

**ELECTRICITY INDUSTRY PARTICIPATION CODE
DISTRIBUTOR AUDIT REPORT**

For

CBRE NETWORKS LTD

Prepared by: Rebecca Elliot

Date audit commenced: 4 February 2021

Date audit report completed: 4 February 2021

Audit report due date: 4 February 2021

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EXECUTIVE SUMMARY

This Distributor audit was conducted at the request of **CBRE Networks Ltd (CBRE)** 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.

CBRE'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 audit found six non-compliances, and no recommendations were made. Most non-compliance found related to one ICP (a café) that was decommissioned as set up in error but was found in December 2020 to have been electrically connected since 2012. The volumes for this connection have not been reconciled. I have attempted to determine the missing consumption by getting the meter install paperwork, but this is unable to be located. A new ICP has been created for this connection point and the volumes have been reconciled since 21 January 2021. This will be examined in the proposed trader's reconciliation participant audit. I note processes and audit trails for this activity have been strengthened since 2012.

The future risk rating indicates that the next audit be in 12 months. I have considered this in conjunction with CBRE's comments, that all controls for the non-compliances found are rated as strong and I recommend that the next audit be 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
Requirement to provide complete and accurate information	2.1	11(2) & 10(6)	One ICP electrically connected but ICP was decommissioned set up in error.	Strong	High	3	Identified
Distributors must create ICPs	3.1	11.4	No ICP for a point of connection from 28/12/12 until 1/02/21.	Strong	High	3	Identified
Timeliness of Provision of Initial Electrical Connection Date	3.5	7(2A) of Schedule 11.1	Three ICPs did not have initial electrical connection dates populated within ten business days of initial electrical connection.	Strong	Low	1	Identified
Management of "decommissioned" status	4.11	20 of Schedule 11.1	One ICP electrically connected but ICP was decommissioned set up in error.	Strong	High	3	Identified
Responsibility for metering information for NSP that is not a POC to the grid	6.8	10.25(1)	One meter recertification not notified to the RM within 20 days of meter recertification.	Strong	Low	1	Identified
Creation of loss factors	8.1	11.2	Losses are outside of the expected +/-1% threshold.	Strong	High	3	Identified
Future Risk Rating						14	

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 CBRE 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 CBRE.

1.2. Structure of Organisation

Not applicable

1.3. Persons involved in this audit

Auditor:

Rebecca Elliot

Veritek Limited

Electricity Authority Approved Auditor

Personnel assisting in this audit were:

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

1.4. Use of contractors (Clause 11.2A)

Code reference

Clause 11.2A

Code related audit information

A participant who uses a contractor

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

Audit observation

TENCO performs all CBRE'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.

This is detailed further in the TENCO agent report.

1.7. Breaches or Breach Allegations

CBRE 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 CBRE had the following NSPs as at 01/02/21. Active ICP numbers are as of February 2021.

Dist	NSP POC	Description	Parent POC	Parent Netwk	Balancing Area	Type	Start date	No of ICPs
CBRE	CLC0011	88 Shortland St Auckland	PEN1101	VECT	CLC0011CBREE	EN	1/07/2017	18
CBRE	CJC0011	16 Kate Sheppard Pl Wellington	WIL0331	CKHK	CJC0011CBREE	EN	1/02/2018	33
CBRE	CGE0011	8 Tangihua St Auckland	PEN1101	VECT	CGE0011CBREE	EN	1/05/2018	23
CBRE	CGP0011	Grand Plimmer Tower Wellington	CPK0331	CKHK	CGP0011CBREE	EN	14/09/2018	60
CBRE	CNL0011	Novell House	CPK0331	CKHK	CNL0011CBREE	EN	14/09/2018	45
CBRE	CSE0011	66-86 Jervois Quay	CPK0331	CKHK	CSE0011CBREE	EN	10/01/2019	27
CBRE	CSC0011	Blg A 167-191 Victoria St Ack	HOB1101	VECT	CSC0011CBREE	EN	26/09/2019	15
CBRE	CSC0012	Blg B 167-191 Victoria St Ack	HOB1101	VECT	CSC0012CBREE	EN	26/09/2019	15

There have been no new embedded networks created, transferred or decommissioned during the audit period. Two existing networks have new network start dates due to a change to their parent NSP.

Active ICP numbers are as of February 2021.

Status	Number of ICPs (2021)	Number of ICPs (2019)	Number of ICPs (2017)	Number of ICPs (2015)
New (999,0)	-	-	-	2
Ready (0,0)	1	1	-	1
Active (2,0)	236	230	170	159
Distributor (888,0)	-	-	-	-
Inactive – new connection in progress (1,12)	-	1	-	1
Inactive – electrically disconnected vacant property (1,4)	3	3	3	3
Inactive – electrically disconnected remotely by AMI meter (1,7)	-	-	-	-
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)	-	-	-	-
Inactive – reconciled elsewhere (1,5)	-	-	-	-
Decommissioned (3)	80	73	67	60

1.9. Authorisation Received

TENCO provided all the required information so no letter of authorisation was required.

1.10. Scope of Audit

This Distributor audit was performed at the request of CBRE, 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

CBRE provided a copy of their previous audit conducted in August 2019 by Tara Gannon of Veritek Limited. The audit recorded six non-compliances described in the table below and made no recommendations. The current status of the non-compliances is listed below.

Table of Non-compliances

Subject	Section	Clause	Non-compliance	Status
Timeliness of Provision of ICP Information to the registry manager	3.4	7(2) of Schedule 11.1	27 ICPs did not have a proposed trader recorded prior to initial electrical connection. 28 ICPs did not have "ready" status recorded prior to initial electrical connection.	Cleared
Timeliness of Provision of Initial Electrical Connection Date	3.5	7(2A) of Schedule 11.1	14 ICPs did not have initial electrical connection dates populated within ten business days of initial electrical connection.	Still existing
Connection of ICP that is not an NSP	3.6	11.17	27 ICPs did not have a proposed trader recorded prior to initial electrical connection.	Cleared

Subject	Section	Clause	Non-compliance	Status
Connection of NSP that is not point of connection to grid	3.9	10.30	MEP and meter certification not provided to the RM within 5 business days of electrical connection for CGE0011, CSC0011, and CSC0012.	Cleared
Changes to registry information	4.1	8 Schedule 11.1	Seven late updates to decommissioned status.	Cleared
Responsibility for metering information when creating an NSP that is not a POC to the grid	6.9	10.25(2)	MEP and meter certification not provided to the RM within 20 business days of meter certification for CGE0011 and CSC0011.	Cleared

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 of February 2021 and the combined registry compliance audit reports covering the period from 1 June 2019 to 31 December 2020 were examined to confirm compliance.

Audit commentary

Compliance is recorded for TENCO.

Examination of the list file found no discrepancies.

During examination of ICPs being created I found that ICP 0000006003CB3C1 was decommissioned - set up in error on 27 August 2015 but the ICP has been electrically connected since 28 December 2012. This was only found when a new tenant moved into the site and there was no ICP found that related to that tenancy. The site is a café. Simply Energy was the nominated trader for the original ICP but never claimed it. The MEP had charged a meter lease fee to Simply Energy and they had queried it. They never received a reply to this, and it was not followed up again. TENCO must have queried the ICP with Simply Energy and believed this to be an ICP that was not required and decommissioned it as set up in error. Therefore, there was no ICP for this point of connection from 28 December 2012 until 1 February 2021. Upon discovery a new ICP 0000006023CBE94 was created, the meter was replaced, and the site has been reconciled since 21 January 2021. This will be examined during the Simply Energy reconciliation participant audit.

I have attempted to determine the missing consumption by getting the meter install paperwork, but this is unable to be located. The correct process would have been to reverse the incorrectly original ICP rather than create a new ICP. I note processes and audit trails for this activity have been strengthened since 2012. This is recorded as non-compliance below and in **sections 3.1** and **4.11**.

The missing volume will have contributed to higher volumes of UFE than expected. This is detailed in **section 8.1**.

The following NSPs had a change to the NSP they were embedded under during the audit period:

NSP	Formerly embedded under	Old NSP end date	Now embedded under	New NSP start date
CSC0011	PEN1101	1/12/18	HOB1101	26/09/2019
CSC0012	PEN1101	1/12/18	HOB1101	26/09/2019

Audit outcome

Non-compliant

Non-compliance	Description		
<p>Audit Ref: 2.1</p> <p>With: Clause 11(2) & 10(6)</p> <p>From: 28-Dec-12</p> <p>To: 01-Feb-21</p>	<p>One ICP electrically connected but ICP was decommissioned set up in error.</p> <p>Potential impact: High</p> <p>Actual impact: High</p> <p>Audit history: None</p> <p>Controls: Strong</p> <p>Breach risk rating: 3</p>		
Audit risk rating	Rationale for audit risk rating		
High	<p>Controls in place now are rated as strong, as controls in place are robust and this is highly unlikely to occur now.</p> <p>The audit risk rating is deemed to be high as the volumes that were unreconciled during this period have not been reconciled and will have contributed to higher losses than expected.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
As the MEP and Retailer were unable to locate any install paperwork on this connection when queried back in 2015 following what appears to be a 2012 install, as the MEP was unable to provide any details or did not respond the ICP was incorrectly in 2015 assumed to have been not required and was decommissioned. A new ICP was created for this connection and metering installed in January-2021.		January-2021	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
The process we follow for decommissioning ICP's along with monitoring new and ready is via amended process and controls. At the time of this instance Simply Energy was managing by the Embedded Network and the Retail supply of some connections which created some risk in terms of compliance, with the Embedded Network now managed by Tenco the controls here are a lot stronger.		Ongoing	

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.

Audit commentary

This area is discussed in several sections in this report.

Audit outcome

Compliant

3. CREATION OF ICPS

3.1. Distributors must create ICPs (Clause 11.4)

Code reference

Clause 11.4

Code related audit information

The distributor must create an ICP identifier in accordance with Clause 1 of Schedule 11.1 for each ICP on the distributor's network. This includes an ICP identifier for the point of connection at which an embedded network connects to the distributor's network.

Audit observation

The new connection process was examined as part of the TENCO report.

The registry list file as of February 2021 and the combined registry compliance audit reports covering the period from 1 June 2019 to 31 December 2020 were examined to confirm compliance.

Audit commentary

Compliance is recorded for TENCO.

Examination of the registry list found eight ICPs were created during the audit period. ICPs were created in accordance with this clause for all new connections.

During examination of ICPs being created I found that ICP 0000006003CB3C1 was decommissioned - set up in error on 27 August 2015 but the ICP has been electrically connected since 28 December 2012. This was only found when a new tenant moved into the site and there was no ICP found that related to that tenancy. The site is a café. Simply Energy was the nominated trader for the original ICP but never claimed it. The MEP had charged a meter lease fee to Simply Energy and they had queried it. They never received a reply to this, and it was not followed up again. TENCO must have queried the ICP with Simply Energy and believed this to be an ICP that was not required and decommissioned it as set up in error. Therefore, there was no ICP for this point of connection from 28 December 2012 until 1 February 2021. Upon discovery a new ICP 0000006023CBE94 was created, the meter was replaced, and the site has been reconciled since 21 January 2021. This will be examined during the Simply Energy reconciliation participant audit.

I have attempted to determine the missing consumption by getting the meter install paperwork, but this is unable to be located. The correct process would have been to reverse the incorrectly original ICP rather than create a new ICP. I note processes and audit trails for this activity have been strengthened since 2012. This is recorded as non-compliance below and in **sections 2.1 and 4.11**.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 3.1 With: Clause 11.4 From: 28-Dec-12 To: 01-Feb-21	No ICP for a point of connection from 28/12/12 until 1/02/21. Potential impact: High Actual impact: High Audit history: None Controls: Strong Breach risk rating: 3		
Audit risk rating	Rationale for audit risk rating		
High	Controls in place now are rated as strong, as controls in place are robust and this is highly unlikely to occur now. The audit risk rating is deemed to be high as the volumes that were unreconciled during this period have not been reconciled and will have contributed to higher UFE than expected.		
Actions taken to resolve the issue		Completion date	Remedial action status
As the MEP and Retailer were unable to locate any install paperwork on this connection when queried back in 2015 following what appears to be a 2012 install, as the MEP was unable to provide any details or did not respond the ICP was incorrectly in 2015 assumed to have been not required and was decommissioned. A new ICP was created for this connection and metering installed in January-2021.		January-2021	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
The process we follow for decommissioning ICP's along with monitoring new and ready is via amended process and controls. At the time of this instance Simply Energy was managing by the Embedded Network and the Retail supply of some connections which created some risk in terms of compliance, with the Embedded Network now managed by Tenco the controls here are a lot stronger.		Ongoing	

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 report. ICP requests are made by embedded network management or traders, with most requests are provided by the embedded network management. If the request is not made by a trader this rule does not apply.

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

Audit commentary

Two of the new connections checked were requested by the customer, not the trader. The creation of ICP 0000006023CBE94 is discussed in **sections 2.1, 3.1 and 4.11**. ICP 1001131290CB137 was requested by the trader and this was provided by CBRE the next business day.

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 report.

The registry list file as of February 2021 and the combined registry compliance audit reports covering the period from 1 June 2019 to 31 December 2020 were examined to confirm compliance.

Audit commentary

Information was provided as required by this clause for all ICPs created during the audit period.

Audit outcome

Compliant

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

Code reference

Clause 7(2) of Schedule 11.1

Code related audit information

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

Audit observation

The new connection process is discussed in the TENCO contractor report.

The registry list of February 2021 and the combined registry compliance audit reports covering the period from 1 June 2019 to 31 December 2020 were examined to confirm compliance.

Audit commentary

The audit compliance report confirmed that all ICPs were populated to the registry prior to electricity being traded at the ICP.

Audit outcome

Compliant

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 of February 2021 and the combined registry compliance audit reports covering the period from 1 June 2019 to 31 December 2020 were examined to confirm compliance.

Audit commentary

There were 11 initial electrical connection dates updated during the audit period. All were updated within the required timeframe with the exception of three ICPs. These were examined and found two were late due to the trader making these active late. ICP 1001139424CB989 update was late due to late notification of metering via the compliance dashboard. This was the first indication that TENCO had that these ICPs were active. TENCO updated these as soon as they were aware.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 3.5 With: Clause 7(2) of Schedule 11.1 From: 08-Nov-19 To: 30-Apr-20	Three 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 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 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
Our process here was to update the IED based either on a Trader or MEP event triggering us to be aware that an ICP had moved from ready to Active, the non-compliance here was caused by late update by other participants.		During the audit period	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
We have altered our process for IED's to seek a copy of all metering certs for new connections on our networks, whilst where we are not involved in the meter install process there is still some risk with late population by the MEP or Trader, we believe that the controls in the space are now stronger.		December-2020	

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

Code reference

Clause 11.17

Code related audit information

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

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

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

Audit observation

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

The registry list of February 2021 and the combined registry compliance audit reports covering the period from 1 June 2019 to 31 December 2020 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.

The audit compliance report confirmed that all ICPs were populated to the registry prior to electricity being traded at the ICP with a trader recorded as accepting responsibility for the ICP.

Review of the registry list confirmed that a trader is recorded for all active and inactive ICPs, there are no new or ready ICPs. The registry list does not record any shared unmetered load.

Audit outcome

Compliant

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

Code reference

Clause 10.31

Code related audit information

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

Audit observation

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

The registry list of February 2021 and the combined registry compliance audit reports covering the period from 1 June 2019 to 31 December 2020 were examined to confirm compliance.

Audit commentary

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

Audit outcome

Compliant

3.8. Temporary electrical connection of ICP that is not an NSP (Clause 10.31A)

Code reference

Clause 10.31A

Code related audit information

A distributor may only temporarily electrically connect an ICP that is not an NSP if requested by an MEP for a purpose set out in clause 10.31A(2), and the MEP:

- *has been authorised to make the request by the trader responsible for the ICP; and*
- *the MEP has an arrangement with that trader to provide metering services.*

If the ICP is only shared unmetered load, the distributor must advise the traders of the intention to temporarily connect the ICP unless:

- *advising all traders would impose a material cost on the distributor, and*
- *in the distributor's reasonable opinion, the advice would not result in any material benefit to any of the traders.*

Audit observation

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

The registry list of February 2021 and the combined registry compliance audit reports covering the period from 1 June 2019 to 31 December 2020 were examined to confirm compliance.

Audit commentary

All electrically connected ICPs had certified meters prior to their initial electrical connection date. TENCO confirmed that no ICPs were temporarily electrically connected.

Audit outcome

Compliant

3.9. Connection of NSP that is not point of connection to grid (Clause 10.30)

Code reference

Clause 10.30

Code related audit information

A distributor must not connect an NSP on its network that is not a point of connection to the grid unless requested to do so by the reconciliation participant responsible for ensuring there is a metering installation for the point of connection.

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

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

Audit observation

The NSP table was reviewed.

Audit commentary

No new NSPs have been created during the audit period.

Audit outcome

Compliant

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

Code reference

Clause 10.30(A)

Code related audit information

A distributor may only temporarily electrically connect an NSP that is not a point of connection to the grid if requested by an MEP for a purpose set out in clause 10.30A(3), and the MEP:

- has been authorised to make the request by the reconciliation participant responsible for the NSP; and*
- the MEP has an arrangement with that reconciliation participant to provide metering services.*

Audit observation

The NSP table was reviewed.

Audit commentary

No new NSPs have been connected during the audit period.

Audit outcome

Compliant

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

Code reference

Clause 1(1) Schedule 11.1

Code related audit information

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

xxxxxxxxxxccc where:

- xxxxxxxxxx is a numerical sequence provided by the distributor*
- xx is a code that ensures the ICP is unique (assigned by the Authority to the issuing distributor)*
- ccc is a checksum generated according to the algorithm provided by the Authority.*

Audit observation

The ICP creation process is discussed in the TENCO 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 was examined to confirm whether all active ICPs have a single loss category code.

Audit commentary

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

Audit outcome

Compliant

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

Code reference

Clause 13 Schedule 11.1

Code related audit information

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

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

Audit observation

The registry list as of February and event detail report for 1 June 2019 to 31 December 2020 was examined to determine compliance.

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

Audit commentary

Compliance is recorded for TENCO.

No ICPs currently have “new” status. No ICPs were created at “new” status during the audit period as all were created at “ready”.

Audit outcome

Compliant

3.14. Monitoring of “new” & “ready” statuses (Clause 15 Schedule 11.1)

Code reference

Clause 15 Schedule 11.1

Code related audit information

If an ICP has had the status of “New” or has had the status of “Ready” for 24 months or more:

- *the distributor must ask the trader who intends to trade at the ICP whether the ICP should continue to have that status (Clause 15(2)(a) of Schedule 11.1)*
- *the distributor must decommission the ICP if the trader advises that the ICP should not continue to have that status (Clause 15(2)(b) of Schedule 11.1).*

Audit observation

Monitoring of “new” and “ready” status is discussed in the TENCO report. The combined registry compliance audit reports covering the period from 1 June 2019 to 31 December 2020 were examined to confirm compliance.

Audit commentary

Compliance is recorded for TENCO.

Examination of the list file found no ICPs at “new” status and one ICP at “ready” status. No ICPs have been at “new” or “ready” status for over 24 months.

Audit outcome

Compliant

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

Code reference

Clause 7(6) Schedule 11.1

Code related audit information

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

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

Audit observation

The registry list as of February 2020 was examined to determine compliance.

Audit commentary

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

Audit outcome

Compliant

3.16. Electrical connection of a point of connection (Clause 10.33A)

Code reference

Clause 10.33A(4)

Code related audit information

No participant may electrically connect a point of connection or authorise the electrical connection of a point of connection, other than a reconciliation participant.

Audit observation

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

The registry list as of February 2020 was reviewed to determine compliance.

Audit commentary

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

Review of the registry list confirmed that no unmetered load is connected, apart from residual load ICPs. CBRE does not intend to connect any other unmetered load to the network in the future.

Audit outcome

Compliant

4. MAINTENANCE OF REGISTRY INFORMATION

4.1. Changes to registry information (Clause 8 Schedule 11.1)

Code reference

Clause 8 Schedule 11.1

Code related audit information

If information held by the registry that relates to an ICP for which the distributor is responsible changes, the distributor must give written notice to the registry manager of that change.

Notification must be given by the distributor within three business days after the change takes effect, unless the change is to the NSP identifier of the NSP to which the ICP is usually connected (other than a change that is the result of the commissioning or decommissioning of an NSP).

In those cases, notification must be given no later than eight business days after the change takes effect.

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

In the case of decommissioning an ICP, notification must be given by the later of three business days after the registry manager has advised the distributor that the ICP is ready to be decommissioned, or three business days after the distributor has decommissioned the ICP.

Audit observation

The management of this process is discussed in the TENCO report. I also examined the registry list for February 2020 and the combined registry audit compliance reports covering the period from 1 June 2019 to 31 December 2020 were examined, to identify late changes to registry information during the audit 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. The event detail reports were examined to identify backdated event updates.

Address events

Three address updates not relating to initial population of address data for new connections were identified. All the address updates were made within three business days of the event date.

Network events

One network update was made that did not relate to the initial population of data for new connections or the updating of the initial electrical connection date. This was updated within three business days of the event date.

Pricing events

Seven pricing updates not relating to initial population of pricing data for new connections were identified. All updates were within three business days of the event date.

Status events

Five ICPs were decommissioned during the audit period. All were updated within the required timeframe.

NSP changes

There were no NSP changes made during the audit period.

Audit outcome

Compliant

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

Compliance is recorded for TENCO. The audit compliance reporting all ICPs were correctly mapped.

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

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

Audit outcome

Compliant

4.4. ICP location address (Clause 2 Schedule 11.1)

Code reference

Clause 2 Schedule 11.1

Code related audit information

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

Audit observation

The process to determine correct and unique addresses was examined during the TENCO agent audit. The registry list file as of February 2020 and the combined audit compliance report covering the audit period were examined.

Audit commentary

The audit compliance report identified ICP 0000166110TR463 with a questionable address. This was discussed with TENCO and found that a decimal point had been inserted in error in the address so rather than reading 407 Plimmer Steps it read 4.07. This has been corrected.

Audit outcome

Compliant

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

Code reference

Clause 3 Schedule 11.1

Code related audit information

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

Audit observation

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

Audit commentary

Compliance is recorded for TENCO.

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 as of February 2020 and the combined audit compliance reports for the audit period from 1 June 2019 to 31 December 2020 were reviewed to determine compliance for the population of all required information and its alignment with the trader where appropriate e.g., distributed generation, unmetered load, and shared unmetered load.

Audit commentary

Compliance is recorded in the TENCO contractor report. Examination of the list file and the combined audit compliance reports confirmed that ICP information had been populated correctly.

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 audit compliance reporting and the registry list were examined to determine compliance.

Audit commentary

The process followed by TENCO is compliant.

Pricing information was updated on the registry before trading of electricity commenced for all CBRE's new connections.

Audit outcome

Compliant

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

Code reference

Clause 7(8) and (9) Schedule 11.1

Code related audit information

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

Audit observation

The registry list as of February 2020 was examined to confirm compliance.

Audit commentary

CBRE 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 as of February 2020 and the combined audit compliance reports for the audit period from 1 June 2019 to 31 December 2020 were reviewed to examine all ICPs at “ready” status.

Audit commentary

Compliance is recorded for TENCO. One ICP which has not been electrically connected is at “ready” status.

Audit outcome

Compliant

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

Code reference

Clause 16 Schedule 11.1

Code related audit information

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

Audit observation

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

The registry list file for was examined in relation to the use of the distributor status.

Audit commentary

The distributor status was not used at all during the audit period.

Audit outcome

Compliant

4.11. Management of “decommissioned” status (Clause 20 Schedule 11.1)

Code reference

Clause 20 Schedule 11.1

Code related audit information

The ICP status of “decommissioned” must be managed by the distributor and indicates that the ICP is permanently removed from future switching and reconciliation processes (Clause 20(1) of Schedule 11.1).

Decommissioning only occurs when:

- *electrical installations associated with the ICP are physically removed (Clause 20(2)(a) of Schedule 11.1); or*
- *there is a change in the allocation of electrical loads between ICPs with the effect of making the ICP obsolete (Clause 20(2)(b) of Schedule 11.1); or*
- *in the case of a distributor-only ICP for an embedded network, the embedded network no longer exists (Clause 20(2)(c) of Schedule 11.1).*

Audit observation

The management of this process is discussed in the TENCO contractor report. The list file as of February 2020 and the combined audit compliance report for the period 1 June 2019 to 31 December 2020 were examined in relation to the use of the decommissioned status.

Audit commentary

Compliance is recorded for TENCO.

Five ICPs were decommissioned during the audit period, and the registry was updated in accordance with this clause. The timeliness of updates to decommissioned status are discussed in **section 4.1**.

No ICPs are currently at ready for decommissioning status.

During examination of ICPs being created I found that ICP 0000006003CB3C1 was decommissioned - set up in error on 27 August 2015 but the ICP has been electrically connected since 28 December 2012. This was only found when a new tenant moved into the site and there was no ICP found that related to that tenancy. The site is a café. Simply Energy was the nominated trader for the original ICP but never claimed it. The MEP had charged a meter lease fee to Simply Energy and they had queried it. They never received a reply to this, and it was not followed up again. TENCO must have queried the ICP with Simply Energy and believed this to be an ICP that was not required and decommissioned it as set up in error. Therefore, there was no ICP for this point of connection from 28 December 2012 until 1 February 2021. Upon discovery a new ICP 0000006023CBE94 was created, the meter was replaced, and the site has been reconciled since 21 January 2021. This will be examined during the Simply Energy reconciliation participant audit. This is recorded as non-compliance below and in **sections 2.1** and **3.1**.

Audit outcome

Non-compliant

Non-compliance	Description		
<p>Audit Ref: 4.11</p> <p>With: Clause 20 of Schedule 11.1</p> <p>From: 28-Dec-12</p> <p>To: 01-Feb-21</p>	<p>One ICP electrically connected but ICP was decommissioned set up in error.</p> <p>Potential impact: High</p> <p>Actual impact: High</p> <p>Audit history: None</p> <p>Controls: Strong</p> <p>Breach risk rating: 3</p>		
Audit risk rating	Rationale for audit risk rating		
High	<p>Controls in place now are rated as strong, as controls in place are robust and this is highly unlikely to occur now.</p> <p>The audit risk rating is deemed to be high as the volumes that were unreconciled during this period have not been reconciled and will have contributed to higher losses than expected.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
As the MEP and Retailer were unable to locate any install paperwork on this connection when queried back in 2015 following what appears to be a 2012 install, as the MEP was unable to provide any details or did not respond the ICP was incorrectly in 2015 assumed to have been not required and was decommissioned. A new ICP was created for this connection and metering installed in January-2021.		January-2021	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
The process we follow for decommissioning ICP's along with monitoring new and ready is via amended process and controls. At the time of this instance Simply Energy was managing by the Embedded Network and the Retail supply of some connections which created some risk in terms of compliance, with the Embedded Network now managed by Tenco the controls here are a lot stronger.		Ongoing	

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

There have been no price category changes made during the audit 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

CBRE has not created any new loss category codes during 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

No loss factors have been updated since the last audit.

Audit outcome

Compliant

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

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

Code reference

Clause 11.8 and Clause 25 Schedule 11.1

Code related audit information

If the distributor is creating or decommissioning an NSP that is an interconnection point between 2 local networks, the distributor must give written notice to the reconciliation manager of the creation or decommissioning.

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

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

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

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

Audit observation

The NSP table was examined.

Audit commentary

No NSPs were created or decommissioned during the audit period.

Audit outcome

Compliant

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

Code reference

Clause 26(1) and (2) Schedule 11.1

Code related audit information

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

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

Audit observation

The NSP table was examined.

Audit commentary

No NSPs were created or decommissioned during the audit period.

Audit outcome

Compliant

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

Code reference

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

Code related audit information

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

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

Audit observation

The NSP table was examined.

Audit commentary

No balancing areas were created during the audit period.

Audit outcome

Compliant

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

Code reference

Clause 26(4) Schedule 11.1

Code related audit information

If a participant notifies the creation of an NSP, or the transfer of an ICP to an NSP that is a point of connection between a network and an embedded network owned by the distributor, the distributor must give notice to the reconciliation manager at least 1 month before the creation or transfer of:

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

Audit observation

The NSP table, the registry list and the event detail report were examined.

Audit commentary

No NSPs were created during the audit period, and no ICPs had a change of NSP during the audit period.

Audit outcome

Compliant

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

Code reference

Clause 24(2) and (3) Schedule 11.1

Code related audit information

The distributor must give written notice to the reconciliation manager of any change to balancing areas associated with an NSP supplying the distributor's network. The notification must specify the date and trading period from which the change takes effect and be given no later than 3 business days after the change takes effect.

Audit observation

The NSP table was examined.

Audit commentary

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 was reviewed.

Audit commentary

CBRE has not acquired any new networks.

Audit outcome

Compliant

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

Code reference

Clause 10.25(1) and 10.25(3)

Code related audit information

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

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

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

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

Audit observation

The management of this process is discussed in the TENCO report. The NSP table was examined.

Audit commentary

The process followed by TENCO is compliant. The NSP table was reviewed:

Distributor	NSP POC	Description	MEP	Certification Expiry
CBRE	CGE0011	8 Tangihua St Auckland	AMCI	10/04/2023
CBRE	CGP0011	Grand Plimmer Tower Wellington	FCLM	27/07/2021
CBRE	CJC0011	16 Kate Sheppard Pl Wellington	AMCI	11/12/2022
CBRE	CLC0011	88 Shortland St Auckland	AMCI	11/06/2022
CBRE	CNL0011	Novell House	AMCI	14/12/2025
CBRE	CSC0011	Blg A 167-191 Victoria St Ack	AMCI	26/11/2023
CBRE	CSC0012	Blg B 167-191 Victoria St Ack	AMCI	12/12/2023
CBRE	CSE0011	66-86 Jervois Quay	AMCI	1/08/2021

All NSPs have certified metering installations. NSP CGP0011 and CNL0011 have had their meters recertified during the audit period. These were both checked and found CNL0011 was notified 24 business days after recertification. This is recorded as non-compliance.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 6.8 With: Clause 10.25(1) From: 15-Jan-21 To: 20-Jan-21	One meter recertification not notified to the RM within 20 days of meter recertification. 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 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
The updated cert details were lodged with the RM as soon as these were made available to us.		During the audit period	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
We have implanted a monthly check with the MEP's to ensure that our records and their records are in synch, this should remove the risk of discrepancy in our systems through the MEP neglected to send us the metering details on time following a recert. We still have some delays and these appear to be an issue in timeliness of data between the Testhouse and the MEP's.		Improving however 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:*
 - a) the reconciliation participant for the NSP (Clause 10.25(2)(b)(i)); and*
 - b) the MEP for the NSP (Clause 10.25(2)(b)(ii)); and*
 - c) no later than 20 business days after the data of certification of each metering installation, advise the reconciliation participant for the NSP of the certification expiry date (Clause 10.25(2)(c)).*

Audit observation

The NSP table was examined. Notifications were reviewed.

Audit commentary

No NSPs were created during the audit period.

Audit outcome

Compliant

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

Code reference

Clause 29 Schedule 11.1

Code related audit information

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

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

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

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

Audit observation

The NSP table was examined.

Audit commentary

CBRE has not acquired any NSPs from other networks during the audit period.

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 on the registry was examined.

Audit commentary

CBRE has not acquired any networks.

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

CBRE 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 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

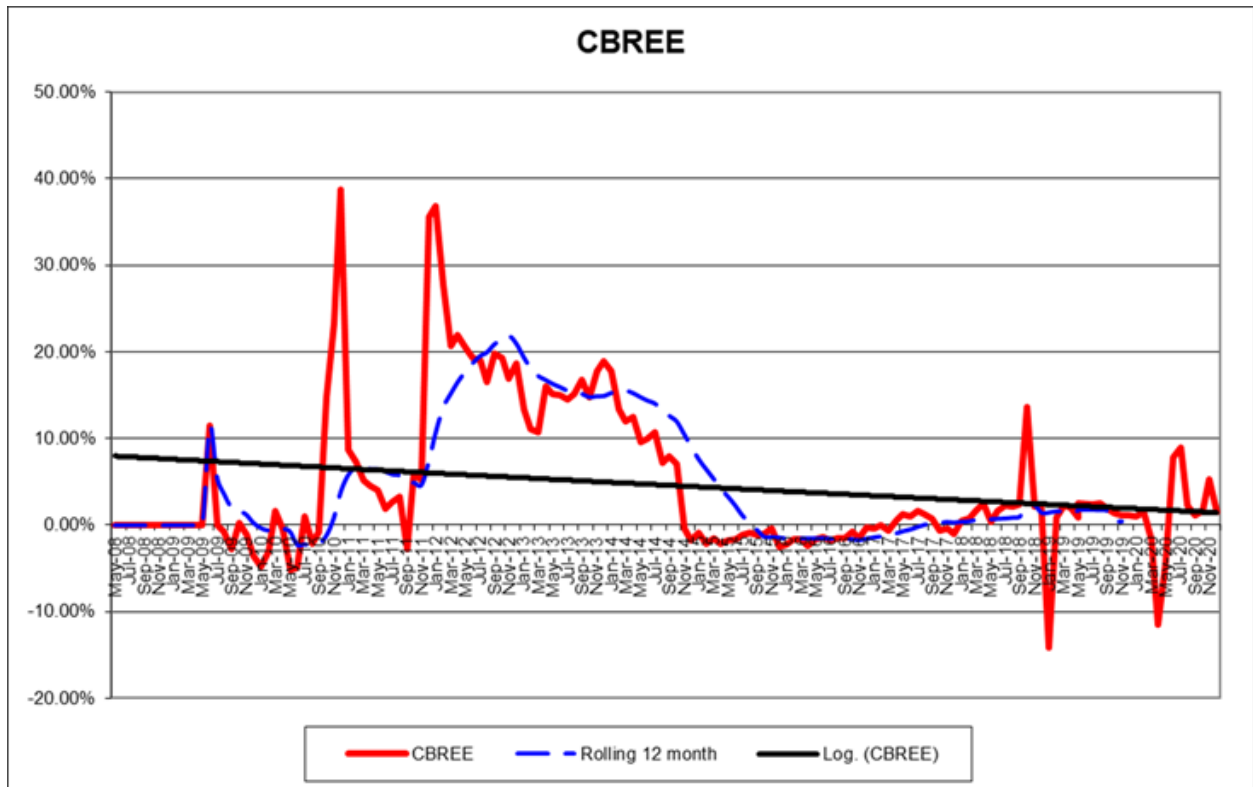
Compliance is recorded for TENCO, and I confirmed that there have been no changes to this process since the last TENCO audit.

TENCO derives loss factors for loss category codes from the published parent network loss factors for similar installations. It is expected that ICPs on embedded networks will have the same loss factor as a similar type of connection on the parent network.

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

TENCO maintains the internal loss factors in the registry, and within their pricing schedules which are issued to retailers. This indicated that UFE is stepped through the process and confirmed that the loss factors were calculated and assigned as expected. I checked the calculations and confirmed that these to be correct.

I reviewed the UFE graph for the CBRE networks provided by the Electricity Authority. This indicated that UFE is tracking between 1-1.9% for the rolling average at the 14-month revision:



This is outside of the expected $\pm 1\%$ range. As detailed in **sections 2.1, 3.1 and 4.11**, an electrical connection has been found that had no ICP. This will have contributed to the higher than expected UFE. As UFE is outside the expected $\pm 1\%$ range this is recorded as non-compliance.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 8.1 With: Clause 15.2 From: 28-Dec-12 To: 31-Dec-20	Losses are outside of the expected +/-1% threshold. Potential impact: High Actual impact: High Audit history: None Controls: Strong Breach risk rating: 3		
Audit risk rating	Rationale for audit risk rating		
High	Controls are rated as strong, the calculation methodology to determine losses is robust. The audit risk rating is deemed to be high as UFE is higher than expected and the missing ICP volumes will have contributed to this.		
Actions taken to resolve the issue		Completion date	Remedial action status
The methodology for setting of loss codes has always been to follow those of the local area network (all be it 1 month behind to ensure compliance with registry updates), this has always been disclosed and accepted.		N/A	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
Given the above feedback we are looking to modify our processes to review the rolling average on a 14 month basis at a GXP as opposed to network level to monitor losses and can look to establish losses outside of our normal methodology as required.		March-2021	

CONCLUSION

CBRE'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 audit found six non-compliances, and no recommendations were made. Most non-compliance found related to one ICP (a café) that was decommissioned as set up in error but was found in December 2020 to have been electrically connected since 2012. The volumes for this connection have not been reconciled. I have attempted to determine the missing consumption by getting the meter install paperwork, but this is unable to be located. A new ICP has been created for this connection point and the volumes have been reconciled since 21 January 2021. This will be examined in the proposed trader's reconciliation participant audit. I note processes and audit trails for this activity have been strengthened since 2012.

The future risk rating indicates that the next audit be in 12 months. I have considered this in conjunction with CBRE's comments, that all controls for the non-compliances found are rated as strong and I recommend that the next audit be in 18 months' time.

PARTICIPANT RESPONSE

Tenco on behalf of CBRE have reviewed the above audit report on the 03/03/2021 and we are in agreeance with the findings contained within it.