

Notice of the Authority's decision under regulation 29 of the Electricity Industry (Enforcement) Regulations 2010

Under regulation 29(1) of the Electricity Industry (Enforcement) Regulations 2010 (Regulations) the Electricity Authority (Authority) must publicise every decision made under regulation 23(3) of the Regulations, together with the reasons for the Authority's decision.

Investigation

On 27 June 2019, the Authority appointed an investigator under regulation 12 of the Regulations to investigate the alleged breaches of clause 10.38(a) and clause 20(2) of Schedule 10.7 of the Electricity Industry Participation Code 2010 by Ventia NZ Operations Limited (Ventia). The breaches were alleged by the market administrator.

Ventia breached clause 10.38(a) by failing to maintain certification for metering installations or components of metering installations for which it is responsible. Ventia also breached clause 20(2) of Schedule 10.7 when it failed to update the registry within 10 business days of the date of becoming aware of the expiration of certification for metering installations for which it is responsible.

The breaches occurred after a restructure involving Ventia's metering equipment provider (MEP) function resulting in a loss of focus in this area. Ventia now has a staff member who focusses on its MEP function.

Ventia has now re-certified all the relevant meters and updated the registry records. The failure to maintain certification caused no market impact because when the meters were certified no inaccuracies were detected and the meters were recertified as accurate.

The investigator was not able to achieve a settlement because Ventia and the market administrator could not agree on the level of a "donation" in lieu of a penalty. The market administrator considered Ventia should not profit from being non-compliant. The investigator considered the increased frequency of its MEP audits driven by the level of non-compliance resulting in increased associated costs to the MEP provides some degree of penalty incentive for compliance.

On 2 December 2020, the Authority received and considered a report and a recommendation from the investigator to discontinue the investigation under regulation 23(3)(a) of the Regulations and issue a warning to Ventia.

The Authority's decision

On 2 December 2020, the Authority decided under regulation 23(3)(a) of the Regulations to discontinue the investigation and to issue a warning.

Reasons for the Authority's decision

The reasons for the Authority's decision to discontinue the investigation were that:

- Ventia has now re-certified all the relevant meters and updated the registry records.
- The failure to maintain certification caused no market impact because when the meters were certified no inaccuracies were detected and the meters were recertified as accurate.
- The actions taken by Ventia regarding the breaches have reduced the likelihood that such breaches will occur in the future.

The reasons for the Authority's decision to issue a warning were that:

- the breaches were systemic in that Ventia did not have the resource and focus on compliance within its MEP function.
- the failure to certify and keep records up-to-date in the registry unnecessarily introduce potential risk to the accuracy of metering and the consequential adverse market impact and adverse impact on consumer confidence.