

- 267 ICPs were decommissioned. I recorded in the last audit that for all decommissioned ICPs the actual date of the decommissioning is recorded rather than a default of three days prior to the update. WEL have adopted this recommendation so that correct and accurate information is provided to the registry. Analysis of the decommissioned ICPS found 230 of these were backdated greater than three business days. A sample of these were checked and found that the delays are caused by the retailer not updating the registry and thereby causing WEL to be non-compliant.
- 7,591 ICPs had a price category code change. 7,514 (99%) of these were updated on the Registry within three business days. 77 ICPs had pricing events backdated greater than three business days. The sample checked and found these related to two events effecting multiple ICPs that didn't write to the registry correctly. These were all identified on the registry discrepancy report and corrected once the investigation was complete.
- 147,741 ICPs had an address change updated and these were updated to the registry on the same day. Compliance is confirmed.
- 74,628 network changes were made. This includes all NSP changes. All were made on the same date as the effective date. Compliance is confirmed.

Overall the processes in place are robust and there were no systematic issues found. The small number of backdated events is recorded as non-compliance.

Non-compliance	Description		
Audit ref: 4.1 With: Clause 8 of schedule 11.1 From/to: 1/10/16-30/6/17	Registry event updates backdated greater than three days. Potential impact: Low Actual impact: Low Audit history: Multiple times Controls: Strong Breach Risk Rating: 1		
Audit Risk Rating	Rationale for audit risk rating		
Low	The controls are strong and updates were made as soon as possible. There is a minor impact on settlement, therefore the audit risk rating is low.		
Actions taken to resolve the issue		Completion date	Remedial action Status
WEL introduced a new internal ICP Registry in 2016. This new ICP Registry was designed so that it is unable to backdate more than the 3 allowable days. WEL are therefore only able to backdate if the update is made in EA Registry. WEL will only backdate greater than 3 days when the delay is caused by WEL being unable to update the Registry until the retailer action a status change in the Registry, as recommended in previous audits, or where human error on WEL's part has meant WEL are responsible for the update not occurring in a timely manner.		July 2017	[Auditor comment]
Preventative actions taken to ensure no further issues will occur		Completion date	
The 77 ICP's identified were as a result of WEL's new ICP Registry database introduced failing to process one retailer Price Category update file received for 77 ICP's. WEL have fixed the system bug, and now double check all retailer Price Category updates are processed correctly.		July 2017	

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

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 new connection process was examined. I ran the concatenate query across the list file supplied.

Audit Commentary

The process for allocating new ICPs to the correct transformer, and therefore the correct NSP, was examined and is robust.

WEL check the NSP accuracy across the database every six months. My analysis confirmed that the issues identified previously have been corrected and no errors were found. Compliance is confirmed.

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

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 three business days after receiving a request for that information.

Audit Observation

The management of customer queries was examined.

Audit Commentary

WEL does receive direct requests for ICP identifiers, and these are provided immediately. 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. The list file was checked to confirm ICP location addresses are readily locatable.

Audit Commentary

Analysis of list file found no duplicate addresses. All but 813 addresses now have GSP co-ordinates recorded. This is discussed further in **Section 4.8**. One ICP was found to have a lot number only. This was examined and found that the site is still being built and has no street number as yet. Compliance is confirmed.

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

WEL has required that all ICPs created since 7 October 2002 will comply with this clause. WEL's process documentation addresses this issue. There are two existing ICPs that do not meet this requirement, but these were created prior to 7 October 2002 so are exempt from this requirement. Compliance is confirmed.

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

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
 - c) the initial energisation date of the ICP (Clause 7(1)(p) 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 its alignment with the trader where appropriate e.g. Distributed generation, unmetered load if known and shared unmetered load. A sample of ten variances were checked in relation to the initial energisation date and the active date.

Audit Commentary

WEL has a fully automated registry update process, which ensures all information listed in this clause is provided to the registry. Information is validated between WEL's database and the registry on a daily basis. Any discrepancies are reviewed and investigated on a daily basis.

Distributed Generation

WEL have a robust approval process before allowing Distributed Generation to be connected to their network. This is only loaded to the network once the test report has been received back from the contractor to confirm compliant export/import metering has been installed. Examination of the list file found 698 active ICPs with generation capacity. This is an increase of 167 ICPs from last year. All had fuel type recorded and the correct installation type of B. Analysis of the list file found six active ICPs with a profile applied by the trader that indicates distributed generation is present. These were checked and found:

- Applications have been received for three ICPs but the final paperwork has not been received.
- Two ICPs have been updated since the list file was run.
- ICP 0002718714WEB9A has had no application received for distributed generation and so this was queried with Meridian. They advised that the customer had been upgraded from a single phase to a 3 phase supply and the meter installed had generation capacity but none is installed therefore the profile is incorrect and WEL are correct.

Unmetered Load

WEL does not allow new unmetered loads on their network. They have a well-documented policy and process for the ongoing management and notification of altered unmetered load connections.

There are 261 active ICPs with unmetered load recorded by the Retailer as connected to the WEL network. 13 of these have no load recorded by WEL. Six of these have been created during the audit period. These all relate to unmetered street lights on the WEL owned embedded networks that were found during recent street light audits. WEL created unmetered load ICPs to account for these. The load was correctly recorded in the WEL system but it hadn't been written to the registry. As WEL don't allow new unmetered load connections this wasn't picked up through the normal registry discrepancy reporting, but new reporting has since been added. All had been updated by the time of the site audit.

The accuracy of the information on the registry was checked for all ICPs that had unmetered load recorded. All had the correct load recorded with the exception of ICP 0000011104WE3E8 which is missing the ballast figure. This should be recorded as 83W not 70W. The daily kWh figure should calculate to be 29.6 but is recorded as 25.8 by the retailer. This is recorded as non-compliance below.

Initial Energisation Date

In addition to the daily report run from December 2016 onwards, WEL run a weekly report that identifies anomalies between the distributor, trader and MEP data. Where anomalies are identified, confirmation is sought from the licensing agents to confirm the data supplied. I checked the accuracy of the initial energisation date against the active date and meter certification date from the EDA for all ICPs made active and found:

- 1,452 ICPs with both the initial energisation date populated and active date. Of these
 - 1,427 (98%) had matching dates
 - 25 (2%) had a different active date. Of these:
 - Nine had the same meter certification date suggesting the Retailer has an incorrect active date
 - 16 had a meter certification date that agreed with the Retailers. These were checked on site and found:
 - 11 where the contractor confirmed the same date as WEL has recorded. I note that ICP 0000041280WE7DF was not made active on the registry until the permanent supply was connected. The BTS supply which was in place for 63 days was never recorded on the registry.
 - Five were human error (date keyed incorrectly). This is recorded as non-compliance below.

The list file identified four ICPs at the status of “New connection in progress” (1,12) that have an initial energisation date populated. These are all on the WEL local network and all have since been updated to active by the Retailer as part of BAU. The active dates matched to the initial energisation date in all cases.

Non-compliance	Description	
Audit ref: 4.6 With: Clause 7(1)(p) of schedule 11.1 From/to: 1/7/16-30/6/17	1 ICP with the incorrect unmetered load details. Five ICPs with the incorrect initial energisation date populated. Potential impact: Low Actual impact: Low Audit history: Multiple times Controls: Moderate Breach Risk Rating: 1	
Audit Risk Rating	Rationale for audit risk rating	
Low	The updating of the initial energisation date is manual and therefore human errors can occur therefore I have rated the controls as moderate. There was no direct impact on submission as the retailer had the unmetered loads recorded, therefore the audit risk rating is low.	
Actions taken to resolve the issue	Completion date	Remedial action Status
All errors have been corrected as soon as identified	July 2017	Identified
Preventative actions taken to ensure no further issues will occur	Completion date	
WEL have introduced daily reporting to identify discrepancies between Initial Energisation Dates from WEL, MEP & Retailer. Where discrepancies are found, WEL firstly confirm with Livening Agents the actual livening date.. This process enables WEL to easily identify errors on Wel's part. Where WEL have input the correct date, WEL confirm with Retailer & MEP to request remedial action is taken.	July 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

The price category and chargeable capacity (if any) are known at the time of the ICP being created therefore these are recorded correctly in the first instance. Examination of the backdated price events found none 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

WEL Network have populated GPS co-ordinates against all but 813 of their active ICPs during the audit period. I checked that the GPS coordinates used meet the NZTM2000 standard.

Audit Commentary

WEL have used the NZTM2000 standard to record the GPS co-ordinates. This was confirmed by looking at the format of the GPS co-ordinates used. Compliance is confirmed.

4.9 Management of "Ready" Status (Clause 14 of Schedule 11.1)

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

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 June 2017 were examined in relation to the use of the "ready" status.

Audit Commentary

WEL's new connections process is well designed and documented and the "Ready" status is used appropriately. All applications for ICPs come directly from retailers; this ensures that the retailer that has taken responsibility for the ICP is identified before the ICP is given the "Ready" status.

The price category field in WEL's ICP database contains a "drop down" list, which ensures each ICP can only have a single price category. Examination of the list file confirmed that all ICPs at the "Ready" status have a nominated trader and single price category assigned. Compliance is confirmed.

4.10 Management of "Distributor" Status (Clause 16 of Schedule 11.1)

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

The management of ICPs in relation to the use of the “distributor” 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 “distributor” status.

Audit Commentary

WEL has 21 ICPs that have an ICP status of “distributor.” 15 of these are points of connection between embedded networks and the WEL network. The remaining six ICPs are parent ICPs for shared unmetered load. There have been no Distributor ICPs created during the audit period.

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

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

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 June 2017 were examined in relation to the use of the “decommissioned” status. A sample of five ICPs at the status “ready for decommissioning” were checked.

Audit Commentary

ICP decommissioning is managed by WEL and the process is well documented. Retailers notify WEL when ICPs are “ready for decommissioning” but they do not change the registry to this status until advised by WEL that the fieldwork has been completed. WEL manages the fieldwork to ensure the electrical installations are physically removed and advise the Retailer when this work has been completed. The Retailer then updates the registry to the status “ready for decommissioning” and backdate the effective date to the actual date of the decommission.

WEL’s list file shows 29 ICPs that are “ready for decommissioning”. WEL actively manages this area resulting in the low number of ICPs at this status. The sample checked found that no requests had been received from the retailer in relation to the decommissioning of these ICPs. WEL have raised queries with the retailers concerned to request a decommission but no replies had been received by the time of the site audit. Compliance is confirmed.

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

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 two months after the date the code is entered in the table.

A price category code takes effect on the specified date.

Audit Observation

The price category code table on the registry was examined.

Audit Commentary

WEL has not created any new price category codes during the audit period.

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

WEL has not created any new loss category codes during the audit period.

5.2 Updating Loss Factors (Clause 22 of Schedule 11.1)

Each loss category code must have a maximum of two 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

The loss category code table on the registry was examined.

Audit Commentary

WEL has not changed any loss factors during the audit period.

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)

If the distributor is creating or decommissioning an NSP that is an interconnection point between two 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 two 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 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

No NSPs have been created or decommissioned during the audit period.

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

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 two local networks. In all other cases, the request must be made at least one calendar month before the NSP is electrically connected or the ICP is transferred.

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

As noted in **Section 6.1**, WEL has not created any new NSPs and therefore no new balancing areas.

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

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 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

As noted in **Section 6.1**, WEL has not created any new NSPs and therefore no new balancing areas.

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

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

Audit Commentary

There have been no new NSPs created or transferred during the audit period.

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

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 three business days after the change takes effect.

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

There have not been any balancing area changes during the audit period.

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

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 one calendar month before the transfer.

Audit Observation

The NSP table on the registry was examined. WEL 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

WEL has not had any ICPs that have changed to become an NSP during the audit period

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

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

Audit Commentary

WEL has not transferred any ICPs to its network during the audit period.

6.8 Responsibility for metering information for NSP that is not a POC to the Grid (Clause 10.25(1)&(3) of Part 10)

(1) 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 one 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)).*

(3) In relation to an NSP of the type described in sub-clause (1), a distributor must, no later than 20 business days after a metering installation for such an NSP is recertified, advise the reconciliation manager of the following:

- (a) the reconciliation participant for the NSP;*
- (b) the participant identifier of the metering equipment provider for the metering installation;*
- (c) the certification expiry date of the metering installation.*

Audit Observation

The NSP supply point table was examined and evidence of all updates made to the Reconciliation Manager via the portal.

Audit Commentary

The NSP supply point table was reviewed:

Distributor	NSP POC	Network Type	Description	MEP	Certification Expiry
WAIK	BRI0111	EN	BRICK STREET	AMCI	17-09-17
WAIK	FLG0111	EN	FLAGSHIP	AMCI	07-02-23
WAIK	HMB0111	EN	HALF MOON BAY	AMCI	20-12-22
WAIK	HUL0111	EN	HULME PLACE	AMCI	13-09-25
WAIK	JEF0111	EN	JEFFS ROAD	AMCI	17-04-20
WAIK	KIR0111	EN	KIRKDALE	AMCI	17-10-21
WAIK	MTG0111	NP	MANGATANGI	COUP	20-03-18
WAIK	OAK0111	EN	OAKLANDS	AMCI	15-08-17
WAIK	POR0111	EN	Porchester Road	AMCI	12-04-19
WAIK	RYN0111	EN	RYAN PLACE	AMCI	27-04-26
WAIK	STG0111	EN	SOUTHGATE	AMCI	01-05-27

The NSP metering was recertified during the audit period for seven networks. These were all advised to the Reconciliation Manager within 20 business days of this occurring. Compliance is confirmed.

6.9 Responsibility for Metering Information when creating an NSP that is not a POC to the Grid (Clause 10.25(2) of Part 10)

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 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)

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 one 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

WEL 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)

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

WEL has not created any new embedded networks, 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 art 10)

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 supply point table was examined and found no changes to any MEPs had occurred during the audit period.

Audit Commentary

N/A

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

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

WEL 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)

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

Audit Observation

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

Audit Commentary

N/A

7. Maintenance of Unmetered Load

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

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

Audit Commentary

The list file found five parent ICPs for the shared unmetered load for the lights in the Cristobel subdivision. The load is calculated correctly. Compliance is confirmed.

In the last audit, I recorded that there was potentially some historic shared unmetered load needing to be created for private lights recorded in the Hamilton City Council database that they were no longer including in their monthly report. Further analysis of this database found that all the lights previously recorded as private are now recorded against the Hamilton City Council ICP and therefore there is no shared unmetered load to be created.

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

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

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

Audit Commentary

There have been no changes made to any shared unmetered load during the audit period. Compliance is confirmed.

8. Calculation of Loss Factors

8.1 Creation of Loss Factors (Clause 11.2)

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 WEL's preparation in relation to loss factors:

- there is a good understanding of the draft guidelines regarding loss factors
- there has been no material change to the WEL network during the audit period therefore no changes to the loss factors have been made.

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

This audit found four minor non-compliances, and no recommendations are made.

WEL have robust processes and controls in place and this is reflected in their high level of compliance and no recommendations identified in this audit. The registry validation processes ensure discrepancies are identified promptly and resolved as soon as possible. Delays are generally caused by other participants not updating the registry and thereby causing WEL to be non-compliant. The indicative audit frequency table indicates the next audit should be in 24 months and I agree with this recommendation.

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
Provide Complete and Accurate Information	2.1	11.2(1)	Six unmetered ICPs created during the audit period with unmetered load details missing on the registry.	Strong	Low	1	Identified
Timeliness of the Population if Initial Energisation Date	3.5	7(2A) of Schedule 11.1	Incorrect application of event effective date for IED updates. 1 initial energisation date updated greater than ten days from the event date.	Strong	Low	1	Identified
Changes to Registry	4.1	8 of schedule 11.1	Updates to registry backdated greater than 3 business days of the event.	Strong	Low	1	Identified
Provision of ICP Information to the Registry	4.6	7(1)(p) of schedule 11.1	1 ICP with the incorrect unmetered load details. Five ICPs with the incorrect initial energisation date populated.	Moderate	Low	2	Identified
Breach Risk Rating Score						5	
Indicative Next Audit Frequency						24 months	

Table of Recommendations

Subject	Section	Clause	Recommendation for improvement	Remedial Action
			Nil	

Signed by:



Rebecca Elliot
Veritek Limited
Electricity Authority Approved Auditor

Signed by:

Allen Sneddon
Billing Manager

10. WEL Network's Response

Recommendations from recent EIPC Distributor Audit Reports were at the core of the design of WEL's new ICP Registry and Billing systems implemented in 2016. It is pleasing to see these systems, alongside improved processes and reporting, have successfully addressed all recommendations previously identified. WEL have ensured that the 4 areas of non-compliance have been addressed, except where the current setup of the EA Registry and Code mean that a Distributor is reliant on 3rd parties making status updates to the Registry before WEL can decommission an ICP, or where a 3rd party request that WEL reverse a Registry event to allow that 3rd party to correct their error(s). WEL would encourage the EA to address these Code limitations. WEL intend to submit a Code Amendment Request in regards to the current decommission process.