ELECTRICITY INDUSTRY PARTICIPATION CODE
DISTRIBUTOR AUDIT REPORT

For

NETWORK TASMAN
(NZBN: 9429038760433)

Prepared by: Steve Woods

Date audit commenced: 14 June 2021

Date audit report completed: 14 September 2021

Audit report due date: 15-Sep-21

TABLE OF CONTENTS

Executive summary 4
Audit summary 5

Non-compliances 5
Recommendations 6
Issues 6

1. Administrative 7

1.1. Exemptions from Obligations to Comply with Code (Section 11) 7
1.2. Structure of Organisation 7
1.3. Persons involved in this audit 8
1.4. Use of contractors (Clause 11.2A) 8
1.5. Supplier list 9
1.6. Hardware and Software 9
1.7. Breaches or Breach Allegations 10
1.8. ICP and NSP Data 10
1.9. Authorisation Received 11
1.10. Scope of Audit 12
1.11. Summary of previous audit 13
Recommendations 13
Issues 13

2. Operational Infrastructure 14

2.1. Requirement to provide complete and accurate information (Clause 11.2(1) and 10.6(1)) 14
2.2. Requirement to correct errors (Clause 11.2(2) and 10.6(2)) 14
2.3. Removal or breakage of seals (Clause 48(1A) and 48(1B) of Schedule 10.7) 15
2.4. Provision of information on dispute resolution scheme (Clause 11.30A) 15

3. Creation of ICPs 17

3.1. Distributors must create ICPs (Clause 11.4) 17
3.2. Participants may request distributors to create ICPs (Clause 11.5(3)) 17
3.3. Provision of ICP Information to the registry manager (Clause 11.7) 18
3.4. Timeliness of Provision of ICP Information to the registry manager (Clause 7(2) of Schedule 11.1) 19
3.5. Timeliness of Provision of Initial Electrical Connection Date (Clause 7(2A) of Schedule 11.1) 20
3.6. Connection of ICP that is not an NSP (Clause 11.17) 21
3.7. Connection of ICP that is not an NSP (Clause 10.31) 23
3.8. Temporary electrical connection of ICP that is not an NSP (Clause 10.31A) 23
3.9. Connection of NSP that is not point of connection to grid (Clause 10.30) 24
3.10. Temporary electrical connection of NSP that is not point of connection to grid (Clause 10.30A and 10.30B) 24
3.11. Definition of ICP identifier (Clause 1(1) Schedule 11.1) 25
3.12. Loss category (Clause 6 Schedule 11.1) 25
3.13. Management of “new” status (Clause 13 Schedule 11.1) 26
3.14. Monitoring of “new” & “ready” statuses (Clause 15 Schedule 11.1) 26
3.15. Embedded generation loss category (Clause 7(6) Schedule 11.1) 27
3.16. Electrical disconnection of a point of connection (Clause 10.30C and 10.31C) 27
3.17. Meter bridging (Clause 10.33C) 28

4. Maintenance of registry information 29
4.1. Changes to registry information (Clause 8 Schedule 11.1) 29
4.2. Notice of NSP for each ICP (Clauses 7(1),(4) and (5) Schedule 11.1) 31
4.3. Customer queries about ICP (Clause 11.31) 32
4.4. ICP location address (Clause 2 Schedule 11.1) 32
4.5. Electrically disconnecting an ICP (Clause 3 Schedule 11.1) 33
4.6. Distributors to Provide ICP Information to the Registry manager (Clause 7(1) Schedule 11.1) 33
4.7. Provision of information to registry after the trading of electricity at the ICP commences (Clause 7(3) Schedule 11.1) 37
4.8. GPS coordinates (Clause 7(8) and (9) Schedule 11.1) 37
4.9. Management of "ready" status (Clause 14 Schedule 11.1) 37
4.10. Management of "distributor" status (Clause 16 Schedule 11.1) 38
4.11. Management of "decommissioned" status (Clause 20 Schedule 11.1) 39
4.12. Maintenance of price category codes (Clause 23 Schedule 11.1) 39
5. Creation and maintenance of loss factors 41
5.1. Updating table of loss category codes (Clause 21 Schedule 11.1) 41
5.2. Updating loss factors (Clause 22 Schedule 11.1) 41
6. Creation and maintenance of NSPs (including decommissioning of NSPs and transfer of ICPs) 42
6.1. Creation and decommissioning of NSPs (Clause 11.8 and Clause 25 Schedule 11.1) 42
6.2. Provision of NSP information (Clause 26(1) and (2) Schedule 11.1) 42
6.3. Notice of balancing areas (Clause 24(1) and Clause 26(3) Schedule 11.1) 43
6.4. Notice of supporting embedded network NSP information (Clause 26(4) Schedule 11.1) 43
6.5. Maintenance of balancing area information (Clause 24(2) and (3) Schedule 11.1) 44
6.6. Notice when an ICP becomes an NSP (Clause 27 Schedule 11.1) 44
6.7. Notification of transfer of ICPs (Clause 1 to 4 Schedule 11.2) 45
6.8. Responsibility for metering information for NSP that is not a POC to the grid (Clause 10.25(1) and 10.25(3)) 45
6.9. Responsibility for metering information when creating an NSP that is not a POC to the grid (Clause 10.25(2)) 46
6.10. Obligations concerning change in network owner (Clause 29 Schedule 11.1) 46
6.11. Change of MEP for embedded network gate meter (Clause 10.22(1)(b)) 47
6.12. Confirmation of consent for transfer of ICPs (Clauses 5 and 8 Schedule 11.2) 47
6.13. Transfer of ICPs for embedded network (Clause 6 Schedule 11.2) 48
7. Maintenance of shared unmetered load 49
7.1. Notification of shared unmetered load ICP list (Clause 11.14(2) and (4)) 49
7.2. Changes to shared unmetered load (Clause 11.14(5)) 49
8. Calculation of loss factors 50
8.1. Creation of loss factors (Clause 11.2) 50
Conclusion 51
Participant response 52

EXECUTIVE SUMMARY

This Distributor audit was performed at the request of **Network Tasman** (**TASM),** to encompass the Electricity Industry Participation Code requirement for an audit, in accordance with clause 11.10 of part 11. The audit was carried out at Network Tasman's premises in Richmond on 5 August 2021.

The audit was conducted in accordance with the Guideline for Distributor Audits version 7.2, which was produced by the Electricity Authority.

In the areas that were looked at Network Tasman have strong controls in place for their processes. Robust processes, and prompt and accurate update of information is treated as a priority. Reporting and management of the reports is strong, and data accuracy issues identified are promptly resolved.

Overall, the level of compliance is high, and controls generally found to be strong. The audit found six non-compliances and makes no recommendations. The audit risk rating is 6, and the next audit frequency table indicates that the next audit be due in 18 months. I have considered this in conjunction with Network Tasman's responses and I recommend that the next audit is in 24 months.

The matters raised are shown in the tables below.

AUDIT SUMMARY

NON-COMPLIANCES

Subject	Section	Clause	Non-Compliance	Controls	Audit Risk Rating	Breach Risk Rating	Remedial Action
Provision of ICP Information to the registry manager	3.3	11.7	One missing initial electrical connection date.	Strong	Low	1	Cleared
Timeliness of Provision of ICP Information to the registry manager	3.4	7(2) of schedule 11.1	Three ICPs were made ready after electrical connection, and therefore trading, had occurred	Strong	Low	1	Identified
Timeliness of Provision of Initial Electrical Connection Date	3.5	7(2A) of Schedule 11.1	Late provision of Initial Electrical Connection Date for five ICPs.	Strong	Low	1	Identified
Connection of ICP that is not an NSP	3.6	11.17	Three ICPs were connected prior to recording of the accepting trader in the registry.	Strong	Low	1	Identified
Changes to registry information	4.1	8 of Schedule 11.1	Updates to registry backdated greater than 3 business days of the event.	Strong	Low	1	Identified
Distributors to Provide ICP Information to the Registry manager	4.6	7(1) Schedule 11.1	Three ICPs with confirmed distributed generation volume, the details are not populated on the registry. One ICP with the initial electrical	Strong	Low	1	Identified

			connection date not populated.				
Future Risk Rating						6	

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

RECOMMENDATIONS

Subject	Section	Recommendation	Remedial action
		Nil	

ISSUES

Subject	Section	Issue	Description
			Nil

1. ADMINISTRATIVE

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

Code reference

Section 11 of Electricity Industry Act 2010.

Code related audit information

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

Audit observation

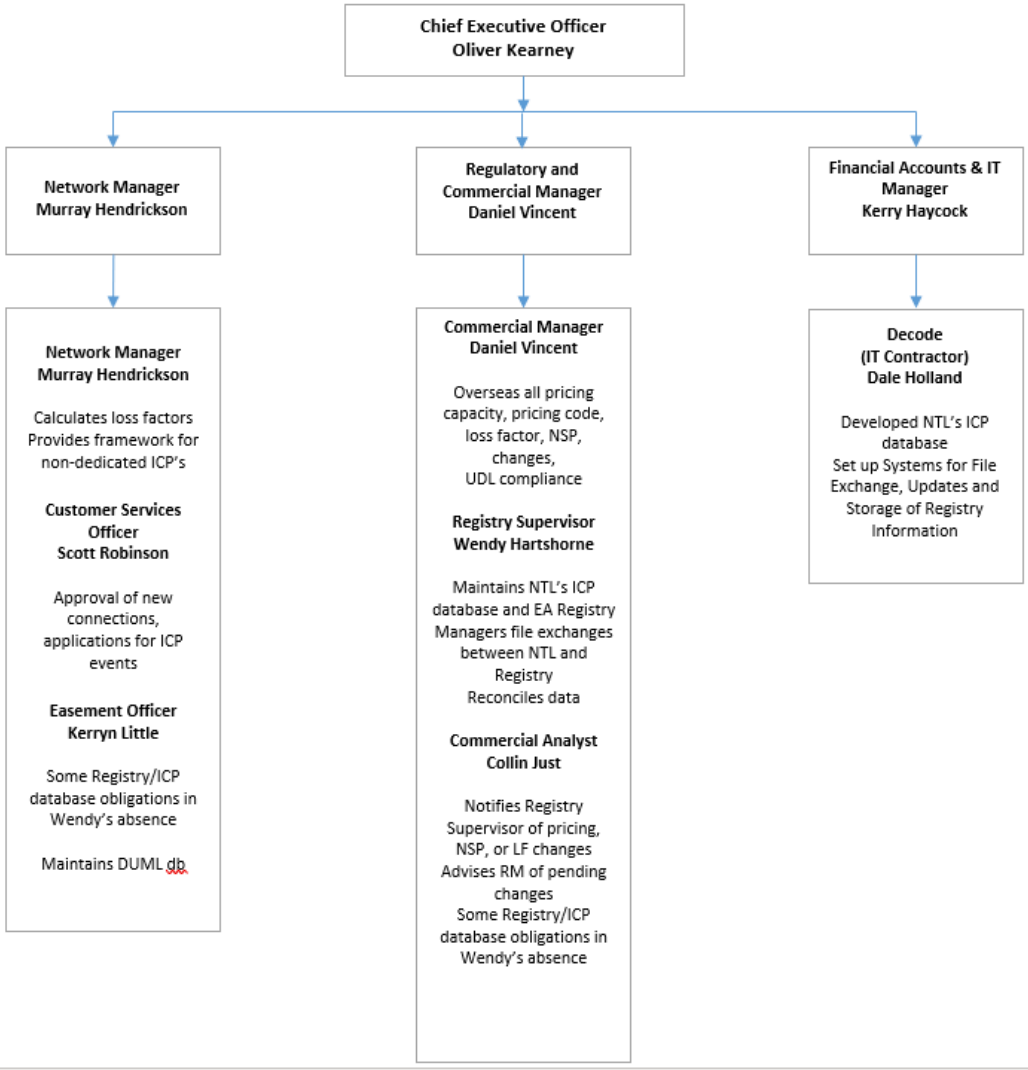
The Authority website was checked to determine whether there are code exemptions in place

Audit commentary

Network Tasman has no exemptions in place that are relevant to the scope of this audit.

1.2. Structure of Organisation

Network Tasman provided a copy of the relevant part of the organisation chart:



1.3. Persons involved in this audit

Auditor:

Name	Company	Role
Steve Woods	Veritek Limited	Lead Auditor
Claire Stanley	Veritek Limited	Supporting Auditor

Network Tasman personnel assisting in this audit were:

Name	Title
Collin Just	Commercial Analyst
Wendy Hartshorne	Revenue Protection Officer/Registry Analyst

1.4. Use of contractors (Clause 11.2A)

Code reference

Clause 11.2A

Code related audit information

A participant who uses a contractor

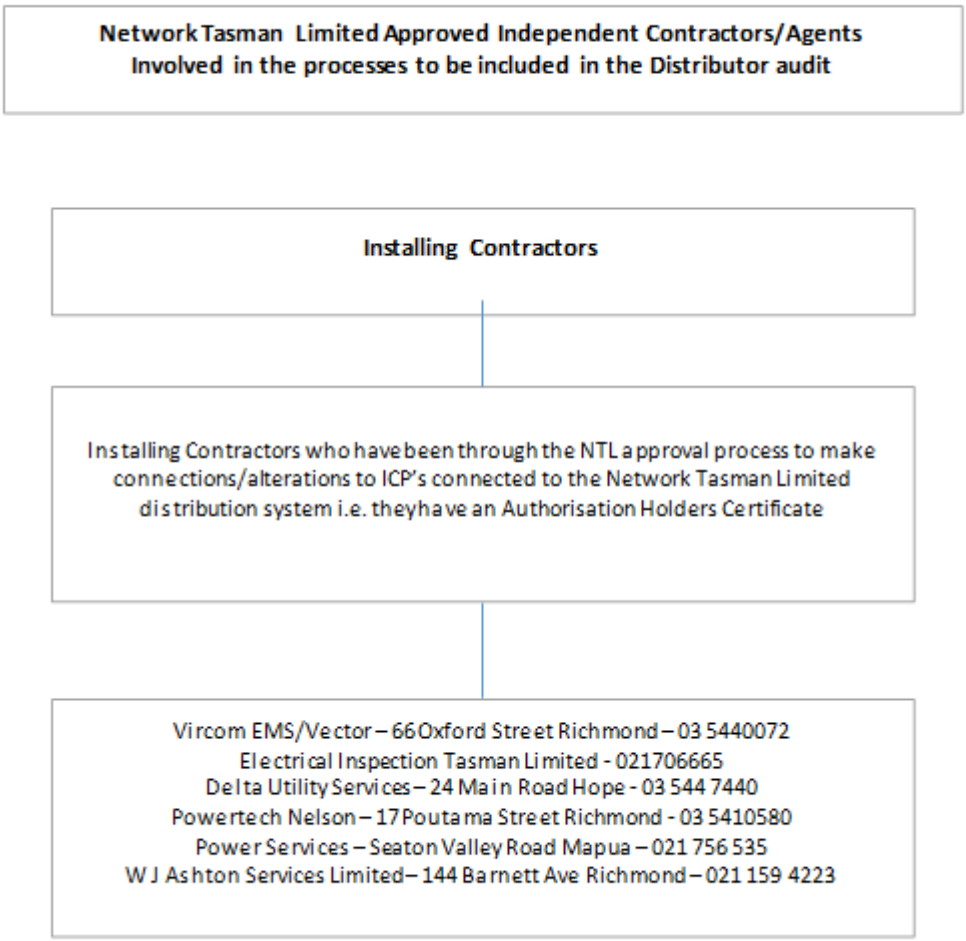
- *remains responsible for the contractor's fulfilment of the participants Code obligations*
- *cannot assert that it is not responsible or liable for the obligation due to the action of a contractor*
- *must ensure that the contractor has at least the specified level of skill, expertise, experience,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

Audit observation

Network Tasman approves field contractors to conduct connection related activities. I checked Network Tasman's approach to the management of contractors.

Audit commentary

Network Tasman has provided the list below of sub-contractors authorised to perform livening activities on their network.



1.5. Supplier list

Network Tasman has provided the list in **section 1.4** of sub-contractors authorised to perform livening activities on their network.

1.6. Hardware and Software

Network Tasman provided the following list that details hardware and software used in the processes to be audited.

Hardware

Server Level:

Dell PowerEdge R640

Dell PowerEdge R740xd2

Dell EMC Scv3020

Client Level:

HP 6000 Pro SFF E7500

Software

Server Level:

Microsoft Server 2008 R2

Microsoft Server 2012 R2

Microsoft Server 2019

Decode – Application built on visual basics to upload and download files to Registry

Client Level:

Microsoft – Windows 10 Professional

Decode – Dataflex – Application built on visual basics

Activeflow

System Back-Up Arrangements

Network Tasman perform log shipping from NTASSQL3 to NTASSQL4 every 15 mins.

Network Tasman keep transactional logs for 48 hrs on NTASSQL3 and NTASSQL4.

Network Tasman perform nightly offsite backup of all SQL databases and transactional logs to disk at CCL Nelson Datacenter , the backups are copied to CCL Christchurch Datacenter.

Network Tasman perform nightly offsite backup of all servers to disk at CCL Nelson Datacenter, the backups are copied to CCL Christchurch Datacenter.

1.7. Breaches or Breach Allegations

The Electricity Authority confirmed that there have been no alleged breaches for Network Tasman during the audit period.

1.8. ICP and NSP Data

The NSP mapping table was examined:

Distributor	NSP POC	Description	Parent POC	Parent Network	Balancing Area	Network type	Start date	No of active ICPs
TASM	FND0112	Founders	STK0331	TASM	BALANC1TASMG	I	20/09/2008	N/A
TASM	HVN0331	HAVEN RD	STK0331	TASM	BALANC1TASMG	I	1/02/2014	N/A
TASM	KIK0111	KIKIWA			BALANC1TASMG	G	1/05/2008	1,116
TASM	MCH0111	MURCHISON			MCH0111TASMG	G	1/07/2017	869
TASM	STK0331	STOKE			BALANC1TASMG	G	1/05/2008	28,243
TASM	STK0661	STOKE			BALANC1TASMG	G	3/12/2014	11,289

The first two records are interconnection points and do not have ICPs connected.

The list file as of 31 May 2021 was examined and found:

Status	Number of ICPs 2021	Number of ICPs 2019	Number of ICPs 2017
New (999,0)	1	0	1
Ready (0,0)	44	59	35
Active (2,0)	41,517	40,147	39,093
Distributor (888,0)	8	8	8
Inactive – new connection in progress (1,12)	46	30	36
Inactive – electrically disconnected vacant property (1,4)	301	286	307
Inactive – electrically disconnected remotely by AMI meter (1,7)	66	45	27
Inactive – electrically disconnected at pole fuse (1,8)	9	7	2
Inactive – electrically disconnected due to meter disconnected (1,9)	2	5	4
Inactive – electrically disconnected at meter box fuse (1,10)	1	2	0
Inactive – electrically disconnected at meter box switch (1,11)	1	0	0
Inactive – electrically disconnected ready for decommissioning (1,6)	0	1	1
Inactive – reconciled elsewhere (1,5)	0	0	0
Decommissioned (3)	5,992	5,851	5,704

1.9. Authorisation Received

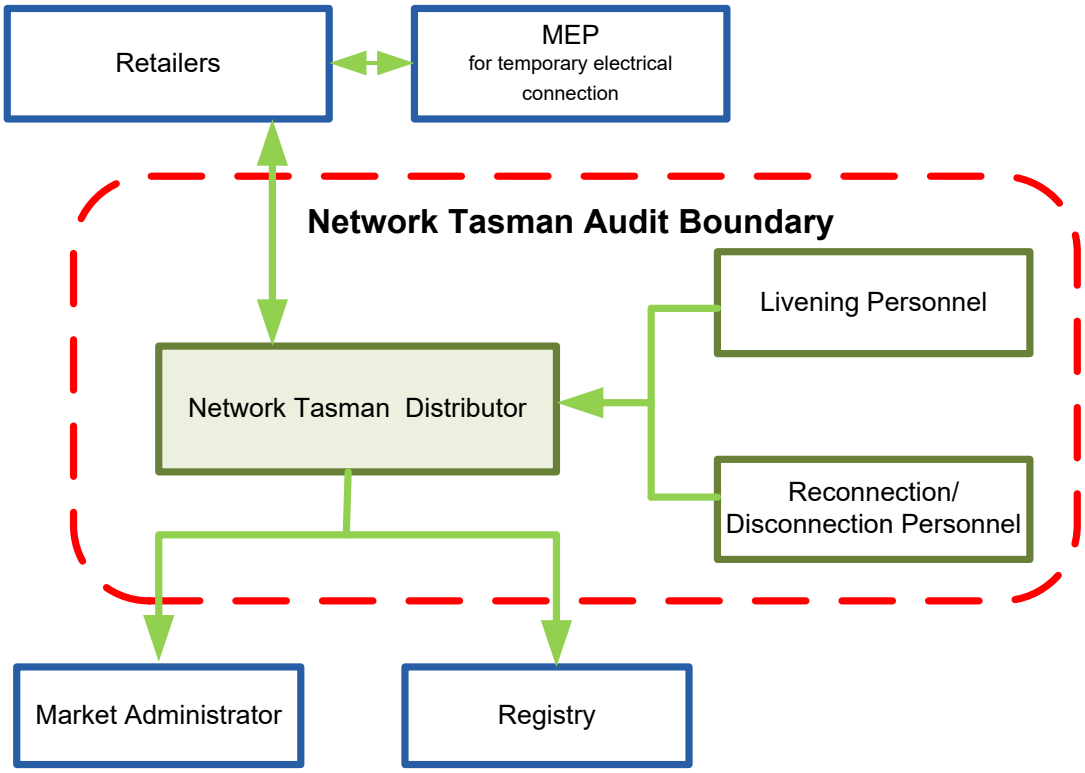
Network Tasman provided a letter of authorisation to Veritek, permitting the collection of data from other parties for matters directly related to the audit.

1.10. Scope of Audit

This Distributor audit was performed at the request of **Network Tasman Ltd (Network Tasman)** to encompass the Electricity Industry Participation Code requirement for an audit as required by clause 11.10 of part 11. The audit was carried out at Network Tasman's premises in Richmond on 5th August 2021.

The audit was conducted in accordance with the Guideline for Distributor Audits version 7.2, which was produced by the Electricity Authority.

The scope of the audit is shown in the diagram below, with the Network Tasman audit boundary shown for clarity.



All activities covered by this audit are conducted at Network Tasman's head office in Richmond.

1.11. Summary of previous audit

Network Tasman provided a copy of their previous audit report, conducted by Rebecca Elliot of Veritek Limited in September 2019. This found two non-compliances and made one recommendation. The current status of these has been updated below:

Table of Non-Compliance

Subject	Section	Clause	Non-compliance	Status
Participants may request distributors to create ICPs	3.2	11.5(3)	One ICP not created within three days of request.	Cleared
Changes to registry information	4.1	8 of Schedule 11.1	A small number of registry event updates backdated greater than three days.	Still existing for different ICPs

RECOMMENDATIONS

Subject	Section	Recommendation	Remedial action	Status
Distributors to provide ICP information	4.6	I recommend that the EIEP1 file is checked to identify distributed generation.	Two new queries set up to assist with this process.	Cleared

ISSUES

Subject	Section	Issue	Description	Status
Loss factors	8.1	UFE appears to be greater than +/-1%	Investigation required into the UFE calculations used by the Reconciliation Manager.	NTL await further communication from the Reconciliation Manager.

2. OPERATIONAL INFRASTRUCTURE

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

Code reference

Clause 11.2(1) and 10.6(1)

Code related audit information

A participant must take all practicable steps to ensure that information that the participant is required to provide to any person under Parts 10 or 11 is:

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

Audit observation

I walked through the process to ensure that registry information is complete, accurate and not misleading or deceptive, including viewing reports used to resolve discrepancies.

The registry list file as of 31 May 2021 was examined to confirm compliance.

Audit commentary

Network Tasman has processes in place to ensure that information is complete and accurate and is not misleading or deceptive. Additional validations are added as required. Examination of the list file found no examples of misleading or deceptive information. Network Tasman makes every effort to ensure data is complete and accurate.

Audit outcome

Compliant

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

Code reference

Clause 11.2(2) and 10.6(2)

Code related audit information

If the participant becomes aware that in providing information under this Part, the participant has not complied with that obligation, the participant must, as soon as practicable, provide such further information as is necessary to ensure that the participant does comply.

Audit observation

Network Tasman's data management processes were examined. The registry list file as of 31 May 2021 was examined to confirm compliance.

Audit commentary

Network Tasman have robust processes and procedures in place to ensure they provide correct and accurate information. A comprehensive daily discrepancy report checks 54 potential discrepancies. The list of the discrepancy types were provided. Any discrepancies found are investigated and updated as required.

Audit outcome

Compliant

2.3. Removal or breakage of seals (Clause 48(1A) and 48(1B) of Schedule 10.7)

Code reference

Clause 48(1A) and 48(1B) of Schedule 10.7

Code related audit information

If the distributor provides a load control signal to a load control switch in the metering installation, the distributor can remove or break a seal without authorisation from the MEP to bridge or unbridge the load control device or load control switch – as long as the load control switch does not control a time block meter channel.

If the distributor removes or breaks a seal in this way, it must:

- *ensure personal are qualified to remove the seal and perform the permitted work and they replace the seal in accordance with the Code*
- *replace the seal with its own seal*
- *have a process for tracing the new seal to the personnel*
- *notify the metering equipment provider and trader*

Audit observation

The PR-255 file was examined to determine whether load control exists. The management of removal and breakage of seals was discussed.

Audit commentary

Network Tasman do not complete any work requiring a change of seal, the retailer will initiate any work required with a contractor.

Audit outcome

Compliant

2.4. Provision of information on dispute resolution scheme (Clause 11.30A)

Code reference

Clause 11.30A

Code related audit information

A distributor must provide clear and prominent information about Utilities Disputes:

- *on their website*
- *when responding to queries from consumers*
- *in directed outbound communications to consumers about electricity services and bills.*

If there are a series of related communications between the distributor and consumer, the distributor needs to provide this information in at least one communication in that series.

Audit observation

The Disputes Resolution information was examined for Network Tasman to determine compliance. The Network Tasman website was checked, and email signatures were checked.

Audit commentary

All of these provided clear and prominent information about Utilities Disputes for the consumer, including contact details and links to the Utilities Disputes website. The link on the Network Tasman website is provided by selecting 'Our Services' then 'Complaints'. Information is also provided on the voice recording when you phone Network Tasman.

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 was examined in detail and is described in **section 3.2**. A diverse characteristics sample of 30 new connection applications of the 1,503 created during the audit period from 1 June 2019 to 31 May 2021 were checked from the point of application through to when the ICPs were created. There were no ICPs with distributed generation present at the time of being electrically connected but the process to capture this was discussed.

Audit commentary

Network Tasman creates ICPs as required by clause 1 of schedule 11.1.

The process in place is robust and has good controls in place. The sample checked in **section 3.2** below confirms this.

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 was examined in detail. A diverse characteristics sample of 30 new connection applications of the 1,503 created during the audit period from 1 June 2019 to 31 May 2021 were checked to determine whether the ICPs had been created within three business days of a request by a trader. The sample included various traders. There were no ICPs with distributed generation present at the time of being electrically connected but the process to capture this was discussed.

Audit commentary

ICP requests are received directly from customers, or their agents via the submission of a Network Connection Application Form (NCA). If engineering work is not required, the ICP is approved immediately and the ICP is created. If engineering work is required, the applicant is notified and the ICP is created at the completion of this work.

Network Tasman have reporting in place to monitor this. The new connections process includes a 'trader responsibility' step. As the customer applies to Network Tasman in the first instance the 3-day rule does not apply. I reviewed a typical sample of 30 new ICPs. The sample was examined and found the following:

- 12 ICPs were created within three days,
- 10 ICPs were delayed due to leave and a backlog of work to be completed,
- seven ICPs were delayed due to additional work that was required at site, the customer was emailed and kept informed of progress, and
- one ICP was delayed as the applicant provided incorrect address information.

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

A diverse characteristics sample of 30 new connection applications of the created since 1 June 2019 were checked from the point of application through to when the ICP was created, to confirm the process and controls worked in practice.

Audit commentary

The process for updating the registry is automated for all fields. 1,112 ICPs were created during the audit period. Validation occurs within the database to ensure mandatory fields are populated. All had the correct information populated as required by this clause, except one ICP that was missing the IECD, this was an error and has since been populated.

Audit outcome

Non-compliant

Non-compliance	Description
Audit Ref: 3.3 With: Clause 11.7 From: 01-Jun-19 To: 31-May-21	One missing initial electrical connection date. Potential impact: Low Actual impact: Low Audit history: None Controls: Strong Breach risk rating: 1
Audit risk rating	**Rationale for audit risk rating**
Low	The controls are recorded as strong as they will eliminate risk to an acceptable level. 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
Initial Energisation date has been updated.	5/08/21	Cleared
Preventative actions taken to ensure no further issues will occur	**Completion date**	
NTL has a process in place to identify missing IED's. The report wasn't run and processed within the Code timeframes due to during the absence of a core staff member. A reminder has been sent to all covering staff on required frequency of report. Discrepancy report to be run daily or at least 3 times per week which will allow NTL the opportunity to update within the Code timeframes.	28/05/21	

3.4. Timeliness of Provision of ICP Information to the registry manager (Clause 7(2) of Schedule 11.1)

Code reference

Clause 7(2) of Schedule 11.1

Code related audit information

The distributor must provide information specified in Clauses 7(1)(a) to 7(1)(o) of Schedule 11.1 as soon as practicable and prior to electricity being traded at the ICP.

Audit observation

The new connection process was examined. The registry list for 31 May 2021 and the combined registry compliance audit reports covering the period from 1 June 2019 to 31 May 2021 were examined to determine the timeliness of the provision of ICP information for new connections.

Audit commentary

The process is described in **section 3.3**. The audit compliance report identified three ICPs were made ready after electrical connection, and therefore trading, had occurred. These were examined and found:

- two were due to requests for ICPs to be decommissioned, then proceeding to be connected, this resulted in the late updated to the IECDs, and
- one was human error and was corrected as soon as it was identified.

Audit outcome

Non-compliant

Non-compliance	Description
Audit Ref: 3.4 With: Clause 7(2) of Schedule 11.1 From: 01-Jun-19 To: 31-May-21	Three ICPs were made ready after electrical connection, and therefore trading, had occurred. Potential impact: Low Actual impact: Low Audit history: None Controls: Strong Breach risk rating: 1
Audit risk rating	**Rationale for audit risk rating**
Low	The controls are recorded as strong as they will eliminate risk to an acceptable level. 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
All corrections have been made	5/08/21	Identified
Preventative actions taken to ensure no further issues will occur	**Completion date**	
Expired participant code removed from new ICP application process. NTL will withdraw approved new connection applications from Retailer and contractor once we are advised of the decommission as set up in error is advised. This should stop new connection then going ahead.	25/08/21	

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 registry list for 31 May 2021 and the combined registry compliance audit reports covering the period from 1 June 2019 to 31 May 2021 were examined to determine the timeliness of the provision of the initial electrical connection date. All late updates were checked.

Audit commentary

1,417 (99%) of the 1,422 ICPS were updated with the initial electrical connection date within the required timeframe.

Five late events were examined and found:

- two late updates were due to resource constraints following the absence of a core staff member, and
- three late updates were due to a system error that did not report that the ICP update to the registry had been rejected; the system error is under investigation.

Audit outcome

Non-compliant

Non-compliance	Description
Audit Ref: 3.5 With: Clause 7(2A) of Schedule 11.1 From: 01-Jun-19 To: 31-May-21	Late provision of Initial Electrical Connection Date for five ICPs. Potential impact: Low Actual impact: Low Audit history: None Controls: Strong Breach risk rating: 1
Audit risk rating	**Rationale for audit risk rating**
Low	The controls are recorded as strong as they will eliminate risk to an acceptable level. The audit risk rating is assessed to be low as the volume of ICPs affected is small.

Actions taken to resolve the issue	Completion date	Remedial action status
All 5 corrections have been made in registry	5/08/21	Identified
Preventative actions taken to ensure no further issues will occur	**Completion date**	
New in-house report developed to identify rejected file updates from registry. This will give NTL the opportunity to resubmit file within timeframes	25/08/21	

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 registry list for 31 May 2021 and the combined registry compliance audit reports covering the period from 1 June 2019 to 31 May 2021 were examined to determine compliance. There are no ICPs with shared unmetered load on Network Tasman.

Audit commentary

Contractors are engaged by traders, who are also approved by Network Tasman, to conduct electrical connection. Network Tasman is responsible for connection. The new connections process includes a "trader responsibility" step. Some traders provide an "acceptance" email back to Network Tasman which is passed on to the livening agent. Other traders have a blanket agreement in place with Network Tasman and they provide a service request directly to the livening agent.

The audit compliance report identified three ICPs that were electrically connected, and therefore connected, prior to being made "ready" on the registry and therefore a trader was not recorded in the registry as accepting responsibility for the ICP prior to connection. These are discussed in **section 3.4** and recorded as non-compliance.

Audit outcome

Non-compliant

Non-compliance	Description
Audit Ref: 3.6 With: Clause 11.17 From: 01-Jun-19 To: 31-May-21	Three ICPs were connected prior to recording of the accepting trader in the registry. Potential impact: Low Actual impact: None Audit history: None Controls: Strong Breach risk rating: 1
Audit risk rating	**Rationale for audit risk rating**
Low	The controls are recorded as strong as they will eliminate risk to an acceptable level. The audit risk rating is assessed to be low as the volume of ICPs affected is small

Actions taken to resolve the issue	Completion date	Remedial action status
As per 3.4 above all ICPs have been updated	5/08/21	Identified
Preventative actions taken to ensure no further issues will occur	**Completion date**	
As per 3.4 above.	28/05/21	

3.7. Connection of ICP that is not an NSP (Clause 10.31)

Code reference

Clause 10.31

Code related audit information

A distributor must not connect an ICP that is not an NSP unless requested to do so by the trader trading at the ICP, or if there is only shared unmetered load at the ICP and each trader has been advised.

Audit observation

The new connection process was examined in **section 3.2**.

The registry list for 31/05/21 and the combined registry compliance audit reports covering the period from 1/06/19 to 31/05/21 were examined to determine compliance.

Audit commentary

As discussed in **section 3.2**, Network Tasman has a step in the new connections process to ensure a trader accepts responsibility and is recorded in the registry. The list file confirmed that all ICPs at the "ready" status had a trader nominated.

There were 1,112 ICPs new ICPs were created and electrically connected. There are no ICPs without a proposed trader recorded in the registry.

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 registry list for 31 May 2021 and the combined registry compliance audit reports covering the period from 1 June 2019 to 31 May 2021 were examined to determine compliance.

Audit commentary

The new connection process is described in **section 3.2**. There were 1,112 ICPs new ICPs created and electrically connected. No requests from MEP's have been received to temporarily electrically connect an ICP.

The audit compliance report found six ICPs where the meter certification date was earlier than the initial electrical connection date. I examined all of the ICPs and confirmed that the Network Tasman energisation date is correct. Further investigation is required to check the Test House records for these ICPs during the ATH audit.

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 trader responsible for ensuring there is a metering installation for the point of connection.

The distributor that initiates the connection under Part 11 and connects the NSP must, within five business days of connecting the NSP that is not a point of connection to the grid, advise the reconciliation manager of the following in the prescribed form:

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

Audit observation

The NSP table was reviewed.

Audit commentary

No new NSPs were created by Network Tasman during the audit period.

Audit outcome

Compliant

3.10. Temporary electrical connection of NSP that is not point of connection to grid (Clause 10.30A and 10.30B)

Code reference

Clause 10.30 (A and 10.30B)

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.*

A distributor may only electrically connect an NSP if:

- *each distributor connected to the NSP agrees*
- *the trader responsible for delivery of submission information has requested the electrical connection*
- *the metering installations for the NSP are certified and operational metering*

Audit observation

The NSP table was reviewed.

Audit commentary

No new NSPs were created by Network Tasman during the audit period.

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:

yyyyyyyyyyxxccc where:

- *yyyyyyyyyy 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 process for the creation of ICPs was examined.

Audit commentary

The process for the creation of ICPs was examined, and all ICPs are created in the appropriate format.

Audit outcome

Compliant

3.12. Loss category (Clause 6 Schedule 11.1)

Code reference

Clause 6 Schedule 11.1

Code related audit information

Each ICP must have a single loss category that is referenced to identify the associated loss factors.

Audit observation

The list file as of 31 May 2021 was examined to confirm all active ICPs have a single loss category code.

Audit commentary

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

Audit outcome

Compliant

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

Code reference

Clause 13 Schedule 11.1

Code related audit information

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

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

Audit observation

The ICP creation process was reviewed. The registry list for 31 May 2021 and the combined registry compliance audit reports covering the period from 1 June 2019 to 31 May 2021 were examined to determine compliance.

Audit commentary

A small number of ICPs are created at "new" and the status is changed to "ready" once a trader has accepted responsibility for the ICP. Most ICPs are created at "ready" where the traders have given "blanket" approval that they will take responsibility for any ICP where they are nominated as the proposed trader. There is one ICP at the "new" status in the list file, with an ICP creation date of 7 April 2021.

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

The process to monitor ICPs at "new" and "ready" status was reviewed. The registry list for 31 May 2021 and the combined registry compliance audit reports covering the period from 1 June 2019 to 31 May 2021 were examined to determine compliance.

Audit commentary

Network Tasman monitors a report of ICPs at the "new" and "ready" status. Any record on this report that is older than approximately six months is investigated with the relevant contractor or customer. There are no ICPs at "new" or "ready" for more than 24 months.

Audit outcome

Compliant

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

Code reference

Clause 7(6) Schedule 11.1

Code related audit information

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

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

Audit observation

The registry list as of 31 May 2021 was reviewed to identify any generation stations with capacity of 10 MW or more and determine compliance.

Audit commentary

The Cobb generation station has a capacity greater than 10MW and it has a unique loss category code as required by this clause.

Audit outcome

Compliant

3.16. Electrical disconnection of a point of connection (Clause 10.30C and 10.31C)

Code reference

Clause 10.30C and10.31C

Code related audit information

A distributor can only disconnect, or electrically disconnect an ICP on its network:

- *if empowered to do so by legislation (including the Code)*
- *under its contract with the trader for that ICP or NSP*
- *under its contract with the consumer for that ICP*

Audit observation

Processes were examined for the disconnection and electrical disconnection of ICPs and NSPs.

Audit commentary

No NSPs were disconnected or electrically disconnected during the audit period. Network Tasman understands their responsibilities in relation to this clause. Network Tasman only conducts electrical disconnection for safety, and they only conduct disconnection where ICPs are to be decommissioned.

Audit outcome

Compliant

3.17. Meter bridging (Clause 10.33C)

Code reference

Clause 10.33C

Code related audit information

A distributor may only electrically connect an ICP in a way that bypasses a meter that is in place ("bridging") if the distributor has been authorised by the responsible trader.

The distributor can then only proceed with bridging the meter if, despite best endeavours:

- *the MEP is unable to remotely electrically connect the ICP*
- *the MEP cannot repair a fault with the meter due to safety concerns*
- *the consumer will likely be without electricity for a period which would cause significant disadvantage to the consumer*

If the distributor bridges a meter, the distributor must notify the responsible trader within 1 business day and include the date of bridging in its advice.

Audit observation

The Network Tasman process for bridging control devices was examined

Audit commentary

Network Tasman do not bridge meters. Where a contractor is required to do this on the Network Tasman network, it would be as a result of a Service Request sent by the Trader directly to the contractor.

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 8 business days after the change takes effect.

If the change to the NSP identifier is for more than 10 business days, the notification must be provided no later than the 13th business day and be backdated to the date the change took effect.

In the case of decommissioning an ICP, notification must be given by the later of 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 registry updates was reviewed.

The registry list and event detail report for 1 June 2019 to 31 May 2021 were reviewed to determine compliance. A diverse sample of ten (or all if there were less than ten examples) of backdated events by event type were reviewed to determine the reasons for the late updates.

The management of NSP changes was examined.

Audit commentary

Network Tasman updates the ICP in the database and these changes flow to the registry. Registry updates occur every 15 minutes.

The event detail report was examined to identify backdated event updates.

Address events

7,303 address updates were made. The combined audit compliance reporting found 17 late address updates. Five were examined and found one was late due to the late return of paperwork, the address was corrected based on the information provided. Four were due to updates being made to the address at the same time the IECD was populated, these were not late updates as they were not the initial address population.

Network events

There were 4,552 network events that did not relate to the initial population of trader and initial electrical connection dates for new connections (which are discussed separately in **sections 3.4** and **3.5**). 4,528 (96.67%) of these were updated within three business days. The remaining 24 ICPs were updated late. Ten of these were examined and found:

- eight were due to late provision of paperwork by the contractor, Network Tasman has reminded the contractor of their timeframe obligations and now require the paperwork to be provided within 24 hours,
- one was an oversight by the billing team to update the registry, and

- one was due to an email issue, resulting in delayed update.

Pricing events

There were 47,411 pricing updates were identified. 180 late events were identified and selection of 19 were examined and found:

- seven events were late due to resource constraints following the absence of a core staff member,
- five events were due to corrections,
- four events were due to late notification from various parties,
- two were back dated on request from the trader, and
- one was due to the late processing of a file.

Status events

The decommissioning process is discussed in **section 4.11**. The network is required to update the ICP to decommissioned within three days of the event, or the date that the trader changes the status to "Inactive - ready to decommission", whichever is later. I have assessed the activity in relationship to this in accordance with the code effective at the time the event occurred.

126 status updates to decommissioned were identified. Six (4.8%) of these were late. I examined all six late updates and found four were due to resource constraints following the absence of a core staff member, and two were due to the trader updating the registry late.

Distributed Generation events

The distributed generation process is described in **section 4.6**. There were 31 late distributed generation updates. Ten of these were examined and found:

- five were late due to late notification from the contractor,
- three were data entry errors that have now been corrected on the registry,
- one was late due to investigation of conflicting dates provided by the contractor, and
- one was late due to no notification by the contractor; Network Tasman identified this through internal monitoring processes and followed up.

Change of NSP

The process of NSP changes was examined. There were no NSP changes identified for the audit period.

The backdating of events to the registry is recorded as non-compliance.

Audit outcome

Non-compliant

Non-compliance	Description
Audit Ref: 4.1 With: clause 8 schedule 11.1 From: 01-Jul-17 To: 31-May-19	Updates to registry backdated greater than 3 business days of the event. 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 Network Tasman proactively work with contractors and staff to update events within the required timeframe. The audit risk rating is low as the volume of backdated is very small in comparison to the volume of changes made.

Actions taken to resolve the issue	Completion date	Remedial action status
All updates have been completed on the registry	5/08/21	Identified
Preventative actions taken to ensure no further issues will occur	**Completion date**	
NTL has a new semi-automated price category change process in place to capture EIEP8 files from registry hub. Files are processed daily and rejection files created. NTL will not backdate Price category changes going forward. Updates are as per the date of the request. Also a generic email set up for emailed requests. New auto generated Registry rejection alert email should avoid any oversites going forward. Contractors reminded of paperwork return timeframes.	25/08/21	

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 registry list for 31 May 2021 was reviewed to determine compliance.

Audit commentary

There is no uncertainty regarding NSP and ICP relationships. The GIS is used during the creation of all new connections to ensure the correct NSP is notified.

The combined audit compliance reporting found nine ICPs where the NSP may be recorded incorrectly. Examination of these confirmed that the NSP was recorded accurately.

Audit outcome

Compliant

4.3. Customer queries about ICP (Clause 11.31)

Code reference

Clause 11.31

Code related audit information

The distributor must advise a customer (or any person authorised by the customer) or embedded generator of the customer or embedded generator's ICP identifier within three business days after receiving a request for that information.

Audit observation

The management of customer queries was examined.

Audit commentary

Network Tasman does receive direct requests for ICP identifiers, and these are provided immediately.

Audit outcome

Compliant

4.4. ICP location address (Clause 2 Schedule 11.1)

Code reference

Clause 2 Schedule 11.1

Code related audit information

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

Audit observation

The process to determine correct and unique addresses was examined. The registry list for 31 May 2021 was reviewed to determine compliance.

Audit commentary

The new connections process includes a step where the address is checked for duplication. The "address property name" field on the registry is actively used as an additional measure to ensure compliance with this clause.

Analysis confirmed that all ICPs have street numbers, lot numbers, or in absence of a number, the property name field has additional information to make the ICP easily identified/located. There were no duplicates.

Audit outcome

Compliant

4.5. Electrically disconnecting an ICP (Clause 3 Schedule 11.1)

Code reference

Clause 3 Schedule 11.1

Code related audit information

Each ICP created after 7 October 2002 must be able to be electrically disconnected without electrically disconnecting another ICP, except for ICPs that are the point of connection between a network and an embedded network, or ICPs that represent the consumption calculated by the difference between the total consumption for the embedded network and all other ICPs on the embedded network.

Audit observation

The management of this process was discussed.

Audit commentary

All new connections require an individual service main for each ICP to be run to the boundary of the property and Network Tasman provides isolation. "As built" plans are reviewed for all new ICPs which provides visibility of this issue. There are some existing ICPs with "shared mains" and these are identified with tags at the isolation point. When any changes occur at these ICPs with shared mains Network Tasman attempts to deal with any problems by offering assistance where it is required.

All ICPs have a "Network Connection Point" (NCP) number, which is printed onto a label that is physically attached to the isolation point. The NCP number is a subset of the ICP identifier. This approach is an excellent way of ensuring the correct identification of ICPs.

Contractors have access to GIS information so there is a low risk of inadvertent disconnection.

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 information was reviewed. The registry list as of 31 May 2021 was reviewed to determine compliance. A typical sample of data discrepancies were checked.

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

Audit commentary

Registry data validation processes are discussed in **section 2.1**. All ICP information was checked and confirmed compliant unless discussed below:

Distributed Generation

Network Tasman has a well-managed process for managing the approval and connection of distributed generation. If unauthorised connections are found, Network Tasman takes immediate action, which can include requesting the installer to lock off the system for safety reasons until the correct process have been completed and/or advising the retailer to correspond with their customer re the unauthorised exporting.

The combined audit compliance reporting found 11 ICPs where the trader profile field indicated distributed generation is present, but Network Tasman has no record of distributed generation.

These were analysed and found:

- one ICP does not have an application, there is a small volume of generation data being reported
- two applications were received, the distributed generation was illegally connected, without approval from Network Tasman, for both ICPs, generation data is being reported,
- applications were received for two ICPs from a provider working in the area; distributed generation has not been connected by an NTL approved contractor and no generation volume is being reported,
- two ICPs have not had any application and no generation volume is being reported,
- one application was received, the distributed generation has not been installed and no generation volume is being reported,
- for one ICP, the application was received then cancelled; no generation volume is being reported,
- two ICPs were confirmed to have had the distributed generation removed.

Initial Electrical Connection Date

The initial electrical connection date is advised to Network Tasman daily from the approved field contractors. Upon receipt of this information Network Tasman populates the initial electrical connection date in the database and pushes it to the registry. The list file found all ICPs electrically connected during the audit period had an initial electrical connection date populated.

1,503 new ICPs were created and electrically connected during the audit period. The audit compliance reporting identified one ICP with a blank initial electrical connection date, this is now corrected on the registry.

Unmetered Load

Network Tasman has robust processes in place for the management of unmetered load. All unmetered load ICPs have had their capacity and "on time" confirmed through a field audit. Network Tasman are required to update these details "if known".

Network Tasman uses the recommended format for updating the registry. I compared the daily kWh figures based on Network Tasman's data to the traders' daily unmetered kWh figures and found that all the ICPs matched.

No new unmetered loads have been connected during the audit period.

Audit outcome

Non-compliant

Non-compliance	Description
Audit Ref: 4.6 With: Clause 7(1) Schedule 11.1 From: 01-Jun-19 To: 31-May-21	Three ICPs with confirmed distributed generation volume, the details are not populated on the registry One ICP with the initial electrical connection date not populated. Potential impact: Low Actual impact: Low Audit history: None Controls: Strong Breach risk rating: 1
Audit risk rating	**Rationale for audit risk rating**
Low	The controls are recorded as strong. Overall Network Tasman has robust controls in place. The audit risk rating is assessed to be low as the volume of ICPs affected is small.

Actions taken to resolve the issue	Completion date	Remedial action status
NTL always notifies retailers and installers of requirements to lock off illegally connected distributed generation. Network Tasman updates registry fields once legal, safety inspection, COC, ROI, and authorized connection has been completed. ICP IED updated as advised above in 3.3 and 3.20.	5/8/21	Identified
Preventative actions taken to ensure no further issues will occur	**Completion date**	
Despite developing strong controls to identify illegally connected of distributed generation, NTL is unable to prevent illegal connection distributed generation. Similarly, when illegal connection is detected, Network Tasman few options to compel the installer to disconnect the distributed generation and adhere to Network Tasman's connection processes for distributed generation. Two of the non-compliances above are what is left of a long list of illegal connections carried out by an installer on our network.	5/08/21	

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 registry information was reviewed. The registry list and event detail report for 1 June 2019 to 31 May 2021 were reviewed to determine compliance.

Audit commentary

I confirmed that the registry was updated prior to electrical connection for all ICPs created during the audit period. Placeholder values are not used.

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 of 31 May 2021 was reviewed to determine compliance.

Audit commentary

GPS co-ordinates are not recorded, and Network Tasman do not have any plans to populate GPS co-ordinates.

Audit outcome

Not applicable

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

Code reference

Clause 14 Schedule 11.1

Code related audit information

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

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

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

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

Audit observation

Network Tasman's current process is to create the majority of ICPs at the "ready" status.

The registry list showed 44 ICPs currently at "ready" status, none have been at "ready" status for more than two years. This is discussed further in **section 3.14**.

All ICPs at "ready" status had a single price category assigned and proposed trader identified.

Audit commentary

As noted in **section 3.2**, ICP requests come directly from customers or their agents. Some traders have provided blanket approval ICPs to be created at "ready". For other traders ICPs are created at "new" and changed to "ready" once the trader has provided confirmation of their acceptance by an email to Network Tasman, or through the provision of a service request to the livening agent which is then forwarded to Network Tasman.

The price category field in Network Tasman's ICP database contains a "drop down" list, which ensures each ICP can only have a single price category.

Audit outcome

Compliant

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

Code reference

Clause 16 Schedule 11.1

Code related audit information

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

Audit observation

Processes to manage the "distributor" status were reviewed.

The registry list and event detail report for 1 June 2019 to 31 May 2021 were reviewed to identify ICPs at the "distributor" status and check compliance.

Audit commentary

Network Tasman has eight shared unmetered load parent ICPs that have an ICP status of "Distributor". There have been no Distributor ICPs created 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 decommissioning process was examined.

The registry list and event detail report for 1 June 2019 to 31 May 2021 were reviewed to identify ICPs at the "decommissioned" or "ready for decommissioning" status.

A diverse sample of ten "decommissioned" ICPs was examined.

Audit commentary

Network Tasman manages ICP decommissioning, and the process is well documented with strong controls in place. Customers or their agents make all decommissioning requests directly to Network Tasman on the same NCA form as used for new connections, which includes approval from the customer. An approved contractor then completely removes the service connection and metering. While onsite the contractor phones Network Tasman to confirm the physical decommission has been carried out. The NCA form is completed along with an "as built" plan, which details exactly what has physically occurred on site. The paperwork is required to be back with Network Tasman within two days. The NCP label is also returned, and a check occurs to ensure the correct ICP has been decommissioned. Once the physical work is complete, notification is made to the relevant trader to change the ICP status to "ready for decommissioning" (1,6), so that Network Tasman can change the status to "decommissioned" (003). Network Tasman monitor ICPs at the 1,6 status, to ensure the process is being completed in a timely manner.

The sample checked confirmed that all ICPs have been decommissioned for the correct date.

Audit outcome

Compliant

4.12. Maintenance of price category codes (Clause 23 Schedule 11.1)

Code reference

Clause 23 Schedule 11.1

Code related audit information

The distributor must keep up to date the table in the registry of the price category codes that may be assigned to ICPs on each distributor's network by entering in the table any new price category codes.

Each entry must specify the date on which each price category code takes effect, which must not be earlier than two months after the date the code is entered in the table.

A price category code takes effect on the specified date.

Audit observation

The price category code table on the registry was examined.

Audit commentary

One new price code was uploaded on 17 December 2019 with an effective date of 17 February 2020. This was notified more than two months of the price code coming into effect.

Audit outcome

Compliant

5. CREATION AND MAINTENANCE OF LOSS FACTORS

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

Code reference

Clause 21 Schedule 11.1

Code related audit information

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

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

A loss category code takes effect on the specified date.

Audit observation

The loss category code table on the registry was examined.

Audit commentary

Four new loss category codes have been created during the audit period.

Loss Code	Loss Factor	Start date
L1GL	1.078	1/04/2021
L1RL	1.078	1/04/2021
L1RS	1.078	1/04/2021
LMAT	1	17/02/2020

Audit outcome

Compliant

5.2. Updating loss factors (Clause 22 Schedule 11.1)

Code reference

Clause 22 Schedule 11.1

Code related audit information

Each loss category code must have a maximum of 2 loss factors per calendar month. Each loss factor must cover a range of trading periods within that month so that all trading periods have a single applicable loss factor.

If the distributor wishes to replace an existing loss factor on the table in the registry, the distributor must enter the replaced loss factor on the table in the registry.

Audit observation

The loss category code table on the registry was examined.

Audit commentary

There have been no changes to loss category codes during the audit period.

Audit outcome

Compliant

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

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

Code reference

Clause 11.8 and Clause 25 Schedule 11.1

Code related audit information

If the distributor is creating or decommissioning an NSP that is an interconnection point between 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.

The notice provided to the reconciliation manager must be provided no later than 30 days prior to the intended date or creation or decommissioning.

If the intended date of creation or decommissioning changes the distributor must provide an updated notice as soon as possible.

If the distributor wishes to change the record in the registry of an ICP that is not recorded as being usually connected to an NSP in the distributor's network, so that the ICP is recorded as being usually connected to an NSP in the distributor's network (a "transfer"), the distributor must:

- *give written notice to the reconciliation manager*
- *give written notice to the Authority*
- *give written notice to each affected reconciliation participant*
- *comply with Schedule 11.2.*

Audit observation

The NSP table was examined.

Audit commentary

No NSPs have been created or decommissioned during the audit period.

Audit outcome

Compliant

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

Code reference

Clause 26(1) and (2) Schedule 11.1

Code related audit information

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

The request must be made at least 10 business days before the NSP is electrically connected, in respect of an NSP that is an interconnection point between two local networks. In all other cases, the request must be made at least one month before the NSP is electrically connected or the ICP is transferred.

Audit observation

The NSP table was examined.

Audit commentary

No NSPs have been created or decommissioned during the audit period.

Audit outcome

Compliant

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

Code reference

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

Code related audit information

If a participant has notified the creation of an NSP on the distributor's network, the distributor must give written notice to the reconciliation manager of the following:

- *if the NSP is to be located in a new balancing area, all relevant details necessary for the new balancing area to be created and notification that the NSP to be created is to be assigned to the new balancing area*
- *in all other cases, notification of the balancing area in which the NSP is located.*

Audit observation

The NSP table was reviewed.

Audit commentary

No balancing area changes have occurred during the audit period.

Audit outcome

Compliant

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

Code reference

Clause 26(4) Schedule 11.1

Code related audit information

If a participant notifies the creation of an NSP, or the transfer of an ICP to an NSP that is a point of connection between a network and an embedded network owned by the distributor, the distributor must give notice to the reconciliation manager at least one month before the creation or transfer of:

- *the network on which the NSP will be located after the creation or transfer (Clause 26(4)(a))*
- *the ICP identifier for the ICP that connects the network and the embedded network (Clause 26(4)(b))*
- *the date on which the creation or transfer will take effect (Clause 26(4)(c)).*

Audit observation

The NSP table was reviewed.

Audit commentary

Network Tasman has not created any new embedded networks during the audit period.

Audit outcome

Compliant

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

Code reference

Clause 24(2) and (3) Schedule 11.1

Code related audit information

The distributor must give written notice to the reconciliation manager of any change to balancing areas associated with an NSP supplying the distributor's network. The notification must specify the date and trading period from which the change takes effect and be given no later than three business days after the change takes effect.

Audit observation

The NSP table was reviewed.

Audit commentary

No balancing area changes have occurred during the audit period for Network Tasman's NSPs.

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 reviewed.

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 NSP table was reviewed.

Audit commentary

Network Tasman has not initiated the transfer of any ICPs during the audit period.

Audit outcome

Compliant

6.8. Responsibility for metering information for NSP that is not a POC to the grid (Clause 10.25(1) and 10.25(3))

Code reference

Clause 10.25(1) and 10.25(3)

Code related audit information

A network owner must, for each NSP that is not a point of connection to the grid for which it is responsible, ensure that:

- *there is one or more metering installations (Clause 10.25(1)(a)); and*
- *the electricity is conveyed and quantified in accordance with the Code (Clause 10.25(1)(b))*

For each NSP covered in 10.25(1) the network owner must, no later than 20 business days after a metering installation at the NSP is recertified advise the reconciliation manager of:

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

Audit observation

The NSP supply point table was examined.

Audit commentary

Network Tasman is not responsible for any NSPs that are not connected to the grid.

Audit outcome

Compliant

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

Code reference

Clause 10.25(2)

Code related audit information

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

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

Audit observation

The NSP supply point table was reviewed.

Audit commentary

Network Tasman have not connected any new NSPs during the audit period.

Audit outcome

Compliant

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

Code reference

Clause 29 Schedule 11.1

Code related audit information

If a network owner acquires all or part of a network, the network owner must give written notice to:

- *the previous network owner (Clause 29(1)(a) of Schedule 11.1)*
- *the reconciliation manager (Clause 29(1)(b) of Schedule 11.1)*
- *the Authority (Clause 29(1)(c) of Schedule 11.1)*
- *every reconciliation participant who trades at an ICP connected to the acquired network or part of the network acquired (Clause 29(1)(d) of Schedule 11.1).*

At least one month's notification is required before the acquisition (Clause 29(2) of Schedule 11.1).

The notification must specify the ICPs to be amended to reflect the acquisition and the effective date of the acquisition (Clause 29(3) of Schedule 11.1).

Audit observation

The NSP supply point table was reviewed.

Audit commentary

Network Tasman have not initiated any changes of network owner.

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 NSP supply point table was examined.

Audit commentary

Network Tasman is not responsible for any embedded network gate meters.

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 supply point table was reviewed.

Audit commentary

Network Tasman has not initiated the transfer of any ICPs during the audit period.

Audit outcome

Compliant

6.13. Transfer of ICPs for embedded network (Clause 6 Schedule 11.2)

Code reference

Clause 6 Schedule 11.2

Code related audit information

If the notification relates to an embedded network, it must relate to every ICP on the embedded network.

Audit observation

The NSP supply point table was reviewed.

Audit commentary

Network Tasman has not initiated the transfer of any ICPs during the audit period.

Audit outcome

Compliant

7. MAINTENANCE OF SHARED UNMETERED LOAD

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

Code reference

Clause 11.14(2) and (4)

Code related audit information

The distributor must give written notice to the registry manager and each trader responsible for the ICPs across which the unmetered load is shared of the ICP identifiers of those ICPs.

A distributor who receives notification from a trader relating to a change under Clause 11.14(3) must give written notice to the registry manager and each trader responsible for any of the ICPs across which the unmetered load is shared of the addition or omission of the ICP.

Audit observation

The registry list for 1 June 2019 to 31 May 2021 was reviewed to identify any ICPs with shared unmetered load connected.

Audit commentary

Network Tasman has eight shared unmetered load "distributor only" ICPs. No new shared unmetered load has been connected or identified during the audit period.

Audit outcome

Compliant

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

Code reference

Clause 11.14(5)

Code related audit information

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

Audit observation

The registry list for 1 June 2019 to 31 May 2021 was reviewed to identify any ICPs with shared unmetered load connected.

Audit commentary

There have been no changes to the ICPs with shared unmetered load during the audit period. These were checked and confirmed that all ICPs had the correct load and this load matched to the retailers recorded load.

Audit outcome

Compliant

8. CALCULATION OF LOSS FACTORS

8.1. Creation of loss factors (Clause 11.2)

Code reference

Clause 11.2

Code related audit information

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

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

Audit observation

The "Guidelines on the calculation and the use of loss factors for reconciliation purposes" was published on 26 June 2018. I have assessed Network Tasman's process and compliance against the guideline's recommended thresholds.

I reviewed correspondence and documentation relating to the loss factor review.

Audit commentary

The EA provided the following UFE graph indicating that UFE for Network Tasman is running at approximately 1.5%. This is outside of the target 1% threshold.

Network Tasman have reviewed the UFE and believe it to be less than 1%. The difference between Network Tasman's losses and those calculated from the Reconciliation Manager has been raised with the Reconciliation Manager. Network Tasman's losses have been reviewed by Bernie Cross of Contact Energy and Steve Woods (Electricity Authority approved auditor). They came to the conclusion that the Network Tasman loss calculations appeared to be correct and that potentially the losses being calculated by the Reconciliation Manager's system needed to be reviewed. This variance appears to have started when Nelson Electricity moved to a grid connection. The Reconciliation Manager indicated in an email dated 17 December 2018 to Network Tasman, that this was going to be investigated in conjunction with Ron Beatty from the Electricity Authority. That Reconciliation Manager has since left and there has been no further communication in relation to this. I raise this as an issue to be investigated.

Issue	Description	Remedial action
Loss factors	Investigation required into the UFE calculations used by the Reconciliation Manager system.	NTL await further communication from the Reconciliation Manager

Based on the information provided I believe that the Network Tasman loss calculations are correct, and compliance is confirmed.

Audit outcome

Compliant

CONCLUSION

This Distributor audit was performed at the request of **Network Tasman** (**TASM),** 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 version 7.2, which was produced by the Electricity Authority.

In the areas that were looked at Network Tasman have strong controls in place for their processes. Robust processes, and prompt and accurate update of information is treated as a priority. Reporting and management of the reports is strong, and data accuracy issues identified are promptly resolved.

Overall, the level of compliance is high, and controls generally found to be strong. The audit found six non-compliances and makes no recommendations. The audit risk rating is 6, and the next audit frequency table indicates that the next audit be due in 18 months. I have considered this in conjunction with Network Tasman's responses and I recommend that the next audit is in 24 months.

PARTICIPANT RESPONSE

Network Tasman welcomes the opportunity for the 2021 audit of our systems, processes and compliance by an Electricity Authority approved auditor. We view the audit as an opportunity to identify shortfalls in our processes that can result in non-compliance.

Network Tasman engaged Steve Woods – Veritek for this 24-month audit period based on his professionalism, knowledge and cohesive approach to the audit process. We take this opportunity to thank Steve for his services.

While Network Tasman is confident it has robust processes in place to capture information in an accurate and timely manner in order to comply with the Code, we continue to review our processes for improvement. Our focus on continual improvement has resulted in the following system/process improvements during the period since the 2019 audit:

- Auto generated email alert identifying rejected files/updates from registry.
- Generic email address for contractor return of completed ICP event work
- Automated process for presentation of all retailer EIEP8 files, which are vetted, and updated as of the date of the request received. No backdating. Process also includes automated creation of rejection files for return to retailer via Registry Hub.
- New query to identify New ICPs not claimed by traders before initial connection.

This audit identified a small number of non-compliance issues. We note that few of these non-compliances are the result of systemic failings on behalf of Network Tasman. A number of non-compliances were due to resource constraints during the absence of a key staff member. Although Network Tasman considers each non-compliance identified as part of this audit to be undesirable, the realised cost of these non-compliances is ultimately immaterial. Given the small number of non-compliances (and their immateriality) we cannot justify additional resourcing for our registry compliance functions in order to eliminate the possibility of breaching in the future. Network Tasman acknowledges and accepts that this approach carries a small risk of future non-compliance.

Similarly, we note that a number of non-compliances are due to the actions of parties over which Network Tasman has limited control.

The Authority/Auditor sets the timeframe for each distributor's next audit, based on the performance of their most recent audit. Those with better audit results are granted a longer period between audits, as a recognition of good performance. Following the 2019 audit, Network Tasman was granted a 24-month audit period. As noted earlier, Network Tasman has strengthened its controls since the 2019 Audit. There will be (and has been) natural variation in the number of Network Tasman's non-compliances over time, but we consider that from a risk based perspective, Network Tasman's risk of non-compliance has decreased since our previous audit.