

**ELECTRICITY INDUSTRY PARTICIPATION CODE
DISTRIBUTOR AUDIT REPORT**

For

**THE EMBEDDED NETWORK COMPANY
(TENC)**

Prepared by: Rebecca Elliot

Date audit commenced: 12 October 2020

Date audit report completed: 15 December 2020

Audit report due date: 23 December 2020

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EXECUTIVE SUMMARY

This Distributor audit was conducted at the request of **The Embedded Network Company (TENC)** 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.

TENC's compliance is reliant on the compliance of TENCO, as the contractor.

Overall processes in place are robust. There has been some staff changes during the audit period and human errors where the documented processes haven't been followed are the main reason for the non-compliances identified. In all cases there are only a small number of ICPs affected and processes are recorded as strong.

The audit found 16 non-compliances and makes no recommendations. The next audit frequency table indicates an audit risk rating of 22 indicating that the next audit be due in six months. I have considered this in conjunction with TENCO's comments and the materiality of the non-compliances found and I agree with this recommendation.

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)	Four ICPs with duplicate addresses, which were corrected to be unique during the audit. One ICP recorded against the incorrect NSP. One ICP had the incorrect initial electrical connection date.	Strong	Low	1	Identified
Timeliness of Provision of ICP Information to the registry manager	3.4	7(2) of Schedule 11.1	Two late updates to “ready” status for new connections.	Strong	Low	1	Identified
Timeliness of Provision of Initial Electrical Connection Date	3.5	7(2A) of Schedule 11.1	107 ICPs did not have the initial electrical connection date populated within ten business days of initial electrical connection.	Moderate	Low	2	Identified
Connection of NSP that is not point of connection to the grid	3.9	10.30	Seven NSP’s were created without providing the meter certification expiry date within 5 business days of the NSP being electrically connected.	Moderate	Low	2	Identified
Monitoring of ‘new’ & ‘ready’ statuses	3.14	15 Schedule 11.1	Monitoring in place for the ICPs at “new” and “ready” status for over 24 months has lapsed.	Moderate	Low	2	Identified
Changes to registry information	4.1	8 Schedule 11.1	155 late address updates. Three late network updates. 14 late pricing updates. Two late updates to decommissioned status. One late NSP change.	Strong	Low	1	Identified
Notice of NSP for each ICP	4.2	7(1),(4) and (5) Schedule 11.1)	One ICP was allocated to the incorrect NSP.	Strong	Low	1	Identified

Subject	Section	Clause	Non-Compliance	Controls	Audit Risk Rating	Breach Risk Rating	Remedial Action
ICP location address	4.4	2 Schedule 11.1	Four ICPs with duplicate addresses, which were corrected to be unique during the audit.	Strong	Low	1	Identified
Distributors to provide ICP information to the registry manager	4.6	7(1) Schedule 11.1	One ICP recorded against the incorrect NSP. One ICP had the incorrect initial electrical connection date.	Strong	Low	1	Identified
New loss categories	5.1	21 of schedule 11.1	Three new loss categories not notified two months in advance of coming into effect.	Strong	Low	1	Identified
Creation and decommissioning of NSPs	6.1	11.8 and Clause 25 Schedule 11.	Late notification for NSP TMM0011.	Strong	Low	1	Identified
Notice of supporting embedded network NSP information	6.4	26(4) Schedule 11.1	Six LE ICP numbers were not provided at least one month before network creation date.	Strong	Low	1	Identified
Responsibility for metering information for NSP that is not a POC to the grid	6.8	10.25(1) and 10.25(3)	Meter certification details were updated more than 20 business days for seven NSPs. Meter certification expired on TLN0011.	Moderate	Low	2	Identified
Responsibility for metering information when creating an NSP that is not a POC to the grid	6.9	10.25(2)	Four NSP's were created without providing the required meter certification expiry date to the Reconciliation Manager within 20 business days of the meter being certified.	Moderate	Low	2	Identified
Obligations concerning change in network owner	6. 13	29 Schedule 11.1	One ICP omitted from the transfer of NSP PPH0011 from PPNZ to TENC.	Strong	Low	1	Identified
Creation of loss factors	8.1	11.2	Loss factor codes TCLCL01 and TCLCL02 were assigned to 144 ICPs which did not have parent network loss codes consistent with the loss code. There is no difference in loss factor for these ICPs.	Moderate	Low	2	Identified
Future Risk Rating						22	

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

RECOMMENDATIONS

Subject	Section	Recommendation	Description
		Nil	

ISSUES

Subject	Section	Issue	Description
		Nil	

1. ADMINISTRATIVE

1.1. Exemptions from Obligations to Comply with Code (Section 11)

Code reference

Section 11 of Electricity Industry Act 2010.

Code related audit information

Section 11 of the Electricity Industry Act provides for the Electricity Authority to exempt any participant from compliance with all or any of the clauses.

Audit observation

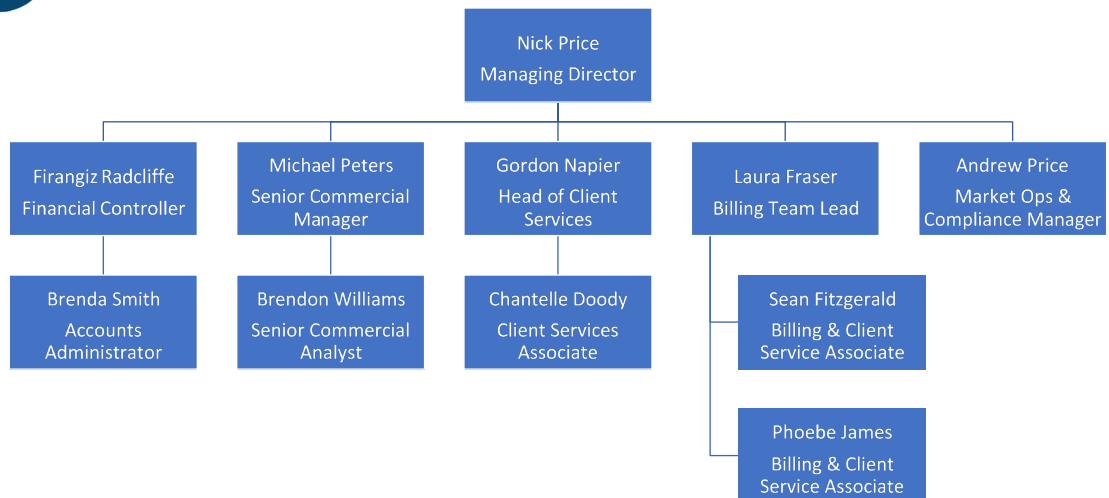
The Electricity Authority website was checked to determine whether TENC has any Code exemptions in place.

Audit commentary

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

1.2. Structure of Organisation

TENCO provided an organisation chart:



1.3. Persons involved in this audit

Auditor:

Name	Company	Role
Rebecca Elliot	Veritek Limited	Lead Auditor
Claire Stanley	Veritek Limited	Supporting Auditor

Personnel assisting in this audit were:

Name	Title	Organisation
Nick Price	General Manager	TENCO
Andrew Price	Market Operations and Compliance Manager	TENCO

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

TENCO performs all TENC's responsibilities.

1.5. Supplier list

All activities covered by the scope of this audit are conducted by TENCO.

1.6. Hardware and Software

Hardware and software are discussed in the TENCO agent audit report.

1.7. Breaches or Breach Allegations

TENC 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 TENC had the following NSPs as at 01/10/20. Active ICP numbers are as at 29/09/20.

Dist	NSP POC	Description	Parent POC	Parent Dist	Balancing Area	Netwk type	Start date	No of ICPs
TENC	CGA0011	48 GREYS AVENUE AUCKLAND	PEN1101	VECT	CGA0011TE NCE	EN	1/09/17	12
TENC	CLN0011	351 LINCOLN ROAD ADDINGTON	ISL0661	ORON	CLN0011TE NCE	EN	1/01/16	11
TENC	CRN0011	51 CORINTHIAN DRIVE PROPERTY	ALB0331	UNET	CRN0011TE NCE	EN	1/10/15	11
TENC	DST0011	OUTLET CITY TAWA	TKR0331	CKHK	DST0011TE NCE	EN	1/05/16	30
TENC	KDH0011	10 WORLEY PLACE	HAM0331	WAIK	KDH0011TE NCE	EN	1/06/20	27
TENC	PHP0011	171 FEATHERSTON ST PROPERTY	CPK0331	CKHK	PHP0011TE NCE	EN	14/09/18	13
TENC	PTC0011	125 THE TERRACE	CPK0331	CKHK	PTC0011TE NCE	EN	14/09/18	26
TENC	TAA0011	50 Anzac Ave Auckland	PEN1101	VECT	TAA0011TE NCE	EN	1/07/17	16
TENC	TAQ0011	104 QUAY ST AUCKLAND	PEN1101	VECT	TAQ0011TE NCE	EN	1/12/16	9
TENC	TAT0011	154 THE TERRACE WELLINGTON	CPK0331	CKHK	TAT0011TE NCE	EN	14/09/18	140
TENC	TAW0011	TE AWA SHOPPING CENTRE	TWH0331	WAIK	TAW0011TE NCE	EN	1/11/14	106
TENC	TBA0011	36-42 CUSTOMS ST EAST AUCKLAND	PEN1101	VECT	TBA0011TE NCE	EN	15/09/16	13
TENC	TBC0011	BNZ CENTRE CHRISTCHURCH	ISL0661	ORON	TBC0011TE NCE	EN	21/05/18	77
TENC	TBD0011	DOMINION BUILDING	CPK0331	CKHK	TBD0011TE NCE	EN	1/06/15	45
TENC	TBE0011	2-16 TAKU TAI SQUARE	PEN1101	VECT	TBE0011TE NCE	EN	1/11/13	49
TENC	TBS0011	26-28 CUSTOMS ST EAST	PEN1101	VECT	TBS0011TE NCE	EN	1/11/15	13
TENC	TCA0011	CENTURY CITY APARTMENTS	CPK0331	CKHK	TCA0011TE NCE	EN	2/04/13	135
TENC	TCB0011	4 Williamson Ave Auckland	ROS1101	VECT	TCB0011TE NCE	EN	1/07/17	19
TENC	TCD0011	Chaffers Dock	CPK0331	CKHK	TCD0011TE NCE	EN	20/01/12	81
TENC	TCH0011	46-58 Customs Street East Auck	PEN1101	VECT	TCH0011TE NCE	EN	1/05/17	6
TENC	TCL0011	CHEWS LANE APARTMENTS	CPK0331	CKHK	TCL0011TEN CE	EN	14/09/18	96

TENC	TCP0011	370 Oriental Parade Wellington	CPK0331	CKHK	TCP0011TE NCE	EN	1/10/17	34
TENC	TCR0011	9 11 CORINTHIAN DR AUCKLAND	ALB0331	UNET	TCR0011TE NCE	EN	1/02/16	14
TENC	TCT0011	TAURANGA CROSSING TAURIKURA DR	TGA0331	POCO	TCT0011TE NCE	EN	15/03/19	113
TENC	TDS0011	AWLY BUILDING 80 ARMAGH ST CHCH	ISL0661	ORON	TDS0011TE NCE	EN	13/05/18	25
TENC	TET0011	EAGLE TECHNOLOGY HOUSE	CPK0111	CKHK	TET0011TE NCE	EN	14/09/18	17
TENC	TFJ0011	FUJITSU TOWER 141 THE TERRACE	CPK0331	CKHK	TFJ0011TEN CE	EN	14/09/18	28
TENC	TFM0011	FIVE MILE SHOPPING CENTRE	FKN0331	DUNE	TFM0011TE NCE	EN	8/07/15	71
TENC	TFS0011	152 FANSHAW ST AUCKLAND	PEN1101	VECT	TFS0011TEN CE	EN	26/09/19	12
TENC	TGC0011	THE GRAND ARCADE	CPK0331	CKHK	TGC0011TE NCE	EN	14/09/18	71
TENC	TGR0011	141 CASHEL ST CHRISTCHURCH 8011	ISL0661	ORON	TGR0011TE NCE	EN	13/05/18	7
TENC	TGS0011	650 Great South Rd Auckland	PEN0331	VECT	TGS0011TE NCE	EN	1/09/17	7
TENC	TGT0011	Guardian Trust Building	CPK0331	CKHK	TGT0011TE NCE	EN	14/09/18	20
TENC	THP0011	HOPETOUN RESIDENCES	ROS1101	VECT	THP0011TE NCE	EN	8/06/18	84
TENC	THP0012	7 Hopetoun Street Auckland	ROS1101	VECT	THP0012TE NCE	EN	8/06/18	124
TENC	THS0011	THE HSBC TOWER	ISL0661	ORON	THS0011TE NCE	EN	1/04/15	15
TENC	TKI0011	2 Kitchener St Auckland	PEN1101	VECT	TKI0011TEN CE	EN	1/08/17	18
TENC	TKM0011	The Karori Mall	WIL0331	CKHK	TKM0011TE NCE	EN	20/01/12	21
TENC	TKO0011	10 Waterloo Quay Wellington	WIL0331	CKHK	TKO0011TE NCE	EN	12/07/18	19
TENC	TKS0011	KATE SHEPPARD APARTMENTS	WIL0331	CKHK	TKS0011TE NCE	EN	1/03/15	66
TENC	TLN0011	131 LINCOLN ROAD AUCKLAND	HEN0331	UNET	TLN0011TE NCE	EN	1/07/15	11
TENC	TMC0011	2 Connolly St Lower Hutt	MLG0111	CKHK	TMC0011TE NCE	EN	22/08/17	11
TENC	TML0011	1 MARKET LANE WELLINGTON	CPK0331	CKHK	TML0011TE NCE	EN	1/04/15	50
TENC	TNV0011	NOUVO APARTMENTS MT COOK WLG	CPK0331	CKHK	TNV0011TE NCE	EN	1/06/16	43

TENC	TOT0011	131 QUEEN STREET	HOB1101	VECT	TOT0011TE NCE	EN	26/09/19	10
TENC	TPM0011	THE PIERMONT/MONUM ENT APARTMENTS	CPK0331	CKHK	TPM0011TE NCE	EN	1/09/13	151
TENC	TPW0011	141 Pakenham St West Auck	PEN1101	VECT	TPW0011TE NCE	EN	26/09/17	124
TENC	TQB0011	51 WEBB STREET	CPK0111	CKHK	TQB0011TE NCE	EN	14/09/18	76
TENC	TQS0011	246 QUEEN STREET AUCKLAND	PEN1101	VECT	TQS0011TE NCE	EN	1/10/13	24
TENC	TQW0011	CLYDE QUAY WHARF	CPK0331	CKHK	TQW0011TE NCE	EN	1/10/14	89
TENC	TRT0011	REPUBLIC BUILDING	CPK0331	CKHK	TRT0011TE NCE	EN	1/06/13	143
TENC	TSA0011	46 Sales St Auckland	HOB1101	VECT	TSA0011TE NCE	EN	1/07/17	10
TENC	TSG0011	THE SOUTHGATE MALL	TAK0331	VECT	TSG0011TE NCE	EN	1/08/13	32
TENC	TSN0011	79 QUEEN STREET	PEN1101	VECT	TSN0011TE NCE	EN	5/11/12	8
TENC	TSP0011	43 MULGRAVE ST WELLINGTON	CPK0331	CKHK	TSP0011TE NCE	EN	14/09/18	112
TENC	TSS0011	34 SHORTLAND ST AUCKLAND	PEN1101	VECT	TSS0011TEN CE	EN	1/12/16	21
TENC	TTA0011	19 College Street Wellington	CPK0331	CKHK	TTA0011TE NCE	EN	1/07/17	65
TENC	TTC0011	THE CUBE	CPK0331	CKHK	TTC0011TE NCE	EN	1/06/13	87
TENC	TTH0011	THE HUB 398 MAIN SOUTH ROAD	ISL0331	ORON	TTH0011TE NCE	EN	1/08/14	120
TENC	TTR0011	162 FLAT BUSH SCHOOL RD	PAK0331	VECT	TTR0011TE NCE	EN	1/05/16	69
TENC	TTS0011	TAKAPUNA AUCKLAND	ALB1101	UNET	TTS0011TEN CE	EN	21/09/19	17
TENC	TTT0011	TOURISM & TRAVEL HOUSE	CPK0331	CKHK	TTT0011TE NCE	EN	14/09/18	17
TENC	TVS0011	ORACLE BUILDING 162 VICTORIA ST	PEN1101	VECT	TVS0011TE NCE	EN	1/08/15	7
TENC	TVT0011	VICTORIA ST AUCKLAND	PEN1101	VECT	TVT0011TE NCE	EN	1/11/15	27
TENC	TWL0011	84 WILLIS ST WELLINGTON	CPK0331	CKHK	TWL0011TE NCE	EN	2/08/18	12
TENC	TWM0011	WAITAKERE MEGA CENTRE AUCKLAND	HEP0331	UNET	TWM0011T ENCE	EN	1/03/16	26
TENC	TWQ0011	14 WEST QUAY AHURIRI NAPIER	RDF0331	HAWK	TWQ0011TE NCE	EN	1/08/16	110

TENC	TWS0011	Willbank house WELLINGTON	CPK0331	CKHK	TWS0011TE NCE	EN	14/09/18	37
TENC	WGF0011	GLENFIELD SHOPPING CENTRE	WRD0331	UNET	WGF0011TE NCE	EN	1/02/16	108
TENC	WPK0011	WESTFIELD PAKURANGA	PAK0331	VECT	WPK0011TE NCE	EN	1/04/13	105
TENC	WSC0011	WESTFIELD SHORE CITY	WRD0331	UNET	WSC0011TE NCE	EN	21/09/19	72
TENC	WWC0011	WESTFIELD WESTCITY	HEP0331	UNET	WWC0011T ENCE	EN	1/03/18	129
TENC	TAC0011	250 Tancred Street ASHBURTON	ASB0331	EASH	TAC0011TE NCE	EN	1/07/19	6
TENC	TBW0011	33 Broadway Newmarket Auckland	PEN0331	VECT	TBW0011TE NCE	EN	1/10/18	18
TENC	TCG0011	103 Carlton Gore Road	PEN0331	VECT	TCG0011TE NCE	EN	1/01/19	10
TENC	TCO0011	95 SWAYNE ROAD CAMBRIDGE	CBG0111	WAIP	TCO0011TE NCE	EN	16/04/18	180
TENC	TCU0011	50 Customhouse Quay Wellington	KWA0111	CKHK	TCU0011TE NCE	EN	1/04/18	24
TENC	TFT0011	4 Fred Thomas Drive	ALB1101	UNET	TFT0011TEN CE	EN	1/11/18	18
TENC	TGB0011	96 St Georges Bay Road Auckland	PEN1101	VECT	TGB0011TE NCE	EN	1/02/18	13
TENC	TGD0011	Goddards Shopping Centre	TGA0331	POCO	TGD0011TE NCE	EN	1/06/19	19
TENC	THH0011	21 Home Straight Te Rapa	TWH0331	WAIK	THH0011TE NCE	EN	1/10/18	17
TENC	TJS0011	3-11 Hunter Street Wellington	CPK0331	CKHK	TJS0011TEN CE	EN	14/09/18	20
TENC	TJW0011	243-261 Princes Street Dunedin	SDN0331	DUNE	TJW0011TE NCE	EN	1/04/18	36
TENC	TLB0011	88 Te Oneroa Way Auckland	ALB0331	UNET	TLB0011TE NCE	EN	7/11/18	62
TENC	TOX0011	32 Oxford Terrace	ISL0661	ORON	TOX0011TE NCE	EN	1/05/19	14
TENC	TPK0011	Peak Apartments Wellington	CPK0111	CKHK	TPK0011TE NCE	EN	1/08/18	57
TENC	TPW0012	132 Halsey Street Auckland	HOB1101	VECT	TPW0012TE NCE	EN	1/12/18	57

TENC	TQC0011	Queenstown Central	FKN0331	DUNE	TQC0011TE NCE	EN	11/06/18	61
TENC	TSB0011	66 THE SQUARE PALMERSTON NORTH	BPE0331	POCO	TSB0011TE NCE	EN	1/03/19	20
TENC	TWA0011	2026 STEWART DUFF DR Wellington	CPK0331	CKHK	TWA0011TE NCE	EN	1/04/18	78
TENC	TWG0011	8 Wigan Street Wellington	CPK0111	CKHK	TWG0011TE NCE	EN	1/06/18	76
TENC	CPP0111	Central Park	PEN0331	VECT	CPP0111TE NCE	EN	1/08/18	104
TENC	HBS0011	1 Hobson St Auckland	PEN1101	VECT	HBS0011TE NCE	EN	26/06/19	134
TENC	HGH0011	Highbury Shopping Centre	WRD0331	UNET	HGH0011TE NCE	EN	1/06/18	30
TENC	KNA0011	205 Queen Street Auckland	PEN1101	VECT	KNA0011TE NCE	EN	1/02/18	86
TENC	KNW0111	North City Shopping Centre	TKR0331	CKHK	KNW0111TE NCE	EN	9/07/18	105
TENC	MXS0011	South City Centre	ISL0661	ORON	MXS0011TE NCE	EN	1/07/18	47
TENC	PFB0011	55 Featherston Street Wellington	WIL0331	CKHK	PFB0011TE NCE	EN	1/06/18	25
TENC	PHS0011	195 Lambton Quay Wellington	KWA0111	CKHK	PHS0011TE NCE	EN	1/06/18	10
TENC	RTB0011	TELCO BUILDING	PEN1101	VECT	RTB0011TE NCE	EN	1/12/18	40
TENC	STL0011	The Sentinel	ALB1101	UNET	STL0011TEN CE	EN	1/12/18	123
NSPs created during the period (since 08/07/19)								
Dist	NSP POC	Description	Parent POC	Parent Dist	Balancing Area	Netwk type	Start date	No of ICPs
TENC	TBQ0011	2-8 White St Auckland	PEN1101	VECT	TBQ0011TE NCE	EN	1/09/2019	174
TENC	TDX0011	111 Dixon Street Wellington	CPK0111	CHHK	TDX0011TE NCE	EN	11/11/2019	226
TENC	TES0011	1-3 EDWARD STREET WELLINGTON	CPK0111	CKHK	TES0011TEN CE	EN	1/12/2019	44
TENC	TFS0012	155 Fanshawe St Akld	HOB1101	VECT	TFS0012TEN CE	EN	1/06/2020	13

TENC	TGW0011	31 Galway St AUCKLAND	PEN1101	VECT	TGW0011TE NCE	EN	1/09/2020	10
TENC	THD0011	Hazeldean Business Park	ISL0661	ORON	THD0011TE NCE	EN	1/10/2019	27
TENC	TKL0011	16 West Coast Rd Glen Eden Akld	HEP0331	UNET	TKL0011TEN CE	EN	1/09/2019	
TENC	TMM0111	80b BURWOOD RD MATAMATA	HIN0331	POCO	TMM0111T ENCE	EN	8/07/2019	115
TENC	TMT0011	65-93 Lakeside Road Wanaka Otago	CML0331	DUNE	TMT0011TE NCE	EN	1/07/2020	1
TENC	TOM0011	226-240 Ormiston Rd Flatbush	OTA0221	VECT	TOM0011TE NCE	EN	1/05/2020	70
TENC	TQD0011	40-44 Queens Drive HUTT CENTRAL	MLG0111	CKHK	TQD0011TE NCE	EN	1/05/2020	8
TENC	TSQ0011	10 Ebor Street Te Aro Wellington	CPK0331	CKHK	TSQ0011TE NCE	EN	1/02/2020	96
TENC	TVP0011	166 VICTORIA ST Wellington	CPK0111	CKHK	TVP0011TE NCE	EN	1/02/2020	159
NSPs transferred in from other networks during the period (since 08/07/19)								
TENC	KMW0011	KIWI MAJESTIC CENTRE	CPK0331	CKHK	KMW0011T ENCE	EN	1/09/2019	60
TENC	PPH0011	PASTORAL HOUSE	KWA0111	CKHK	PPH0011TE NCE	EN	1/05/2020	22

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

Examination of the List file as at 20/10/20 found:

Status	Number of ICPs (2020)	Number of ICPs (2019)	Number of ICPs (2017)	Number of ICPs (2016)
New (999,0)	119	4	32	44
Ready (0,0)	182	134	19	18
Active (2,0)	6,161	4,952	3,326	2,568
Distributor (888,0)	-	-	-	-
Inactive – new connection in progress (1,12)	49	35	2	2
Inactive – electrically disconnected vacant property (1,4)	123	93	63	38
Inactive – electrically disconnected remotely by AMI meter (1,7)	22	14	3	4

Inactive – electrically disconnected at pole fuse (1,8)	-	-	-	-
Inactive – electrically disconnected due to meter disconnected (1,9)	13	10	3	2
Inactive – electrically disconnected at meter box fuse (1,10)	2	1	-	-
Inactive – electrically disconnected at meter box switch (1,11)	3	4	-	-
Inactive – electrically disconnected ready for decommissioning (1,6)	-	-	-	-
Inactive – reconciled elsewhere (1,5)	-	-	-	-
Decommissioned (3)	206	160	58	40

1.9. Authorisation Received

A letter of authorisation was provided.

1.10. Scope of Audit

This Distributor audit was performed at the request of TENC, 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.	TENCO
The provision of ICP information to the registry and the maintenance of that information.	
The creation and maintenance of loss factors.	

The audit report for TENCO will be submitted with this audit.

1.11. Summary of previous audit

TENC provided a copy of their previous audit conducted in September 2019 by Tara Gannon of Veritek Limited. The audit recorded 14 non-compliances and made no recommendations. The current status of the non-compliances and issues is listed below.

Subject	Section	Clause	Non-compliance	Status
Requirement to provide complete and accurate information	2.1	11.2(1) and 10.6(1)	Incorrect parent NSPs are recorded for TQB0011 and TCL0011 from 01/10/13-13/09/18 following a backdated change to the effective date of the LE ICP NSP by Wellington Electricity. 0001160076TCOCB had an incorrect event date applied for its initial electrical connection date registry update, 21/03/18 was applied instead of 01/04/18.	Still existing
Timeliness of Provision of ICP Information to the registry manager	3.4	7(2) of Schedule 11.1	153 late updates to ready status for new connections. Four late updates to the proposed trader for new connections.	Still existing
Timeliness of Provision of Initial Electrical Connection Date	3.5	7(2A) of Schedule 11.1	38 ICPs did not have initial electrical connection dates populated within ten business days of initial electrical connection.	Still existing
Connection of ICP that is not an NSP	3.6	11.17	Four ICPs did not have a proposed trader recorded prior to initial electrical connection.	Cleared
Changes to registry information	4.1	8 Schedule 11.1	Seven late address updates. 26 late network updates. Seven late pricing updates. 28 late updates to decommissioned status.	Still existing
ICP location address	4.4	2 Schedule 11.1	Ten ICPs with duplicate addresses, which were corrected to be unique during the audit. Two ICPs with difficult to locate addresses.	Still existing
Distributors to Provide ICP Information to the Registry manager	4.6	7(1) Schedule 11.1	Initial electrical connection dates were temporarily incorrect for ten ICPs.	Still existing

Subject	Section	Clause	Non-compliance	Status
Maintenance of price category codes	4.12	23 Schedule 11.1	Price category code TCPOP03's start date was recorded as 25/05/17 not 25/05/18. Price category code TCPOP03 was not created at least two months before the price category code came into effect.	Still existing
Creation and decommissioning of NSPs	6.1	11.8 and Clause 25 Schedule 11.1	Notification of a delayed start date for TFT0011 was not provided on time.	Still existing
Provision of NSP information	6.2	26(1) and (2) Schedule 11.1	Notifications of NSP creation for TBW0011 and TGB0011 were not provided to the reconciliation manager at least ten business days before the NSP was electrically connected.	Cleared
Notice of supporting embedded network NSP information	6.4	26(4) Schedule 11.1	LE ICP numbers were not provided at least one month before network creation for TBW0011, TFT0011, TGB0011, THH0011 and TPW0012.	Still existing
Responsibility for metering information for NSP that is not a POC to the grid	6.8	10.25(1) and 10.25(3)	Meter certification details were updated more than 20 business days after the certification date for WGF0011, PHS0011, TCT0011, TSG0011, TAW0011, WWC0011, WSC0011, TTT0011 and WPK0011.	Still existing
Obligations concerning change in network owner	6.10	29 Schedule 11.1	Notifications of a revised start date for a change of network owner for ICPs connected to TFT0011 were not issued to reconciliation participants at least one month before the start date.	Cleared
Creation of loss factors	8.1	11.2	Loss factor codes TCCKL01, TCLCL01 and TCLCL02 were assigned to 502 ICPs which did not have parent network loss codes consistent with the loss code. For 245 of the ICPs there was no difference in loss factor.	Still existing

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 TENCO report. The list file as at 30/09/20 and the combined registry compliance audit reports covering the period from 31/08/17 to 30/09/20 were examined to confirm compliance.

Audit commentary

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

There were some data inaccuracies found in the audit.

As detailed in **section 4.4**, review of the registry list identified four active ICPs with duplicate addresses. The addresses were inherited from the parent network and have now been corrected.

As detailed in **sections 4.1** and **4.6**, one ICP was allocated to the incorrect NSP. This was corrected upon discovery.

As detailed in **section 4.6**, it appeared that the meter for ICP 0000003106TCEFF had been certified prior to the initial electrical connection date, but this was an error as the trader had claimed it for the wrong date and TENC had adopted the same date. This has since been corrected.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 2.1 With: Clause 11.2(1) and 10.6(1) From: 22-May-20 To: 30-Sep-20	Four ICPs with duplicate addresses, which were corrected to be unique during the audit. One ICP recorded against the incorrect NSP. One ICP had the incorrect initial electrical connection date. Potential impact: Low Actual impact: Low Audit history: One Controls: Strong Breach risk rating: 1		
Audit risk rating	Rationale for audit risk rating		
Low	Controls are rated as strong as TENCO has a robust set of discrepancy reports that are used to identify and correct any errors found. The audit risk rating is low as the number of discrepancies found were small overall.		
Actions taken to resolve the issue		Completion date	Remedial action status
As soon as these data inaccuracies were recorded then they were corrected by Tenco. The duplicate address's were corrected in October/November-2020 when identified as part of the audit analysis, the incorrect NSP 18/05/2020 so captured via R3 RM Reconciliation, the wrong IED date was corrected in October/November-2020 when identified as part of the audit analysis.		Ongoing through the audit period.	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
In terms of duplicate address's when transferring in ICP's from the local network a review of analysis of transferring ICP's has now been added to the Embedded Network Setup process and we will amend the address's as soon as these ICP's are under the TENC code. The incorrect GXP was a 1 off human error as process was not correctly followed. The IED process has been modified to ensure that we have a copy of the meter cert or livening paperwork from the retailer/MEP before populating the IED in Registry.		December-2020	

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 TENCO's agent audit.

Audit commentary

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

Incorrect information is normally corrected daily, or as soon as possible upon discovery. I saw evidence of incorrect information being corrected promptly during the audit.

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 TENCO report.

The registry list file as at 30/09/2020 and the event detail report for 21/05/19 to 30/09/20 were examined 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 TENCO. Examination of the registry list found 1809 ICPs were created during the audit period. ICPs were created in accordance with this clause for all new connections.

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 TENCO 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.

A sample of ten new connections were checked to confirm compliance.

Audit commentary

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

The new connections checked found seven were requested by the embedded network owner and three were requested by the trader. Those requested by the trader were provided within three business days of the request.

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 new connection process is discussed in the TENCO audit report.

The registry list file as at 30/09/2020 and the combined audit compliance reports for 21/05/19 to 30/09/20 were examined to identify all new connections during the period and check that ICPs were created as required by this clause.

Audit commentary

Information was provided as required by this clause for all 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 registry list file for 30/09/2020 and the combined registry compliance audit reports covering the period 21/05/19 to 30/09/20 were examined to determine the timeliness of the provision of the ICP information for TENC's new connections.

Audit commentary

Compliance is recorded in the TENCO audit report.

The audit compliance report found two ICPs were updated late to "ready" status after electrical connection. These were due to human error where a detail had been changed which reset them to the "new" status and this wasn't identified until the trader tried to claim them. This is recorded as non-compliance.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 3.4 With: Clause 7(2) of Schedule 11.1 From: 18-Jun-20 To: 22-Jun-20	Two late updates to “ready” status for new connections. Potential impact: Low Actual impact: Low Audit history: Three times Controls: Strong Breach risk rating: 1		
Audit risk rating	Rationale for audit risk rating		
Low	The controls are rated as strong, as the process is robust. The impact is low, as only two ICPs were affected and both were updated within four days of being electrically connected.		
Actions taken to resolve the issue		Completion date	Remedial action status
The incorrect status on the ICP’s (which was the result of a reversal) was corrected as soon as we were made aware of this by the trader on the ICP’s.		As soon as we were made aware by the trader on the ICP’s.	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
This was human error due to the correct process and checks being completed, we believe our process is strong here and further staff training is provided where we see it as being required.		Ongoing	

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 new connection process is discussed in the TENCO contractor report.

The new connection process for populating all required registry fields was examined. The registry list for 30/09/2020 and the combined registry compliance audit reports covering the period from 21/05/2019 to 30/09/2020 were examined to determine the timeliness of the provision of the initial electrical connection date.

Audit commentary

Compliance is recorded in the TENCO report.

706 ICPs had the initial electrical connection date populated on the registry during the audit period. 599 (85%) were populated within ten business days of electrical connection. The remaining 107 ICPs were updated late. An extreme case sample of the ten latest updates were checked and found:

- six updates were triggered by a late claim by the retailer which triggered the population of the initial electrical connection date, and
- four late updates were caused by human error.

This is recorded as non-compliance below.

The accuracy of the initial electrical connection dates is examined in **section 2.1**.

Audit outcome

Non-compliant

Non-compliance	Description		
<p>Audit Ref: 3.5</p> <p>With: Clause 7(2) of Schedule 11.1</p> <p>From: 21-May-19</p> <p>To: 30-Sep-20</p>	<p>107 ICPs did not have the initial electrical connection date populated within ten business days of initial electrical connection.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: Multiple times</p> <p>Controls: Moderate</p> <p>Breach risk rating: 2</p>		
Audit risk rating	Rationale for audit risk rating		
Low	<p>Controls are rated as moderate as they are sufficient to ensure that initial electrical connection dates are updated on time most of the time.</p> <p>The impact is low, because there is no direct impact on settlement and 101 of the 107 late updates were made within 30 business days of the initial electrical connection date.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
We have previously been using our Salesforce Compliance Report to identify ICP's moving from Ready to Active and have looked to align the first Active Date with the Traders Claim date and ensure our IED matches this date. Where the updates from the Traders to MEP's have been late to Registry this has meant that the timeframes on our side have fallen outside of the Code timeframes.		Throughout the audit period.	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
The IED process has been modified to ensure that we have a copy of the meter cert or livening paperwork from the retailer/MEP before populating the IED in Registry. As a secondary check to not receiving paperwork in a timely manner (in a small number of cases where FCLM/Wells is not the MEP/metering contractor) we still have the Compliance Dashboard available to us and if the MEP's and Traders are adhering to the Code timeframes we will also remain compliant here.		December-2020	

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 was examined in **section 3.2**.

The new connection process is discussed in the TENCO contractor report. The registry list file as at 30/09/2020 and the combined registry compliance audit reports covering 21/05/19 to 30/09/20 were examined to determine compliance.

Audit commentary

As discussed in the TENCO agent audit report, the new connection process requires applications for new connections to be approved by traders. Two ICPs were updated to “ready” after electrical connection, however both had a trader recorded on the registry.

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 new connection process is discussed in the TENCO contractor report. The registry list file as at 30/09/2020 and the combined registry compliance audit reports covering 21/05/19 to 30/09/20 were examined to determine compliance.

Audit commentary

TENCO will not electrically connect an ICP without a reconciliation participant accepting responsibility. Examination of the list file and the combined audit compliance reports confirmed this.

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 new connection process is discussed in the TENCO contractor report. The registry list file as at 30/09/2020 and the combined registry compliance audit reports covering 21/05/19 to 30/09/20 were examined to determine compliance.

Audit commentary

TENCO's processes are robust in relation to this clause as an ICP will not be electrically connected without the agreement from the trader, who in turn has agreement with an MEP for the ICP.

The audit compliance report identified 416 ICPs with a meter certification date earlier than the first active date. 415 were associated with two new embedded networks. A diverse sample of ten ICPs were checked.

- Nine were certified in anticipation of the embedded network being established. There was a GN ICP on the gate meter which was where all kWhs were being reconciled to. So, whilst the meters were certified prior to the first active date of the ICP they were not temporarily electrically connected. This affected 415 ICPs.
- ICP 0000003106TCEFF's meter was certified on 28/08/20 but the initial electrical connection date is recorded as 03/09/20. TENC confirmed that the ICP was electrically connected on 28/08/20 and have corrected this. Therefore, the ICP was not temporarily connected. This is recorded as non-compliance in **sections 2.1** and **4.6**.

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 on the registry was examined.

Audit commentary

13 new NSPs were created during the audit period. All information was provided within the required timeframe with the exception of the late notification of meter expiry dates as detailed in the table below:

NSP	NSP start date	Update date	Business Days
TBQ0011	1/09/2019	27/09/2019	19
TDX0011	11/11/2019	11/11/2019	0
TES0011	1/12/2019	2/12/2019	0
TFS0012	1/06/2020	10/08/2020	49
TGW0011	1/09/2020	04/09/2020	3
THD0011	1/10/2019	11/12/2019	50
TKL0011	1/09/2019	22/10/2019	36
TMM0111	8/07/2019	02/08/2019	19
TMT0011	1/07/2020	20/07/2020	13
TOM0011	1/05/2020	22/06/2020	35
TQD0011	1/05/2020	09/03/2020	-38
TSQ0011	1/02/2020	13/02/2020	7
TVP0011	1/02/2020	04/02/2020	1

The seven late notifications of the meter expiry dates are recorded as non-compliance.

NSP TQD0011 was temporarily electrically connected to certify the meter prior to the start date of the embedded network. This is discussed in **section 3.10**.

Audit outcome

Non-compliant

Non-compliance	Description		
<p>Audit Ref: 3.9</p> <p>With: Clause 10.30</p> <p>From: 08-Jul-196</p> <p>To: 12-Oct-20</p>	<p>Seven NSP's were created without providing the meter certification expiry date within 5 business days of the NSP being electrically connected.</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 recorded as moderate because they mitigate risk most of the time but there is room for improvement.</p> <p>This audit risk rating is assessed to be low as there were only seven late notifications.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
The meter cert dates were added as soon as the paperwork came in from the MEP (AMS) however as noted in some cases this is arriving late to us.		During the audit period.	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
The Market Operations and Compliance Manager has assumed responsibility for this part of all EN setups and we have added additional steps to the process to weekly check the RM NSP table with our Salesforce records and in addition to this send AMS a copy of our Salesforce records monthly to ensure that our 2 systems are in synch as the delivery of meter cert details to us is a manual process at their end that is subject to oversight at times.		September-2020	

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

13 new NSPs were created during the audit period as described in **section 3.9**. NSP TQD0011 was temporarily electrically connected to certify the meter prior to the start date of the embedded network. TENC is the Reconciliation Participant and the MEP had their authorisation for this to occur. There is no impact to reconciliation as the volumes for this network was being reconciled on a GN ICP. Therefore, all volumes associated with the testing will be reconciled.

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 TENCO audit report.

Audit commentary

Compliance is recorded in the TENCO 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 was examined to confirm whether all active ICPs have a single loss category code.

Audit commentary

Each active ICP only has a single loss category, which clearly identifies the relevant loss factor.

Audit outcome

Compliant

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

Code reference

Clause 13 Schedule 11.1

Code related audit information

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

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

Audit observation

The ICP creation process is discussed in the TENCO contractor report. The list file with history covering the period from 21/05/19 to 30/09/20 was examined to identify any ICPs that had been at “new” status.

Audit commentary

Some ICPs are created at “new” and others are created at “ready”. ICPs that are created at “new” are changed to “ready” once the metering details and retailer have been determined. The only other instance where ICPs will be created at “new”, is that of a new NSP going live on the same day as the ICPs. The new NSP cannot be allocated to ICPs until the following day. This has not occurred during the audit period. As detailed in **section 3.4**, two ICPs were accidentally returned to the “new” status causing them to be backdated to “ready” and then moved to “active”. This is recorded as non-compliance in **section 3.4**.

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 TENCO report. The list file as at 20/05/19 was examined.

Audit commentary

Non-compliance is recorded for TENCO as the process lapsed during the audit period. Examination of the combined audit compliance reports found one ICP at the “new” status and 37 at the “ready” status. A typical sample of 12 of these ICPs were examined (including the one ICP at the “new” status). This found that four of these are no longer required (including in the one ICP at the “new” status). These have now been decommissioned.

The process to follow-up to determine whether the ICPs were still required is being reinstated and these will be checked going forward.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 3.14 With: Clause 15 Schedule 11.1 From: 23-Mar-18 To: 30-Sep-20	Monitoring in place for the ICPs at "new" and "ready" status for over 24 months has lapsed. Potential impact: Low Actual impact: Low Audit history: None Controls: Moderate Breach risk rating: 2		
Audit risk rating	Rationale for audit risk rating		
Low	The controls are recorded as moderate because they mitigate risk most of the time but there is room for improvement. The audit risk rating is low as overall the number of ICPs at these statuses for more than 24 months is small.		
Actions taken to resolve the issue		Completion date	Remedial action status
Prior to the onsite audit a review of all NEW and READY ICP's was completed.		October-2020	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
A monthly process to review these and ensure that the compliance notes in SF are still up to date and accurate has been reinstated and will be followed going forward.		October-2020	

3.15. Embedded generation loss category (Clause 7(6) Schedule 11.1)

Code reference

Clause 7(6) Schedule 11.1

Code related audit information

If the ICP connects the distributor's network to an embedded generating station that has a capacity of 10 MW or more (clause 7(1)(f) of Schedule 11.1):

- *The loss category code must be unique; and*
- *The distributor must provide the following to the reconciliation manager:*
 - o *the unique loss category code assigned to the ICP*
 - o *the ICP identifier of the ICP*
 - o *the NSP identifier of the NSP to which the ICP is connected*
 - o *the plant name of the embedded generating station.*

Audit observation

The list file was examined to determine compliance.

Audit commentary

Review of the registry list confirmed that no embedded generation over 10 MW is connected.

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 list file was examined to determine compliance.

Audit commentary

TENC obtains permission from the trader before electrically connecting ICPs, as discussed in **section 3.2**.

Review of the registry list confirmed that no unmetered load is connected, apart from residual load ICPs. TENC 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 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 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 TENCO contractor report. I also examined the registry list for 30/09/2020 and the combined registry audit compliance report covering the period from 21/05/19 to 30/09/20 to identify late changes to registry information during the audit period. A typical sample of ten ICPs (or less if there were fewer than ten ICPs) were examined to determine compliance.

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

Audit commentary

When information that is held by the registry changes, the distributor responsible for that ICP must provide notice to the registry of that change within three business days of that change taking effect.

Address events

1,674 address updates not relating to initial population of address data for new connections were identified. 1,519 (90.74%) were made within three business days of the event.

155 address updates were made late. The typical sample examined found:

- eight were late due to human error; staff training will resolve this, and
- two updates were caused by an error in the upload file that populated addresses as dates to the registry; the error was corrected as soon as it was identified.

Network events

3,070 network updates not relating to initial population of data for new connections were identified.

3,066 updates (99.87%) were made within three business days of the event date and three updates were late.

The three late updates were examined and found:

- two events were as a result of late transfers to NSP TAC0011 by the Reconciliation Manager for ICPs 0000027667EAF50 and 0000028096EAC64; this network has a total of six ICPs and the other four ICPs were transferred on time (once transferred TENC updated the network type from “GN” to “EN”), and
- ICP 0160110022PN080 was missed off the original DS010 file and was therefore missed from being transferred from PPNZ to TENC; the incomplete DS010 file is recorded as a non-compliance in **section 6.13**.

Pricing events

3,902 pricing updates not relating to initial population of pricing data for new connections were identified. 3,888 (99.64%) of these updates were made within three business days. The audit compliance report identified 14 late pricing updates. Of the 14, seven were examined:

- five updates were the result of human error,
- one update was backdated due to a trader request, and
- one update was a result of change to billing methodology for the residual load ICP resulting in a late update to the registry.

Status events

There were 132 status updates identified, excluding updates for new connections. All were updated within the required timeframe with the exception of two ICPs.

NSP changes

The audit compliance report identified that ICP 0004557778TC4F3 was incorrectly allocated to TML0011 and was corrected to TFM0011 upon discovery and backdated to the network start date causing the event to be backdated 52 business days.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 4.1 With: Clause 8 Schedule 11.1 From: 21-May-19 To: 30-Sep-20	155 late address updates. Three late network updates. 14 late pricing updates. Two late updates to decommissioned status. One late NSP change. Potential impact: Low Actual impact: Low Audit history: Multiple times 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 updates are on time most of the time The risk is assessed as low as a relatively small proportion of updates were affected.		
Actions taken to resolve the issue		Completion date	Remedial action status
As soon as these data inaccuracies were recorded then they were corrected by Tenco. There are a lot of transactions on our ICP's and a large percentage of these are completed on time, a number of late entries are the result of human error and additional training for staff if being provided where required.		Ongoing throughout the audit period.	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
Additional staff training and controls around registry updates made.		September-2020	

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 process to determine the correct NSP was examined. The audit compliance did not find any ICPs mapped to the incorrect NSP.

Audit commentary

Compliance is recorded for TENCO. The audit compliance report confirmed that one ICP had an incorrect NSP recorded.

As detailed in **sections 4.1 and 4.6**, ICP 0004557778TC4F3 was incorrectly allocated to TML0111 but should have been allocated to TFM0011. This was corrected when discovered and was the only instance of this occurring.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 4.2 With: Clauses 7(1)(b) of Schedule 11.1 From: 02-Mar-20 To: 18-May-20	One ICP was allocated to the incorrect 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, as this was a one-off instance and was due to human error. The audit risk rating is low as only one ICP was affected.		
Actions taken to resolve the issue		Completion date	Remedial action status
As soon as we were made aware of the incorrect NSP being setup on this ICP it was corrected in Registry.		18/05/2020	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
We are confident that our controls in the creation of ICP's is strong and this one off error was the result of human error.		N/A	

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

TENC occasionally receives direct requests for ICP identifiers. These are provided immediately, by looking up the ICP based on information that the customer provides.

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 Tenco contractor report. The combined audit compliance report covering the audit period was examined.

Audit commentary

Review of the registry list identified four active ICPs with duplicate addresses. The addresses were inherited from the parent network and have now been corrected.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 4.4 With: Clause 2 Schedule 11.1 From: 21-May-19 To: 30-Sep-20	Four ICPs with duplicate addresses, which were corrected to be unique during the audit. Potential impact: Low Actual impact: Low Audit history: One Controls: Strong Breach risk rating: 1		
Audit risk rating	Rationale for audit risk rating		
Low	Controls are rated as strong, as there is a check in place to ensure that all addresses are readily locatable, and this step was missed in these two instances resulting in four duplicated addresses. The impact is low because in most cases address information is correct. Incorrect addresses can have a direct impact on the retailer’s ability to read, disconnect and reconnect these sites.		
Actions taken to resolve the issue		Completion date	Remedial action status
As soon as these data inaccuracies were recorded then they were corrected by Tenco. The duplicate address’s were corrected in October/November-2020 when identified as part of the audit analysis.		October/November-2020	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
When transferring in ICP’s from the local network a review of analysis of transferring ICP’s has now been added to the Embedded Network Setup process and we will amend the address’s as soon as these ICP’s are under the TENC code		December-2020	

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 is discussed in the TENCO report.

Audit commentary

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

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 registry data is discussed in the TENCO contractor report.

The registry list as at 30/09/2020 and combined audit compliance reports for the audit period from 21/05/19 to 30/09/20 were reviewed to determine compliance for the population of all required information and its alignment with the trader where appropriate e.g., distributed generation, unmetered load, and shared unmetered load.

Audit commentary

Review of the registry list and comparison with the meter event details report identified some inaccurate information.

NSP allocation

ICP 0004557778TC4F3 was incorrectly allocated to TML0111 but should have been allocated to TFM0011. This was corrected when discovered and was the only instance of this occurring. This is recorded as non-compliance below and in **sections 2.1** and **4.2**.

Initial electrical connection dates

The audit compliance report identified 416 ICPs with a meter certification date earlier than the first active date. 415 were associated with two new embedded networks. A diverse sample of ten ICPs were checked.

- Nine were certified in anticipation of the embedded network being established. There was a GN ICP on the gate meter which was where all kWhs were being reconciled too. This affected 415 ICPs.
- ICP 0000003106TCEFF's meter was certified on 28/08/20 but the initial electrical connection date is recorded as 03/09/20. TENC confirmed that the ICP was electrically connected on 28/08/20 and have corrected this. This is recorded as non-compliance below and in **section 2.1**.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 4.6 With: Clause 7(1) Schedule 11.1 From: 21-May-19 To:3020-Sep-20	One ICP recorded against the incorrect NSP. One ICP had the incorrect initial electrical connection date. Potential impact: Low Actual impact: Low Audit history: Twice Controls: Strong Breach risk rating: 1		
Audit risk rating	Rationale for audit risk rating		
Low	The controls are rated as strong as processes are well documented. The audit risk rating is low as there were only two discrepancies.		
Actions taken to resolve the issue		Completion date	Remedial action status
As soon as these data inaccuracies were recorded then they were corrected by Tenco. The incorrect NSP was corrected on the 18/05/2020 so captured via R3 RM Reconciliation, the wrong IED date was corrected on 16/11/2020 when identified as part of the audit analysis.		18/05/2020 (Incorrect NSP) & 16/11/2020 (IED)	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
The incorrect NSP was a 1 off human error as process was not correctly followed. The IED process has been modified to ensure that we have a copy of the meter cert or livening paperwork from the retailer/MEP before populating the IED in Registry.		December-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 TENCO contractor report. The audit compliance reporting and the registry list were examined to determine compliance.

Audit commentary

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

As discussed in **section 3.4**, all ICPs had pricing information recorded on the registry prior to initial electrical connection.

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 20/05/19 was examined to confirm compliance.

Audit commentary

110 active ICPs situated at West Quay, Napier and four active ICPs situated at 16 West Coast Rd, Glen Eden have GPS coordinates recorded. I mapped the GPS coordinates using NZTM2000 and confirmed that the coordinate locations were consistent with the physical addresses recorded on the registry for the ICPs.

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 TENCO contractor report. The registry list file for 30/09/2020 and the combined registry compliance audit reports covering the period from 21/05/2019 to 30/09/2020 were examined.

Audit commentary

Compliance is recorded in the TENCO contractor report.

182 ICPs which have not been electrically connected are at “ready” status. ICPs at “ready” status for more than 24 months are discussed in **section 3.14**.

Audit outcome

Compliant

4.10. Management of “distributor” status (Clause 16 Schedule 11.1)

Code reference

Clause 16 Schedule 11.1

Code related audit information

The ICP status of “distributor” must be managed by the distributor and indicates that the ICP record represents a shared unmetered load installation or the point of connection between an embedded network and its parent network.

Audit observation

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

The registry list for 30/09/2020 was reviewed to identify any ICPs at the 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 TENCO contractor report. The list file as at 30/09/2020 and combined audit compliance reports for the period 21/05/2019 to 30/09/2020 were examined in relation to the use of the decommissioned status.

Audit commentary

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

170 ICPs were decommissioned during the audit period, and the registry was updated in accordance with this clause.

The timeliness of updates to decommissioned status are discussed in **section 4.1**.

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 to determine compliance.

Audit commentary

Nine new price category codes have been created since May 2019. All but two were notified within the required timeframe:

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 to determine compliance.

Audit commentary

TENC created seven new loss factor code during the audit period. Four were updated within the required notification period. Three were updated late as detailed below:

Distributor	Loss Code	Loss Factor	Start date	Updated
TENC	TCPOL06	1.0469	1/07/2019	3/07/2019 12:14
TENC	TCPOL07	1.0353	1/07/2019	3/07/2019 12:16
TENC	TCPOL08	1.014	1/07/2019	3/07/2019 12:18

These were delayed due to human error. This is recorded as non-compliance.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 5.1 With: Clause 21 of schedule 11.1 From: 01-May-19 To: 03-Jul-19	Three new loss categories not notified two months in advance of coming into effect. 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 processes are well mapped. The audit risk rating is low as the number of ICPs affected was small.		
Actions taken to resolve the issue		Completion date	Remedial action status
The above loss codes were added to Registry for a new Embedded Network commencing the 08/07/2019 and we looked to add these on the 03/07/2019 in preparation however Registry requires start dates for losses to be the 1 st of the month hence non-compliance occurred		N/A	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
This was a one off error and the result of us not being aware of the Registry requirement for 1 st of the month loss start date. Our process has since been updated.		July-2019	

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 to determine compliance.

Audit commentary

TENC did not end date or update any loss factor codes during the audit period.

There was a maximum of one loss factor per loss factor category code per month.

Audit outcome

Compliant

6. CREATION AND MAINTENANCE OF NSPS (INCLUDING DECOMMISSIONING OF NSPS AND TRANSFER OF ICPS)

6.1. Creation and decommissioning of NSPs (Clause 11.8 and Clause 25 Schedule 11.1)

Code reference

Clause 11.8 and Clause 25 Schedule 11.1

Code related audit information

If the distributor is creating or decommissioning an NSP that is an interconnection point between 2 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 TENCO agent audit.

The NSP table on the registry was examined.

Audit commentary

Compliance is recorded for TENCO.

No NSPs were decommissioned, and no NSPs transferred from TENC to other networks during the audit period. 13 NSPs were created during the period:

NSP	Start date	Comment
TBQ0011	1/09/2019	New ICPs created by TENC.
TDX0011	11/11/2019	New ICPs created by TENC.
TES0011	1/12/2019	ICPs transferred from Wellington Electricity.
TFS0012	1/06/2020	New ICPs created by TENC.
TGW0011	1/09/2020	New ICPs created by TENC.
THD0011	1/10/2019	ICPs transferred from Orion.

NSP	Start date	Comment
TKL0011	1/09/2019	ICPs transferred from Vector.
TMM0111	8/07/2019	New ICPs created by TENC.
TMT0011	1/07/2020	New ICPs created by TENC.
TOM0011	1/05/2020	New ICPs created by TENC.
TQD0011	1/05/2020	ICPs transferred from Wellington Electricity.
TSQ0011	1/02/2020	ICPs transferred from Wellington Electricity.
TVP0011	1/02/2020	ICPs transferred from Wellington Electricity.

Written notice was provided to all parties as required by this clause. All were provided within the required timeframe with the exception of NSP TMM0011 which was notified on 18/06/19 for a start date of 8/07/19. This is recorded as non-compliance.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 6.1 With: Clause 11.8 and Clause 25 Schedule 11.1 From: 07-Jun-19 To: 16-Jun-19	Late notification for NSP TMM0011. Potential impact: Low Actual impact: Low Audit history: Once previously Controls: Strong Breach risk rating: 1		
Audit risk rating	Rationale for audit risk rating		
Low	Controls are rated as strong, because one update was late, and the processes ensure that information is normally provided on time. The impact is low as it was a few days late.		
Actions taken to resolve the issue		Completion date	Remedial action status
The late notification of TMM0011 for the 08/07/2019 on the 18/06/2019 was consciously made by us following confirmation from the onsite development team that livening would be occurring from the 08/07/2019 (we had previously requested 1 months notice at a minimum however the early delivery of the HV metering unit brought forward the livening date)		N/A	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
This is a one off issue and made by a decision to short notify by us, our process is very clear on the required notice period.		N/A	

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 TENCO agent audit.

The NSP table on the registry was examined.

Audit commentary

Compliance is recorded for TENCO.

For each of the 13 new NSPs listed in **section 6.1**, requests to create NSP identifiers were provided to the RM as required by this clause.

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 TENCO agent audit.

The NSP table on the registry was examined.

Audit commentary

Compliance is recorded for TENCO.

13 new NSPs were created during the audit period (listed in **section 6.1**), and two NSPs transferred (listed in **section 6.10**).

For each NSP created or transferred, the correct balancing area information was provided in accordance with this clause.

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 TENCO agent audit.

The NSP table on the registry and the registry list with history for 21/05/19 to 30/09/20 were examined to determine compliance.

Audit commentary

Compliance is recorded for TENCO.

13 new NSPs were created during the audit period (listed in **section 6.1**), and two NSPs transferred (listed in **section 6.10**). For each NSP created or transferred, information was provided to the reconciliation manager as required by this clause. LE ICP information was provided late for the following NSPs:

NSP	LE ICP	NSP start date	LE ICP notification date
TBQ0011	1002069939LCB97	1/09/2019	6/09/2019
TFS0012	1002092803LCD86	1/06/2020	16/06/2020
TGW0011	1002107432LCEBF	1/09/2020	4/09/2020
TKL0011	1002068773UN61C	1/09/2019	14/08/2019
TMM0111	1000583903PC510	8/07/2019	18/06/2019
TMT0011	0000508090CEDC6	1/07/2020	19/06/2020

I found that the late notifications were primarily caused by the late creation of the LE ICP by the parent network, which in turn caused late provision of the LE ICP to the reconciliation manager.

TENCO makes every effort to get the LE ICP from the parent networks but this can be slow in being provided in some instances. The creation of LE ICPs needs to be examined in more detail in the parent network Distributor audits.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 6.4 With: Clause 26(4) Schedule 11.1 From: 01-Sep-19 To: 04-Sep-20	Six LE ICP numbers were not provided at least one month before network creation date. Potential impact: Low Actual impact: Low Audit history: Twice previously Controls: Strong Breach risk rating: 1		
Audit risk rating	Rationale for audit risk rating		
Low	The controls are strong, because the delays were primarily caused by other parties not providing information on time. The audit risk rating is low because all other required information was provided on time.		
Actions taken to resolve the issue		Completion date	Remedial action status
As soon as the LE ICP was provided to us it was populated to the RM portal. The challenge we have is that in some cases we do not receive the LE ICP from the local network 1 month prior to the network commencement or liveness date due to their own internal rules which are not in alignment with the 1 month notice required by code for new NSP's.		Ongoing through the audit period.	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
We continue to work with Local Networks to ensure that we get LE ICP's in a timely fashion and that they are aware of the non-compliance on us for late provision of these.		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 process to maintain balancing area information was reviewed as part of the TENCO agent audit.
The NSP table on the registry was examined.

Audit commentary

Compliance is recorded for TENCO.

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 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 ICP transfer process was reviewed as part of the TENCO agent audit.

The NSP table on the registry was examined.

Audit commentary

Compliance is recorded for TENCO.

For six new NSPs, ICPs transferred from an existing network:

NSP	Start date	Comment
TES0011	1/12/2019	ICPs transferred from Wellington Electricity.
THD0011	1/10/2019	ICPs transferred from Orion.

NSP	Start date	Comment
TKL0011	1/09/2019	ICPs transferred from Vector.
TQD0011	1/05/2020	ICPs transferred from Wellington Electricity.
TSQ0011	1/02/2020	ICPs transferred from Wellington Electricity.
TVP0011	1/02/2020	ICPs transferred from Wellington Electricity.

All ICPs connected to a further two NSPs transferred to TENC from other embedded networks during the audit period:

NSP	Start date	Comment
KMW0011	1/09/2019	Transferred from KIPT.
PPH0011	1/05/2020	Transferred from PPNZ.

In all cases notification was provided more than three days before the transfer took effect. One ICP was missed being transferred on NSP PPH0011. This is recorded as non-compliance in **section 6.13**.

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 Tenco agent audit.

The NSP table was examined, and notifications were reviewed.

Audit commentary

Compliance is recorded for TENCO.

The following NSPs have had meter certification date changes since 21/05/2019:

NSP POC	Description	MEP	New cert date	Update date	New expiry	Business days
HBS0011	1 Hobson St Auckland	AMCI	6/03/2019	19/02/2020 15:46	14/10/2022	240
KNA0011	205 Queen Street Auckland	AMCI	30/06/2020	9/07/2020 12:40	24/11/2022	7
PFB0011	55 Featherston Street Wellington	FCLM	11/02/2020	21/02/2020 15:13	29/07/2021	8
RTB0011	TELCO BUILDING	FCLM	26/08/2020	3/09/2020 13:09	26/08/2030	6
TBC0011	BNZ CENTRE CHRISTCHURCH	AMCI	22/06/2020	16/07/2020 9:10	22/06/2025	18
TCA0011	CENTURY CITY APARTMENTS	AMCI	6/08/2020	14/08/2020 13:25	23/07/2022	6
TCD0011	Chaffers Dock	AMCI	2/06/2020	23/09/2020 14:19	25/05/2021	81
TDS0011	AWLY BUILDING 80 ARMAGH ST CHCH	AMCI	1/05/2020	3/06/2020 15:57	1/05/2025	22
TET0011	EAGLE TECHNOLOGY HOUSE	AMCI	13/08/2019	10/09/2019 15:58	24/01/2023	20
TGC0011	THE GRAND ARCADE	AMCI	13/09/2019	24/09/2019 11:14	13/09/2021	7
TML0011	1 MARKET LANE WELLINGTON	AMCI	10/10/2018	4/06/2019 16:37	10/10/2023	159
TPW0012	132 Halsey Street Auckland	AMCI	11/03/2020	23/09/20	05/02/2028	132
TQS0011	246 QUEEN STREET AUCKLAND	AMCI	8/12/2019	13/02/2020 13:44	8/12/2024	43
TSN0011	79 QUEEN STREET	AMCI	19/03/2020	31/03/2020 14:50	19/03/2030	8
TTH0011	THE HUB 398 MAIN SOUTH ROAD	AMCI	21/09/2020	1/10/2020 19:54	23/11/2021	8
TTS0011	TAKAPUNA AUCKLAND	AMCI	25/06/2020	23/09/2020 14:57	25/06/2025	64
TVS0011	ORACLE BUILDING 162 VICTORIA ST	AMCI	2/07/2020	9/07/2020 11:32	11/11/2023	5

NSP POC	Description	MEP	New cert date	Update date	New expiry	Business days
TVT0011	VICTORIA ST AUCKLAND	AMCI	13/07/2020	10/08/2020 9:13	13/07/2025	20
WGF0011	GLENFIELD SHOPPING CENTRE	AMCI	17/09/2020	30/09/2020 15:49	15/03/2021	9
WPK0011	WESTFIELD PAKURANGA	AMCI	08/02/2020	23/09/2020 15:04	12/10/2020	158
WSC0011	WESTFIELD SHORE CITY	AMCI	12/03/2020	1/04/2020 15:56	23/11/2020	14
WWC0011	WESTFIELD WESTCITY	AMCI	11/02/2020	5/03/2020 15:06	3/05/2021	17

Meter certification details were updated more than 20 business days after the certification date for seven NSPs as highlighted in the table above. These late updates were due to either late notification from the MEP or in some instances AMCI had the incorrect email address and notifications were not being received as expected. The MEP now has the correct email address.

The TENCO code change request submitted on 29/05/19, asking the Authority to consider including embedded network gate meter details on the registry so that the MEP can maintain these details is still under consideration.

Th NSP table was reviewed, and I found all NSPs had current meter certification with the exception of NSP TLN0011 which's meter certification expired on 6/07/20. This has not been recertified as yet due to difficulty in arranging shutdowns with some of the ICPs on this NSP. TENCO are working with AMS and the relevant traders to get this arranged. This is recorded as non-compliance below.

I confirmed that the issue of cancelled certification as a result of missed inspections reported in the last audit has been resolved by reviewing the latest MEP audit.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 6.8 With: Clause 10.25(1) and 10.25(3) From: 21-May-19 To: 30-Sept-20	Meter certification details were updated more than 20 business days for seven NSPs. Meter certification expired on TLN0011. Potential impact: Low Actual impact: Low Audit history: Once previously Controls: Moderate Breach risk rating:2		
Audit risk rating	Rationale for audit risk rating		
Low	The controls are moderate as the process did not identify when meter certifications weren't being received, so there is room for improvement. The impact is low. The meters with late updates were certified at all times.		
Actions taken to resolve the issue		Completion date	Remedial action status
As soon as we were made aware of the mis-match between or records on the MEP's we updated the RM NSP Metering table with the updated records.		23/09/2020	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
We have added a step to our process whereby on BD1 each month we send the MEP a record of all LE metering cert details with have in Tenco's CRM to allow them to review and provide updated meter paperwork to us where the steps introduced in November-2017 as referenced above have not been completed.		September-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 TENCO agent audit.

The NSP table was examined, and notifications were reviewed.

Audit commentary

NSP	NSP start date	Update date	Business Days
TBQ0011	1/09/2019	27/09/2019	19
TDX0011	11/11/2019	11/11/2019	0
TES0011	1/12/2019	2/12/2019	0
TFS0012	1/06/2020	10/08/2020	49
TGW0011	1/09/2020	04/09/2020	3
THD0011	1/10/2019	11/12/2019	50
TKL0011	1/09/2019	22/10/2019	36
TMM0111	8/07/2019	02/08/2019	19
TMT0011	1/07/2020	20/07/2020	13
TOM0011	1/05/2020	22/06/2020	35
TQD0011	1/05/2020	09/03/2020	-38
TSQ0011	1/02/2020	13/02/2020	7
TVP0011	1/02/2020	04/02/2020	1

Four NSP's were created without providing the required meter certification expiry date to the Reconciliation Manager within 20 business days of the meter being certified.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 6.9 With: Clause 10.25(2) From: 01-Sep-19 To: 10-Aug-20	Four NSP’s were created without providing the required meter certification expiry date to the Reconciliation Manager within 20 business days of the meter being certified. Potential impact: Low Actual impact: Low Audit history: None Controls: Moderate Breach risk rating: 2		
Audit risk rating	Rationale for audit risk rating		
Low	The controls are recorded as moderate because they mitigate risk most of the time, but there is room for improvement. 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
The meter cert dates were added as soon as the paperwork came in from the MEP (AMS) however as noted in some cases this is arriving late to us.		During the audit period.	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
The Market Operations and Compliance Manager has assumed responsibility for this part of all EN setups and we have added additional steps to the process to weekly check the RM NSP table with our Salesforce records and in addition to this send AMS a copy of our Salesforce records monthly to ensure that our 2 systems are in synch as the delivery of meter cert details to us is a manual process at their end that is subject to oversight at times.		September-2020	

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

Processes for management of network owner changes were reviewed as part of the TENCO agent audit. The NSP table on the registry was examined.

Audit commentary

Compliance is recorded for TENCO.

For six new NSPs, ICPs were transferred from an existing network:

NSP	Start date	Comment
TES0011	1/12/2019	ICPs transferred from Wellington Electricity.
THD0011	1/10/2019	ICPs transferred from Orion.
TKL0011	1/09/2019	ICPs transferred from Vector.
TQD0011	1/05/2020	ICPs transferred from Wellington Electricity.
TSQ0011	1/02/2020	ICPs transferred from Wellington Electricity.
TVP0011	1/02/2020	ICPs transferred from Wellington Electricity.

All ICPs connected to a further two NSPs transferred to TENC from other embedded networks during the audit period:

NSP	Start date	Comment
KMW0011	1/09/2019	Transferred from KIPT.
PPH0011	1/05/2020	Transferred from PPNZ.

The correct information was provided within the required timeframe in accordance with this clause for each of the NSPs transferred during the audit period. One ICP was omitted from the PPH0011 transfer. This is recorded as non-compliance in **section 6.13**.

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

Audit commentary

There have been no MEP changes during the audit period.

Audit outcome

Compliant

6.12. Confirmation of consent for transfer of ICPs (Clauses 5 and 8 Schedule 11.2)

Code reference

Clauses 5 and 8 Schedule 11.2

Code related audit information

The distributor must give the Authority confirmation that it has received written consent to the proposed transfer from:

- the distributor whose network is associated with the NSP to which the ICP is recorded as being connected immediately before the notification (unless the notification relates to the creation of an embedded network) (Clause 5(a) of Schedule 11.2)*
- every trader trading at an ICP being supplied from the NSP to which the notification relates (Clause 5(b) of Schedule 11.2).*

The notification must include any information requested by the Authority (Clause 8 of Schedule 11.2).

Audit observation

The NSP table and the registry list for 21/05/19 to 30/09/20 were examined, and notifications were reviewed.

Audit commentary

Compliance is recorded for TENCO.

For six new NSPs, ICPs transferred from an existing network:

NSP	Start date	Comment
TES0011	1/12/2019	ICPs transferred from Wellington Electricity.
THD0011	1/10/2019	ICPs transferred from Orion.
TKL0011	1/09/2019	ICPs transferred from Vector.
TQD0011	1/05/2020	ICPs transferred from Wellington Electricity.
TSQ0011	1/02/2020	ICPs transferred from Wellington Electricity.
TVP0011	1/02/2020	ICPs transferred from Wellington Electricity.

All ICPs connected to a further two NSPs transferred to TENC from other embedded networks during the audit period:

NSP	Start date	Comment
KMW0011	1/09/2019	Transferred from KIPT.
PPH0011	1/05/2020	Transferred from PPNZ.

Consent information was obtained and provided within the required timeframe in accordance with this clause.

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

Processes for management of ICP transfers were reviewed as part of the TENCO agent audit.

The NSP table was examined.

Audit observation

Compliance is recorded for TENCO. Two NSPs transferred to TENC from other embedded networks during the audit period:

NSP	Start date	Comment
KMW0011	1/09/2019	Transferred from KIPT.
PPH0011	1/05/2020	Transferred from PPNZ.

All ICPs on the KMW0011 network were transferred. ICP 0160110022PN080 was missed off the original DS010 file for NSP PPH0011 and was therefore missed from being transferred from PPNZ to TENC. This is recorded as non-compliance below.

As detailed in **section 6.12**, some ICPs transferred from a parent network to an embedded network. This clause does not apply where ICPs transfer from parent networks to embedded networks.

Audit outcome

Non-compliant

Non-compliance	Description		
<p>Audit Ref: 6.13</p> <p>With: Clause 6 of schedule 11.2</p> <p>From: 01-May-20</p> <p>To: 15-May-20</p>	<p>One ICP omitted from the transfer of NSP PPH0011 from PPNZ to TENC.</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 recorded as strong as the process is well mapped and this was a one-off human error.</p> <p>The audit risk rating is low as only one ICP was affected and was corrected as soon as it was discovered.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
This was due to human error in the preparation of the DS-10 file and is a one off. As soon as we became aware of the issue it was corrected by us via the EA.		13/05/2020	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
We believe this is a one off error and the result of human error and that our controls in this space utilising the correct Salesforce reports will ensure that this does not occur again in the future.		N/A	

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 with history for 21/05/19 to 30/09/20 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 with history for 21/05/19 to 30/09/20 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 is discussed in the TENCO report.

Current loss factors on the loss factor table were compared to the loss factors for the parent networks. Assignment of loss factors to ICPs on each of the TENC NSPs was checked using the registry list as at 30/09/20.

Audit commentary

TENCO 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.

To do this, TENCO determines the gateway loss factor from the LE ICP's loss factor, then determines the local network loss factor which would be likely to apply to the embedded network ICPs if they were connected to the local network. TENCO then calculates the overall loss factor and multiplies this by the local network loss factor to determine the value for each embedded network loss factor code.

TENCO maintains the internal loss factors on the registry, and within their pricing schedules which are issued to retailers.

I compared the loss factors applied to each ICP to TENC's loss factor mapping tables, and the parent network's loss factors. All TENC loss factors values were calculated based on the current loss factors for the parent network.

I found some of the discrepancies identified in the last audit have not been corrected as detailed below:

Code	NSP	ICP count	Description	Loss factor difference
TCLCL01	TBA0011	13	TCLCL01 is expected with parent loss factor VECA3 not VECA2. There is no difference to the loss factor value applied, but a new code should be created.	No difference at ICP
	TSN0011	7		

Code	NSP	ICP count	Description	Loss factor difference
TCLCL02	THP0012	124	TCLCL02 is expected with parent loss factor VECA2 not VECA3. There is no difference to the loss factor value applied, but a new code should be created.	No difference at ICP

These corrections were not processed correctly. TENCO will correct these. TENCO have improved their controls around the management of these, so this is not expected to occur again.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 8.1 With: Clause 11.2 From: 14-Aug-19 To: 14-Aug-19	Loss factor codes TCLCL01 and TCLCL02 were assigned to 144 ICPs which did not have parent network loss codes consistent with the loss code. There is no difference in loss factor for these ICPs. Potential impact: Low Actual impact: Low Audit history: Once previously Controls: Moderate Breach risk rating: 2		
Audit risk rating	Rationale for audit risk rating		
Low	The controls are strong as there were no new loss factor errors identified for the current audit period. The impact is none but low is the only option available as there is no difference in loss factor for the affected ICPs.		
Actions taken to resolve the issue		Completion date	Remedial action status
These loss codes were corrected by us from the 01/12/2020 across all ICP's, the corrections should have been made in early 2020 following our last audit but were not due to human error as new loss codes were established however once the loss codes became available the changes at an ICP level were not pushed through to Registry.		01/12/2020	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
The Market Operations and Compliance Manager in conjunction with the Managing Director has assumed responsibility for overseeing all noted actions and recommendations coming out of our audits.		September-2020	

CONCLUSION

Overall processes in place are robust. There has been some staff changes during the audit period and human errors where the documented processes haven't been followed are the main reason for the non-compliances identified. In all cases there are only a small number of ICPs affected and processes are recorded as strong.

The audit found 16 non-compliances and makes no recommendations. The next audit frequency table indicates an audit risk rating of 22 indicating that the next audit be due in six months. I have considered this in conjunction with TENCO's comments and the materiality of the non-compliances found and I agree with this recommendation.

PARTICIPANT RESPONSE

Tenco has reviewed the above audit and is in agreement with the findings contained within it. We are disappointed with the level of non-compliance attributable to human error however changes in staffing from September-2020 will resolve a lot of these issues for us in the next audit cycle.