

Electricity Commission

Consultation Paper

Proposal #62 Reconciliation Transitional Rules

July 2006

A. Introduction

Purpose

- 1 The Electricity Commission (Commission) is considering the need for transitional rules to be included in the new reconciliation rules. These are needed to give effect to the Commission's expectation that the wash-up revisions reconciled after the go-live date, and relating to 14 months of consumption periods¹ prior to the go-live date, will apportion Unaccounted for Electricity (UFE) to the incumbent retailer.
- 2 The purpose of this paper is to consult with the persons that the Commission thinks are representative of the interests of persons likely to be substantially affected by the proposed rule.
- 3 A formal statement of proposal has already been issued, in December 2005. This is available on the Commission's website:
<http://www.electricitycommission.govt.nz/consultation/prop62second>.

Submissions

- 4 The Commission invites submissions on the proposal by 5pm on 26 July 2006.
- 5 The Commission's preference is to receive submissions in electronic format (Microsoft Word and/or pdf). Submissions in electronic version should be emailed with 'Proposal #62 Reconciliation Transitional Rules' in the subject header to info@electricitycommission.govt.nz.
- 6 If submitters do not wish to send their submission electronically, they should post one hard copy of their submission to the address below.
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- 7 The Commission will acknowledge receipt of all submissions electronically. Please contact Jenny Walton if you do not receive electronic acknowledgement of your submission within two business days.
- 8 Your submission is likely to be made available to the general public on the Commission's website. Submitters should indicate any documents attached, in support of the submission, in a covering letter and clearly indicate any information that is provided to the Commission on a confidential basis. All information provided to the Commission is subject to the Official Information Act 1982.

¹ Potentially up to 24 months with Board approval

Abbreviations used in this paper

Commission	Electricity Commission
ECRPT	Electricity Commission Reconciliation Project Team
MARIA	Metering and Reconciliation Information Agreement
MARIA RPT	MARIA Reconciliation Project Team
RIPT	Reconciliation Implementation Project Team
RISG	Reconciliation Issues Steering Group
RPSG	Reconciliation Project Steering Group
Rules	Electricity Governance Rules 2003
UFE	Unaccounted for Electricity

Background

- 9 There have been various reconciliation related project teams that have contributed to the process of enhancing the reconciliation system. These are outlined here for ease of reference and to aid understanding.

Acronym	Name in full	Description
MARIA RPT	MARIA Reconciliation Project Team.	The RPT was tasked with advising the MARIA Governance Board on how to ensure that reconciliation within MARIA produces accurate, complete and timely information in a cost-effective manner.
RISG	Reconciliation Issues Steering Group.	The RISG was tasked with considering the final recommendations of the MARIA RPT, place these recommendations into a broader strategic context, and to consider commercial issues associated with these. The membership was such that members had the authority to commit their organisations to a direction agreed by the RISG.
ECRPT	Electricity Commission Reconciliation Project Team.	The ECRPT was tasked with advising the Commission on how to ensure that the reconciliation process within the Rules would produce accurate, complete, and timely information in a cost-effective manner taking into account the work from the MARIA RPT and the RISG.
RIPT	Reconciliation Implementation Project Team.	The RIPT is tasked with the implementation of the reconciliation rules and processes, to ensure they are implemented in a timely and cost effective manner.
RPSG	Reconciliation Project Steering Group.	The RPSG acts as a steering committee and oversees the RIPT in its management of the implementation of the reconciliation recommendations. The members of the RISG became the members of the RPSG.

- 10 The final report from the ECRPT² was completed in December 2004. At its 8/9 February 2005 meeting, the Board agreed to publish the proposed recommendations for amendments to the Rules to support the final recommendations of the ECRPT. This was the original round of consultation.
- 11 In addition to the documents released during the original consultation round,³ the Commission held a series of workshops in Auckland, Wellington, and Christchurch, which discussed the rule changes and any immediate concerns raised by participants on the proposal. The original consultation period closed on 29 April 2005.
- 12 The original consultation paper specifically requested comments on the draft rules and whether these rules accurately reflected the ECRPT recommendations. However, some submitters chose to comment on the key recommendations as well as commenting on the proposed rule changes.
- 13 The Commission set up the RIPT in June 2005. The RIPT, among other things, was tasked with considering the submissions received on the original rule change proposal, including developing an explanatory document detailing its consideration of all submissions received, and the reasons for disagreeing with some submissions received on the proposed rule changes. The Commission divided the submissions into two broad fields – these being the submissions on general issues and submissions on specific rules.
- 14 The submissions received did not require a comprehensive rethink of the concepts, but instead a careful review of the detail. As such, there was no substantial variance from the direction taken by ECRPT in its final report as a result of the initial consultation round.
- 15 The review of the detail resulted in changes to all relevant parts of the rules, which reflected a ‘step-change’ improvement from the set of draft rules issued during the initial consultation round.
- 16 The rule change proposal,⁴ released as part of the second round of consultation during December 2005, better reflected:
 - a. The design intent of the ECRPT position;
 - b. A common understanding of processes; and
 - c. An ability to deliver on the objective of producing accurate, complete, and timely information in a cost-effective manner.
- 17 The second round of consultation closed on 21 February 2006. Submissions were received from 23 interested stakeholders. The submissions were summarised and comprised 652 individual issues that required RIPT consideration. The quality of the submissions indicated that the industry gave

² Available on the Commission website:

<http://www.electricitycommission.govt.nz/pdfs/opdev/retail/consultationdocs/pdfsconsultation/reconciliation/Annex1.pdf>

³ <http://www.electricitycommission.govt.nz/consultation/reconcil>

⁴ <http://www.electricitycommission.govt.nz/consultation/prop62second>

thorough consideration to the consultation material which was published and prepared thoughtful and considered submissions.

- 18 Broadly speaking, these submissions were grouped into three distinct areas:
- a. Submissions where the RIPT, after consideration, decided that a change to definitions or terminology was required;
 - b. Submissions where the RIPT, after consideration, decided that minor (usually clarificatory) amendments should be made to the reconciliation rules. This was often due to an apparent lack of clarity in the draft rules which were submitted for consultation, and the RIPT has been aware of the need, where such submissions have been made, to clarify and correct the rules; and
 - c. Submissions where submitters misinterpreted or misunderstood the relevant rule.

NEED FOR TRANSITIONAL RULES

- 19 One of the issues to have arisen since the second round of consultation has been the requirement for transitional rules to be included in the new reconciliation rules. These are needed to give effect to the Commission's expectation (as outlined in the ECRPT report) that the wash-up revisions reconciled after the go-live date, and relating to 14 months of consumption periods⁵ prior to the go-live date, will apportion UFE to the incumbent retailer.
- 20 The need for these transitional rules has been confirmed by a legal opinion from Macalister Mazengarb.
- 21 The proposed transitional rules are attached as appendix 1.
- 22 There have been no changes made or proposed to the draft reconciliation rules, during the period since the second consultation round, which impact on the content of the transitional rules. However, in order for stakeholders to assess the transitional rules in the correct context when preparing submissions, the December 2005 version⁶ of the reconciliation rule change proposal should be used (this is the second set of consultation rules).
- 23 Where the transitional rules specifically refer to a rule, the rule is reproduced in full in appendix 2. These rules are reproduced for context only, and any submissions received on these rules may be deemed as out of scope and not considered by the Commission.
- 24 Additionally, to provide complete context surrounding the transitional rules, a list summarising the high level changes made to the reconciliation rules since the second round of consultation is outlined in appendix 3. Please note, these amendments are to provide context only, and any submissions received on these may be deemed as out of scope and not considered by the Commission.

⁵ Potentially up to 24 months with Board approval.

⁶ <http://www.electricitycommission.govt.nz/consultation/prop62second>

Appendix 1: Proposed reconciliation transitional rules

It is proposed that the following be added to the proposed new part J (subject to the resolution of any miscellaneous minor issues):

10.4 Transitional rules concerning revisions

10.4.1 Definitions

In this rule 10.4:

- (a) the term “transitional revisions” means any revision carried out by the **reconciliation manager** pursuant to this rule 10.4, for any **reconciliation period** which includes any **trading periods** which occurred before the date on which this part J became effective; and
- (b) the term “incumbent **retailer**” means, for each **balancing area**, the relevant **retailer** to be set out in the list of **NSPs** by **balancing area** and their corresponding **retailers, published** from time to time by the **reconciliation manager**, in accordance with rule 10.4.3.

10.4.2 Overview

The intent of this rule 10.4 is:

- (a) as far as practicable, to preserve the effect of the reconciliation provisions concerning revisions which were effective immediately before the date on which this part J became effective, for all **transitional revisions**;
- (b) to clarify that **volume information** and **submission information** for all **transitional revisions** (except in the manner explicitly required in accordance with this rule 10.4) must otherwise be submitted by **reconciliation participants** in accordance with this part J; and
- (c) to clarify the application of certain rules concerning disputes which were in existence before the date on which this part J became effective.

10.4.3 List of incumbent retailers for the purposes of transitional revisions

The **reconciliation manager** must:

- (a) submit a proposed list of **incumbent retailers** to the **Board** by no later than 1600 hours on the 1st **business day** that this part J became effective. When developing such a list, the

reconciliation manager must consult with the **Board**, giving the **Board 2 business days** to consider the proposed list and to make representations, and must take into account any representations so made by the **Board**;

- (b) finalise the list of **incumbent retailers** by no later than 1600 hours on the third **business day** after this part J became effective;
- (c) forward to the **Board** any proposals for changes to the list referred to in this rule 10.4.3 (specifying, in each instance, the reasons for those changes). The **reconciliation manager** must consult with the **Board**, giving the **Board** at least **2 business days** to make representations, and must take into account any representations made by the **Board**; and
- (d) at all times **publish** the current list of **incumbent retailers**.

10.4.4 **Provisions applying to the NSPs and submission of submission information relating to transitional revisions**

Despite anything else in these **rules**:

- (a) for clarity, rule 3 of schedule J3 applies to **submission information** in relation to all **transitional revisions**;
- (b) all **retailers**, including **incumbent retailers**, must submit **submission information** relating to all **transitional revisions** in accordance with rule 2 of schedule J4; and
- (c) in recognition of the fact that **incumbent retailers** have not, before the date on which this part J became effective, been under the obligation to submit the **submission information** referred to in rule 10.4.4(b), the audit and certification requirements of schedule J1 (contained in rules 2, 3 and 5 of schedule J3 and rule 9.1 of schedule J4), will not apply in relation to the non **half-hour metering information** required to be submitted by **incumbent retailers** to the **reconciliation manager** for **transitional revisions**.

10.4.5 **Provisions to apply to the carrying out of transitional revisions**

Despite anything else in these **rules**, all **transitional revisions** must be carried out by the **reconciliation manager** in accordance with the **rules**, subject to the following:

- (a) for the purposes of rule 4.2 in schedule J4, the ICP scaling factor must be "1";

- (b) for the purposes of rules 9.2.2 and 10.1 of schedule J4, the **scorecard rating** (SC_{ri}) for each **retailer** (other than the **incumbent retailer**) must be “1”; and
- (c) for the purposes of rule 10.1 of schedule J4, at each **NSP** the market share proportion (MS_{Ri}) for the **incumbent retailer** must be “1”, and, for all other **retailers**, must be “0”.

10.4.6 Provisions to apply to profiles required for transitional revisions

Despite anything else in these **rules**, the following shall apply in relation to all **profiles** required in order for the **reconciliation manager** to carry out its obligations concerning **transitional revisions**:

- (a) in order to enable the **reconciliation manager** to carry out its obligation under rule 10.4.6(b), all **reconciliation participants** must, by, at the latest, 1600 hours on the 7th **business day** after the date on which this part J became effective, have submitted to the **reconciliation manager**, for all **consumption periods** which will be subject to **transitional revisions**, all **half hour metering information** (to be obtained in accordance with rule 6 of schedule J2);
- (b) the **reconciliation manager** must, by no later than 1600 hours on the 10th **business day** after the date on which this part J became effective, develop and **publish profiles** for use in **transitional revisions**; and
- (c) **reconciliation participants** must re-submit non **half hour submission data** for all **transitional revisions** using the published **profiles** by no later than the time specified in rule 3.1.2, for the **consumption periods** referred to in rule 10.1.1 of part J.

10.4.7 Provisions to apply to metering information disputes concerning transitional revisions

Despite anything else in these **rules**, all disputes concerning **metering installations** or **consumption information** in relation to **transitional revisions**:

- (a) which were in existence before the date on which this part J became effective shall, for clarity, be unaffected by the coming into effect of this part J; and
- (b) must be commenced within two years of the date of issue of any invoice to which the disputed information relates.

10.4.8 Exemptions

For clarity, the **Board** may, in accordance with subpart 1 of part 10 of the Electricity Governance Regulations 2003, exempt any **reconciliation participant** from compliance with this rule 10.4, or any obligation or obligations contained in it.

Appendix 2: Draft rules specifically referred to in the transitional rules

PLEASE NOTE: these draft rules are issued for context, not submissions. Any submissions on these rules may be deemed out of scope and not considered by the Commission.

Rule 3.1.2, part J

3.1.2 Revised submission information

Each **reconciliation participant** must, by 1600 hours on the 13th **business day** of each **reconciliation period**, ensure that **submission information** has been delivered to the **reconciliation manager** for all **points of connection** at which it has purchased or sold **electricity** during any **consumption period** being reconciled in accordance with rule 10 Part J, and in respect of which it has obtained revised **submission information**.

Rule 10.1.1, part J

10.1.1 Reconcile consumption periods 1, 3, 7, and 14 months

If the **submission information** received relates to one or more **consumption periods** being 1, 3, 7, or 14 months prior to the current **reconciliation period**, then a further reconciliation must be conducted for that **consumption period** or those **consumption periods**; or

Rule 6 schedule J2

6. Meter Interrogation for half hour metering

Data from all **half-hour metering** will be obtained by electronic **interrogation** of **half hour** interval meters or **data loggers**. This may be carried out through the use of portable devices or remotely via a recognised communications medium.

6.1 Information to be downloaded

Data downloaded on **interrogation** of **half-hour metering** will consist of the following as a minimum:

6.1.1 Meter ID

The unique ID of the meter or data logger;

6.1.2 Time

The time from the **data logger** at the commencement of the download unless the time is within specification and the **interrogation** log records the time of **interrogation**;

6.1.3 Half hour metering information

The **half-hour metering information** for each **trading period**, which represents the quantity of **electricity** conveyed at the **point of connection**, including the date/time stamp or index marker for each **half hour** period.

This may be limited to the information accumulated since the last **interrogation**;

6.1.4 Events log

The events log. This may be limited to the events information accumulated since the last **interrogation**. The events log will contain as a minimum the events listed in rule 4.3.2 of **code of practice D4**;

6.1.5 Half Hour meter interrogation log

For all **half-hour metering information**, an interrogation log must be generated by the **interrogation** software to record details of all **interrogations**. The interrogation log will be perused by the **reconciliation participant** responsible for collecting the data and appropriate action taken where problems are apparent. Alternatively, this process may be an automated software function which flags exceptions. This log will form part of the **interrogation audit** trail and will contain the following:

6.1.5.1 Date

Date of interrogation;

6.1.5.2 Time

Time of commencement of **interrogation**;

6.1.5.3 Operator ID

Operator ID (where available);

6.1.5.4 Meter or data logger ID

The unique ID of the meter or data logger;

6.1.5.5 Clock errors

Clock errors outside the range specified in rule 6.2;

6.1.5.6 Interrogation method

Method of **interrogation**; and

6.1.5.7 Local reading device ID

ID of the reading device used for **interrogation** (where applicable).

6.2 Data logger clock synchronisation for half-hour meters

Data logger clock synchronisation relates to **half-hour metering** only.

Interrogation and processing system(s) must have their internal clock(s) synchronised electronically against a time source with a traceable standard on a regular basis, at intervals no greater than one week and prior to the commencement of any individual **interrogation** or **interrogation** cycle, or at such greater frequency as will ensure the internal clock is within 5 seconds of true time.

During **interrogation**, the internal clock of the **data logger** must be compared with the **calibrated** clock in the **interrogation** device. Should the time error be no greater than that listed in Table 1, the **interrogation** device may automatically update (synchronise) the clock in the **data logger** in accordance with **code of practice D4**.

Where a time error greater than that listed in Table 1 is detected, correction must be made to the **data logger** clock time and any data affected by the time error. The error will be recorded in the events log and downloaded as part of the **interrogation**.

Table 1: - Maximum permitted time errors

Metering Installation Category Group	Maximum Time Error of Data Logger Clock (seconds)	Maximum Time Error in Commencement of any Trading Period (seconds)	Maximum Time Error in Interrogation & Processing Systems (seconds)	Maximum Time Error for Automatic Adjustment (seconds)
1	±10	±10	±5	±10
2	±10	±10	±5	±10
3	±10	±10	±5	±10
4	±10	±10	±5	±10
5	±5	±5	±5	±5
6	±5	±5	±5	±5

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6.3 Trading period

The **trading period** duration, normally 30 minutes, will be within ±0.1% (± 2 seconds).

6.4 Quantification error

The design of the **interrogation** system will ensure that the requirements of rule 3.4 of **code of practice** D3 of schedule D1 of part D are complied with.

6.5 Half hour estimates

If a **reconciliation participant** is unable to **interrogate** any **half-hour metering installation** prior to the deadline for providing **submission information**, then the **reconciliation participant** must submit to the **reconciliation manager** its best estimate of the quantity of **electricity** that is purchased or sold in each **trading period** during any applicable **consumption period** for that **metering installation**.

Reconciliation participants must use reasonable endeavours to ensure that estimated **submission information** is within the percentage specified by the **Board**.

Rule 2 schedule J3

2. Creation of submission information

2.1 Reconciliation participants to prepare information

Where each **reconciliation participant** must prepare **submission information** for each **NSP** for the relevant **consumption periods** pursuant to the **rules submission information** must include:

2.1.1 Half hour

Half-hour volume information for each **ICP** notified under rule 11 of part E;

2.1.2 Non half hour

Non **half hour volume information** calculated in accordance with either rule 2.2.1 or 0 or 2.2.3 (as applicable) for each **ICP** that has been notified under rule 11 of part E; and

2.1.3 Unmetered load

Unmetered load quantities for each **ICP** that has **unmetered load** associated with it derived from either the quantity recorded in the **registry** against the relevant **ICP** or other relevant information.

2.2 Historical estimates and forward estimates

Each **reconciliation participant**, must, for each **ICP** that has a non **half hour metering installation**, allocate **volume information** derived from **validated meter readings**, **estimated readings** or **permanent estimates**, to **consumption periods** using the

following techniques to create **historical estimates** and **forward estimates**.

Each type of estimate being a **forward estimate** or an **historical estimate**, must be clearly identified as being such.

When **validated meter readings** are not available for the purpose of rules 2.2.1 and 2.2.2, **permanent estimates** may be used in place of **validated meter readings**.

2.2.1 Historical estimates with seasonal adjustment

The methodology to be used by **reconciliation participants** for preparing an historic estimate of **volume information** for each **ICP** when the relevant **seasonal adjustment shape** is available, will be as follows:

2.2.1.1 Complete consumption periods spanned by meter readings

Where the period between any two consecutive **validated meter readings** encompasses an entire **consumption period**, an **historical estimate** will be prepared in accordance with the following formula:

$$HE_{ICP} = kWh_{ICP} \times A / B$$

Where:

HE_{ICP} is the quantity of **electricity** allocated to a **consumption period** for an **ICP**;

kWh_P is the difference in kWh between last **validated meter reading** prior to the **consumption period** and the first **validated meter reading** after the **consumption period**;

A is the sum of the **seasonal adjustment shape** values for that **consumption period**;

B is the sum of the **seasonal adjustment shape** values for the same time period as is covered by kWh_P as published by the **reconciliation manager**.

2.2.1.2 Part consumption period calculation

Where the period between any two consecutive **validated meter readings** encompasses the first part of a **consumption period** and the period between the second **validated meter reading** and the subsequent **validated meter reading** encompasses the rest of that **consumption period**, an historical estimate will be prepared in accordance with the following formula:

$$HE_{ICP} = kWh_{P1} \times A_1 / B_1 + kWh_{P2} \times A_2 / B_2$$

Where:

HE_{ICP} is the quantity of **electricity** allocated to a **consumption period** for an **ICP**;

kWh_{P1} is the difference in kWh between the last **validated meter reading** prior to the **consumption period** and the **validated meter reading** during the **consumption period**;

A_1 is the sum of the **seasonal adjustment shape** values for the relevant days in the first part of the **consumption period**;

B_1 is the sum of the **seasonal adjustment shape** values for the same time period as is covered by kWh_{P1} ;

kWh_{P2} is the difference in kWh between the first **validated meter reading** during the **consumption period** and the first **validated meter reading** after the **consumption period**;

A_2 is the sum of the **seasonal adjustment shape** values for the relevant days in the latter part of the **consumption period**;

B_2 is the sum of the **seasonal adjustment shape** values for the same time period as is covered by kWh_{P2} .

2.2.2 Historical estimates without seasonal adjustment

When a **seasonal adjustment shape** is not available, either due to timing (for the provision of **submission information** by the 4th **business day** of each **reconciliation period**) or for any other reason, the methodology for preparing an historical estimate of **volume information** for each **ICP** will be the same as in rule 2.2.1, however the relevant quantities kWh_{Px} will be prorated on a

basis to be determined by the **reconciliation participant** or a flat shape basis using the relevant number of days that are:

- a) within the **consumption** period; and
- b) within the period covered by kWh_{Px}.

2.2.3 Forward estimates

A forward estimate is an estimation of the total quantity of **electricity** that flowed through an **ICP** during all or part of a **consumption period**. A forward estimate may only be used in respect of any period for which a historical estimate cannot be calculated. The methodology used for calculating a forward estimate may be determined at the discretion of the **reconciliation participant** provided that the **reconciliation participant** must ensure that the accuracy of its initial **submission information** against each subsequent revision cycle **submission information**, for each **balancing area** is within the percentage of error specified by the **Board**.

2.2.4 Compulsory meter reading after profile change

When a **retailer** changes the **profile** associated with a **meter**, it must when determining the **volume information** for that **meter** and its respective **ICP**, use a **validated meter reading** or **permanent estimate** on the day on which the **profile** change is to take effect. The **retailer** must use the **volume information** from that **validated meter reading** or **permanent estimate** in calculating the relevant **historical estimates** of consumption of each **profile** for that **meter**.

Rule 3 schedule J3

3 Provision of submission information to reconciliation manager

Submission information will be provided to the **reconciliation manager** aggregated to the following level:

- 3.1 **GXP** or **GIP**;
- 3.2 **network** code;
- 3.3 **reconciliation type**;
- 3.4 **profile**;
- 3.5 **loss category** code;
- 3.6 flow direction;
- 3.7 dedicated **NSP**; and

- 3.8 trading period for half hour metered ICPs and consumption period or day for all other ICPs.

Rule 5 schedule J3

5 Distributed unmetered load database

5.1 Retailers maintain databases of unmetered load

Retailers must ensure that a database is maintained for each type of **distributed unmetered load** for which they are responsible. The database must satisfy the requirements of schedule J5 in regard to the methodology for deriving **submission information**.

5.1.1 Database contents

The database shall contain at a minimum:

5.1.1.1 The **ICP** identifier associated with the **unmetered load**;

5.1.1.2 The location of each item of load;

5.1.1.3 A description of load type for each item of load including any assumptions made in the assessment of its capacity; and

5.1.1.4 The capacity of each item of load in kW.

5.2 Tracking of load changes over time

The database must track the time of additions and changes in a way that enables the total load in kW to be retrospectively derived for any day.

5.3 Audit trail

The database must incorporate an **audit** trail of all additions and changes identifying the before and after values, date and time, and the person making the change or addition.

5.4 Audit of distributed load databases

The annual **audit** of a **retailer** shall include an **audit** of the databases of distributed load to verify that the volume information is being calculated accurately. Where the load shape changes from period to period this will include ensuring the records comply with the requirements of the assigned **profile**.

Rule 2 schedule J4

Overview of key reconciliation events

Timing	Initial Reconciliation Process	Revisions Cycles
Commencement of the first day of the calendar month.	Beginning of reconciliation period .	Beginning of reconciliation period .
By 1600 hours on the 4 th business day of the calendar month until the final opportunity to submit submission information for the final revisions cycle.	The registry makes available, and the reconciliation manager procures: ICP days , loss factor and balancing area and half hour ICP days information. All reconciliation participants must submit to the reconciliation manager submission information , retailer information and NSP information in accordance with rule 3 of Part J.	
Timing	Initial Reconciliation Process	Revisions Cycles
By 1600 hours on the 7 th business day of the calendar month.	Reconciliation manager must have completed a reconciliation of the submission information provided by participants and the grid owner , and must make reconciliation information available to the entitled reconciliation participants and the clearing manager for settlement.	
From the 8 th business day to immediately before the last business day of the calendar month.	Reconciliation participants must seek to resolve all inaccuracies and disputes concerning the reconciliation information .	
By 1600 hours on the 13 th business day of the calendar month.		All reconciliation participants must submit to the reconciliation manager revised submission information retailer information and NSP

Timing	Initial Reconciliation Process	Revisions Cycles
		information in accordance with rules 3 and 10 of Part J. The registry makes available and the reconciliation manager procures revised: ICP days , loss factor , balancing area and half hour ICP days information.
By 1200 hours on the last business day of the reconciliation period .		Reconciliation manager must distribute revised reconciliation information to the entitled reconciliation participants and the clearing manager .

Rule 4.2 schedule J4

4.2 ICP scaling factor calculation

The **reconciliation manager** must, using the **retailer** reported **ICP days** and **registry** reported **ICP days**, calculate **ICP day** scaling factors separately in respect of non **half hour** and **half hour** metered **ICPs** according to the following formula;

$$ICP_{SF} = ICPD_{REG} / ICPD_{RTLRL}$$

Where: ICP_{SF} = the ICP scaling factor;

$ICPD_{REG}$ = the number of **ICP days** for that **retailer** per **balancing area** as reported by the **registry**; and

$ICPD_{RTLRL}$ = the number of **ICP days** for that **retailer** for that **balancing area** as reported by each **retailer**.

If:

- a) the **ICP scaling factor** is calculated to be less than 1; or
- b) $ICPD_{RTLRL} = 0$

then ICP_{SF} will be set to 1

4.2.1 ICP days scaling factor for direct consumers

The **ICP days scaling factor** for **direct consumers** shall be set to 1.

4.2.2 Zero ICP days volume

Where the **ICP days** value reported by a **retailer** in respect of a **balancing area** is zero, or when data is not supplied, but the corresponding **ICP days** value from the **registry** is not zero, the **reconciliation manager** shall add to that **retailer's submission information** for that **consumption period** an amount (designated $SI_{ICPD-ADD}$) which is equal to:

- a) 25 kWh per **ICP day**, in respect of non **half hour ICPs**; or
- b) 40 kWh per trading period per **ICP day**, in respect of **half hour ICPs**;

and where the relevant number of **ICP days** is that value reported by the **registry**.

The **reconciliation manager** when processing any such additional information will use default values for **profile**, and **loss category code**, as determined by the **Board** from time to time.

Rule 9.1 schedule J4

9.1 Electricity supplied information to be provided

Each **retailer** must report to the **reconciliation manager**, in accordance with rule 3.2.2 of Part J, the quantity of **electricity supplied**.

Aggregated **electricity supplied** quantities are to be reported by month and for each **NSP** and utilised in reconciliation calculations as non loss adjusted values.

Electricity supplied quantities will, for reporting and calculation purposes, be allocated to months using:

- a) the month of the relevant invoice date for quantities supplied to **customers** under normal billing arrangements; or
- b) an estimate of the month of usage for all other arrangements of supply.

and in the event of unusual circumstances, re-allocated on a reasonable basis to reflect the month(s) of actual usage

9.1.1 Transitional requirement

Notwithstanding any other rule to the contrary in these **rules**, the scorecard rating will be set to 1 until such time

as the Board **notifies** participants that the scorecard rating will be calculated in accordance with this rule 9.

Rule 9.2.2 schedule J4

9.2.2 Scorecard calculation

The **scorecard rating** for each **retailer** for each **balancing area** (SC_{Ri}) will (subject to rule 9.2.3) be calculated according to the following formula (provided that if the **scorecard rating** is calculated through the application of the formula to be less than 1, then SC_{Ri} will be set to 1):

$$SC_{Ri} = AES_{Ri} / (ACI_{Ri} \times SC_{Thres})$$

Where for each **consumption period** and each **balancing area**:

AES_{Ri} is the sum of the **electricity** supplied quantities for the 12 months up to and including the month of the relevant **consumption period**;

ACI_{Ri} is the sum of the **submission information** quantities (**ICP days** adjusted but non **loss** adjusted) for the 12 months up to and including the month prior to the relevant **consumption period**; and

SC_{Thres} is the scorecard threshold (which allows for a degree of expected misalignment between the annualised **electricity supplied** and **submission information** quantities) and has the value specified by the **Board** from time to time.

and where the subscript "Ri" refers to a **retailer**.

In all cases the latest quantities submitted to the **reconciliation manager** by the **retailer** will be used.

Rule 10.1 schedule J4

10.1 Allocation of unaccounted for electricity

Calculation

Unaccounted for electricity will be apportioned to each **retailer** or **direct consumer** at each **NSP** and for each **trading period** using the following formulae

$$UFE_{Ri} = UFE_{NSPx} \times AF_{Ri}$$

and:

$$AF_{Ri} = (SC_{Ri} \times MS_{Ri}) / \text{sum}(SC_{R1} \times MS_{R1}, \dots, SC_{Rn} \times MS_{Rn})$$

$$MS_{Ri} = Q_{ICPD-LA Ri} / \text{sum}(Q_{ICPD-LA 1}, \dots, Q_{ICPD-LA n})$$

Where for each **trading period**:

UFE_{Ri} is the quantity of **unaccounted for electricity** allocated to each **retailer** or **direct consumer**;

UFE_{NSPx} is the **unaccounted for electricity** for each **balancing area** as calculated by the **reconciliation manager**;

$Q_{ICPD-LA i}$ is the quantity of **electricity** attributed to each **retailer** or **direct consumer** which has been loss-adjusted and **ICP** days scaled at each **NSP**;

AF_{Ri} is the **unaccounted for electricity** allocation factor, expressed as a fractional number (not less than 0 or greater than 1), for each **retailer** or **direct consumer** at each **NSP**; and

MS_{Ri} is the market share proportion, expressed as a fractional number (not less than 0 or greater than 1), for each **retailer** or **direct consumer** at each **NSP**.

and for each consumption period:

SC_{Ri} is the **scorecard rating** for each **retailer** or **direct consumer** for each **balancing area**.

Appendix 3: Summary of proposed changes since the second round of consultation

PLEASE NOTE: this summary of proposed changes made to the reconciliation rule change proposal since the second round of consultation is issued for context only, not submissions. Any submissions on these rules may be deemed out of scope and not considered by the Commission.

Proposed changes to part A: Following consultation, it is proposed that the definitions for the following terms be amended or clarified:

- *“balancing area”* (which would replace the current term *“network area”*), and is intended to clarify that an embedded network is a separate balancing area;
- the definition *“direct consumer”* would be simplified to *“a consumer with a point of connection to the grid”*;
- the definitions *“consumption information”*, *“market administrator”*, *“metering information”* and *“New Zealand Standard Time”* would be reinstated;
- more rigorous definitions of the terms *“estimated reading”*, *“validated meter reading”*, *“meter reading”* and *“permanent estimate”* in conjunction with some rewording in rule 3 of schedule J2;
- certain obsolete terms would be deleted (including the definitions of the terms *“initial file”* and *“revised file”*); and
- inclusion of *“permanent estimates”* and *“unmetered load”* in the definition for *“historical estimate”*.

Proposed changes to part E: The Rules Subgroup, after consideration, considers that the following changes should be made:

- the word *“proposed”* be added to rule 13.1 of part E;
- clarification that an ICP can only be livened for the first time when a retailer has accepted responsibility for an ICP (rule 17);
- the new requirement that if a distributor becomes aware of any change to the capacity of a shared unmetered load ICP or if a shared unmetered load ICP is decommissioned, it must notify all retailers affected by that change as soon as practicable (rule 14.3);

- the removal of the absolute date of resolution for registry discrepancies and its replacement with an obligation to have a process to resolve discrepancies;
- the clarification of the requirements concerning the timing of registry reports;
- the rule on the registry as database of record to include the words “prima facie”;
- the inclusion of a new rule requiring the reconciliation manager to notify registry of changes to balancing areas; and
- the inclusion of a new rule (2.3 of E2 of part E) to cover a step, previously missing, in the switching rules for switch move.

No proposed changes to part G: There have been no additional proposed changes to part G as a result of the second round of consultation.

Proposed changes to part J:

The following changes are proposed:

- the clarification of the content, timing, and responsibilities for the provision of reports from both the Registry and the Reconciliation Manager;
- the clarification of requirements concerning submission times for files;
- more precise use of the easily confused terms GXP and NSP;
- the inclusion of a new rule requiring residual profile shape to be recalculated for each revision period (rule 7.3.2 of part J);
- the clarification of requirements concerning derivation of meter readings from raw meter data (rule 3.1 of schedule J2);
- the inclusion of a new rule for permanent estimates determining that a permanent estimate may only be used when a validated meter reading is unable to be obtained;
- Rule 2 of schedule J4 revised to include revision periods;
- formulae and terminology in schedules J4 and J5 to be more rigorously specified and clarified;
- the scorecard rating regime to not be applied until 14 months have elapsed from go-live date, however, during this time the scorecard information would still be required to be provided by retailers (schedule J4); and
- the inclusion of a new rule to allow retailers to correct electricity supplied information for abnormal events (rule 9.1 of schedule J4).

Miscellaneous: There are a number of minor proposed changes that need to be reviewed by the RIPT before the final rule change proposal is presented to the Board. These have been identified as follows:

Clarification to part A:

- The retailer that interfaces with the clearing manager has rules obligations.

Clarification to part D:

- Code of Practice D5 to be reworded so that the CoPD5 Review Panel reviews all applications for dispensations, rather than retailers having to seek agreement from all affected parties.

Clarification to part E:

- Distributors must give three days' notice of a change of NSP for an ICP when the NSP is being commissioned or decommissioned (rule 7 of part E); and
- Dedicated NSP Status to be clarified.

Clarification to part H:

- The RIPT proposed changes to rules 6.2 and 6.3.

Clarification to part J:

- The requirements around daylight saving notification to be clarified (rule 15 of part J);
- The inclusion of embedded networks in the parent network UFE needs to be checked;
- Profiling – profile approval should be by NSP; and
- The use of permanent estimates in the reconciliation process should have an obligation for reasonable endeavours to obtain a meter read.