

**ELECTRICITY INDUSTRY PARTICIPATION CODE
DISTRIBUTOR AUDIT REPORT**

The Veritek logo consists of the word "VERITEK" in a blue, serif, all-caps font. To the left of the text is a vertical blue line, and below the text is a horizontal blue line, forming a crosshair-like graphic.

For

318 LAMBTON QUAY LIMITED (TOLQ)

Prepared by: Rebecca Elliot, Veritek Limited

Date audit commenced: 24 April 2018

Date audit report completed: 4 May 2018

Audit report due date: 04-May-18

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EXECUTIVE SUMMARY

This Distributor audit was conducted at the request of **318 Lampton Quay Limited (TOLQ)**, to encompass the Electricity Industry Participation Code requirement for an audit, in accordance with clause 11.10 of part 11.

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

The TOLQ network has one NSP in Wellington.

Most of TOLQ's compliance is reliant on the compliance of TEG & Associates (TEG), as a contractor to TOLQ. Their audit is greater than seven months old, but I have reviewed all of the activity undertaken during the audit period to confirm compliance. Their audit report is to be submitted with this audit.

This audit found four non-compliances affecting a small number of ICPs and makes no recommendations. Three of the non-compliances relate to late or missing initial electrical connection dates. The remaining non-compliance is minor and relates to six events updated late to the registry. The audit risk rating recommends the next audit is in 18 months and I have considered this result in conjunction with TOLQ's responses and taking into consideration that this network is unlikely to have additional ICPs and therefore little activity occurring my recommendation for the next audit date is 24 months.

AUDIT SUMMARY

NON-COMPLIANCES

Subject	Section	Clause	Non-Compliance	Controls	Audit Risk Rating	Breach Risk Rating	Remedial Action
Provide complete and accurate information	2.1	11.2(1)	15 ICPs missing their initial electrical connection dates on the registry.	Moderate	Low	2	Disputed
Timeliness of Provision of Initial Electrical Connection Date	3.5	7(2A) of Schedule 11.1	Initial Electrical Connection dates were updated late for two ICPs.	Moderate	Low	2	Identified
Changes to registry information	4.1	8 Schedule 11.1	5 late event updates.	Strong	Low	1	Cleared
Provide ICP Information to the Registry	4.6	7(1)(p) of Schedule 11.1	15 active ICPs with no Initial Electrical Connection dates recorded.	Moderate	Low	2	Disputed
Future Risk Rating						7	
Next indicative audit frequency						18 months	

RECOMMENDATIONS

Subject	Section	Description	Recommendation
		Nil	

ISSUES

Subject	Section	Description	Issue
		Nil	

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

The Authority website was checked to determine whether TOLQ has any Code exemptions in place.

Audit commentary

Review of exemptions on the Authority website confirmed that there are no exemptions in place for TOLQ.

1.2. Structure of Organisation

Not applicable

1.3. Persons involved in this audit

Auditor:

Rebecca Elliot

Veritek Limited

Electricity Authority Approved Auditor

Personnel assisting in this audit were:

Name	Title	Company
Ewa Glowacka	Director	TEG and Associates
Nick Oldham	General Manager	Smart Power Limited T/A Energy Select

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 contractor's 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 observation

TEG carries out TOLQ's registry activities and communications in relation to the establishment of new networks.

1.5. Supplier list

TEG carries out TOLQ's registry activities and communications in relation to the establishment of new networks.

1.6. Hardware and Software

This is covered in TEG's audit report and no changes have been made since their audit.

1.7. Breaches or Breach Allegations

TOLQ has not had any breach allegations relevant to this audit recorded by the Electricity Authority.

1.8. ICP and NSP Data

Review of the NSP table showed TOLQ had the following NSP.

Distributor	NSP POC	Description	Parent POC	Parent Network	Balancing Area	Network type	Start date	No of ICPs
TOLQ	TLQ0011	318 LAMBTON QUAY WELLINGTON	WIL0331	CKHK	TLQ0011TOLQE	E	1/03/2017	18

Status	Number of ICPs 2018	Number of ICPs 2017
Distributor	0	0
New	0	0
Ready	0	22
Active (2,0)	18	1
Inactive - new connection in progress (1,12)	0	0
Inactive – vacant (1,4)	0	0
Inactive - reconciled elsewhere (1,5)	0	0
Inactive – AMI remote disconnection (1,7)	0	0
Inactive – de-energised due to meter disconnected (1,9)	0	0
Inactive – at pole fuse (1,8)	0	0
Inactive – de-energised at meter box switch (1,10)	0	0
Inactive - at meter box switch (1,11)	0	0
Inactive – ready for decommissioning (1,6)	0	0
Decommissioned (3)	6	1

1.9. Authorisation Received

TOLQ provided a letter of authorisation to Veritek, permitting the collection of data from other parties for matters directly related to the audit.

1.10. Scope of Audit

This Distributor audit was performed at the request of TOLQ, to encompass the Electricity Industry Participation Code requirement for an audit, in accordance with clause 11.10 of part 11.

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

The scope of the audit is shown in the table below:

Functions Requiring Audit Under Clause 11.10(4) of Part 11	Contractors Involved in Performance of Tasks
The creation of ICP identifiers for ICPs.	TEG & Associates
The provision of ICP information to the registry and the maintenance of that information.	
The creation and maintenance of loss factors.	

The audit report for TEG & Associates will be submitted with this report. Their audit is greater than seven months old, but I have reviewed all of the activity undertaken during the audit period to confirm compliance and confirmed no process changes have occurred since their audit.

1.11. Summary of previous audit

TOLQ provided a copy of their previous audit conducted in April 2017 by Rebecca Elliot of Veritek Limited. This audit found compliance with the code.

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

The management of this process is discussed in the TEG contractor report. I also examined a registry list file to confirm compliance.

Audit commentary

This process is discussed in the TEG report. As discussed in **section 4.6**, examination of the list file found 15 ICPs which were created when the customer network was converted. The initial electrical connection date has not been populated. These were all existing electrical connections but are new ICPs being traded and therefore should have an initial electrical connection date, therefore the information is not complete and accurate.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 2.1 With: 11.2(1) From: 01-Mar-17 To: present	15 ICPs missing their initial electrical connection dates on the registry. Potential impact: None Actual impact: None Audit history: None Controls: Moderate Breach risk rating: 2		
Audit risk rating	Rationale for audit risk rating		
Low	The controls are rated as moderate as they will mitigate risk most of the time. This has no direct impact on submission hence the audit risk rating is low.		
Actions taken to resolve the issue		Completion date	Remedial action status
The connections in question were electrically connected many years ago as a part of customer network. From our point of view, populating electrical connection date as a date of creation of embedded network would be providing incorrect information to the registry. The issue has been referred to the Authority and we awaiting the response.			Disputed
Preventative actions taken to ensure no further issues will occur		Completion date	
Pending guidance from EA			

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

The management of this process is discussed in the TEG contractor report. I also examined a registry list file to confirm compliance.

Audit commentary

TOLQ advises that these matters are handled as and if they arise, by requesting TEG to make any changes necessary, and the corrections identified in this audit confirm this.

Audit outcome

Compliant

3. CREATION OF ICPS

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

The management of this process is discussed in the TEG contractor report. I also examined a registry list file to confirm compliance.

Audit commentary

Compliance is recorded for TEG. Examination of the list file confirmed compliance.

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 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 management of this process is discussed in the TEG contractor report. I also examined a registry list file to confirm compliance.

Audit commentary

Compliance is confirmed in the TEG contractor report. ICPS are requested by the embedded network owner therefore this clause is not applicable to TOLQ.

Audit outcome

Not applicable

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 Schedule 11.1.

Audit observation

The new connection process is discussed in the TEG contractor report. Examination of the event detail report for the audit period file found two ICPs have been created during the audit period.

Audit commentary

Compliance is confirmed in the TEG contractor report. All the information was provided as required by this clause for the two ICPs created during the audit period.

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

The new connection process is discussed in the TEG contractor report. The event detail file was checked for the period 1/05/17 to 31/03/18 to determine the timeliness of the provision of ICP information.

Audit commentary

Compliance is confirmed in the TEG contractor report. Analysis of the event detail report found the two ICPs were created as soon as practicable and prior to electrical connection.

Audit outcome

Compliant

3.5. Timeliness of Provision of Initial Electrical Connection 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 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 is discussed in the TEG contractor report. The list file and the event detail report for the period 1/05/17 to 31/03/18 were examined.

Audit commentary

17 ICPs have been electrically connected during the audit period. Two have had the initial electrical connection date recorded. These were electrically connected on 18/10/17 but the initial electrical connection date was not updated on the registry until 26/11/17. The 15 ICPs which have no date recorded are detailed in **sections 2.1** and **4.6**.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 3.5 With: 7(2A) of Schedule 11.1 From: 18-Oct-16 To: 26-Nov-17	Initial Electrical Connection dates were updated late for two ICPs. Potential impact: None Actual impact: None Audit history: None Controls: Moderate Breach risk rating: 2		
Audit risk rating	Rationale for audit risk rating		
Low	The controls are rated as moderate - checks are in place to monitor changes to active. This has no direct impact on submission hence the audit risk rating is low.		
Actions taken to resolve the issue		Completion date	Remedial action status
The EN was created with meters installed and ICPs created for each tenant floor. Shortly thereafter the landlord asked for several floors to have the ICPs decommissioned so that the load would be recorded in the pool of common area usage under the residual ICP. Later, a new tenant moved into two of the floors and wanted to take supply from Genesis Energy. Accordingly we created the 2 new ICPs in question and advised the client and Genesis. <u>The meters/connections were electrically live throughout</u> , but we had to wait (quite some time) for the retailer to take up the ICPs and change them to Active before we knew what date to populate in the connection date so that the figure we entered was accurate (we did follow up). In this instance we were completely reliant on the retailer, hence the delay.			Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
We will continue to monitor and follow up retailers in situations like this but remain reliant on their action.			

3.6. Connection of ICPs (Clause 11.17)

Code reference

Clause 11.17

Code related audit information

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

The distributor must not 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 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 is discussed in the TEG contractor report. The event detail report for the period 1/05/17 to 31/03/18 was examined. The list file was examined to confirm that any ICPs at the status of "Ready" have a trader nominated.

Audit commentary

The process for the updating of the registry is discussed in the TEG agent report and controls are moderate. All of the ICPs connected during the audit period had a proposed trader recorded.

Audit outcome

Compliant

3.7. Connection of ICP that is not an NSP (Clause 10.31)

Code reference

Clause 10.31

Code related audit information

A distributor must not connect an ICP that is not an NSP unless requested to do so by the trader trading at the ICP.

Audit observation

The new connection process is discussed in the TEG contractor report. The event detail report for the period 1/05/17 to 31/03/18 was examined.

Audit commentary

The process for the updating of the registry is discussed in the TEG agent report and controls are moderate. There were two ICPs that were connected during the audit period and both had a trader recorded in the registry as accepting responsibility.

Audit outcome

Compliant

3.8. Temporary electrical connection of ICP that is not an NSP (Clause 10.31A)

Code reference

Clause 10.31A

Code related audit information

A distributor may only temporarily electrically connect an ICP that is not an NSP if requested by an MEP for a purpose set out in clause 10.31A(2), and the MEP:

- *has been authorised to make the request by the trader responsible for the ICP; and*
- *the MEP has an arrangement with that trader to provide metering services.*

Audit observation

The new connection process is discussed in the TEG contractor report. The event detail report for the period 1/05/17 to 31/03/18 was examined.

Audit commentary

Compliance is confirmed in the TEG contractor report. No ICPs were identified as temporarily electrically connected during the audit period.

Audit outcome

Compliant

3.9. Connection of NSP that is not point of connection to grid (Clause 10.30)

Code reference

Clause 10.30

Code related audit information

A distributor must not connect an NSP on its network that is not a point of connection to the grid unless requested to do so by the reconciliation participant responsible for ensuring there is a metering installation for the point of connection.

The distributor must, within five business days of connecting the NSP that is not a point of connection to the grid, advise the reconciliation manager of the following in the prescribed form:

- *the NSP that has been connected*
- *the date of the connection*
- *the participant identifier of the MEP for each metering installation for the NSP*
- *the certification expiry date of each metering installation for the NSP.*

Audit observation

The NSP table was checked.

Audit observation

No new NSPs have been electrically connected during the audit period; compliance was not assessed.

Audit outcome

Not applicable

3.10. Temporary electrical connection of NSP that is not point of connection to grid (Clause 10.30(A))

Code reference

Clause 10.30(A)

Code related audit information

A distributor may only temporarily electrically connect an NSP that is not a point of connection to the grid if requested by an MEP for a purpose set out in clause 10.30A(3), and the MEP:

- has been authorised to make the request by the reconciliation participant responsible for the NSP; and*
- the MEP has an arrangement with that reconciliation participant to provide metering services.*

Audit observation

The NSP table was checked.

Audit observation

No new NSPs have been electrically connected during the audit period; compliance was not assessed.

Audit outcome

Not applicable

3.11. 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:

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 ICP creation process is discussed in the TEG contractor report. Examination of the registry list file found two ICPs have been created during the audit period.

Audit commentary

Compliance is confirmed in the TEG contractor report. The new ICPs were created compliantly.

Audit outcome

Compliant

3.12. 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

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.

Audit outcome

Compliant

3.13. 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

The ICP creation process is discussed in the TEG contractor report. The list file was examined.

Audit commentary

The ICP creation process is discussed in the TEG contractor report. ICPs are created at the “ready” status. Examination of the list file found no ICPs at the “New” status

Audit outcome

Compliant

3.14. 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

Monitoring of new and ready status is discussed in the TEG contractor report. The list file was examined.

Audit commentary

This process is discussed in the TEG agent report and has not changed since this audit. An examination of the list file found no ICPs at the “Ready”.

Audit outcome

Compliant

3.15. 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

The list file was examined. TOLQ does not supply any embedded generators; compliance was not assessed.

Audit outcome

Not applicable

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 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 management of this process is discussed in the TEG contractor report. The event detail report was checked for the period 1/05/17 to 31/03/18 to identify any late changes to registry information during the audit period.

Audit commentary

Compliance is recorded in the TEG contractor report. The event detail report was analysed and found five ICPs were decommissioned during the audit period and all were updated eight business days after the event. These were updated by TEG on the same day notification was received and this was the day after the retailer updated the status.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 4.1 With: 8 Schedule 11.1 From: 01-Jul-17 To: 13-Jul-17	5 late event updates Potential impact: None Actual impact: None Audit history: None Controls: Strong Breach risk rating: 1		
Audit risk rating	Rationale for audit risk rating		
Low	The controls are rated as strong - checks are in place to monitor registry changes. This has no direct impact on submission hence the audit risk rating is low.		
Actions taken to resolve the issue		Completion date	Remedial action status
The updates by TEG were done on the same day notification was received and this was the day after the retailer updated the status. The registry does not allow to decommission ICP unless a trader marks it as "ready for decommissioning". We consider it as a technical breach, outside of our control.			Cleared
Preventative actions taken to ensure no further issues will occur		Completion date	

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 management of this process is discussed in the TEG contractor report. I also examined the registry list file to identify any ICPs which had a change of NSP during the audit period.

Audit commentary

Compliance is recorded in the TEG contractor report. Due to the nature of embedded networks there is no uncertainty regarding the ICP and NSP relationships. A check of the list file confirmed compliance.

Audit outcome

Compliant

4.3. Customer queries about ICP (Clause 11.31)

Code reference

Clause 11.31

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 three business days after receiving a request for that information.

Audit observation

The management of customer queries was examined.

Audit commentary

TOLQ does not receive direct requests for ICP identifiers, but if they were received these would be provided immediately.

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

The process to manage address accuracy was examined in the TEG contractor report. The list file was analysed.

Audit commentary

A check of TOLQ's list file found that all ICPs have unique addresses with sufficient information to allow the ICPs to be readily located.

Audit outcome

Compliant

4.5. Electrically disconnecting an ICP (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 electrically disconnected without electrically disconnecting 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 the difference between the total consumption for the embedded network and all other ICPs on the embedded network.

Audit observation

The management of this process was examined.

Audit commentary

TOLQ confirmed that all ICPs comply with this clause. They have a good understanding of this requirement, and as this network was created post this requirement, this scenario is unlikely to arise.

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 Electrical Connection date of the ICP (Clause 7(1)(p) of Schedule 11.1).*

Audit observation

The management of this process is discussed in the TEG contractor report.

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.

Audit commentary

Compliance is recorded in the TEG contractor report. Examination of the list file confirmed that ICP information had been populated correctly with the exception of 15 ICPs that have been electrically connected for more than ten business days, but no initial electrical connection date is recorded. These 15 ICPs were created when the customer network was converted. The initial electrical connection date has not been populated. These were all existing electrical connections but are new ICPs being traded and therefore should have an initial electrical connection date.

There has been no unmetered load or embedded generation added during the audit period.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 4.6 With: 7(1)(p) of Schedule 11.1 From: 01-Mar-17 To: present	15 active ICPs with no Initial Electrical Connection dates recorded. Potential impact: None Actual impact: None Audit history: None Controls: Moderate Breach risk rating: 2		
Audit risk rating	Rationale for audit risk rating		
Low	The controls are rated as moderate as they will mitigate risk most of the time. This has no direct impact on submission hence the audit risk rating is low.		
Actions taken to resolve the issue		Completion date	Remedial action status
The connections in question were electrically connected many years ago as a part of customer network. From our point of view, populating electrical connection date as a date of creation of embedded network would be providing incorrect information to the registry. The issue has been referred to the Authority and we awaiting the response.			Disputed
Preventative actions taken to ensure no further issues will occur		Completion date	
Pending guidance from EA			

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 management of this process is discussed in the TEG contractor report. The list file and event detail report were examined to determine compliance with this clause.

Audit commentary

Compliance is recorded in the TEG contractor report. Examination of the event detail report confirmed that the correct price code was applied when the ICPs were created.

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

TOLQ do not populate GPS co-ordinates on the registry; compliance was not assessed.

Audit outcome

Not applicable

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

The management of this process is discussed in the TEG contractor report. Examination of the registry list file found two ICPs have been created during the audit period.

Audit commentary

Compliance is recorded in the TEG contractor report. Both ICPs created during the audit had a nominated trader and a single price code category assigned.

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

It is unlikely that TOLQ will deal with any ICPs with a “Distributor” status because they do not deal with shared unmetered load, and there are no embedded networks connected to existing embedded networks.

Audit commentary

Not applicable

Audit outcome

Not applicable

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

The management of this process is discussed in the TEG contractor report. The list file was examined in relation to the use of the decommissioned status.

Audit commentary

Compliance is recorded in the TEG contractor report in relation to the decommission process. Six ICPs have been decommissioned during the audit period. The timeliness of the updates is discussed **section 4.1.**

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 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

TOLQ has not created any new price category codes during the audit period; compliance was not assessed.

Audit outcome

Not applicable

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

The loss category code table on the registry was examined.

Audit commentary

TOLQ has not created any new loss category codes during the audit period; compliance was not assessed.

Audit outcome

Not applicable

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 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

TOLQ has not updated or replaced any loss factor codes during the audit period. There was only one loss factor per category code per month.

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 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; compliance was not assessed.

Audit outcome

Not applicable

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 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, decommissioned or changed during the audit period; compliance was not assessed.

Audit outcome

Not applicable

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 on the registry was examined. No balancing areas were changed during the audit period; compliance was not assessed.

Audit outcome

Not applicable

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 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. TOLQ has only one NSP. No NSPs were created or changed during the audit period; compliance was not assessed.

Audit outcome

Not applicable

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 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; compliance was not assessed.

Audit outcome

Not applicable

6.6. Notice 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 one calendar month before the transfer.

Audit observation

The NSP table on the registry was examined. No ICPs became NSPs during the audit period; compliance was not assessed.

Audit outcome

Not applicable

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 three business days before the transfer takes effect.

Audit observation

TOLQ has not acquired any new networks; compliance was not assessed.

Audit commentary

Not applicable

Audit outcome

Not applicable

6.8. Responsibility for metering information for NSP that is not a POC to the grid (Clause 10.25(1) and 10.25(3))

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 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))

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 management of this process is discussed in the TEG contractor report. The NSP supply point table was examined.

Audit commentary

Compliance is recorded in the TEG contractor report. The NSP supply point table was reviewed:

Distributor	NSP POC	Description	MEP	Certification Expiry
TOLQ	TLQ0011	318 LAMBTON QUAY WELLINGTON	AMCI	24/02/2020

The NSP metering has not been recertified during the audit period.

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 on the registry was examined. No NSPs were created during the audit period; compliance was not assessed.

Audit outcome

Not applicable

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 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

TOLQ has not acquired any networks; compliance was not assessed.

Audit outcome

Not applicable

6.11. 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 management of this process is discussed in the TEG contractor report. The event detail report for the period from 1/05/17 to 31/03/18 was examined to determine whether there have been any MEP changes during the audit period.

Audit commentary

Compliance is recorded in the TEG contractor report. There have been no MEP changes during the audit period.

Audit outcome

Compliant

6.12. 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

TOLQ as not acquired any networks; compliance was not assessed.

Audit commentary

Not applicable

Audit outcome

Not applicable

6.13. 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

TOLQ as not acquired any networks; compliance was not assessed.

Audit commentary

Not applicable

Audit outcome

Not applicable

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

Examination of the registry list confirmed there is no shared unmetered load.

Audit outcome

Not applicable

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

Examination of the registry list confirmed there is no shared unmetered load.

Audit outcome

Not applicable

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 “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

TOLQ derives loss factors for loss category codes from the published parent network loss factors for similar installations. It is expected that ICPs on embedded networks will have the same loss factor as a similar type of connection on the parent network.

Audit outcome

Compliant

CONCLUSION

This audit found four non-compliances affecting a small number of ICPs and makes no recommendations. Three of the non-compliances relate to late or missing initial electrical connection dates. The remaining non-compliance is minor and relates to six events updated late to the registry. The audit risk rating recommends the next audit is in 18 months and I have considered this result in conjunction with TOLQ's responses and taking into consideration that this network is unlikely to have additional ICPs and therefore little activity occurring my recommendation for the next audit date is 24 months.

PARTICIPANT RESPONSE

Smartpower have reviewed this report on behalf of TOLQ Network. Their comments are recorded in the body of the report and no further comments were provided.