

5 September 2008

«First\_Name» «Surname»  
«Title»  
«Company\_Name»  
«Address\_1»  
«Address\_2»  
«Address\_3»  
«Address\_4»

Dear «First\_Name»

## **Distributor obligations under the Electricity Governance Rules 2003**

### **Distributor audits**

If you are not a distributor or network owner that has points of connection on your network, and an obligation under the Rules to have ICP identifiers on the registry, you need read no further.

The Electricity Commission (Commission) would like to remind distributors and network owners of changes to the Electricity Governance Rules 2003 (Rules) and subsequent audit requirements, as a result of the implementation of the reconciliation rules on 1 May 2008.

Amendments to parts A, D, E and J of the Rules, which became effective on 1 May 2008, placed new obligations on distributors and network owners that are acting as a distributor. These new obligations have been highlighted at all of the reconciliation participant forums hosted by the Commission, and the Commission's expectation is that you have already commenced this process.

Rule 10 of part E of the Rules requires distributors to undergo a Rules audit, at the distributors cost and provision of that audit report to the Commission Board by 1 November 2008 for the following:

1. The creation of ICPs and the maintenance of distributor information in the registry;  
and
2. The creation and maintenance of loss factors.

## **Certified reconciliation participant status**

Rule 19 of part J of the Rules requires distributors to become a certified reconciliation participant, and rule 3 of schedule J1 of part J of the Rules details the method and timeframe of obtaining such certification. This includes having a Rules audit conducted, at the distributors cost, and having applied and obtained certification from the Commission Board by 1 November 2008.

Distributors should apply for certified reconciliation participant status if the distributor has a Rules obligation for any of the following:

1. supply submission information to the reconciliation manager for the gateway meter (primary point of connection for an embedded network) as an embedded network owner or operator; and
2. supply submission information to the reconciliation manager where the distributor operates a network that is interconnected with another local or embedded network.

Please note that, where a function requiring certification is the obligation of the distributor, but that function is performed completely by an agent to the distributor, then the distributor does not need to have ISO or a Rules audit itself, provided that the agent has these.

In the case noted above, the distributor does still need to submit an application for certification in accordance with rule 3 of schedule J1 of part J of the Rules, and accompany this application with copies of the agent's audit reports and a document that confirms that there is a contract between the participant and the agent for the provision of these services.

The documents located at the link below on the Commission's website may be of assistance:

<http://www.electricitycommission.govt.nz/opdev/retail/retailaudits>.

The application form for certified reconciliation participant status is located on the Commission's website at

<http://www.electricitycommission.govt.nz/advisorygroups/pjtteam/reconproject>.

If you require further information or assistance, please send queries by email to [retailoperations@electricitycommission.govt.nz](mailto:retailoperations@electricitycommission.govt.nz)

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ron Beatty', written in a cursive style.

Ron Beatty  
**Senior Adviser Retail Operations**