

**ELECTRICITY INDUSTRY PARTICIPATION CODE
DISTRIBUTOR AUDIT REPORT**

For

NORSKE SKOG TASMAN LIMITED (SKOG)

Prepared by: Rebecca Elliot

Date audit commenced: 7 March 2018

Date audit report completed: 20 March 2018

Audit report due date: 01-Jul-17

TABLE OF CONTENTS

Executive summary	4
Audit summary	5
Non-compliances	5
Recommendations	5
Issues 5	
1. Administrative	6
1.1. Exemptions from Obligations to Comply with Code (Section 11)	6
1.2. Structure of Organisation	6
1.3. Persons involved in this audit	6
1.4. Use of contractors (Clause 11.2A)	7
1.5. Supplier list	7
1.6. Hardware and Software	7
1.7. Breaches or Breach Allegations	7
1.8. ICP and NSP Data	7
1.9. Authorisation Received	8
1.10. Scope of Audit	8
1.11. Summary of previous audit	9
1.12. Audit Requirement (Clauses 11.10)	9
2. Operational Infrastructure	11
2.1. Requirement to provide complete and accurate information (Clause 11.2(1) and 10.6(1))	11
2.2. Requirement to correct errors (Clause 11.2(2) and 10.6(2))	11
3. Creation of ICPs	12
3.1. Distributors must create ICPs (Clause 11.4)	12
3.2. Participants may request distributors to create ICPs (Clause 11.5(3))	12
3.3. Provision of ICP Information to the registry manager (Clause 11.7)	13
3.4. Timeliness of Provision of ICP Information to the registry manager (Clause 7(2) of Schedule 11.1)	13
3.5. Timeliness of Provision of Initial Electrical Connection Date (Clause 7(2A) of Schedule 11.1)	13
3.6. Connection of ICP that is not an NSP (Clause 11.17)	14
3.7. Connection of ICP that is not an NSP (Clause 10.31)	14
3.8. Temporary electrical connection of ICP that is not an NSP (Clause 10.31A)	15
3.9. Connection of NSP that is not point of connection to grid (Clause 10.30)	15
3.10. Temporary electrical connection of NSP that is not point of connection to grid (Clause 10.30(A))	16
3.11. Definition of ICP identifier (Clause 1(1) Schedule 11.1)	16
3.12. Loss category (Clause 6 Schedule 11.1)	17
3.13. Management of “new” status (Clause 13 Schedule 11.1)	17
3.14. Monitoring of “new” & “ready” statuses (Clause 15 Schedule 11.1)	17
3.15. Embedded generation loss category (Clause 7(6) Schedule 11.1)	18
4. Maintenance of registry information	19
4.1. Changes to registry information (Clause 8 Schedule 11.1)	19
4.2. Notice of NSP for each ICP (Clauses 7(1),(4) and (5) Schedule 11.1)	19

4.3.	Customer queries about ICP (Clause 11.31).....	20
4.4.	ICP location address (Clause 2 Schedule 11.1).....	20
4.5.	Electrically disconnecting an ICP (Clause 3 Schedule 11.1).....	20
4.6.	Distributors to Provide ICP Information to the Registry manager (Clause 7(1) Schedule 11.1)	21
4.7.	Provision of information to registry after the trading of electricity at the ICP commences (Clause 7(3) Schedule 11.1).....	22
4.8.	GPS coordinates (Clause 7(8) and (9) Schedule 11.1).....	23
4.9.	Management of “ready” status (Clause 14 Schedule 11.1).....	23
4.10.	Management of “distributor” status (Clause 16 Schedule 11.1).....	24
4.11.	Management of “decommissioned” status (Clause 20 Schedule 11.1).....	24
4.12.	Maintenance of price category codes (Clause 23 Schedule 11.1).....	25
5.	Creation and maintenance of loss factors	26
5.1.	Updating table of loss category codes (Clause 21 Schedule 11.1).....	26
5.2.	Updating loss factors (Clause 22 Schedule 11.1).....	26
6.	Creation and maintenance of NSPs (including decommissioning of NSPs and transfer of ICPs)27	
6.1.	Creation and decommissioning of NSPs (Clause 11.8 and Clause 25 Schedule 11.1).....	27
6.2.	Provision of NSP information (Clause 26(1) and (2) Schedule 11.1).....	27
6.3.	Notice of balancing areas (Clause 24(1) and Clause 26(3) Schedule 11.1).....	28
6.4.	Notice of supporting embedded network NSP information (Clause 26(4) Schedule 11.1)28	
6.5.	Maintenance of balancing area information (Clause 24(2) and (3) Schedule 11.1).....	29
6.6.	Notice when an ICP becomes an NSP (Clause 27 Schedule 11.1).....	29
6.7.	Notification of transfer of ICPs (Clause 1 to 4 Schedule 11.2).....	29
6.8.	Responsibility for metering information for NSP that is not a POC to the grid (Clause 10.25(1) and 10.25(3)).....	30
6.9.	Responsibility for metering information when creating an NSP that is not a POC to the grid (Clause 10.25(2)).....	30
6.10.	Obligations concerning change in network owner (Clause 29 Schedule 11.1).....	31
6.11.	Change of MEP for embedded network gate meter (Clause 10.22(1)(b)).....	31
6.12.	Confirmation of consent for transfer of ICPs (Clauses 5 and 8 Schedule 11.2).....	32
6.13.	Transfer of ICPs for embedded network (Clause 6 Schedule 11.2).....	32
7.	Maintenance of shared unmetered load	33
7.1.	Notification of shared unmetered load ICP list (Clause 11.14(2) and (4)).....	33
7.2.	Changes to shared unmetered load (Clause 11.14(5)).....	33
8.	Calculation of loss factors	34
8.1.	Creation of loss factors (Clause 11.2).....	34
	Conclusion	35
	Participant response	36

EXECUTIVE SUMMARY

This Distributor audit was conducted at the request of **Norske Skog Tasman Limited (SKOG)** 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 SKOG network has one NSP. This network NSP KAW0112 consists of two generation plants. This is not a new NSP as such, but it has been changed from a reconciliation type of “GD” to “GN”. This is to allow the Norske Skog generator that is downstream of the Trustpower generator to be reconciled. An SB ICP (0000009000SKE7A) has been created to do this. Norske Skog is the trader for this ICP.

TEG and Associates assisted SKOG with the establishment of this network. Their audit report should be submitted with this report. This report is greater than seven months old and therefore I have evaluated all activity on this network since it was established on 1/01/17. I note that there has been no activity on this network since it was established. If this is required in the future SKOG have indicated that they will engage TEG and associates to undertake this activity for them.

The audit found one minor non-compliance for not carrying out an audit earlier and makes no recommendations. The audit risk rating recommends the next audit is in 36 months and I agree with this recommendation.

AUDIT SUMMARY

NON-COMPLIANCES

Subject	Section	Clause	Non-Compliance	Controls	Audit Risk Rating	Breach Risk Rating	Remedial Action
Audit requirement	1.12	11.10	Audit report completed late.	Strong	Low	1	Cleared
Future Risk Rating						1	

Future Risk Rating	0-1	2-5	6-8	9-20	21-29	30+
Indicative audit frequency	36 months	24 months	18 months	12 months	6 months	3 months

RECOMMENDATIONS

Subject	Section	Recommendation	Description
		Nil	

ISSUES

Subject	Section	Issue	Description
		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 SKOG has any Code exemptions in place.

Audit commentary

Review of exemptions on the Authority website confirmed that there are no exemptions in place for SKOG in relation to the scope of this audit.

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
Susan Flay	Billing & Reconciliation Team Manager	Norske Skog Tasman Limited

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 fulfilment 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 SKOG's registry activities and communications in relation to the establishment of this new network. No further networks are expected to be established. Their report is expected to be submitted with this report. If this is required in the future SKOG have indicated that they will engage TEG and associates to undertake this activity for them.

1.5. Supplier list

TEG carries out SKOG's registry activities and communications in relation to the establishment of this new network. If this is required in the future SKOG have indicated that they will engage TEG and associates to undertake this activity for them.

1.6. Hardware and Software

The registry is used as the data repository for this embedded network.

1.7. Breaches or Breach Allegations

SKOG 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 SKOG had the following NSP.

Distributor	NSP POC	Description	Parent POC	Parent Network	Balancing Area	Network type	Start date	No of ICPs
SKOG	KAW0112	KAWERAU			KAW0112SKOGG	G	1/01/17	2

Status	Number of ICPs (current audit date)
New (999,0)	0
Ready (0,0)	0
Active (2,0)	2
Distributor (888,0)	0
Inactive – new connection in progress (1,12)	0
Inactive – electrically disconnected vacant property (1,4)	0
Inactive – electrically disconnected remotely by AMI meter (1,7)	0
Inactive – electrically disconnected at pole fuse (1,8)	0
Inactive – electrically disconnected due to meter disconnected (1,9)	0
Inactive – electrically disconnected at meter box fuse (1,10)	0
Inactive – electrically disconnected at meter box switch (1,11)	0
Inactive – electrically disconnected ready for decommissioning (1,6)	0
Inactive – reconciled elsewhere (1,5)	0
Decommissioned (3)	0

1.9. Authorisation Received

SKOG 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 SKOG, 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.

1.11. Summary of previous audit

This is the first Distributor audit carried out for Norske Skog.

1.12. Audit Requirement (Clauses 11.10)

Code reference

Clause 15.37A

Code related audit information

Each reconciliation participant and each dispatchable load purchaser must arrange to be audited regularly in accordance with Part 16A in respect of the distributor's obligations under this Part.

Audit observation

The SKOG audit was due for submission under the code that was in effect when the network changed from a “GD” to a “GN” reconciled network by 1/04/17. The code change that came into effect 1/06/17 then set a due date for any outstanding audits of 1/07/17. Norske Skog completed their reconciliation participant audit as required but the need for a distributor audit was overlooked. This audit addresses this, and the requirement to have a distributor audit is understood and will be part of the audit cycle undertaken by Norske Skog.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 1.11 With: Clause 11.10 From: 1/07/17- now	Audit report completed late. Potential impact: None Actual impact: None Audit history: None Controls: Strong Breach risk rating: 1		
Audit risk rating	Rationale for audit risk rating		
Low	Controls are rated as moderate as this audit was overlooked but has been addressed as soon as this came to light. The audit risk rating is low as the audit findings confirm compliance and therefore there has been no impact on reconciliation due to this.		
Actions taken to resolve the issue		Completion date	Remedial action status
Audit completed as soon as aware of the oversight.		Mar 2018	Cleared
Preventative actions taken to ensure no further issues will occur		Completion date	
Now aware of the requirement and will record requirement in Mill system once next audit date confirmed.		Apr 2018	

2. OPERATIONAL INFRASTRUCTURE

2.1. Requirement to provide complete and accurate information (Clause 11.2(1) and 10.6(1))

Code reference

Clause 11.2(1) and 10.6(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 Parts 10 or 11 is:

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

Audit observation

I examined a registry list file to confirm compliance.

Audit commentary

Examination of the list file confirmed compliance.

Audit outcome

Compliant

2.2. Requirement to correct errors (Clause 11.2(2) and 10.6(2))

Code reference

Clause 11.2(2) and 10.6(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

No changes are expected on this network now that it has been established. I confirmed the process to correct any errors.

Audit commentary

SKOG advise that Trustpower will advise them of any changes required and SKOG will engage TEG and associates to make any updates as required.

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. Two ICPs were created once the network was changed from "GD" to "GN" and both were created compliantly.

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 process to establish the ICPs was reviewed.

Audit commentary

As this is not a new network as such the trader did not request the ICPs and the two ICPs were created as part of the change to this network from "GD" to "GN" therefore this clause does not apply.

Audit outcome

Not applicable

3.3. Provision of ICP Information to the registry manager (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

Examination of the event detail report for the audit period file found two ICPs have been created during the audit period.

Audit commentary

The two ICPs created were created as soon as the network reconciliation type was changed, and all the required information was provided.

Audit outcome

Compliant

3.4. Timeliness of Provision of ICP Information to the registry manager (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 event detail file was checked for the period from 1 January 2017 to 3 March 2018 to determine the timeliness of the provision of ICP information.

Audit commentary

The information was provided to the registry as soon as the network was changed from “GD” to “GN” on 1/01/17.

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 subclause (1)(p) to the registry manager no later than 10 business days after the date on which the ICP is initially electrically connected.

Audit observation

The event detail file was checked to determine the timeliness of the provision of the initial electrical connection dates.

Audit commentary

The correct initial electrical connection dates were recorded for both ICPs within the required timeframe.

Audit outcome

Compliant

3.6. Connection of ICP that is not an NSP (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 event detail file was checked to confirm that both ICPs had a trader nominated.

Audit commentary

Both ICPs 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 change to this network was to enable reconciliation of the Norkse Skog generator that is downstream of the Trustpower generator. These ICPs were already connected.

Audit commentary

The trader in both instances had already given permission.

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

There were no ICPs temporarily electrically connected during the audit period.

Audit outcome

Not applicable

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 5 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 associated with this network is grid connected therefore this clause does not apply.

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 associated with this network is grid connected therefore this clause does not apply.

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 Authority.*

Audit observation

The ICP creation process is discussed in the TEG contractor report. 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 both the ICPs have a single loss category code.

Audit commentary

Both ICPs have only 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 “New” status has not been used by SKOG and is not expected to be used as there are no more ICPs required for this network.

Audit outcome

Not applicable

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 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

No further ICPs are expected on this network and therefore there are none to be monitored. If any new ICPs were required in the future SKOG would engage TEG to manage this process on their behalf. This process is discussed in the TEG report.

Audit outcome

Not applicable

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.

Audit commentary

There is only one GN reconciled ICP with a greater than 10MW embedded generation recorded and it has an appropriate loss category code.

Audit outcome

Compliant

4. MAINTENANCE OF REGISTRY INFORMATION

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

Code reference

Clause 8 Schedule 11.1

Code related audit information

If information held by the registry that relates to an ICP for which the distributor is responsible changes, the distributor must give written notice to the registry manager 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 event detail file was checked for the period from 1 January 2017 to 3 March 2018 was examined and no changes have occurred since the network changed from “GD” to “GN”.

Audit outcome

Not applicable

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

Code reference

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

Code related audit information

Under Clause 7(1)(b) of Schedule 11.1, the distributor must provide to the registry manager the NSP identifier of the NSP to which the ICP is usually connected.

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 list file was checked.

Audit commentary

As this network has only one NSP there is no doubt as to the correct NSP.

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

SKOG 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 list file was analysed.

Audit commentary

There is only one reconciliation "GN" type ICP and it has an address that is readily locatable.

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 network has only one ICP "GN" connected therefore this clause does not apply.

Audit outcome

Not applicable

4.6. Distributors to Provide ICP Information to the Registry manager (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 manager:

- *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 one 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.

Audit commentary

Compliance is recorded in the TEG contractor report. Examination of the list file confirmed that the ICP information had been populated correctly.

Audit outcome

Compliant

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 manager 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

SKOG 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

Examination of the registry list file found two ICPs were created when the network changed from “GD” to “GN”.

Audit commentary

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 SKOG 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 this network.

Audit outcome

Compliant

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

Code reference

Clause 20 Schedule 11.1

Code related audit information

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

Decommissioning only occurs when:

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

Audit observation

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. No ICPs have been decommissioned during the audit period.

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

One price category code was created on 9/12/16 with a start date of 01/01/17. This achieves compliance as this code was for a new network.

Audit outcome

Compliant

5. CREATION AND MAINTENANCE OF LOSS FACTORS

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

Code reference

Clause 21 Schedule 11.1

Code related audit information

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

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

A loss category code takes effect on the specified date.

Audit observation

The loss category code table on the registry was examined.

Audit commentary

One loss category code was created on 9/12/16 with a start date of 01/01/17. This achieves compliance as this code was for a new network.

Audit outcome

Compliant

5.2. Updating loss factors (Clause 22 Schedule 11.1)

Code reference

Clause 22 Schedule 11.1

Code related audit information

Each loss category code must have a maximum of 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 in 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

SKOG 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 give written notice to 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 give written notice to 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 give written notice to 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:

- *give written notice to the reconciliation manager*
- *give written notice to the Authority*
- *give written notice to 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. The reconciliation type was changed from "GD" to "GN" for NSP KAW0112 therefore 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 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 and no ICPs were transferred. The reconciliation type was changed from “GD” to “GN” for NSP KAW0112 therefore 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 give written notice to 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 NSPs were created or decommissioned during the audit period. The reconciliation type was changed from “GD” to “GN” for NSP KAW0112 therefore 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 give notice to the reconciliation manager at least one 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 embedded networks were created during the audit period, therefore 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 give written notice to 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 give written notice to any trader trading at the ICP of the transfer at least one 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 give written notice to the Authority in the prescribed form, no later than three business days before the transfer takes effect.

Audit observation

The list file was examined and confirmed that no ICPs were transferred when the network reconciliation type changed from "GD" to "GN" therefore compliance was not assessed.

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 advise the reconciliation manager of:

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

Audit observation

The NSP table was examined. KAW0112 is a POC to the grid; therefore, compliance was not assessed

Audit outcome

Not applicable

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

Code reference

Clause 10.25(2)

Code related audit information

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

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

Audit observation

The NSP table was examined. KAW0112 is a POC to the grid; therefore, 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 give written notice to:

- *the previous network owner (Clause 29(1)(a) of Schedule 11.1)*
- *the reconciliation manager (Clause 29(1)(b) of Schedule 11.1)*
- *the Authority (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 month's 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

SKOG has not acquired any networks; therefore, 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 advise the reconciliation manager and the gaining MEP.

Audit observation

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

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 Authority 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

The list file was examined and confirmed that no ICPs were transferred when the network reconciliation type changed from “GD” to “GN” therefore compliance was not assessed.

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

The list file was examined and confirmed that no ICPs were transferred when the network reconciliation type changed from “GD” to “GN” therefore compliance was not assessed.

Audit outcome

Compliant

7. MAINTENANCE OF SHARED UNMETERED LOAD

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

Code reference

Clause 11.14(2) and (4)

Code related audit information

The distributor must give written notice to the registry manager 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 give written notice to the registry manager 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; therefore, compliance was not assessed.

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 give written notice to 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; therefore, compliance was not assessed.

Audit outcome

Compliant

8. CALCULATION OF LOSS FACTORS

8.1. Creation of loss factors (Clause 11.2)

Code reference

Clause 11.2

Code related audit information

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

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

Audit observation

The “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

As the metering is at the point of connection to the network there are no line losses hence the loss factor of 1.

Audit outcome

Compliant

CONCLUSION

TEG and Associates assisted SKOG with the establishment of this network. Their audit report should be submitted with this report. This report is greater than seven months old and therefore I have evaluated all activity on this network since it was established on 1/01/17. I note that there has been no activity on this network since it was established. If this is required in the future SKOG have indicated that they will engage TEG and associates to undertake this activity for them.

The audit found one minor non-compliance for not carrying out an audit earlier and makes no recommendations. The audit risk rating recommends the next audit is in 36 months and I agree with this recommendation.

PARTICIPANT RESPONSE

Skog have reviewed this report and their comments recorded within the report. No further comments were provided.