

**ELECTRICITY INDUSTRY PARTICIPATION CODE
DISTRIBUTOR AUDIT REPORT**

For

**PRECINCT PROPERTY HOLDINGS LIMITED
(PPNZ)**

Prepared by: Rebecca Elliot

Date audit commenced: 14 June 2021

Date audit report completed: 14 July 2021

Audit report due date: 15 August 2021

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EXECUTIVE SUMMARY

This Distributor audit was conducted at the request of **Precinct Property Holdings Limited (PPNZ)** 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.

PPNZ's compliance is reliant on the compliance of TENCO, as the contractor. In this report, I have only recorded those matters where issues were discovered or where specific analysis was undertaken.

The date of the next audit is determined by the Electricity Authority and is dependent on the level of compliance during this audit. The table below provides some guidance on this matter and contains a future risk rating score of nine, which results in an indicative audit frequency of 12 months. I have considered this, and the material impact of the non-compliance found and recommend that the next audit is in 18 months' time.

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
Timeliness of Provision of ICP Information to the registry manager	3.4	7(2) of Schedule 11.1	Information not provided to the registry prior to electricity being traded for one ICP.	Strong	Low	1	Identified
Timeliness of Provision of Initial Electrical Connection Date	3.5	7(2A) of Schedule 11.1	Five ICPs did not have initial electrical connection dates populated within ten business days of initial electrical connection.	Strong	Low	1	Identified
Connection of NSP that is not point of connection to grid	3.9	10.30	Meter certification details were updated more than 20 business days after the certification date for PBS0011.	Strong	Low	1	Identified
Changes to registry information	4.1	8 Schedule 11.1	One late address update. One late network update. Two late pricing updates. Five late updates to decommissioned status.	Strong	Low	1	Identified
ICP Location address	4.4	2 Schedule 11.1	Two duplicated addresses were identified.	Strong	Low	1	Investigating
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 PMH0011 and PPW0011.	Strong	Low	1	Identified
Responsibility for metering information when creating an NSP that is not a POC to the grid	6.9	10.25(2)	Meter certification details were updated more than 5 business days after the certification date for PBS0011.	Strong	Low	1	Identified
Future Risk Rating						9	

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

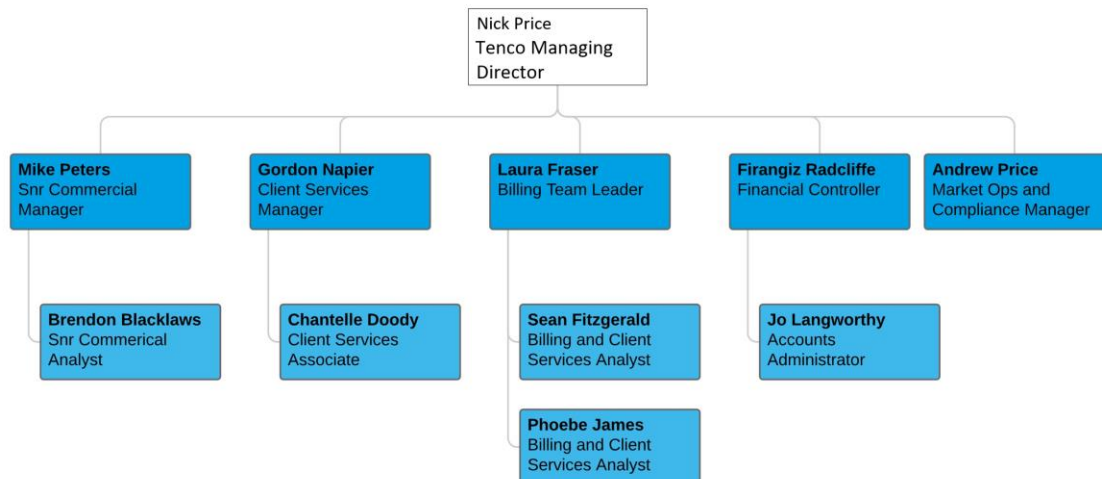
The Electricity Authority website was checked to determine whether PPNZ has any Code exemptions in place.

Audit commentary

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

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

Audit observation

TENCO performs all PPNZ's responsibilities.

1.5. Supplier list

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

1.6. Hardware and Software

TENCO manages a database called END (Embedded Network Database), which contains all relevant embedded network data.

A spreadsheet is used to create ICP identifiers. The checksum is created by the "checksum" tool provided by Vector.

Salesforce hosts all the ICP information, and registry information is imported daily. A daily registry validation is performed within Salesforce and any discrepancies are managed using the salesforce dashboard.

Confluence is used to map processes.

1.7. Breaches or Breach Allegations

PPNZ 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 PPNZ had the following NSPs as at 12/05/2021. Active ICP numbers are as at May 2021.

Dist	NSP POC	Description	Parent POC	Parent Network	Balancing Area	Network type	Start date	No of ICPs
PPNZ	PAZ0111	ANZ CENTRE	HOB1101	VECT	PAZ0111P PNZE	E	11/12/2019	2
PPNZ	PBS0011	HSBC HOUSE	PEN1101	VECT	PBS0011PP NZE	E	1/02/2019	4
PPNZ	PCF0011	Charles Ferguson Tower	WIL0331	CKHK	PCF0011PP NZE	E	19/12/2018	22
PPNZ	PMH001 1	MAYFAIR HOUSE	KWA0111	CKHK	PMH0011P PNZE	E	1/07/2014	17
PPNZ	PMP0011	AMP CENTRE	HOB1101	VECT	PMP0011P PNZE	E	30/10/2019	43
PPNZ	PPW0011	PWC TOWER	HOB1101	VECT	PPW0011P PNZE	E	26/09/2019	61
PPNZ	PSI0011	STATE INSURANCE TOWER	CPK0331	CKHK	PSI0011PP NZE	E	14/09/2018	50
PPNZ	PTA0011	1-3 THE TERRACE	WIL0331	CKHK	PTA0011P PNZE	E	1/02/2019	21
PPNZ	PVG0011	VODAFONE ON THE QUAY	WIL0331	CKHK	PVG0011P PNZE	E	1/07/2014	45
PPNZ	PWC0011	139 PAKENHAM ST AUCKLAND	HOB1101	VECT	PWC0011P PNZE	E	26/09/2019	8

PPNZ	PWC0012	8-14 Madden Street Auckland	HOB1101	VECT	PWC0012P PNZE	E	1/02/2019	16
PPNZ	PZH0011	ZURICH HOUSE	PEN1101	VECT	PZH0011P PNZE	E	1/07/2014	25

Four new NSPs were created since the previous audit:

New NSPs								
Dist	NSP POC	Description	Parent POC	Parent Network	Balancing Area	Network type	Start date	No of ICPs
PPNZ	PCB0011	6 Albert St Auckland Central	PEN1101	VECT	PCB0011PPNZE	E	15/03/2020	120
PPNZ	PCB0012	15 Customs St West Akld Central	PEN1101	VECT	PCB0012PPNZE	E	15/06/2020	38
PPNZ	PSB0011	34 Ballantrae Place Wellington	WIL0331	CKHK	PSB0011PPNZE	E	01/06/2020	6
PPNZ	PWC0013	8-14 Madden St Auckland	HOB1101	VECT	PWC0013PPNZE	E	15/10/2020	21

One NSP was transferred to another network, TENC during the audit period.

Dist	NSP POC	Description	Parent POC	Parent Network	Balancing Area	Network type	Start date
PPNZ	PPH0011	Pastoral House	KWA0111	CKHK	PPH0011PPNZE	E	01/05/15

ICP status

PPNZ's ICPs are summarised by status in the table below:

Status	Number of ICPs (2021)	Number of ICPs (2019)	Number of ICPs (2017)	Number of ICPs (2016)
New (999,0)	36	75	-	-
Ready (0,0)	4	11	1	-
Active (2,0)	492	354	347	324
Distributor (888,0)	-	-	-	-

Inactive – new connection in progress (1,12)	1	-	-	-
Inactive – electrically disconnected vacant property (1,4)	8	13	8	8
Inactive – electrically disconnected remotely by AMI meter (1,7)	1	1	3	2
Inactive – electrically disconnected at pole fuse (1,8)	-	-	-	-
Inactive – electrically disconnected due to meter disconnected (1,9)	-	-	-	-
Inactive – electrically disconnected at meter box fuse (1,10)	-	-	-	-
Inactive – electrically disconnected at meter box switch (1,11)	-	-	-	-
Inactive – electrically disconnected ready for decommissioning (1,6)	-	-	-	2
Inactive – reconciled elsewhere (1,5)	-	-	-	-
Decommissioned (3)	126	49	19	12

1.9. Authorisation Received

A letter of authorisation was provided.

1.10. Scope of Audit

This Distributor audit was performed at the request of PPNZ, 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

The previous audit was conducted in February 2020 by Tara Gannon of Veritek Limited. The audit recorded four non-compliances, and two issues. The current status of the non-compliances and issue 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)	Three network updates had incorrect event dates applied.	Cleared
Timeliness of Provision of Initial Electrical Connection Date	3.5	7(2A) of Schedule 11.1	Five ICPs did not have initial electrical connection dates populated within ten business days of initial electrical connection.	Still existing
Connection of NSP that is not point of connection to grid	3.9	10.30	The MEP and meter certification expiry date for PCF0011 were provided on 14/01/2019, 14 business days after electrical connection.	Still existing
Changes to registry information	4.1	8 Schedule 11.1	19 late network updates. Three late pricing updates. Three late updates to decommissioned status.	Still existing

Subject	Section	Issue	Remedial action	Status
Distributors to Provide ICP Information to the Registry manager	4.6	7(1) Schedule 11.1	The initial electrical connection dates for 000138721PN2A5 and 0110110049PNC15 were inaccurate and were corrected during the audit. Three network updates had incorrect event dates applied.	Cleared
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 PPH0011, PBS0011, PVG0011, PSI0011, PMP0011 and PTA0011.	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 registry list file as at registry list as at 31/05/21 and combined registry compliance audit reports covering the period from 01/12/19 to 31/05/21 were examined to confirm compliance.

Audit commentary

Compliance is recorded for TENCO. A small number of errors were found, and these were corrected upon discovery.

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

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

Audit commentary

Processes are in place to identify and resolve registry discrepancies. Incorrect information is normally corrected daily, or as soon as possible upon discovery.

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 TENCO process for bridging control devices was examined.

Audit commentary

This clause was implemented alongside a number of changes made to the Code on February 1st, 2021.

There are no ICPs on the PPNZ network with load control.

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 TENCO website and the email signatures from TENCO staff were reviewed to confirm compliance.

Audit commentary

TENCO have a reference on their website to the Utilities Disputes and include a reference in their email signature to the Utilities Disputes for all staff.

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 audit report.

The registry list as at 31/05/21 and event detail report for 01/12/19 to 31/05/21 were reviewed to identify all new connections during the period and check that ICPs were created as required by this clause.

Audit commentary

Compliance is recorded in the TENCO audit report in relation to this clause. Examination of the registry list found 170 new ICPs were created during the audit period in accordance with this clause.

Audit outcome

Compliant

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

Code reference

Clause 11.5(3)

Code related audit information

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

Audit observation

The 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.

170 new ICPs were created during the audit period. A sample of ten ICPs were checked to confirm compliance.

Audit commentary

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

This clause requires Distributors to create ICPs within three business days of the request. This clause also assumes that ICP requests will be made by traders, however the process for PPNZ is different and the majority of ICP requests are made by customers to PPNZ therefore this clause does not apply in this scenario.

The sample of ten new connections checked were requested by the building owner or electrical contractor.

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 of May 2021 and the combined registry compliance audit reports covering the period from 1/12/2019 to 31/05/2021 were examined to confirm compliance.

Audit commentary

170 new ICPs were created during the audit period, and information was provided as required by this clause.

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 as of May 2021 and the combined registry compliance audit reports covering the period from 1/12/2019 to 31/05/2021 were examined to confirm compliance.

Audit commentary

The distributor must provide to the registry the information listed in clause 7(1) of schedule 11.1 as soon as practicable, and before electricity is traded at the ICP.

170 new ICPs were created during the audit period, and 149 of those were electrically connected. The audit compliance report identified 74 ICPs created or made ready after electrical connection has occurred, a sample of ten new connections were checked:

- Nine ICPs that were 1 day late due to an issue with accessing the Jade/RM system, when this was resolved the ICP's were updated.
- ICP 024000000PN2F4 was made "ready" on 30 June 2020 for an electrical connection date of 1 June 2020.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 3.4 With: Clause 7(2) of Schedule 11.1 From: 01-Dec-19 To: 31-May-21	Information not provided to the registry prior to electricity being traded for one ICP. Potential impact: Low Actual impact: Low Audit history: None Controls: Strong Breach risk rating: 1		
Audit risk rating	Rationale for audit risk rating		
Low	Controls are rated as strong, as they are robust and mitigate risk to an acceptable level. The audit risk rating is deemed to be low as this has no direct impact on reconciliation.		
Actions taken to resolve the issue		Completion date	Remedial action status
All but 1 of the ICP's that were set to ready post the ready date was for known reasons and updated as soon as we were either able to do so due to system limitations on the next business day following the weekend when the go live fell. The issue with ICP 024000000PN2F4 was a result of human error and corrected as soon as we became aware.		During the audit period	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
Controls in this space are strong already however we are working with our system provide to forward date registry changes in their system to then populate within registry on the actual date where this falls on a weekend to thus ensure that this non-compliance when it does occur is removed.		On going	

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 as at 31/05/21, the AC20 report and event detail report for 01/12/19 to 31/05/21 were reviewed to identify all new connections during the period and check that ICPs were created as required by this clause.

Audit commentary

170 new ICPs were created during the audit period, and 149 of those were electrically connected. 44 initial electrical connection dates were populated on the registry within ten business days of electrical connection, and 105 were late.

66 were late due to an internal communication issue. The process has been changed and the IED population will now be done from the Wells paperwork, this issue is not expected to happen in the future.

A further sample of ten were checked and found:

- for five ICPs, the IED was initially put into the registry within the required timeframe, a later entry changed the effective date for the initial entry; and
- for five ICPs the process to update the initial electrical connection date was late due to the delayed paperwork being received from the field

Audit outcome

Non-compliant

Non-compliance	Description
Audit Ref: 3.5 With: Clause 7(2) of Schedule 11.1 From: 01-Dec-19 To: 31-May-21	105 ICPs did not have initial electrical connection dates populated within ten business days of initial electrical connection. Potential impact: Low Actual impact: Low Audit history: Multiple 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 prevent the late updates most of the time. The audit risk rating is deemed to be low as this has no direct impact on reconciliation.

Actions taken to resolve the issue	Completion date	Remedial action status
As noted by Veritek over 50% of these late entries were due to an internal comms issue, the others were the result of late paperwork during Covid lockdown #1 who backdated entries that were not required and a result of human error.	Throughout the audit period as identified	Identified
Preventative actions taken to ensure no further issues will occur	Completion date	
As noted we have modified our process to populate IED's upon receipt of the meter install paperwork as opposed to relying on the retailer and MEP updates to occur in Registry – we do however monitor registry updates via Salesforce to ensure that none slip through here.	Ongoing	

3.6. Connection of ICP that is not an NSP (Clause 11.17)

Code reference

Clause 11.17

Code related audit information

A distributor must, when connecting an ICP that is not an NSP, follow the connection process set out in Clause 10.31.

The distributor must not connect an ICP (except for an ICP across which unmetered load is shared) unless a trader is recorded in the registry as accepting responsibility for the ICP.

In respect of ICPs across which unmetered load is shared, the distributor must not connect an ICP unless a trader is recorded in the registry as accepting responsibility for the shared unmetered load, and all traders that are responsible for an ICP on the shared unmetered load have been advised.

Audit observation

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

The registry list file as of May 2021 and the combined registry compliance audit reports covering the period from 1/12/2019 to 31/05/2021 were examined to confirm 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.

All ICP's had a trader recorded prior to being electrically connected.

The registry list does not record any shared unmetered load; therefore, compliance is recorded for PPNZ.

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 unmeted load at the ICP and each trader has been advised.

Audit observation

The registry list file as of May 2021 and the combined registry compliance audit reports covering the period from 1/12/2019 to 31/05/2021 were examined to confirm compliance.

Audit commentary

PPNZ 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 unmeted 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 registry list file as of May 2021 and the combined registry compliance audit reports covering the period from 1/12/2019 to 31/05/2021 were examined to confirm compliance.

Audit commentary

The report recorded 86 ICPs with a Metering Installation Certification Date earlier than the IECD. A sample of 10 ICPs were checked. The volumes were being recorded by GN ICP's prior to the Network being created, they were not electrically connected. I confirmed this by checking the of sample of 10 ICPs.

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

Four new NSPs were connected during the audit period, the information required by this clause was provided. The meter certification expiry information was provided late for PSB0011 was late. The meter certification date is 19/07/2019, and the system date change was 30/06/2020.

Dist	NSP POC	Description
PPNZ	PCB0011	6 Albert St Auckland Central
PPNZ	PCB0012	15 Customs St West Akld Central
PPNZ	PSB0011	34 Ballantrae Place Wellington
PPNZ	PWC0013	8-14 Madden St Auckland

Audit outcome

Non-compliant

Non-compliance	Description
Audit Ref: 3.9 With: Clause 10.30 From: 01- Dec-19 To: 31-May-21	Meter certification details were updated more than 20 business days after the certification date for PBS0011. 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 moderate as they are sufficient to ensure that MEP and meter certification information is provided on time most of the time. The impact is low. The meter with the late update was certified at all times.

Actions taken to resolve the issue	Completion date	Remedial action status
The late update of PSB0011 was a result of delays caused by NZ Defence and Precinct working through their leasing agreement as to whether an Embedded Network was permitted within their tenancy space – whilst the meter was certified on the 19/07/2019 the actual Embedded Network go live date was the 01/06/2020 with metering details added in the RM portal on the 30/06/2020 and therefore just outside the 20-business day requirement.	30/06/2020	Identified
Preventative actions taken to ensure no further issues will occur	Completion date	
Controls in this space are strong however we would note that we are reliant on timely provision of data from the MEP which is at time a challenge for us.	N/A	

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

Code reference

Clause 10.30A 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

New NSP's: PCB0011, PCB0012, PSB0011 and PWC0013 were electrically connected during the audit period. The NSP were not temporarily electrically connected.

Audit outcome

Compliant

3.11. Definition of ICP identifier (Clause 1(1) Schedule 11.1)

Code reference

Clause 1(1) Schedule 11.1

Code related audit information

Each ICP created by the distributor in accordance with Clause 11.4 must have a unique identifier, called the “ICP identifier”, determined in accordance with the following format:

xxxxxxxxxxxccc where:

- xxxxxxxxxxxx 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 for TENCO. ICPs are created in a spreadsheet. The spreadsheet is used to create unique numbering sets for each network. Each network has its own numbering convention, usually with tenancy or shop numbers incorporated into the ICP number.

The checksum is added manually from the “Checksum” system supplied by Vector for where a group of ICPs is created. For the creation of a single ICP, TENCO uses the checksum facility available on the registry.

Audit outcome

Compliant

3.12. Loss category (Clause 6 Schedule 11.1)

Code reference

Clause 6 Schedule 11.1

Code related audit information

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

Audit observation

The list file as at 31/05/2021 was examined to confirm whether all active ICPs have a single loss category.

Audit commentary

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

Audit outcome

Compliant

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

Code reference

Clause 13 Schedule 11.1

Code related audit information

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

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

Audit observation

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

The event detail file, and the registry LIS report for 1 December 2019 to 31 May 2021 were examined to determine compliance.

Audit commentary

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

36 ICP's are currently at "new" status. Monitoring of ICP's at 'new' status is discussed in **section 3.14**.

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 registry list file as at May 2021 and the combined registry compliance audit reports covering the period from 1/12/2019 to 31/05/2021 were examined to confirm compliance.

Audit commentary

Compliance is recorded in the TENCO audit report in relation to this clause. Four ICPs are at "ready" status, one. ICP 1001164598PN643 had been at "ready" since 24/11/2017. 36 ICPs were at "new" status, and all have had the status applied for more than two years. A typical sample of ten ICPs were examined.

These were all last checked by PPNZ in May 2020. All 36 ICPs that were at "new" have been decommissioned during the audit period. The 36 ICPs that were at the "new" status have since been confirmed as no longer required and have been decommissioned - set up in error.

Audit outcome

Compliant

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

Code reference

Clause 7(6) Schedule 11.1

Code related audit information

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

- *The loss category code must be unique; and*

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

Audit observation

The registry list as of May 2021 was examined to determine compliance.

Audit commentary

The list file was examined. There is no embedded generation on the PPNZ network that has a generation capacity greater than 10MW.

Audit outcome

Compliant

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

Code reference

Clause 10.30C and 10.31C

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

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

The registry list as at 31/05/21 was reviewed to determine compliance.

Audit commentary

PPNZ obtains permission from the trader before electrically connecting ICPs.

Review of the registry list confirmed that no unmetered load is connected. PPNZ does not intend to connect any other unmetered load to the network in the future.

Audit outcome

Compliant

3.17. Meter bridging (Clause 10.33C)

Code reference

Clause 10.33C

Code related audit information

An 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 TENCO process for bridging control devices was examined.

Audit commentary

TENCO confirm no meters were bridged during the audit period.

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 report. I also examined the event detail report for 01/12/19 to 31/05/21 and combined audit compliance reports for 01/12/19 to 31/05/21 to identify late changes to registry information during the report period.

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

There were 397 address events during the audit period. Only one update was late.

Network events

There was one late network update for ICP 024000000PN2F4. This was due to a change of proposed trader which was updated after the ICP was electrically connected.

Pricing events

There were 373 pricing events during the audit period. 99.46% of pricing updates were made on time, and two updates were four to 20 business days late.

Status events

89.80% of status updates to “decommissioned” were made within three business days of the event date, or within three business days of the trader’s update to “ready for decommissioning” status. Five were made four days after the trader made them ready to decommission.

NSP changes

There were no late NSP changes made during the audit period.

Distributed Generation Changes

These are unlikely to occur on PPNZ embedded networks as these are mostly high-rise buildings and none were identified.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 4.1 With: Clause 8 Schedule 11.1 From: 01-Dec-19 To: 31-May-21	One late address update. One late network update. Two late pricing updates. Five late updates to decommissioned status. 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	Controls are rated as strong, as they are sufficient to ensure updates are on time most of the time. In most cases checked, the late update was at the request of another party, caused by another party’s late provision of information to PPNZ or the registry, or was a correction. 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 noted by the auditors most updates were completed on time and those that were not were only fractionally outside of the required timeframes and likely a result of human error in not following the Compliance Dashboard process.	N/A	Identified
Preventative actions taken to ensure no further issues will occur	Completion date	
Controls in the space remain strong and have been tightened as we have had some staff turnover and improved the process documentation and administration of registry updates.	N/A	

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

Code reference

Clauses 7(1), 7(4) and 7(5) Schedule 11.1

Code related audit information

Under Clause 7(1)(b) of Schedule 11.1, the distributor must provide to the registry manager the NSP identifier of the NSP to which the ICP is usually connected.

If the distributor cannot identify the NSP that an ICP is connected to, the distributor must nominate the NSP that the distributor thinks is most likely to be connected to the ICP, taking into account the flow of electricity within its network, and the ICP is deemed to be connected to the nominated NSP.

Audit observation

The management of this process is discussed in the TENCO report. The audit compliance reporting was examined for any NSP discrepancies.

Audit commentary

The audit compliance reports identified four ICPs that appeared to be incorrectly mapped to NSP, these were checked and confirmed to be correct.

Audit outcome

Compliant

4.3. Customer queries about ICP (Clause 11.31)

Code reference

Clause 11.31

Code related audit information

The distributor must advise a customer (or any person authorised by the customer) or embedded generator of the customer or embedded generator's ICP identifier within 3 business days after receiving a request for that information.

Audit observation

The management of customer queries was examined.

Audit commentary

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

Audit outcome

Compliant

4.4. ICP location address (Clause 2 Schedule 11.1)

Code reference

Clause 2 Schedule 11.1

Code related audit information

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

Audit observation

The process to determine correct and unique addresses was examined during the TENCO agent audit.

The registry list file as of May 2021 and the combined registry compliance audit reports covering the period from 1/12/2019 to 31/05/2021 were examined to confirm compliance.

Two ICP's were identified with duplicate addresses.

Audit commentary

All active ICPs had complete addresses recorded, two addresses were duplicated.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 4.4 With: Clause 2 Schedule 11.1 From: 1-Dec-19 To: 31-May-21	Two duplicated addresses were identified. Potential impact: Low Actual impact: Low Audit history: None Controls: Strong Breach risk rating: 1		
Audit risk rating	Rationale for audit risk rating		
Low	Controls are rated as strong, as they are sufficient to ensure addresses are unique most of the time. The risk is assessed as low as the volume of ICPs affected is relatively small.		
Actions taken to resolve the issue		Completion date	Remedial action status
There was a one-off error caused by incorrect information from site – upon notice by Veritek during this audit process the ICP was updated upon confirmation from site on the correct labeling of 1 ICP.		26/07/2021	Investigating

Preventative actions taken to ensure no further issues will occur	Completion date	
Our controls in this space are strong – we are currently working with our system provider on an enhancement that will prevent duplicate addresses occurring in the future.	Ongoing	

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

Processes to ensure information is accurate were examined during the TENCO agent audit.

The registry list file as of May 2021 and the combined registry compliance audit reports covering the period from 01/12/2019 to 31/05/2021 were examined to confirm 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

Compliance is recorded in the TENCO contractor report. All ICP information was checked and confirmed compliant.

Audit outcome

Compliant

4.7. Provision of information to registry after the trading of electricity at the ICP commences (Clause 7(3) Schedule 11.1)

Code reference

Clause 7(3) Schedule 11.1

Code related audit information

The distributor must provide the following information to the registry manager no later than 10 business days after the trading of electricity at the ICP commences:

- *the actual price category code assigned to the ICP (Clause 7(3)(a) of Schedule 11.1)*
- *the actual chargeable capacity of the ICP determined by the price category code assigned to the ICP (if any) (Clause 7(3)(b) of Schedule 11.1)*
- *the actual distributor installation details of the ICP determined by the price category code assigned to the ICP (if any) (Clause 7(3)(c) of Schedule 11.1).*

Audit observation

The management of this process is discussed in the TENCO report.

The registry list as at 31/05/21, audit compliance report for 01/12/19 to 31/05/21 were reviewed to identify all new connections during the period and check that pricing information was provided as required by this clause.

Audit commentary

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

The registry list as at May 2021 and audit compliance report for 01/12/19 to 31/05/21 were reviewed to identify all new connections during the period and check that pricing information was provided as required by this clause.

Audit outcome

Compliant

4.8. GPS coordinates (Clause 7(8) and (9) Schedule 11.1)

Code reference

Clause 7(8) and (9) Schedule 11.1

Code related audit information

If a distributor populates the GPS coordinates (optional), it must meet the NZTM2000 standard in a format specified by the Authority.

Audit observation

The registry list as at May 2021 was examined to confirm compliance.

Audit commentary

PPNZ does not record GPS coordinates on the registry.

Audit outcome

Compliant

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

Code reference

Clause 14 Schedule 11.1

Code related audit information

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

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

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

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

Audit observation

Processes to manage ICPs at “ready” status were reviewed as part of the TENCO agent audit.

The registry list file as of May 2021 and the combined registry compliance audit reports covering the period from 1/12/2019 to 31/05/2021 were examined to confirm compliance.

Audit commentary

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

The list file contained four ICP’s at a “ready” status. All had a nominated trader and price category recorded. 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

The registry list file as of May 2021 was reviewed to identify any ICPs at “distributor” status.

Audit commentary

The “distributor” status was not used at all during the report 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 registry list file as of May 2021 and the combined registry compliance audit reports covering the period from 1/12/2019 to 31/05/2021 were examined to confirm compliance.

Audit commentary

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

55 ICPs were decommissioned during the audit period, five ICP’s were updated late. The timeliness of updates to decommissioned status are discussed in **section 4.1**.

There are no ICPs 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

PPNZ created three new price categories during the audit period. These all related to new embedded networks and were provided with the correct notice period.

Audit outcome

Compliant

5. CREATION AND MAINTENANCE OF LOSS FACTORS

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

Code reference

Clause 21 Schedule 11.1

Code related audit information

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

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

A loss category code takes effect on the specified date.

Audit observation

The loss category code table on the registry was examined to determine compliance.

Audit commentary

PPNZ did not create any new loss factors for the audit period.

Audit outcome

Compliant

5.2. Updating loss factors (Clause 22 Schedule 11.1)

Code reference

Clause 22 Schedule 11.1

Code related audit information

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

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

Audit observation

The loss category code table on the registry was examined to determine compliance.

Audit commentary

PPNZ did not end date any loss factor codes during the audit period.

PPNZ updated the loss factor values for the following codes during the audit period in accordance with this clause:

Loss factor	Updated from
PPNZ01	26/02/2021
PPNZ02	26/02/2021

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

Audit outcome

Compliant

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

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

Code reference

Clause 11.8 and Clause 25 Schedule 11.1

Code related audit information

If the distributor is creating or decommissioning an NSP that is an interconnection point between two local networks, the distributor must give written notice to the reconciliation manager of the creation or decommissioning.

If the embedded network owner is creating or decommissioning an NSP that is an interconnection point between two embedded networks, the embedded network owner must give written notice to the reconciliation manager of the creation or decommissioning.

If the distributor is creating or decommissioning an NSP that is a point of connection between an embedded network and another network, the distributor must give written notice to the reconciliation manager of the creation or decommissioning.

The notice provided to the reconciliation manager must be provided no later than 30 days prior to the intended date of 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 process for the creation and decommissioning of NSPs was reviewed as part of the TENCO agent audit.

The NSP table was examined, and notifications were reviewed.

Audit commentary

Compliance is recorded for TENCO.

Four new NSPs were created during the audit period:

NSP	NSP start date
PCB0011	15/03/2020
PCB0012	15/06/2020
PSB0011	01/06/2020
PWC0013	15/10/2020

One ICP transferred from other networks to PPNZ during the audit period.

Written notice was provided as required by this clause.

Audit outcome

Compliant

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

Code reference

Clause 26(1) and (2) Schedule 11.1

Code related audit information

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

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

Audit observation

The process to provide balancing area information was reviewed as part of the TENCO agent audit.

The NSP table was examined, and notifications were reviewed.

Audit commentary

Compliance is recorded for TENCO.

Four new NSPs were created during the audit period:

NSP	NSP start date
PCB0011	15/03/2020
PCB0012	15/06/2020
PSB0011	01/06/2020
PWC0013	15/10/2020

For each new NSP, the correct balancing area information was provided in accordance with 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 was examined, and notifications were reviewed.

Audit commentary

Compliance is recorded for TENCO.

Four new NSPs were created during the audit period (listed in **section 6.1**), and information was provided to the reconciliation manager as required by 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 and the registry list for May 2021 were examined.

Audit commentary

Compliance is recorded for TENCO.

Four new NSPs were created during the audit period (listed in **section 6.1**), and information was provided to the reconciliation manager as required by this clause.

Audit outcome

Compliant

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

Code reference

Clause 24(2) and (3) Schedule 11.1

Code related audit information

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

Audit observation

The process to maintain balancing area information was reviewed as part of the TENCO agent audit.

The NSP table 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 NSP table and the registry list for 01/12/2019 - 31/05/2021 were examined.

Audit commentary

No ICPs were transferred from other networks during the audit period.

Audit outcome

Compliant

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

Code reference

Clause 10.25(1) and 10.25(3)

Code related audit information

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

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

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

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

Audit observation

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

Audit commentary

Compliance is recorded for TENCO. The NSP table was reviewed:

Distributor	NSP POC	Description	MEP	Certification Expiry
PPNZ	PCB0011	6 Albert Street Auckland Central	AMCI	15/03/2024
PPNZ	PCB0012	15 Custom St West Akld Central	AMCI	18/05/2024
PPNZ	PCF0011	Charles Ferguson Tower	AMCI	16/12/2022
PPNZ	PMH0011	MAYFAIR HOUSE	AMCI	12/07/2025

PPNZ	PMP0011	AMP CENTRE	AMCI	3/04/2022
PPNZ	PPW0011	PWC TOWER	AMCI	29/05/2023
PPNZ	PSB0011	34 Ballantrae Place WELLINGTON	AMCI	28/06/2024
PPNZ	PSI0011	STATE INSURANCE TOWER	AMCI	14/03/2024
PPNZ	PTA0011	1-3 THE TERRACE	AMCI	26/07/2024
PPNZ	PVG0011	VODAFONE ON THE QUAY	AMCI	13/03/2024
PPNZ	PWC0011	139 PAKENHAM ST AUCKLAND	AMCI	10/10/2026
PPNZ	PWC0012	8-14 Madden Street Auckland	AMCI	30/03/2022
PPNZ	PWC0013	8-14 Madden St Auckland	AMCI	28/08/2025
PPNZ	PZH0011	ZURICH HOUSE	AMCI	26/03/2024

All connected NSPs have certified metering installations.

Meter certification details were updated for the following NSPs during the audit period. Both were updated were late. This was primarily caused by delays in receiving the meter certification details.

POC code	Change mechanism	Change date	Certification date	Business days
PMH0011	RM Portal	11/08/2020	13/07/2020	21
PPW0011	RM Portal	128/01/2021	21/11/2020	45

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 6.8 With: Clause 10.25(1) and 10.25(3) From: 1-Dec-19 To: 31-May-21	Meter certification details were updated more than 20 business days after the certification date for PMH0011 and PPW0011. 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 strong, because the delays were primarily caused by the MEP being unable to provide information on time. 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

Metering certification details were populated to the RM portal within 2 business days of receipt from the MEP and the noncompliance is a result of late paperwork from the MEP.	Throughout the audit period.	Identified
Preventative actions taken to ensure no further issues will occur	Completion date	
We continue to work with the MEP to ensure we receive meter certificates in a more timely manner.	Ongoing	

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 5 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

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.

Four new NSPs were created during the audit period (listed in **section 6.1**), and information was provided to the reconciliation manager as required by this clause. The information provided for PSB0011 was late, the meter certification date is 19/07/2019, and the system date change was 30/06/2020.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 6.9 With: Clause 10.25(2) From: 1-Dec-19 To: 31-May-21	Meter certification details were updated more than 20 business days after the certification date for PBS0011. 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 strong, because the delays were primarily caused by the MEP being unable to provide information on time. 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
The late update of PSB0011 was a result of delays caused by NZ Defence and Precinct working through their leasing agreement as to whether an Embedded Network was permitted within their tenancy space – whilst the meter was certified on the 19/07/2019 the actual Embedded Network go live date was the 01/06/2020 with metering details added in the RM portal on the 30/06/2020 and therefore just outside the 20-business day requirement.		30/06/2020	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
Controls in this space are strong however we would note that we are reliant on timely provision of data from the MEP which is at time a challenge for us.		N/A	

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 table was examined.

Audit commentary

PPNZ has not acquired any networks.

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 report. The NSP 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 01/12/19 to 31/05/21 were examined.

Audit commentary

PPNZ has not acquired any networks during the 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 table was examined.

Audit observation

PPNZ has not acquired any networks.

Audit outcome

Compliant

7. MAINTENANCE OF SHARED UNMETERED LOAD

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

Code reference

Clause 11.14(2) and (4)

Code related audit information

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

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

Audit

The registry list for 01/12/19 to 31/05/21 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 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.

Audit commentary

Compliance is recorded for TENCO.

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. I checked the calculations for the loss factors that are applied and confirm that they are being calculated correctly.

I checked the UFE for the PPNZ network and the losses are not within the +/-1% guidelines. UFE for this network includes the usage of power in common areas load and as this network is settled by difference, therefore it does not fall within the +/-1% threshold but is compliant.

Audit outcome

Compliant

CONCLUSION

The audit was conducted in accordance with the Guideline for Distributor Audits V7.2, which was produced by the Electricity Authority.

PPNZ's compliance is reliant on the compliance of TENCO, as the contractor. In this report, I have only recorded those matters where issues were discovered or where specific analysis was undertaken.

The date of the next audit is determined by the Electricity Authority and is dependent on the level of compliance during this audit. The table below provides some guidance on this matter and contains a future risk rating score of nine, which results in an indicative audit frequency of 12 months. I have considered this, and the material impact of the non-compliance found and recommend that the next audit is in 18 months' time.

PARTICIPANT RESPONSE

Tenco on behalf of PPNZ have reviewed the above audit report on the 12th of August-2021 and we are in agreement with the findings contained within it.