

**ELECTRICITY INDUSTRY PARTICIPATION CODE
DISTRIBUTOR AUDIT REPORT**



For

SMART NET LIMITED

Prepared by: Rebecca Elliot

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TABLE OF CONTENTS

Executive summary	4
Audit summary	5
Non-compliances	5
Recommendations	6
Issues 6	
1. Administrative	7
1.1. Exemptions from Obligations to Comply with Code (Section 11)	7
1.2. Structure of Organisation	7
1.3. Persons involved in this audit	7
1.4. Use of contractors (Clause 11.2A)	8
1.5. Supplier list	8
1.6. Hardware and Software	8
1.7. Breaches or Breach Allegations	8
1.8. ICP and NSP Data	9
1.9. Authorisation Received	10
1.10. Scope of Audit	11
1.11. Summary of previous audit	11
2. Operational Infrastructure	13
2.1. Requirement to provide complete and accurate information (Clause 11.2(1) and 10.6(1))	13
2.2. Requirement to correct errors (Clause 11.2(2) and 10.6(2))	13
3. Creation of ICPs	14
3.1. Distributors must create ICPs (Clause 11.4)	14
3.2. Participants may request distributors to create ICPs (Clause 11.5(3))	14
3.3. Provision of ICP Information to the registry manager (Clause 11.7)	15
3.4. Timeliness of Provision of ICP Information to the registry manager (Clause 7(2) of Schedule 11.1)	16
3.5. Timeliness of Provision of Initial Electrical Connection Date (Clause 7(2A) of Schedule 11.1)	17
3.6. Connection of ICP that is not an NSP (Clause 11.17)	18
3.7. Connection of ICP that is not an NSP (Clause 10.31)	19
3.8. Temporary electrical connection of ICP that is not an NSP (Clause 10.31A)	19
3.9. Connection of NSP that is not point of connection to grid (Clause 10.30)	20
3.10. Temporary electrical connection of NSP that is not point of connection to grid (Clause 10.30(A))	21
3.11. Definition of ICP identifier (Clause 1(1) Schedule 11.1)	22
3.12. Loss category (Clause 6 Schedule 11.1)	22
3.13. Management of “new” status (Clause 13 Schedule 11.1)	22
3.14. Monitoring of “new” & “ready” statuses (Clause 15 Schedule 11.1)	23
3.15. Embedded generation loss category (Clause 7(6) Schedule 11.1)	23
4. Maintenance of registry information	25
4.1. Changes to registry information (Clause 8 Schedule 11.1)	25
4.2. Notice of NSP for each ICP (Clauses 7(1),(4) and (5) Schedule 11.1)	26
4.3. Customer queries about ICP (Clause 11.31)	27

4.4.	ICP location address (Clause 2 Schedule 11.1)	27
4.5.	Electrically disconnecting an ICP (Clause 3 Schedule 11.1)	28
4.6.	Distributors to Provide ICP Information to the Registry manager (Clause 7(1) Schedule 11.1)	29
4.7.	Provision of information to registry after the trading of electricity at the ICP commences (Clause 7(3) Schedule 11.1)	30
4.8.	GPS coordinates (Clause 7(8) and (9) Schedule 11.1)	31
4.9.	Management of “ready” status (Clause 14 Schedule 11.1)	31
4.10.	Management of “distributor” status (Clause 16 Schedule 11.1)	32
4.11.	Management of “decommissioned” status (Clause 20 Schedule 11.1)	32
4.12.	Maintenance of price category codes (Clause 23 Schedule 11.1).....	33
5.	Creation and maintenance of loss factors	34
5.1.	Updating table of loss category codes (Clause 21 Schedule 11.1)	34
5.2.	Updating loss factors (Clause 22 Schedule 11.1)	34
6.	Creation and maintenance of NSPs (including decommissioning of NSPs and transfer of ICPs).....	35
6.1.	Creation and decommissioning of NSPs (Clause 11.8 and Clause 25 Schedule 11.1)	35
6.2.	Provision of NSP information (Clause 26(1) and (2) Schedule 11.1)	36
6.3.	Notice of balancing areas (Clause 24(1) and Clause 26(3) Schedule 11.1)	37
6.4.	Notice of supporting embedded network NSP information (Clause 26(4) Schedule 11.1).....	38
6.5.	Maintenance of balancing area information (Clause 24(2) and (3) Schedule 11.1)	39
6.6.	Notice when an ICP becomes an NSP (Clause 27 Schedule 11.1)	40
6.7.	Notification of transfer of ICPs (Clause 1 to 4 Schedule 11.2)	40
6.8.	Responsibility for metering information for NSP that is not a POC to the grid (Clause 10.25(1) and 10.25(3))	41
6.9.	Responsibility for metering information when creating an NSP that is not a POC to the grid (Clause 10.25(2))	42
6.10.	Obligations concerning change in network owner (Clause 29 Schedule 11.1)	43
6.11.	Change of MEP for embedded network gate meter (Clause 10.22(1)(b))	44
6.12.	Confirmation of consent for transfer of ICPs (Clauses 5 and 8 Schedule 11.2)	45
6.13.	Transfer of ICPs for embedded network (Clause 6 Schedule 11.2).....	45
7.	Maintenance of shared unmetered load	46
7.1.	Notification of shared unmetered load ICP list (Clause 11.14(2) and (4))	46
7.2.	Changes to shared unmetered load (Clause 11.14(5)).....	46
8.	Calculation of loss factors	47
8.1.	Creation of loss factors (Clause 11.2).....	47
	Conclusion	48
	Participant response	49

EXECUTIVE SUMMARY

This Distributor audit was conducted at the request of **Smart Net Limited - (SMRT)** 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.

SMRT have 19 embedded networks. This is an increase of four embedded networks since the previous audit.

Most of SMRT's compliance is reliant on the compliance of TEG & Associates (TEG), as a contractor to SMRT. Their audit report is to be submitted with this audit. As their audit is more than seven months old, I confirmed that there have been no changes to their processes since the last audit was conducted.

This audit found nine non-compliances and makes no recommendations. The audit frequency matrix indicates the next audit be due in 12 months and I have considered this in conjunction with SMRT's comments and recommend that the next audit be in 18 months.

AUDIT SUMMARY

NON-COMPLIANCES

Subject	Section	Clause	Non-Compliance	Controls	Audit Risk Rating	Breach Risk Rating	Remedial Action
Participants may request distributors to create	3.2	Clause 11.5(3)	One ICP created late.	Strong	Low	1	Cleared
Timeliness of ICP Information to the registry manager	3.4	7(2) of Schedule 11.1	One ICP not updated to "Ready" prior to electricity being traded.	Strong	Low	1	Cleared
Timeliness of initial electrical connection date	3.5	7(2A) of Schedule 11.1	48 ICPs Initial electrical connection dates updated late.	Moderate	Low	2	Identified
Connection of NSP that is not point of connection to grid	3.9	10.30	The meter installation certification expiry date advised after 42 days for NSP KUA0011.	Strong	Low	1	Cleared
Changes to registry information	4.1	8 Schedule 11.1	29 pricing updates, and one network distributed generation update were updated more than three business days after the event date.	Moderate	Low	2	Identified
ICP location address	4.4	2 Schedule 11.1	Three ICPs with insufficient information to readily locate.	Strong	Low	1	Cleared
Provision of NSP information	6.2	26(1) and (2) Schedule 11.1	Notification not provided one month prior to creation of one NSP.	Strong	Low	1	Cleared

Subject	Section	Clause	Non-Compliance	Controls	Audit Risk Rating	Breach Risk Rating	Remedial Action
Notice of supporting embedded network NSP information	6.4	26(4) Schedule 11.1	Supporting network information not provided one month prior to creation of one NSP.	Strong	Low	1	Cleared
Responsibility for metering information when creating an NSP that is not a POC to the grid	6.9	10.25(2)	The meter installation certification expiry date advised after 42 days for NSP KUA0011.	Strong	Low	1	Cleared
Future Risk Rating						11	

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

Clause	Section	Recommendation	Action
		Nil	

ISSUES

Subject	Section	Issue	Remedial action
		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 Electricity Authority website was checked to determine whether SMRT has any Code exemptions in place.

Audit commentary

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

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

Auditors:

Name	Company	Role
Rebecca Elliot	Lead Auditor	Veritek Limited
Brett Piskulic	Supporting Auditor	Veritek Limited

Personnel assisting in this audit were:

Name	Title	Organisation
Ewa Glowacka	Director	TEG & Associates
Nick Oldham	General Manager Utility Solutions	Smart Power 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 SMART's registry activities and communications.

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

Audit commentary

Most of SMRT's compliance is reliant on the compliance of TEG & Associates (TEG), as a contractor to SMRT. Their audit report is to be submitted with this audit. As their audit is more than seven months old, I confirmed that there have been no changes to their processes since the last audit was conducted.

1.5. Supplier list

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

1.6. Hardware and Software

This is covered in TEG's audit report.

1.7. Breaches or Breach Allegations

There were no breaches during the audit period.

1.8. ICP and NSP Data

Review of the NSP table showed SMRT had the following NSPs as at 13 October 2020. Smartnet have added four new embedded networks (highlighted below) during the audit period. These are discussed in **section 6**.

Distributor	POC code	Description	Parent POC	Parent Network	Balancing Area	Network Type	Start date	No of ICPs
SMRT	BJL0011	129 BEACHLANDS RD AUCKLAND	TAK0331	VECT	BJL0011SMRTE	E	11/07/2016	84
SMRT	CMW0011	190 Walters Rd Takanini	TAK0331	VECT	CMW0011SMRTE	E	20/11/2017	250
SMRT	ECR0011	2181 East Coast Road Silverdale	ALB1101	UNET	ECR0011SMRTE	E	1/05/2018	21
SMRT	ETC0011	Spark Central 72-80 Boulcott	CPK0331	CKHK	ETC0011SMRTE	E	1/03/2019	30
SMRT	EVA0011	ESDP Sovereign House	WIL0331	CKHK	EVA0011SMRTE	E	01/11/2018	34
SMRT	FTS0011	141 MANNERS ST WELLINGTON	CPK0111	CKHK	FTS0011SMRTE	E	1/10/2016	21
SMRT	HCN0011	124 HOBSONVILLE ROAD	HEN0331	UNET	HCN0011SMRTE	E	1/08/2015	27
SMRT	HPL0011	St Aubyn St East Hastings	WTU0331	HAWK	HPL0011SMRTE	E	1/12/2017	17
SMRT	KUA0011	70 Kuaka Drive Takanini Auckland	TAK0331	VECT	KUA0011SMRTE	E	20/09/2019	82
SMRT	LVF0011	cnr Leven St&Forth St Ingill	INV0331	ELIN	LVF0011SMRTE	E	18/09/2019	12
SMRT	MHL0011	MUSEUM HOTEL	CPK0331	CKHK	MHL0011SMRTE	E	1/12/2015	42
SMRT	NFC0011	95 CUSTOMHOUSE QUAY WELLINGTON	WIL0331	CKHK	NFC0011SMRTE	E	1/02/2016	21
SMRT	OPS0011	259 MANGERE STATION AUCKLAND	MNG1101	VECT	OPS0011SMRTE	E	1/10/2016	4
SMRT	ORA0011	105 ORAHA ROAD KUMEU	HEN0331	UNET	ORA0011SMRTE	E	1/04/2017	212
SMRT	OTF0011	110 Featherston St Wellington	WIL0331	CKHK	OTF0011SMRTE	E	1/06/2018	17
SMRT	TCQ0011	20 Customhouse Quay Wellington	WIL0331	CKHK	TCQ0011SMRTE	E	24/07/2017	25
SMRT	TFQ0011	100 TAUPU QUAY WANGANUI	WGN0331	POCO	TFQ0011SMRTE	E	1/07/2017	28
SMRT	TKV0011	30 Walters Rd Takanini Auckland	TAK0331	VECT	TKV0011SMRTE	E	1/10/2019	27
SMRT	TKV0012	30 Walters Rd Takanini Auckland	TAK0331	VECT	TKV0012SMRTE	E	21/02/2020	7

A list file was provided as at September 2020:

Status	Number of ICPs 2020	Number of ICPs 2019	Number of ICPs 2018	Number of ICPs 2017
Distributor	0	0	0	0
New	0	0	0	0
Ready	28	6	5	1
Active (2,0)	961	680	343	154
Inactive - new connection in progress (1,12)	12	2	7	3
Inactive – vacant (1,4)	3	4	4	2
Inactive - reconciled elsewhere (1,5)	0	0	0	0
Inactive – AMI remote disconnection (1,7)	2	0	0	0
Inactive – de-energised due to meter disconnected (1,9)	0	0	0	0
Inactive – at pole fuse (1,8)	0	0	0	0
Inactive – de-energised at meter box switch (1,10)	0	0	0	0
Inactive - at meter box switch (1,11)	0	0	0	0
Inactive – ready for decommissioning (1,6)	0	0	0	0
Decommissioned (3)	21	11	4	1

1.9. Authorisation Received

SMRT provided a letter of authorisation to Veritek via e-mail, 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 SMRT, 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.	SMRT provide details of 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.	SMRT calculate loss factors and TEG & Associates update the loss factor table with the values provided.

1.11. Summary of previous audit

SMRT provided a copy of their previous audit conducted October 2019 by Steve Woods of Veritek Limited. The current status of these has been updated below:

Table of Non-Compliance

Subject	Section	Clause	Non-compliance	Status
Requirement to provide complete and accurate information	2.1	Clause 11.2(1) and 10.6(1)	Registry information not complete and accurate in all instances.	Cleared
Requirement to correct errors	2.2	Clause 11.2(2) and 10.6(2)	Errors not corrected as soon as practicable.	Cleared
Timeliness of initial electrical connection date	3.5	7(2A) of Schedule 11.1	40 ICPs Initial electrical connection dates updated late.	Still existing
Changes to registry information	4.1	8 Schedule 11.1	4 late pricing updates and 2 late network event changes.	Still existing
ICP location address	4.4	2 Schedule 11.1	6 ICPs with insufficient information to readily locate.	Still existing

Subject	Section	Clause	Non-compliance	Status
Distributors to Provide ICP Information to the Registry manager	4.6	7(1) Schedule 11.1	29 ICPs with an incorrect loss category code assigned.	Cleared
Loss category codes	5.2	22 Schedule 11.1	Loss factor changed late for one loss category code.	Cleared

Table of Recommendations

Subject	Section	Recommendation	Status
Distributors to Provide ICP Information	4.6	Check 7 ICPs where the IECD is different to the Active or certification dates.	Cleared

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 contractor report. The registry list file as at 30/09/20, the audit compliance reports for the period 01/09/19 to 30/09/20 and the event detail report for 01/09/19 to 30/09/20, and NSP table were examined to confirm compliance.

Audit commentary

Compliance is recorded for TEG. Examination of the audit compliance reports, and registry 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

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

Audit commentary

Compliance is recorded for TEG. Any corrections are made upon discovery.

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 new connection process is discussed in the TEG audit report.

The registry data at 30/09/20 and audit compliance reports for the period 01/09/19 to 30/09/20 were reviewed to identify all new connections during the period and check that ICPs were created as required by this clause.

Audit commentary

Compliance is recorded for TEG. There have been no changes to the process.

291 ICPs were created during the audit period. The new ICPs were created in accordance with this clause.

Audit outcome

Compliant

3.2. Participants may request distributors to create ICPs (Clause 11.5(3))

Code reference

Clause 11.5(3)

Code related audit information

The distributor, within three business days of receiving a request for the creation of an ICP identifier for an ICP, must either create a new ICP identifier or advise the participant of the reasons it is unable to comply with the request.

Audit observation

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

The event detail file and the registry LIS report for 01/09/2019 – 30/09/2020 were examined. 291 ICPs were created during the audit period. A sample of ten ICPs selected using the typical case methodology were checked to confirm the process and controls worked in practice.

Audit commentary

Compliance is recorded for TEG.

Smartnet receives requests for new ICPs from the trader or directly from the customer, if ready to be created these are then sent onto TEG and associates to create the ICP. From the sample of 10 ICPs checked two were requested by the customer and eight by the trader. All ICPs were created within three business days with the exception of one requested by the trader which was created after four business days.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 3.2 With: Clause 11.5(3) From: 24-Sep-20 To: 25-Sep-20	One ICP created late. Potential impact: Low Actual impact: Low Audit history: None Controls: Strong Breach risk rating: 1		
Audit risk rating	Rationale for audit risk rating		
Low	Controls are rated as strong, as they are sufficient to ensure ICPs are created on time most of the time. The risk is low as only one ICP was affected, and the ICP was created immediately when discovered.		
Actions taken to resolve the issue		Completion date	Remedial action status
The ICP was created immediately once it was realized we had missed the request.		25/9/20	Cleared
Preventative actions taken to ensure no further issues will occur		Completion date	
This is not a common issue and in this case was caused by human error causing the ICP to be created 1 day late The non-compliance serves as a reminder to make sure to closely monitor requests.		N/A	

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 new connection process is discussed in the TEG audit report.

The registry data at 30/09/20 and audit compliance reports for the period 01/09/19 to 30/09/20 were reviewed to identify all new connections during the period and check that information was provided as required by this clause.

Audit commentary

Compliance is confirmed in the TEG contractor report.

All the information was provided as required by this clause for the 291 new ICPs created during the audit 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 new connection process was examined.

The audit compliance reports for the period from 01/09/19 to 30/09/20 were checked to determine the timeliness of the provision of ICP information for SMRT's new connections.

Audit commentary

This process is discussed in the TEG contractor report.

A check of the audit compliance reports confirmed that all 258 ICPs connected during this audit period were updated as soon as practicable. All but one was updated to the "Ready" status prior to electrical connection. ICP 2000000171SN275 was created prior to electrical connection but there was a correction to the start date causing it to be backdated to the "Ready" status.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 3.4 With: Clauses 7(2) of Schedule 11.1 From: 27-Sep-19 To: 03-Oct-19	One ICP not updated to "Ready" prior to electricity being traded. Potential impact: Low Actual impact: Low Audit history: None Controls: Strong Breach risk rating: 1		
Audit risk rating	Rationale for audit risk rating		
Low	Controls are rated as strong, as this was a one-off occurrence due to an abnormal process being used. The risk rating is low as only one ICP was affected.		
Actions taken to resolve the issue		Completion date	Remedial action status

We created this ICP using a different process (via automated upload to the registry); at the time we didn't realise that the a number of elements normally loaded didn't flow through correctly meaning that the ICP was loaded as new. The retailer alerted us to this at the time the site was livened and we corrected the issue.	1/10/19	Cleared
Preventative actions taken to ensure no further issues will occur	Completion date	
We reverted to our previous method of loading ICPs which removed the issue.	1/10/20	

3.5. Timeliness of Provision of Initial Electrical Connection Date (Clause 7(2A) of Schedule 11.1)

Code reference

Clause 7(2A) of Schedule 11.1

Code related audit information

The distributor must provide the information specified in sub-clause (1)(p) to the registry manager no later than 10 business days after the date on which the ICP is initially electrically connected.

Audit observation

The process for populating the initial electrical connection date is discussed in the TEG contractor report.

The audit compliance reports, event detail file and the registry LIS report for 01/09/19 to 30/09/20 were examined to determine the timeliness of the provision of the initial electrical connection date.

Audit commentary

The process for the updating of the registry is discussed in the TEG agent report.

Analysis of the audit compliance reports identified the population of the initial electrical connection date was later than 10 business days for 48 of 258 ICPs (18.6%). 20 were greater than 20 days. These were late due to late notification from the field. Once notified to TEG these are updated promptly.

The accuracy of the initial electrical connection date is discussed in **section 4.6**.

Audit outcome

Non-compliant

Non-compliance	Description
Audit Ref: 3.5 With: 7(2A) of Schedule 11.1 From: 01-Sep-19 To: 30-Sep-20	48 ICPs Initial electrical connection dates updated late. Potential impact: Low Actual impact: Low Audit history: Multiple Controls: Moderate Breach risk rating: 2
Audit risk rating	Rationale for audit risk rating

Low	<p>The controls are rated as moderate as Smartnet is actively seeking this information but when other participants are slow to provide the information this causes Smartnet to be non-compliant.</p> <p>This has no direct impact on submission but does limit the ability of traders to validate their active dates, hence the audit risk rating is low.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
This is an ongoing issue for us and (we understand) other participants. It is disappointing and frustrating that our level of compliance in this area remains similar (~85%) to the last audit. Our processes as they stand are generally working but clearly are not 100% where other parties are slow to provide details. At this stage we are reviewing how some of the local networks combat the issue but other than measures mentioned in previous audit reports, we unfortunately don't have any specific new actions to report at this time.		ongoing	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
As above		ongoing	

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 contractor report.

The event detail report for the period 01/09/19 to 30/09/20 was examined. The registry list file was examined to confirm that all ICPs at the status of "ready" have a trader nominated.

Audit commentary

The process for the updating of the registry is discussed in the TEG agent report.

Review of the registry list file confirmed that a trader is recorded for the 28 ICPs that are at the "ready" status. The one ICP moved to the "ready" status late detailed in **section 3.4** had a trader recorded on the registry as accepting responsibility prior to electrical connection. Compliance is confirmed.

The registry list file does not record any shared unmetered load.

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

This process is the responsibility of the embedded network owner; therefore, this clause was not accessed as part of the TEG contractor report.

The event detail and list files for the period 01/09/19 to 30/09/20 were examined to determine compliance.

Audit commentary

SMRT's processes in relation to this clause are such that an ICP will not be connected without the agreement from the trader. The list file confirmed that all 28 ICPs at the "Ready" status had a trader nominated.

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 in **section 3.2**. The event detail file and registry list were examined to determine compliance.

Audit commentary

Any ICPs that are temporarily electrically connected follow the same process as those for all other new connections. No temporarily connected ICPs were identified.

Audit outcome

Compliant

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

Code reference

Clause 10.30

Code related audit information

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

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

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

Audit observation

The NSP table was checked for new NSPs.

Audit commentary

Four new NSPs were created during the audit period:

NSP	NSP start date
KUA0011	20/09/2019
LVF0011	18/09/2019
TKV0011	1/10/2019
TKV0012	21/02/2020

The information required by this clause was provided on time for all new networks with the exception of KUA0011 which was provided after 42 business days. This is recorded as non-compliance below and in **section 6.9**.

Audit outcome

Non-compliant

Non-compliance	Description
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Audit Ref: 3.9 With: Clause 10.30 From: 08-Jan-20 To: 05-Mar-20	The meter installation certification expiry date advised after 42 days for NSP KUA0011. Potential impact: Low Actual impact: Low Audit history: None Controls: Strong Breach risk rating: 1		
Audit risk rating	Rationale for audit risk rating		
Low	The controls are rated as strong, as they are sufficient to ensure updates are on time most of the time. The impact on settlement and participants is minor; therefore, the audit risk rating is low.		
Actions taken to resolve the issue		Completion date	Remedial action status
Despite quite a lot of chasing, we didn't receive the paperwork for this site until 28 Jan for a 7 Nov certification date, at which point the NSP table was uploaded immediately.		28/1/20	Cleared
Preventative actions taken to ensure no further issues will occur		Completion date	
We are well aware of the requirement and will continue to pressure agents to provide paperwork in a timely fashion.		ongoing	

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 on the registry was examined.

Audit commentary

SMRT's processes in relation to this clause are such that an NSP will not be connected without the agreement from the trader. Four new NSPs were created during the audit period as described in **section 3.9**. SMRT confirmed that the NSPs were not temporarily electrically connected.

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:

xxxxxxxxxxxccc 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.

Examination of the registry list file as at 30/09/20 found 291 new ICPs have been created during the audit period.

Audit commentary

Compliance is confirmed in the TEG contractor report. All 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 registry list file as at 30/09/20 was examined to confirm all active ICPs have a single loss category code.

Audit commentary

Each active ICP only has a single loss category, which clearly identifies the relevant loss factor. Loss codes used were confirmed against the Loss factor table as at 29 October 2020.

Audit outcome

Compliant

3.13. Management of “new” status (Clause 13 Schedule 11.1)

Code reference

Clause 13 Schedule 11.1

Code related audit information

The ICP status of “New” must be managed by the distributor to indicate:

- *the associated electrical installations are in the construction phase (Clause 13(a) of Schedule 11.1)*
- *the ICP is not ready for activation (Clause 13(b) of Schedule 11.1).*

Audit observation

The ICP creation process is discussed in the TEG contractor report.

The event detail file, and the registry list report for 01/09/19 to 30/09/20 were examined to determine compliance.

Audit commentary

Compliance is confirmed in the TEG contractor report.

Examination of the registry list file found 291 ICPs have been created during the audit period.

Review of the event detail file confirmed that the “new” status is not normally used in the new connection process. There were 25 instances where ICPs were created at “new” as a proposed trader was not known. Once the trader details were provided the status was changed to “ready” as soon as possible. There are currently no ICPs at the “new” status.

Audit outcome

Compliant

3.14. Monitoring of “new” & “ready” statuses (Clause 15 Schedule 11.1)

Code reference

Clause 15 Schedule 11.1

Code related audit information

If an ICP has had the status of “New” or has had the status of “Ready” for 24 months or more:

- *the distributor must ask the trader who intends to trade at the ICP whether the ICP should continue to have that status (Clause 15(2)(a) of Schedule 11.1)*
- *the distributor must decommission the ICP if the trader advises that the ICP should not continue to have that status (Clause 15(2)(b) of Schedule 11.1).*

Audit observation

Monitoring of “new” and “ready” status is discussed in the TEG contractor report. The registry list file was examined to determine compliance.

Audit commentary

Compliance is recorded in the TEG contractor report.

An examination of the list file found 28 ICPs at the “ready” status. All were created in 2020; none have been at that status for more than 24 months. There are no ICPs at the “new” status.

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:*
 - *the unique loss category code assigned to the ICP*
 - *the ICP identifier of the ICP*
 - *the NSP identifier of the NSP to which the ICP is connected*
 - *the plant name of the embedded generating station.*

Audit observation

Embedded Generation Loss Category is discussed in the TEG contractor report.

The Registry file as at 30/09/20 was examined.

Audit commentary

SMRT does not supply any embedded generators.

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 3 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 8 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 13th 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 3 business days after the registry manager has advised the distributor that the ICP is ready to be decommissioned, or 3 business days after the distributor has decommissioned the ICP.

Audit observation

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

I examined the audit compliance reports and event detail report for the period 01/09/19 to 30/09/20 to identify late changes to registry information during the audit period.

Audit commentary

Analysis of the event detail report and the audit compliance reports found:

Address events

All address changes were updated within three business days.

Pricing Events

29 pricing changes were updated later than three business days, all 29 were updated after five business days.

Addition of distributed generation

The audit compliance reports identified one ICP where the distributed generation information was updated later than three business days. In this case the registry was updated after four business days.

Network Events

All other network changes were updated within three business days.

Decommissioning Status Events

Three ICPs were decommissioned and no updates were late.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 4.1 With: 8 Schedule 11.1 From: 01-Sep-19 To: 30-Sep-20	29 pricing updates, and one network distributed generation update were updated more than three business days after the event date. Potential impact: Low Actual impact: Low Audit history: Three times Controls: Moderate Breach risk rating: 2		
Audit risk rating	Rationale for audit risk rating		
Low	The controls are rated as moderate as the process is largely manual hence errors can occur, but controls are in place to mitigate risk most of the time. The audit risk rating is low the late changes are small in volume.		
Actions taken to resolve the issue		Completion date	Remedial action status
The pricing updates were unfortunately human error – a calendar update was missed for the update and it was done 2 days late; the change occurred effective 1 Jan 2020 so was partially caught up with people being on holiday breaks. This was a mass update of all ICPs on an NSP due to a distributor change and thus manual in nature and the update was made as soon as the omission was discovered/reassembled. The distributed generation update was updated late as we received late notification of the completion of the installation. The update was made as soon as we received notification.		10/1/2020	Identified
		31/8/2020	
Preventative actions taken to ensure no further issues will occur		Completion date	

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

Code reference

Clauses 7(1), 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 registry list as at 30/09/20 and NSP table were compared to determine compliance.

I checked the audit compliance reports for the period from 01/09/19 to 30/09/20 to identify discrepancies.

Audit commentary

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.

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

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

Audit outcome

Compliant

4.4. ICP location address (Clause 2 Schedule 11.1)

Code reference

Clause 2 Schedule 11.1

Code related audit information

Each ICP identifier must have a location address that allows the ICP to be readily located.

Audit observation

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

The list file and audit compliance report were analysed.

Audit commentary

Three ICPs have no street number and have Lot numbers in the "Unit" field. The details are shown below. This is insufficient detail to enable the ICPs to be located.

ICP Identifier	Unit	Number	Street	Suburb	Creation date
5000000024SN3CA	Lot 411		Seventh View Avenue	Beachlands	2016

5000000025SNF8F	Lot 413		Seventh View Avenue	Beachlands	2016
5000000032SN8E8	Lot 426		Seventh View Avenue	Beachlands	2016

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 4.4 With: Clause 2 Schedule 11.1 From: 01-Sep-19 To: 30-Sep-20	Three ICPs with insufficient information to readily locate. Potential impact: Low Actual impact: Low Audit history: Once Controls: Strong Breach risk rating: 1		
Audit risk rating	Rationale for audit risk rating		
Low	The controls are recorded as strong because they mitigate risk to an acceptable level. This has no direct impact on reconciliation therefore the impact is rated as low.		
Actions taken to resolve the issue		Completion date	Remedial action status
These have been updated to show street numbers		17/12/20	Cleared
Preventative actions taken to ensure no further issues will occur		Completion date	
We have changed our reporting to highlight addresses with no street number which is the most common issue		17/12/20	

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 has been examined.

Audit commentary

SMRT manage the physical connection process on the embedded networks they manage and confirm all ICPs comply with this clause. They have a good understanding of this requirement and as all of the networks have been 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 contractor report.

The list file and audit compliance reports were examined to check for the population of all required information and its alignment with the trader where appropriate e.g. distributed generation, unmetered load if known and shared unmetered load.

Audit commentary

Compliance is recorded in the TEG contractor report.

Examination of the list file and audit compliance reports confirmed that ICP information had been populated correctly. The timeliness of updates is discussed in **section 4.1**.

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 audit compliance reports for the period 01/09/19 to 30/09/20 were examined to determine compliance with this clause.

Audit commentary

Compliance is recorded in the TEG contractor report.

All ICPs created during the audit period had a price category code recorded at the time of the ICP creation therefore this information is provided as required by this clause.

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 file was examined to determine compliance with this clause.

Audit commentary

SMRT do not populate the GPS co-ordinates on the registry but have had 12 ICPs transferred which have GPS co-ordinates. I confirmed that these were in the correct format by plotting them.

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

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

The registry list file and event detail report for 01/09/19 to 30/09/20 were examined in relation to the use of the "ready" status.

Audit commentary

Compliance is recorded in the TEG contractor report. 291 ICPs were created during the audit period, they were created at "ready" with a nominated retailer and single price code category code as required by this clause.

The list file contained 28 ICPs at "ready". All had a nominated trader and price category recorded. As recorded in **section 3.14**, no ICPs have been at the "ready" status for more than 12 months.

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

The registry list file as was reviewed to identify any ICPs at distributor status.

Audit commentary

The distributor status was not used at all 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 contractor report.

The list file and event detail report for 01/09/19 to 30/09/20 were examined in relation to the use of the decommissioned status.

Audit commentary

Compliance is recorded in the TEG contractor report. Three ICPs have been decommissioned during the audit period and compliance is achieved in all cases.

No ICPs are currently at “ready for decommissioning” status.

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

SMRT has created two new price category codes, (SNNT050P & SNNT075P) during the audit period. Both of these were updated less than two months prior to the start dates but as these related to new embedded networks compliance is confirmed.

One price category code, (SNNHHR) was end dated 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 loss category code table on the registry was examined.

Audit commentary

SMRT has added three new loss category codes during the audit period as detailed in the table below. These all relate to new embedded networks and were notified within the correct timeframe.

Loss factor	Start date
SNPNL08	1/09/2019
SNVL2	1/10/2019
SNVL3	1/10/2019

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

No loss factors were changed during the audit period.

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

The NSP table on the registry was examined.

Audit commentary

Compliance is recorded in the TEG contractor report.

No NSPs were decommissioned, and no NSPs transferred from SMRT to other networks during the audit period.

Four new NSPs were created during the audit period:

NSP	Start date	Comment
KUA0011	20/09/2019	New ICPs created by SMRT.
LVF0011	18/09/2019	New ICPs created by SMRT.
TKV0011	1/10/2019	ICPs transferred from Vector.
TKV0012	21/02/2020	New ICPs created by SMRT.

Written notice was provided to all parties as required by this clause.

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

The NSP table on the registry was examined.

Audit commentary

Compliance is recorded in the TEG contractor report.

Four new NSPs were created during the audit period, and no NSPs were decommissioned.

Notification was not provided within the required timeframe for one of the four NSPs, as highlighted in the table below.

NSP	Description	Start Date	Date notification was received via RM portal
KUA0011	70 Kuaka Drive Takanini Auckland	20/09/2019	2/08/2019
LVF0011	cnr Leven St&Forth St Ingill	18/09/2019	30/8/2020
TKV0011	30 Walters Rd Takanini Auckland	1/10/2019	2/08/2019
TKV0012	30 Walters Rd Takanini Auckland	21/02/2020	21/01/2020

Audit outcome

Non-compliant

Non-compliance	Description
Audit Ref: 6.2 With: Clause 26(1) and (2) Schedule 11.1 From: 18-Aug-19 To: 21-Feb-20	Notification not provided one month prior to creation of one NSP. Potential impact: Low Actual impact: Low Audit history: None Controls: Strong Breach risk rating: 1

Audit risk rating	Rationale for audit risk rating		
Low	<p>Controls are rated as strong, because the processes normally ensure that requests are made on time.</p> <p>The risk is low because notifications were provided prior to the NSP being electrically connected.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
In respect of LVF0011 our client was very late in notifying us of the opening date of the property and failed to consider the requirement for a full connection (vs BTS) to commission HVAC prior to opening. Ultimately, we made the call to advise the market on 16/9 that we needed to bring forward the start date of the NSP to 18/9/19 (vs 1/10/19 as originally notified) as to do otherwise would have placed an unreasonable financial burden on the developer and delayed the opening of the property which is a landmark shopping centre in Invercargill.		16/9/20	Cleared
Preventative actions taken to ensure no further issues will occur		Completion date	
This is an unusual situation but we will continue to stress to clients the requirement to provide 1 months notice to the market.		ongoing	

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

The NSP table on the registry was examined.

Audit commentary

Compliance is recorded in the TEG contractor report.

Four new NSPs were created during the audit period, and correct balancing area information was provided in accordance with this clause.

NSP	Start date	Balancing area
KUA0011	20/09/2019	KUA0011SMRTE
LVF0011	18/09/2019	LVF0011SMRTE
TKV0011	1/10/2019	TKV0011SMRTE
TKV0012	21/02/2020	TKV0012SMRTE

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 management of this process is discussed in the TEG contractor report and the relevant notifications were provided.

Audit commentary

Compliance is recorded in the TEG contractor report.

Four new NSPs were created during the audit period, the LE ICP was not provided within the required timeframe for one of the four NSPs, LVF0011.

Audit outcome

Compliant

Non-compliance	Description
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Audit Ref: 6.4 With: Clause 26(4) Schedule 11.1 From: 18-Aug-19 To: 21-Feb-20	Supporting network information not provided one month prior to creation of one NSP. Potential impact: Low Actual impact: Low Audit history: None Controls: Strong Breach risk rating: 1		
Audit risk rating	Rationale for audit risk rating		
Low	Controls are rated as strong, because the processes normally ensure that requests are made on time. The risk is low because notifications were provided prior to the NSPs being electrically connected.		
Actions taken to resolve the issue		Completion date	Remedial action status
In respect of LVF0011 our client was very late in notifying us of the opening date of the property and failed to consider the requirement for a full connection (vs BTS) to commission HVAC prior to opening. Ultimately, we made the call to advise the market on 16/9 that we needed to bring forward the start date of the NSP to 18/9/19 (vs 1/10/19 as originally notified) as to do otherwise would have placed an unreasonable financial burden on the developer and delayed the opening of the property which is a landmark shopping centre in Invercargill.		16/9/20	Cleared
Preventative actions taken to ensure no further issues will occur		Completion date	
This is an unusual situation but we will continue to stress to clients the requirement to provide 1 months notice to the market.		ongoing	

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.

Audit commentary

No balancing areas were 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 NSP table on the registry was examined.

Audit commentary

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 management of this process is discussed in the TEG contractor report and the relevant notifications were provided.

Audit commentary

Compliance is recorded in the TEG contractor report.

ICPS were transferred during the audit period for the NSP shown in the table below. The notification was provided as required.

NSP	Description	Start Date	Notification provided:
TKV0011	30 Walters Rd Takanini Auckland	1/10/2019	16/09/2019

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

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

Audit commentary

Compliance is recorded in the TEG contractor report.

The NSP supply point table was reviewed to check for any NSP metering that has been recertified during the audit period:

Distributor	NSP POC	Description	MEP	Certification Expiry
SMRT	BJL0011	129 BEACHLANDS RD AUCKLAND	AMCI	10/08/2026
SMRT	CMW0011	190 Walters Rd Takanini	AMCI	21/11/2027
SMRT	ECR0011	2181 East Coast Road Silverdale	AMCI	30/01/2028
SMRT	ETC0011	Spark Central 72-80 Boulcott	FCLM	10/09/2022
SMRT	EVA0011	ESDP Sovereign House	AMCI	3/02/2025
SMRT	FTS0011	141 MANNERS ST WELLINGTON	AMCI	25/09/2026
SMRT	HCN0011	124 HOBSONVILLE ROAD	AMCI	29/06/2025
SMRT	HPL0011	St Aubyn St East Hastings	AMCI	27/10/2027
SMRT	KUA0011	70 Kuaka Drive Takanini Auckland	AMCI	7/11/2029
SMRT	LVF0011	cnr Leven St&Forth St Ingill	FCLM	26/09/2024
SMRT	MHL0011	MUSEUM HOTEL	AMCI	16/04/2022

Distributor	NSP POC	Description	MEP	Certification Expiry
SMRT	NFC0011	95 CUSTOMHOUSE QUAY WELLINGTON	AMCI	19/11/2025
SMRT	OPS0011	259 MANGERE STATION AUCKLAND	AMCI	5/12/2021
SMRT	ORA0011	105 ORAHA ROAD KUMEU	AMCI	6/12/2027
SMRT	OTF0011	110 Featherston St Wellington	AMCI	6/05/2028
SMRT	TCQ0011	20 Customhouse Quay Wellington	AMCI	27/07/2022
SMRT	TFQ0011	100 TAUPO QUAY WANGANUI	AMCI	20/06/2023
SMRT	TKV0011	30 Walters Rd Takanini Auckland	FCLM	2/09/2029
SMRT	TKV0012	30 Walters Rd Takanini Auckland	FCLM	4/03/2030

All NSPs have certified metering installations. The metering installations for ETC0011 and HCN0011 were recertified during the audit period. The reconciliation manager was advised of the metering installation certification expiry dates within 20 business days for ETC0011 and HCN0011.

Audit outcome

Compliant

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

Code reference

Clause 10.25(2)

Code related audit information

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

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

Audit observation

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

The NSP table on the registry was examined.

Audit commentary

Compliance is recorded in the TEG report.

Four new NSPs were created during the audit period.

Distributor	NSP POC	Description	MEP	Certification Expiry
SMRT	KUA0011	70 Kuaka Drive Takanini Auckland	AMCI	2/09/2029
SMRT	LVF0011	cnr Leven St&Forth St Ingill	FCLM	26/09/2024
SMRT	TKV0011	30 Walters Rd Takanini Auckland	FCLM	2/09/2029
SMRT	TKV0012	30 Walters Rd Takanini Auckland	FCLM	4/03/2030

All meter certifications were provided within the required timeframe except for KUA0011 which was provided after 42 business days.

Audit outcome

Non-compliant

Non-compliance	Description		
<p>Audit Ref: 6.9</p> <p>With: Clause 10.25(2)</p> <p>From: 08-Jan-20</p> <p>To: 05-Mar-20</p>	<p>The meter installation certification expiry date advised after 42 days for NSP KUA0011.</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		
Low	<p>The controls are rated as strong, as they are sufficient to ensure updates are on time most of the time.</p> <p>The impact on settlement and participants is minor; therefore, the audit risk rating is low.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
Despite quite a lot of chasing, we didn't receive the paperwork for this site until 28 Jan for a 7 Nov certification date, at which point the NSP table was uploaded immediately.		28/1/20	Cleared
Preventative actions taken to ensure no further issues will occur		Completion date	
We are well aware of the requirement and will continue to pressure agents to provide paperwork in a timely fashion.		ongoing	

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

Audit commentary

Compliance is confirmed in the TEG report.

The correct information was provided within the required timeframe in accordance with this clause for NSP TKV0011 that had ICPs transferred.

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

The Network Supply Points table was examined to determine whether there have been any MEP changes during the audit period.

Audit commentary

Compliance is confirmed in the TEG report.

There have been changes of MEP for three NSPs during the audit period. The appropriate notifications were provided to the reconciliation manager and MEP.

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 management of this process is discussed in the TEG contractor report and the consents for the transfer of ICPs were reviewed for the new embedded network.

Audit commentary

Compliance is confirmed in the TEG report. All required consents were provided.

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 management of this process is discussed in the TEG contractor report and the DS-010 files were examined.

Audit commentary

Compliance is confirmed in the TEG report. The ICP transfers included all ICPs on the embedded networks.

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

The registry list file was examined to determine compliance.

Audit commentary

There is no shared unmetered load on the SMRT network. Examination of the registry list confirmed this.

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 file was examined to determine compliance.

Audit commentary

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

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 v2.3” was published in June 2018. I reviewed the loss factor calculation methodology used by SMRT.

Audit commentary

SMRT derives loss factors for loss category codes from the published parent network loss factors for similar installations. It is expected that ICPs on embedded networks will have the same loss factor as a similar type of connection on the parent network. The loss factor calculations were checked and confirmed correct.

Audit commentary

Compliant

CONCLUSION

Most of SMRT's compliance is reliant on the compliance of TEG & Associates (TEG), as a contractor to SMRT. Their audit report is to be submitted with this audit. As their audit is more than seven months old, I confirmed that there have been no changes to their processes since the last audit was conducted.

This audit found nine non-compliances and makes no recommendations. The audit frequency matrix indicates the next audit be due in 12 months and I have considered this in conjunction with SMRT's comments and recommend that the next audit be in 18 months.

PARTICIPANT RESPONSE

We are disappointed that we have not improved our level of compliance since the last audit; it is our feeling that while a number of issues relate to the supply of information from 3rd parties, around half of the risk rating achieved relates to avoidable issues and we certainly will look to do better in the future.