

**ELECTRICITY INDUSTRY PARTICIPATION CODE  
DISTRIBUTOR AUDIT REPORT**

For

**318 LAMBTON QUAY LIMITED (TOLQ)**

Prepared by: Tara Gannon

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Audit report due date: 4 May 2020

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## EXECUTIVE SUMMARY

This Distributor audit was conducted at the request of **318 Lambton 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 V7.2, which was produced by the Electricity Authority.

The embedded network is managed by **Smartpower**, who assisted with this audit.

Most of TOLQ's compliance is reliant on the compliance of **TEG & Associates (TEG)**, as a contractor to TOLQ. Their audit is more 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 and makes one recommendation. Three of the non-compliances related to late population of initial electrical connection dates for some ICPs created prior to this audit period, and the missing information was updated during the audit. The other non-compliance related to late population of NSP meter certification details, where certification was renewed early.

The audit risk rating recommends the next audit is in 18 months. I have considered this result in conjunction with TOLQ's responses and recommend that the next audit is completed in 24 months (04/05/2022) because:

1. All data inaccuracies have been resolved, and three of the four non-compliances are cleared.
2. The recommendation is accepted.
3. TOLQ intends to implement stronger monitoring controls to prevent recurrence of the other non-compliance which related to late meter certification.
4. There is little activity on the network.

The matters raised are set out in the table below.

## AUDIT SUMMARY

### NON-COMPLIANCES

Subject	Section	Clause	Non-Compliance	Controls	Audit Risk Rating	Breach Risk Rating	Remedial Action
Requirement to provide complete and accurate information	2.1	11.2(1) and 10.6(1)	16 active ICPs which were electrically connected prior to the audit period did not have initial electrical connection dates populated. The registry was updated during the audit.	Moderate	Low	2	Cleared
Requirement to correct errors	2.2	Clause 11.2(2) and 10.6(2)	Missing initial electrical dates for 16 ICPs were not updated as soon as practicable. The registry was updated during the audit.	Strong	Low	1	Cleared
Distributors to Provide ICP Information to the Registry manager	4.6	7(1) Schedule 11.1	16 active ICPs which were electrically connected prior to the audit period did not have initial electrical connection dates populated. The registry was updated during the audit.	Moderate	Low	2	Cleared
Responsibility for metering information for NSP that is not a POC to the grid	6.8	10.25(1) and 10.25(3)	The meter certification details for TLQ0011 were updated 68 business days after the certification date.	Strong	Low	1	Identified
Future Risk Rating						6	

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
Requirement to provide complete and accurate information	2.1	Confirm the correct status for ICPs 0000000101LQ107, 0000000201LQ204 and 0000000301LQB00	Confirm the correct statuses for decommissioned ICPs 0000000101LQ107, 0000000201LQ204 and 0000000301LQB00, and update the registry as necessary.

### 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 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

Smartpower provided an organisational structure for the purposes of the function being audited:

- Bruce Stubbing – Director
- Nick Oldham – GM Utility Solutions

### 1.3. Persons involved in this audit

Auditor:

**Tara Gannon**

**Veritek Limited**

**Electricity Authority Approved Auditor**

Personnel assisting in this audit were:

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

##### Audit observation

TEG carries out TOLQ's registry activities and communications.

TEG does not complete all compliance activities on behalf of TOLQ. Specifically, TEG does not calculate loss factors but does load the loss factors provided by TOLQ onto the registry.

#### 1.5. Supplier list

TEG carries out TOLQ's registry activities and communications as described in **section 1.4**.

#### 1.6. Hardware and Software

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

Dist	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

No NSPs were transferred to or from other networks during the audit period.

Status	Number of ICPs (2020)	Number of ICPs (2018)	Number of ICPs (2017)
New (999,0)	-	-	-
Ready (0,0)	-	-	22
Active (2,0)	18	18	1
Distributor (888,0)	-	-	-
Inactive – new connection in progress (1,12)	-	-	-
Inactive – electrically disconnected vacant property (1,4)	-	-	-
Inactive – electrically disconnected remotely by AMI meter (1,7)	-	-	-
Inactive – electrically disconnected at pole fuse (1,8)	-	-	-
Inactive – electrically disconnected due to meter disconnected (1,9)	-	-	-
Inactive – electrically disconnected at meter box fuse (1,10)	-	-	-
Inactive – electrically disconnected at meter box switch (1,11)	-	-	-
Inactive – electrically disconnected ready for decommissioning (1,6)	-	-	-
Inactive – reconciled elsewhere (1,5)	-	-	-
Decommissioned (3)	6	6	1

#### 1.9. Authorisation Received

A letter of authorisation was provided.



### 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 V7.2, 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.	TOLQ provide new ICPs to TEG & Associates, who update the registry.
The provision of ICP information to the registry and the maintenance of that information.	TEG & Associates
The creation and maintenance of loss factors.	TOLQ calculate loss factors and TEG & Associates update the loss factor table with the values provided.

The audit report for TEG & Associates will be submitted with this report. Their audit is more than seven months old, so I have reviewed all of the activity undertaken during the audit period to confirm compliance.

### 1.11. Summary of previous audit

The previous audit was conducted in May 2018 by Rebecca Elliot of Veritek Limited. The audit recorded four non-compliances, and no recommendations or issues. The current status of the non-compliances is listed below.

Subject	Section	Clause	Non-compliance	Status
Provide complete and accurate information	2.1	11.2(1)	15 ICPs missing their initial electrical connection dates on the registry.	Still existing, but cleared during the audit
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.	Cleared
Changes to registry information	4.1	8 Schedule 11.1	5 late event updates.	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.	Still existing, but cleared during the audit

## 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

The management of this process is discussed in the TEG report. The registry list file as at 31/03/20, event detail report for 01/05/18 to 31/03/20, AC020 reports for 01/05/18 to 30/04/19 and 01/05/19 to 31/03/20, and NSP table were examined to confirm compliance.

#### Audit commentary

Compliance is recorded in the TEG audit report in relation to this clause.

Review of the registry reports and NSP table found that two information updates were made during the audit period.

- 1. Loss factors were updated for TOLQ02 in the loss factor table on the registry.
- 2. Meter certification details were updated for TLQ0011 in the NSP table.

I confirmed that and the correct dates and event details were applied.

Review of the registry list and AC020 reports identified missing initial electrical connection dates for 21 ICPs created and electrically connected prior to this audit period. The 16 active ICPs had initial electrical connection dates populated during the audit, and the correct event attributes and event date were applied. The other five ICPs are decommissioned. TOLQ initially believed that the initial electrical connection dates were not required because the ICPs were connected prior to TOLQ's start date as part of a customer network, and asked for clarification from the Authority. A response was provided by the Authority as part of the last audit review, but the update was not processed at the time.

TOLQ's response on a non-compliance in the previous audit indicated that some ICPs had been decommissioned, but were believed still to be consuming and were settled as part of the network's residual load. I checked all six ICPs with decommissioned status and found:

- 1. ICP 0000000504LQ049 (L5B - UPS room services) was genuinely set up in error, and the other three ICPs on the level remain active.
- 2. New active ICPs have been created for levels 4 and 6, replacing the decommissioned ICPs.

Decommissioned (3,2) ICP	Active (2,0) ICP
0000000401LQ402 (L4)	0000000402LQ8C2 (Level 4)
0000000601LQE05 (L6)	0000000602LQ2C5 (Level 6)

- 3. The ICPs for levels 1, 2 and 3 do not have corresponding active ICPs, and the load associated with these levels (if any) is settled as residual load. TOLQ intends to create new ICPs for these levels if they are required in the future.

Decommissioned (3,2) ICP	Unit
0000000101LQ107	L1
0000000201LQ204	L2
0000000301LQB00	L3

I recommend that TOLQ reviews the ICPs for levels 1, 2 and 3 to confirm whether they are consuming energy. If so, the ICPs should have status 1,5 (reconciled elsewhere) if they are to be settled as part of the residual load or 2,0 (active) if they are to be settled individually.

Recommendation	Description	Audited party comment	Remedial action
Confirm the correct status for ICPs 0000000101LQ107, 0000000201LQ204 and 0000000301LQB00	Confirm the correct statuses for decommissioned ICPs 0000000101LQ107, 0000000201LQ204 and 0000000301LQB00, and update the registry as necessary.	This was raised by the EA at the time of the last audit. At the time we disagreed that decommissioning the ICPs was non-compliant and based on resulting correspondence our understanding was that the recommendation to set to reconciled elsewhere was subject to external review. As we received no specific confirmation supporting the recommendation, no action was taken. It is now been clarified that the correspondence initially received was in fact confirmation, and the external review was only relating to the audit period. This was a genuine misinterpretation of the wording of an email that resulted in no action being taken at the time (as we were expecting further correspondence). Having now received this clarification, we are currently working with the trader to set the ICPs to the recommended status.	Identified

#### Audit outcome

Non-compliant

Non-compliance	Description
<p>Audit Ref: 2.1</p> <p>With: Clause 11.2(1) and 10.6(1)</p> <p>From: 01-Mar-17</p> <p>To: 17-Apr-20</p>	<p>16 active ICPs which were electrically connected prior to the audit period did not have initial electrical connection dates populated. The registry was updated during the audit.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: Once</p> <p>Controls: Moderate</p> <p>Breach risk rating: 2</p>

Audit risk rating	Rationale for audit risk rating	
Low	<p>The controls are rated as moderate as they will mitigate risk of late or inaccurate information most of the time.</p> <p>This has no direct impact on submission hence the audit risk rating is low.</p>	
Actions taken to resolve the issue		Completion date
As with the three ICPs in the table above, this issue was also raised by the EA at the time of the last audit. At the time we disagreed, reasoning that the connections had been live for many years within a customer network, again based on resulting correspondence our understanding was that the recommendation to populate the IECD was subject to external review. It is now been clarified that the correspondence initially received was in fact confirmation, and the external review was only relating to the audit period. This was a genuine misinterpretation of the wording of an email that resulted in no action being taken at the time (as we were expecting further correspondence) Having now received this clarification, we have updated the IECD for all ICPs.		17/04/2020
Preventative actions taken to ensure no further issues will occur		Completion date
Our interpretation of the requirements in this situation was not correct as confirmed by the EA; as this is now confirmed we will act accordingly should the situation occur again.		17/04/2020
		Cleared

## 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

Processes to provide information were reviewed and observed throughout the audit, and as part of TEG's agent audit.

### Audit commentary

Compliance is recorded in the TEG audit report in relation to this clause. Incorrect information is normally corrected daily, or as soon as possible upon discovery.

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.

As discussed in **section 2.1**, some corrections to populate missing initial electrical connection dates were delayed, but were processed during the audit.

### Audit outcome

## Non-compliant

Non-compliance	Description		
<p>Audit Ref: 2.2</p> <p>With: Clause 11.2(2) and 10.6(2)</p> <p>From: 01-Mar-17</p> <p>To: 17-Apr-20</p>	<p>Missing initial electrical dates for 16 ICPs were not updated as soon as practicable. The registry was updated during the audit.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: None</p> <p>Controls: Strong</p> <p>Breach risk rating: 1</p>		
Audit risk rating	Rationale for audit risk rating		
<b>Low</b>	<p>The controls are rated as strong. TOLQ initially believed that the initial electrical connection dates were not required because the ICPs were connected prior to TOLQ's start date as part of a customer network, and asked for clarification from the Authority. A response was provided by the Authority as part of the last audit review, but the update was not processed at the time because TOLQ believed the Authority was to provide some further information.</p> <p>This has no direct impact on submission hence the audit risk rating is low, and the non-compliance has been cleared because the registry has been updated.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
Please refer Audit ref. 2.1 above		17/04/2020	Cleared
Preventative actions taken to ensure no further issues will occur		Completion date	
Please refer Audit ref. 2.1 above		17/04/2020	

### 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 new connection process is discussed in the TEG audit report.

The registry list file as at 31/03/20, event detail report for 01/05/18 to 31/03/20, and AC020 reports for 01/05/18 to 30/04/19 and 01/05/19 to 31/03/20 were reviewed to identify all new connections during the period.

##### Audit commentary

Compliance is recorded in the TEG audit report in relation to this clause. There were no new connections during the audit period, and no new ICPS were created.

##### 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 new connection process is discussed in the TEG audit report. ICP requests are made by embedded network management or traders. If the request is not made by a trader this rule does not apply.

The registry list file as at 31/03/20, event detail report for 01/05/18 to 31/03/20, and AC020 reports for 01/05/18 to 30/04/19 and 01/05/19 to 31/03/20 were reviewed to identify all new connections during the period.

##### Audit commentary

Compliance is recorded in the TEG audit report in relation to this clause. There were no new connections during the audit period, and no new ICPS were requested.

##### Audit outcome

Compliant

### 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

The process to provide initial ICP information is discussed in the TEG audit report.

The registry list file as at 31/03/20, event detail report for 01/05/18 to 31/03/20, and AC020 reports for 01/05/18 to 30/04/19 and 01/05/19 to 31/03/20 were reviewed to identify all new connections during the period.

#### Audit commentary

Compliance is recorded in the TEG audit report in relation to this clause. No new ICPs were created, and no address, network, pricing or status updates were processed during the registry report period.

#### 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 process to provide initial ICP information is discussed in the TEG audit report.

The registry list file as at 31/03/20, event detail report for 01/05/18 to 31/03/20, and AC020 reports for 01/05/18 to 30/04/19 and 01/05/19 to 31/03/20 were reviewed to identify all new connections during the period.

#### Audit commentary

Compliance is recorded in the TEG audit report in relation to this clause. No new ICPs were created, and no address, network, status, or pricing updates were processed during the registry report period.

#### 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 process to provide initial electrical connection dates is discussed in the TEG audit report.

The registry list as at 22/11/19, AC020 report for 01/10/17 to 22/11/19, and event detail report for 01/10/17 to 22/11/19 were examined to determine the timeliness of the provision of initial electrical connection date information for new connections.

#### Audit commentary

Compliance is recorded in the TEG audit report in relation to this clause. No new ICPs were created, and no initial electrical connection date updates were processed during the registry report period.

Review of the registry list and AC020 reports identified missing initial electrical connection dates for 21 ICPs created and electrically connected prior to this audit period, which are recorded as non-compliance in **sections 2.1** and **4.6**. The 16 active ICPs had initial electrical connection dates populated during the audit, and the correct event attributes and event date were applied. The other five ICPs are decommissioned.

#### 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, and all traders that are responsible for an ICP on the shared unmetered load have been advised.*

#### Audit observation

The new connection process is discussed in the TEG audit report.

The registry list as at 22/11/19 and event detail report for 01/10/17 to 22/11/19 were examined to determine compliance.

#### Audit commentary

Compliance is recorded in the TEG audit report in relation to this clause.



Review of the registry list confirmed that a trader is currently recorded for all active ICPs, and there is no known shared unmetered load on TOLQ's network. No new ICPs were created or connected during the audit period.

#### **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, or if there is only shared unmetered load at the ICP and each trader has been advised.*

#### **Audit observation**

The new connection process was examined in **section 3.2**. The registry list file as at 31/03/20, event detail report for 01/05/18 to 31/03/20, and AC020 reports for 01/05/18 to 30/04/19 and 01/05/19 to 31/03/20 were reviewed to identify all new connections during the period.

#### **Audit commentary**

Review of the registry list confirmed that a trader is currently recorded for all active ICPs, and there is no known shared unmetered load on TOLQ's network.

No new ICPs were created or connected during the audit period.

#### **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.*

*If the ICP is only shared unmetered load, the distributor must advise the traders of the intention to temporarily connect the ICP unless:*

*advising all traders would impose a material cost on the distributor, and*

*in the distributor's reasonable opinion the advice would not result in any material benefit to any of the traders.*

#### **Audit observation**

The new connection process was examined. The registry list file as at 31/03/20, event detail report for 01/05/18 to 31/03/20, and AC020 reports for 01/05/18 to 30/04/19 and 01/05/19 to 31/03/20 were reviewed to identify all new connections during the period.

### **Audit commentary**

No new ICPs were created or connected during the audit period. No ICPs were identified as being 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 management of this process is discussed in the TEG report. The NSP table was reviewed.

### **Audit commentary**

Compliance is recorded in the TEG audit report in relation to this clause. No new NSPs were connected during the audit period.

### **Audit outcome**

Compliant

## **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 reviewed.

#### **Audit commentary**

No new NSPs were connected during the audit period, and there were no temporary electrical connections.

#### **Audit outcome**

Compliant

### **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 audit report.

#### **Audit commentary**

Compliance is recorded in the TEG audit report in relation to this clause.

#### **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 as at 31/03/20 was examined to confirm whether all active ICPs have a single loss category.

#### **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 was reviewed as part of the TEG agent audit.

The registry list file and event detail report for 01/05/18 to 31/03/20 were reviewed to identify all ICPs at “new” status. Monitoring of ICPs at “new” status is discussed in **section 3.14**.

#### Audit commentary

Compliance is recorded in the TEG audit report in relation to this clause. All ICPs are generally created at “ready” status once the details of the proposed Trader details have been provided to TEG. ICPs are occasionally created at “new” status if a new NSP going live on the same day as the ICPs. In these instances, the new NSP cannot be allocated to ICPs until the following day.

The “new” status was not used during the audit period.

#### 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 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 report. The registry list as at 31/03/20, AC020 reports for 01/05/18 to 30/04/19 and 01/05/19 to 31/03/20 were examined to determine compliance.

#### Audit commentary

Compliance is recorded in the TEG audit report in relation to this clause. ICPs at “new” or “ready” status for more than six months are followed up with the trader to determine whether they are still required.

No ICPs have had “new” or “ready” status applied during the audit period.

#### 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 registry list as at 31/03/20 was examined to determine compliance.

#### Audit commentary

Review of the registry list confirmed that no ICPs have embedded generation.

#### Audit outcome

Compliant

### 3.16. Electrical connection of a point of connection (Clause 10.33A)

#### Code reference

*Clause 10.33A(4)*

#### Code related audit information

*No participant may electrically connect a point of connection or authorise the electrical connection of a point of connection, other than a reconciliation participant.*

#### Audit observation

Sub-clause (4) states that no participant may electrically connect a point of connection without the permission of the Reconciliation Participant.

The registry list as at 31/03/20 was reviewed to determine compliance.

#### Audit commentary

TOLQ obtains permission from the trader before electrically connecting ICPs.

Review of the registry list confirmed that no unmetered load is connected, apart from residual load ICPs. TOLQ does not intend to connect any other unmetered load to the network in the future.

#### 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 10 business days, the notification must be provided no later than the 13<sup>th</sup> business day and be backdated to the date the change took effect.*

*In the case of decommissioning an ICP, notification must be given by the later of three business days after the registry manager has advised the distributor that the ICP is ready to be decommissioned, or three business days after the distributor has decommissioned the ICP.*

#### Audit observation

The management of this process is discussed in the TEG report. The event detail report for 01/05/18 to 31/03/20 and AC020 reports for 01/05/18 to 30/04/19 and 01/05/19 to 31/03/20 were examined to confirm compliance.

Initial population of data for new connections is discussed in **sections 3.4 and 3.5**.

#### Audit commentary

Compliance is recorded in the TEG audit report in relation to this clause. No address, network, pricing or status updates were processed during the registry report period.

#### Audit outcome

Compliant

### 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 management of this process is discussed in the TEG report. The AC020 reports for 01/05/18 to 30/04/19 and 01/05/19 to 31/03/20 were examined to determine compliance, and the registry list and NSP table were compared.

#### **Audit commentary**

Compliance is recorded in the TEG audit report in relation to this clause. Due to the nature of embedded networks there is no uncertainty regarding the ICP and NSP relationships.

I compared the registry list and NSP table and confirmed that all active ICPs were mapped to an NSP consistent with the ICP address information. The network has only one NSP, and no NSP changes occurred during the audit period.

#### **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 3 business days after receiving a request for that information.*

#### **Audit observation**

The management of customer queries was examined.

#### **Audit commentary**

TOLQ does not usually 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 determine correct and unique addresses was examined during the TEG agent audit. The AC020 reports for 01/05/18 to 30/04/19 and 01/05/19 to 31/03/20 were examined to determine compliance

#### **Audit commentary**

All active ICPs had complete and unique addresses recorded.

#### **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 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 for a billing period from metering information collected for that billing period*
- c) *if there is more than one capacity value at the ICP, and at least one, but not all, of those capacity values can be determined for a billing period from the metering information collected for that billing period-*
  - (i) no capacity value recorded in the registry field for the chargeable capacity; and*
  - (ii) either the term "POA" or all other capacity values, recorded in the registry field in which the distributor installation details are also recorded*
- d) *if there is more than one capacity value at the ICP, and none of those capacity values can be determined for a billing period from the metering information collected for that billing period-*
  - (i) the annual capacity value recorded in the registry field for the chargeable capacity; and*
  - (ii) either the term "POA" or all other capacity values, recorded in the registry field in which the distributor installation details are also recorded*
- e) *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 report. The registry list for 31/03/20 and AC020 reports for 01/05/18 to 30/04/19 and 01/05/19 to 31/03/20 were examined to confirm compliance. All data discrepancies were checked.

Registry data validation processes are discussed in **section 2.1**.

### Audit commentary

Review of the registry list and AC020 reports identified missing initial electrical connection dates for 21 ICPs created and electrically connected prior to this audit period. The 16 active ICPs had initial electrical connection dates populated during the audit, and the correct event attributes and event date were applied. The other five ICPs are decommissioned. TOLQ initially believed that the initial electrical connection dates were not required because the ICPs were connected prior to TOLQ's start date as part of a customer network, and asked for clarification from the Authority. A response was provided by the Authority as part of the last audit review, but the update was not processed at the time.

TOLQ's response on a non-compliance in the previous audit indicated that some ICPs had been decommissioned, but were believed still to be consuming and were settled as part of the network's residual load. All six decommissioned ICPs were checked in **section 2.1**, and I found the ICPs for levels 1, 2 and 3 do not have corresponding active ICPs, and the load associated with these levels (if any) is settled as residual load. TOLQ intends to create new ICPs for these levels if they are required in the future. I recommend that TOLQ reviews the ICPs for levels 1, 2 and 3 to confirm whether they are consuming energy. If so, the ICPs should have status 1,5 (reconciled elsewhere) if they are to be settled as part of the residual load or 2,0 (active) if they are to be settled individually.

### Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 4.6 With: 7(1)(p) of Schedule 11.1  From: 01-Mar-17 To: 17-Apr-20	16 active ICPs which were electrically connected prior to the audit period did not have initial electrical connection dates populated. The registry was updated during the audit.  Potential impact: None Actual impact: None Audit history: Once Controls: Moderate Breach risk rating: 2		
Audit risk rating	Rationale for audit risk rating		
<b>Low</b>	The controls are rated as moderate as they will mitigate risk of late or inaccurate information 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
Please refer Audit Ref. 2.1 above		17/04/2020	Cleared
Preventative actions taken to ensure no further issues will occur		Completion date	
Please refer Audit Ref. 2.1 above		17/04/2020	

**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 report.

The registry list file as at 31/03/20, event detail report for 01/05/18 to 31/03/20, and AC020 reports for 01/05/18 to 30/04/19 and 01/05/19 to 31/03/20 were reviewed to identify all new connections during the period.

**Audit commentary**

Compliance is recorded in the TEG audit report in relation to this clause. There were no new connections during the audit period.

**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**

The registry list as at 31/03/20 was examined to confirm compliance.

**Audit commentary**

None of TOLQ's ICPs have GPS coordinates recorded on the registry.

**Audit outcome**

Compliant

**4.9. Management of "ready" status (Clause 14 Schedule 11.1)**

**Code reference**

*Clause 14 Schedule 11.1*

### Code related audit information

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

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

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

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

### Audit observation

Processes to manage ICPs at "ready" status were reviewed as part of the TEG agent audit.

The registry list file and event detail report for 01/05/18 to 31/03/20 were reviewed to identify all ICPs at "ready" status. Monitoring of ICPs at "ready" status is discussed in **section 3.14**.

### Audit commentary

Compliance is recorded in the TEG audit report in relation to this clause. All ICPs are generally created at "ready" status once the details of the proposed Trader details have been provided to TEG. The "ready" status was not used during the audit period.

### 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

Processes to manage ICPs at "distributor" status were reviewed as part of the TEG agent audit.

The registry list file and event detail report for 01/05/18 to 31/03/20 were reviewed to identify all ICPs at "distributor" status.

### Audit commentary

Compliance is recorded in the TEG audit report in relation to this clause.

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 the TOLQ network. The "distributor" status was not used during the audit period.

### 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 report.

The registry list file as at 31/03/20, event detail report for 01/05/18 to 31/03/20, and AC020 reports for 01/05/18 to 30/04/19 and 01/05/19 to 31/03/20 were reviewed to determine compliance.

##### Audit commentary

Compliance is recorded in the TEG audit report in relation to this clause. No ICPs are currently at “ready for decommissioning” status, and no ICPs were 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 to determine compliance.

##### Audit commentary

No price categories were created or changed during the audit period.

##### 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 management of this process is discussed in the TEG report. The loss category code table on the registry was examined to determine compliance.

#### Audit commentary

Compliance is recorded in the TEG audit report in relation to this clause. No new loss category codes were created during the audit period.

#### 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 management of this process is discussed in the TEG report. The loss category code table on the registry was examined to determine compliance.

#### Audit commentary

Compliance is recorded in the TEG audit report in relation to this clause.

TOLQ did not end date any loss factor codes during the audit period. The loss factor values for TOLQ02 were updated effective from 01/07/19 in compliance with this clause.

There was a maximum of one loss factor per loss factor category code per month, and all trading periods had a single applicable loss factor.

#### 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 process for the creation and decommissioning of NSPs was reviewed as part of the TEG agent audit. The NSP table was examined.

#### Audit commentary

Compliance is recorded in the TEG audit report in relation to this clause. No NSPs were created or decommissioned during the audit period.

#### Audit outcome

Compliant

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

#### Code reference

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

#### Code related audit information

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

*The request must be made at least 10 business days before the NSP is electrically connected, in respect of an NSP that is an interconnection point between 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 process to provide NSP information was reviewed as part of the TEG agent audit. The NSP table was examined.

### Audit commentary

Compliance is recorded in the TEG audit report in relation to this clause. No NSPs were created, decommissioned or changed during the audit period.

### Audit outcome

Compliant

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

### Code reference

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

### Code related audit information

*If a participant has notified the creation of an NSP on the distributor's network, the distributor must 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 process to provide balancing area information was reviewed as part of the TEG agent audit. The NSP table was examined.

### Audit commentary

Compliance is recorded in the TEG audit report in relation to this clause. No balancing area information was added or changed during the audit period.

### Audit outcome

Compliant

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

### Code reference

*Clause 26(4) Schedule 11.1*

### Code related audit information

*If a participant notifies the creation of an NSP, or the transfer of an ICP to an NSP that is a point of connection between a network and an embedded network owned by the distributor, the distributor must 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 process to provide NSP supporting information was reviewed as part of the TEG agent audit. The NSP table was examined.

#### **Audit commentary**

Compliance is recorded in the TEG audit report in relation to this clause. No NSPs were created, decommissioned or changed during the audit period.

#### **Audit outcome**

Compliant

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

#### **Code reference**

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

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

*The distributor must 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 process to provide balancing area information was reviewed as part of the TEG agent audit. The NSP table was examined.

#### **Audit commentary**

Compliance is recorded in the TEG audit report in relation to this clause. No balancing area information was added or changed during the audit period.

#### **Audit outcome**

Compliant

### **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 process was reviewed as part of the TEG agent audit. The NSP table was examined.

#### **Audit commentary**

Compliance is recorded in the TEG audit report in relation to this clause. No existing ICPs became NSPs during the audit period.

#### **Audit outcome**

Compliant

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

##### **Code reference**

*Clause 1 to 4 Schedule 11.2*

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

*If the distributor wishes to transfer an ICP, the distributor must give written notice to the Authority in the prescribed form, no later than three business days before the transfer takes effect.*

##### **Audit observation**

The process was reviewed as part of the TEG agent audit. The NSP table and the registry list for 01/05/18 to 31/03/20 were examined.

##### **Audit commentary**

Compliance is recorded in the TEG audit report in relation to this clause. No ICPs were transferred from other networks during the audit period.

#### **Audit outcome**

Compliant

#### **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**

Processes to ensure that meters are present and certified were reviewed as part of the TEG agent audit. The NSP table was examined, and notifications were reviewed.

##### **Audit commentary**

Compliance is recorded in the TEG audit report in relation to this clause. The NSP table was reviewed:

Distributor	NSP POC	Description	MEP	Certification Expiry
TOLQ	TLQ0011	318 LAMBTON QUAY WELLINGTON	AMCI	28/08/2022

The connected NSP has a certified metering installation. Meter certification details were updated from 24/02/2020 to 28/08/2022 for TLQ0011 during the audit period. The NSP table was updated 68 business days after certification.

Smartpower monitors certification expiry dates, and requests updated certification details prior to the current certification expiry. The meter for TLQ0011 had been recertified early, and when Smartpower requested the information the meter had already been recertified. The update was made as soon as the new certification paperwork was received.

### Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 6.8 With: Clause 10.25(1) and 10.25(3)  From: 05-Nov-19 To: 17-Feb-20	The meter certification details for TLQ0011 were updated 68 business days after the certification date.  Potential impact: Low  Actual impact: Low  Audit history: Once  Controls: Strong  Breach risk rating: 1		
Audit risk rating	Rationale for audit risk rating		
<b>Low</b>	The controls are rated as strong as they will mitigate risk of late information most of the time. Certification expiry dates are monitored and paperwork is followed up, but Smartpower may not be aware of situations where certification is completed early.  The impact was low because the meter was certified at all times.		
Actions taken to resolve the issue		Completion date	Remedial action status
As per the auditors comments above we monitor NSP meter expiry dates and make enquiries as to the status of the recertification several months prior to due date. In this instance we were informed that the re-certification had been completed quite a number of months early so even if we had received paperwork promptly upon our request, we would still have been non-compliant. That being said, it is an unfortunate reality that obtaining paperwork is a slow process given the number of parties involved and the time it can take contractors to submit the paperwork in the first place, so delays in obtaining details were also a factor.		17/2/2020	Identified

Preventative actions taken to ensure no further issues will occur	Completion date	
We have set our reminders for an earlier date.	17/4/2020	

#### 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

Processes to ensure that meters are present and certified were reviewed as part of the TEG agent audit. The NSP table was examined.

##### Audit commentary

Compliance is recorded in the TEG audit report in relation to this clause. No new NSPs were created during the audit period.

##### Audit outcome

Compliant

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

##### Code reference

Clause 29 Schedule 11.1

##### Code related audit information

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

The network owner change process was reviewed as part of the TEG agent audit. The NSP table was examined.

#### **Audit commentary**

Compliance is recorded in the TEG audit report in relation to this clause. No network owner changes occurred during the audit period.

#### **Audit outcome**

Compliant

### **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 MEP change process was reviewed as part of the TEG agent audit. The NSP table was examined.

#### **Audit commentary**

Compliance is recorded in the TEG audit report in relation to this clause. No MEP changes occurred 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 ICP transfer process was reviewed as part of the TEG agent audit. The NSP table and the registry list for 01/05/18 to 31/03/20 were examined.

**Audit commentary**

Compliance is recorded in the TEG audit report in relation to this clause. No ICP transfers were initiated by TOLQ during the audit period.

**Audit outcome**

Compliant

**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 ICP transfer process was reviewed as part of the TEG agent audit. The NSP table and the registry list for 01/05/18 to 31/03/20 were examined.

**Audit commentary**

Compliance is recorded in the TEG audit report in relation to this clause. No ICP transfers were initiated by TOLQ during the audit period.

**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

The registry list for 01/05/18 to 31/03/20 was examined to determine compliance.

#### Audit commentary

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

#### Audit outcome

Compliant

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

#### Code reference

*Clause 11.14(5)*

#### Code related audit information

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

#### Audit observation

The registry list for 01/05/18 to 31/03/20 was examined to determine compliance.

#### Audit commentary

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

#### 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 calculation of loss factors was reviewed.

#### Audit commentary

TOLQ derives loss factors for loss category codes from the published parent network loss factors. TOLQ loss factors are calculated as the LE ICP loss factor/loss factor for a similar ICP on the parent network. This means that when the LE ICP loss factor is multiplied by the TOLQ ICP loss factor, the resulting loss factor is the same as what would be applied for the ICP if it was located directly on the parent network.

I stepped through the process and confirmed that the loss factors were calculated and assigned as expected.

#### Audit outcome

Compliant



## CONCLUSION

The embedded network is managed by Smartpower, who assisted with this audit.

Most of TOLQ's compliance is reliant on the compliance of TEG, as a contractor to TOLQ. Their audit is more 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 and makes one recommendation. Three of the non-compliances related to late population of initial electrical connection dates for some ICPs created prior to this audit period, and the missing information was updated during the audit. The other non-compliance related to late population of NSP meter certification details, where certification was renewed early.

The audit risk rating recommends the next audit is in 18 months. I have considered this result in conjunction with TOLQ's responses and recommend that the next audit is completed in 24 months (04/05/2022) because:

1. All data inaccuracies have been resolved, and three of the four non-compliances are cleared.
2. The recommendation is accepted.
3. TOLQ intends to implement stronger monitoring controls to prevent recurrence of the other non-compliance which related to late meter certification.
4. There is little activity on the network.

## PARTICIPANT RESPONSE

We note that as presented the report records three non-compliances for essentially the same issue (2.1, 2.2 and 2.4).

On this basis and given:

- the issues raised are cleared or in the process of being cleared and
- the network has very low “activity”

we believe an audit period of 24 months is appropriate.