

**ELECTRICITY INDUSTRY PARTICIPATION CODE
DISTRIBUTOR AUDIT REPORT**

For

MOUNTAIN POWER LIMITED

Prepared by: Rebecca Elliot

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EXECUTIVE SUMMARY

This Distributor audit was conducted at the request of **Mountain Power Ltd (Mountain Power)** 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.

Mountain Power has two embedded networks situated in Twizel. The parent network (**Alpine Energy**) creates ICPs and performs registry maintenance as Mountain Power's agent. All activity from 1 September 2019 was considered during this audit, and Alpine Energy's processes for Mountain Power were reviewed as part of their 2020 Distributor audit.

This audit found nine non-compliances and makes three recommendations.

There has been an increase in activity on the network since the last audit. The new connection process works well with no backdated connections. The population of the initial electrical connection date appears to be either late or missing and, in some cases, incorrect. The incorrect dates were due to a misunderstanding of the initial electrical connection date requirements and these have now been corrected. I recommend that the audit compliance report is used to assist with the management of this requirement. This reporting will also improve data accuracy for other areas and improve the control ratings overall.

The audit risk rating indicates that the next audit be due in six months. I have considered this in conjunction with Mountain Power's responses, the size of the network and recommend that the next audit be in 12 months time. This will also allow sufficient time for the impact of the proposed actions to be evident.

The matters raised are recorded 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(1) and 10.6(1)	12 ICPs which became active during the audit period but had no initial electrical connection date populated. Eight ICPs with the incorrect initial electrical connection date recorded. Three ICPs with distributed generation had a generation capacity recorded that did not match the generation capacity on paperwork.	Weak	Low	3	Identified
Requirement to correct errors	2.2	11.2(2) and 10.6(2)	Corrections not made as soon as practicable.	Weak	Low	3	Identified
Provision of ICP Information to the registry manager	3.3	11.7	12 ICPs which became active during the audit period but had no initial electrical connection date populated.	Weak	Low	3	Identified
Timeliness of Provision of Initial Electrical Connection Date	3.5	7(2A) of Schedule 11.1	46 ICPs late initial electrical connection date updates.	Weak	Low	3	Identified
Monitoring of "new" & "ready" statuses	3.14	15 Schedule 11.1	ICPs 0000012400MO12F (ready since 31/01/17) and 0000012452MO9A2 (ready since 03/03/17) had been followed up with the customer or their agent to determine whether they were still required, but not the trader.	Strong	Low	1	Identified
Changes to registry information	4.1	8 Schedule 11.1	4 late price code changes. 3 late Distributed Generation updates.	Moderate	Low	2	Identified

Subject	Section	Clause	Non-Compliance	Controls	Audit Risk Rating	Breach Risk Rating	Remedial Action
ICP location address	4.4	2 Schedule 11.1	Two ICPs had duplicate addresses.	Moderate	Low	2	Identified
Distributors to Provide ICP Information to the Registry manager	4.6	7(1) Schedule 11.1	Two ICPs with duplicate addresses. Three ICPs with the incorrect distributed generation details recorded on the registry. 12 ICPs which became active during the audit period with no initial electrical connection date populated. Eight ICPs with the incorrect initial electrical connection date recorded.	Weak	Low	3	Identified
Creation of loss factors	8.1	11.2	Loss factors are not accurate as indicated by the reconciliation losses.	Moderate	Low	2	Identified
Future Risk Rating						22	

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
Requirement to provide complete and accurate information	2.1	Registry validation	Utilise the AC020 reporting to assist with identifying potential data discrepancies.
Distributors to Provide ICP Information to the Registry manager	4.6	Dedicated NSP status	Change dedicated status to "Y".
		Distributor unmetered load details	Liaise with the trader to confirm load details and then update the unmetered load details for 0000022015MOBE0.

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 Mountain Power 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 Mountain Power.

1.2. Structure of Organisation

The Mountain Power operation is managed by Andrew Hocken, and Grant Hocken is the Network Manager. This is not a large business and does not have an organisation chart.

1.3. Persons involved in this audit

Auditor:

Name	Company	Role
Rebecca Elliot	Veritek Limited	Lead Auditor
Claire Stanley	Veritek Limited	Supporting Auditor

Personnel assisting in this audit were:

Name	Title	Organisation
Andrew Hocken	Operations Manager	Mountain Power
Hayden Darling	Customer Services Manager	Alpine Energy
Peter Bennett	Metering Officer	Alpine Energy
Taryn Butcher	Commercial and Regulatory Analyst	Alpine Energy

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, and*
- *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

I checked whether any agents were engaged in any relevant processes.

Audit commentary

Alpine Energy is engaged for creation of ICPs and registry management.

1.5. Supplier list

Alpine Energy is engaged for creation of ICPs and registry management.

1.6. Hardware and Software

Mountain Power does not have hardware or software relevant to this audit. A spreadsheet exists of all ICPs, but this does not interface to the registry.

Registry information is maintained by Alpine Energy using their Mountain Power ICP database. It is a Microsoft Access database and VB application. Access to the database is restricted through network access permissions, and access to the network is restricted using logins and passwords.

The database is fully backed up every night, with incremental backups every 15 minutes as part of Alpine Energy's virtual systems.

1.7. Breaches or Breach Allegations

Mountain Power has not had any breach allegations recorded by the Electricity Authority during the audit period.

1.8. ICP and NSP Data

Mountain Power has responsibility for the NSPs in the table below, and active ICP numbers are as at 06/09/19. No NSPs were created, decommissioned, or transferred to or from other networks during the audit period.

Distributor	NSP POC	Description	Parent POC	Parent Network	Balancing Area	Network type	Start date	No of ICPs
MOPO	MMP0111	MACKENZIE PARK	ALPE	TWZ0331	MMP0111MOPOE	EN	01/05/2008	121
MOPO	MMT0111	MANUKA TERRACE	ALPE	TWZ0331	MMT0111MOPOE	EN	01/05/2008	174

Mountain Power's ICPs are summarised by status below:

Status	Number of ICPs Jan 2020	Number of ICPs Sep 2019
New (999,0)	-	-
Ready (0,0)	6	5
Active (2,0)	284	243
Distributor (888,0)	-	-
Inactive – new connection in progress (1,12)	1	-
Inactive – electrically disconnected vacant property (1,4)	1	-
Inactive – electrically disconnected remotely by AMI meter (1,7)	1	2
Inactive – electrically disconnected at pole fuse (1,8)	-	-
Inactive – electrically disconnected due to meter disconnected (1,9)	-	-
Inactive – electrically disconnected at meter box fuse (1,10)	-	-
Inactive – electrically disconnected at meter box switch (1,11)	-	-
Inactive – electrically disconnected ready for decommissioning (1,6)	-	-
Inactive – reconciled elsewhere (1,5)	-	-
Decommissioned (3)	2	1

1.9. Authorisation Received

A letter of authorisation was provided.

1.10. Scope of Audit

This Distributor audit was performed at the request of Mountain Power, 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.

Mountain Power has two embedded networks situated in Twizel, with 284 active ICPs connected as at 7 January 2021. The parent network (Alpine Energy) creates ICPs and performs registry maintenance as Mountain Power's agent.

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.	Alpine Energy
The provision of ICP information to the registry and the maintenance of that information.	Alpine Energy
The creation and maintenance of loss factors.	Nil

All activity from 1 September 2019 was considered during this audit, and Alpine Energy's processes for Mountain Power were reviewed as part of their 2020 Distributor audit.

1.11. Summary of previous audit

Mountain Power provided a copy of their previous audit conducted in November 2019 by Tara Gammon of Veritek Limited. The audit recorded seven non-compliances and made three recommendations. The current status of the non-compliances and recommendations is listed below.

Table of Non-compliances

Subject	Section	Clause	Non-compliance	Status
Requirement to provide complete and accurate information	2.1	11.2(1) and 10.6(1)	28 ICPs have incorrect initial electrical connection dates populated on the registry. 0000024050MO1CA has an incorrect price category populated on the registry. 24 initial electrical connection date registry updates did not have the correct event date recorded. Four distributed generation updates did not have the correct event date recorded	Still existing

Subject	Section	Clause	Non-compliance	Status
Timeliness of Provision of Initial Electrical Connection Date	3.5	7(2A) of Schedule 11.1	All 17 ICPs which became active during the audit period had late initial electrical connection date updates.	Still existing
Monitoring of “new” & “ready” statuses	3.14	15 Schedule 11.1	ICPs 0000012400MO12F (ready since 31/01/17) and 0000012452MO9A2 (ready since 03/03/17) had been followed up with the customer or their agent to determine whether they were still required, but not the trader.	Still existing
Changes to registry information	4.1	8 Schedule 11.1	43 late address updates. 17 late network updates. 12 late pricing updates.	Still existing
ICP location address	4.4	2 Schedule 11.1	Eight ICPs had duplicate addresses. 15 ICPs had incorrect street names.	Still existing
Distributors to Provide ICP Information to the Registry manager	4.6	7(1) Schedule 11.1	28 ICPs have incorrect initial electrical connection dates populated on the registry. 0000024050MO1CA has an incorrect price category populated on the registry. Three ICPs with distributed generation temporarily had an installation type of L recorded, instead of B. The records were corrected during the audit.	Still existing
Creation of loss factors	8.1	11.2	Loss factors are not accurate as indicated by the reconciliation losses.	Still existing

Table of Recommendations

Subject	Section	Recommendation	Status
Requirement to provide complete and accurate information	2.1	Identify and check instances where trader or MEP information is inconsistent with distributor information.	Updated to recommend use of the audit compliance reporting

Subject	Section	Recommendation	Status
Distributors to Provide ICP Information to the Registry manager	4.6	Change dedicated status to "Y".	Still existing
Distributors to Provide ICP Information to the Registry manager	4.6	Update the unmetered load details for 0000022015MOBE0 if known to include the wattage, on hours and description.	Still existing

2. OPERATIONAL INFRASTRUCTURE

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

Code reference

Clause 11.2(1) and 10.6(1)

Code related audit information

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

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

Audit observation

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

The registry list file as at 07/01/21 and the combined audit compliance reports for the period from 07/09/19 to 30/11/20 were examined to confirm compliance.

Audit commentary

Registry update

ICP information is maintained with Alpine Energy's Mountain Power ICP database. When data maintained by the distributor on the registry is updated in the ICP database, the update is automatically sent to the registry.

Some registry updates are processed manually using the registry web interface. These updates are related to corrections made by Mountain Power.

Acknowledgement files are imported, and reports are run to identify any failed updates each morning and at 3pm. Issues are investigated and corrected by Alpine Energy.

Notification files are reviewed manually to identify status changes such as a retailer moving a new connection to "active" status, or an existing ICP to "ready for decommissioning" status. These changes are provided to Alpine Energy's metering officer, who follows up paperwork for new connections, and checks the ICP database and registry are updated, as necessary.

Registry validation

The ICP notifications database is used to check the data held in the Mountain Power ICP database against the registry information daily. Discrepancies are identified and resolved by Alpine Energy.

There are no regular checks to identify trader or MEP information which is inconsistent with distributor information. Inconsistencies could indicate that distributor information requires review or update, such as:

- addition of trader unmetered load details, where no distributor unmetered load is recorded,
- addition of a trader profile which is used for distributed generation (e.g., PV1 or EG1), where no distributor generation is recorded, and
- addition of meters with flow direction I, where no distributor generation is recorded.

There is now discrepancy reporting available from the registry and I recommend that Mountain Power use this to check for data discrepancies.

Recommendation	Description	Audited party comment	Remedial action
Registry validation	Utilise the AC020 reporting to assist with identifying potential data discrepancies.	This is something we will look to implement.	Identified

Mountain Power periodically checks that loss factors and pricing categories are correctly assigned, including that they are valid for the ICP's NSP.

Addresses

Non-compliance is recorded in **sections 4.4** and **4.6** for two ICPs which had duplicate addresses. These were corrected during the audit.

Distributed generation

Review of the registry list found three ICPs with a Generation Capacity recorded that does not match the details on the application form. These will be investigated by Mountain Power and corrected. This is recorded as non-compliance below.

Initial electrical connection dates

The audit compliance reporting identified 12 ICPs with no initial electrical connection date recorded. This is recorded as non-compliance below and in **sections 3.3** and **4.6**.

Eight ICPs were found to have date variances between the initial electrical connection date, the active date and the meter certification date. These were incorrectly updated when the meter was changed from BTS to Permanent supply due to a misunderstanding. These were corrected during the audit. Mountain Power now understand the initial electrical connection date requirement. The audit compliance report will assist with identifying missing or inconsistent initial electrical connection dates. This is recorded as non-compliance below and in **section 4.6**.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 2.1 With: Clause 11.2(1) and 10.6(1) From: 07-Sep-19 To: 30-Nov-20	12 ICPs which became active during the audit period but had no initial electrical connection date populated. Eight ICPs with the incorrect initial electrical connection date recorded. Three ICPs with distributed generation had a generation capacity recorded that did not match the generation capacity on paperwork. Two ICPs had duplicate addresses. Potential impact: Low Actual impact: Low Audit history: Three times previously Controls: Weak Breach risk rating: 3		
Audit risk rating	Rationale for audit risk rating		
Low	The controls are rated as the weak as the controls in place do not mitigate risk and sufficiently identify errors. The audit risk rating is low as there is little to no impact to the market as a result of the discrepancies found.		
Actions taken to resolve the issue		Completion date	Remedial action status
All paperwork for every new connection to be forwarded to MOPO from AEL and input data double checked.		Ongoing	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
As above.		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

Mountain Power's data management processes were examined. The registry list as at 07/01/21 was examined to confirm compliance.

Audit commentary

As detailed in **section 2.1**, there is registry validation in place and errors are detected and corrected through this process. Not all discrepancies are being identified and therefore corrections are not being carried out as soon as practicable.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 2.2 With: Clauses 11.2(2) and 10.6(2) From: 07-Sep-19 To: 30-Nov-20	Corrections not made as soon as practicable. Potential impact: Low Actual impact: Low Audit history: None Controls: Weak Breach risk rating: 3		
Audit risk rating	Rationale for audit risk rating		
Low	The controls are rated as weak with areas of improvement identified. The audit risk rating is low as there is little to no impact to the market as a result of the discrepancies found.		
Actions taken to resolve the issue		Completion date	Remedial action status
Weekly checking to be completed with all new connections.		Ongoing	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
As above		Ongoing	

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 and is described in **section 3.2** below.

The registry list file as at 07/01/21, combined audit compliance reports for 07/09/19 to 30/11/20 were reviewed to identify all new connections during the period and check that ICPs were created as required by this clause.

Audit commentary

Alpine Energy creates ICPs for Mountain Power as required by clause 1 of schedule 11.1.

Examination of the registry list found 41 ICPs were created during the audit period. ICPs were created in accordance with this clause for all new connections.

Audit outcome

Compliant

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

Code reference

Clause 11.5(3)

Code related audit information

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

Audit observation

The new connection process was examined. A sample of 16 new connections were checked to confirm compliance.

ICP requests are usually made by the customer's agent. If the request is not made by a trader this rule does not apply.

Audit commentary

Mountain Power receives new connection requests from customers' agents, normally electricians, who provide a completed Network Application form on which a retailer is nominated. This is then provided to Alpine Energy and the ICP is created and populated into the registry at "ready".

The new connections checked were requested by the customer, not the trader.

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 was examined.

The registry list file as at 07/01/21, combined audit compliance reports for 07/09/19 to 30/11/20 were reviewed to identify all new connections during the period and check that information was provided as required by this clause.

Audit commentary

Alpine Energy provides information as Mountain Power's agent. Information was provided as required by this clause for all ICPs created during the audit period. There were 12 ICPs with no initial electrical connection dates recorded. This is recorded as non-compliance below and in **sections 2.1 and 4.6**.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 3.3 With: Clause 11.7 From: 07-Sep-19 To: 30-Nov-20	12 ICPs which became active during the audit period but had no initial electrical connection date populated. Potential impact: Low Actual impact: Low Audit history: Once Controls: Weak Breach risk rating: 3		
Audit risk rating	Rationale for audit risk rating		
Low	The controls are recorded as weak as this wasn't being monitored but is expected to be going forward. Most initial electrical connection dates were populated on time. The impact on participants is minor because this field is used to validate other fields against.		
Actions taken to resolve the issue		Completion date	Remedial action status
Network manager to forward all copies of new connection inquiries as and when they occur. Paperwork to be followed up with AEL.		Ongoing	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
As above		Ongoing	

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

Code reference

Clause 7(2) of Schedule 11.1

Code related audit information

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

Audit observation

The registry list file as at 07/01/21 and the combined registry compliance audit reports covering the period 07/09/19 to 30/11/20 were examined to determine the timeliness of the provision of ICP information for new connections.

Audit commentary

The distributor must provide to the registry the information listed in clause 7(1) of schedule 11.1 as soon as practicable, and before electricity is traded at the ICP. Alpine Energy provides the ICP information as Mountain Power's agent, using the verified information provided in the completed Network Application form.

The combined audit compliance report confirmed that the required information was provided for all ICPs prior to electricity being traded.

The timeliness of provision of initial electrical connection dates is discussed separately in **section 3.5**.

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 file as at 07/01/21, combined audit compliance reports for 07/09/19 to 30/11/20 were examined to determine the timeliness of the provision of initial electrical connection date information for new connections.

Audit commentary

All network and meter connections are now completed on the same day by the same contractor.

Alpine Energy directly receives connection paperwork for Mountain Power ICPs and updates the Mountain Power ICP database and registry to reflect the initial electrical connection date. Processes are in place to monitor ICPs which have become "active" but do not have initial electrical connection dates recorded as discussed in **section 2.1**.

There was a total of 83 ICED updates, of which 46 updates were late during the audit period. A sample of seven late updates were checked and found all were updated when there was a change of meter from BTS to permanent supply due to a misunderstanding of what the initial electrical connection date is. This is now understood, and these have been corrected.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 3.5 With: Clause 7(2A) of Schedule 11.1 From: 07-Sep-19 To: 30-Nov-20	46 ICPs late initial electrical connection date updates. Potential impact: Low Actual impact: Low Audit history: Multiple times Controls: Weak Breach risk rating: 3		
Audit risk rating	Rationale for audit risk rating		
Low	The controls are rated as weak as they are not robust, and the majority of updates were late to the registry. The impact on participants is minor because this field is used to validate other fields against.		
Actions taken to resolve the issue		Completion date	Remedial action status
New systems in place to prevent this from happening. Most of these errors caused by either a misunderstanding or are due to being overlooked many years ago when the ICP's were created.		Ongoing	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
MOPO now has systems in place which will prevent such occurrences		Ongoing	

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

Code reference

Clause 11.17

Code related audit information

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

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

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

Audit observation

The new connection process was examined in **sections 3.1 and 3.2**.

The registry list file as at 07/01/21 and the combined audit compliance reports for the audit period from 07/09/19 to 30/11/20 were reviewed to determine compliance.

Audit commentary

ICPs will not be electrically connected without the agreement from the trader. Trader acceptance is confirmed during the application process, and a blanket approval is in place with Contact Energy.

All ICPs at “ready” have a proposed trader populated in the registry. Review of the registry list confirmed that no new shared unmetered load was created during the period. Review of the combined audit compliance reports confirmed that all ICPs were made “ready” after the trader had accepted responsibility.

Review of the registry list confirmed that shared unmetered load is not recorded for any ICPs on Mountain Power’s network. Mountain Power does not intend to supply 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 file as at 07/01/21 and the combined audit compliance reports for the audit period from 07/09/19 to 30/11/20 were examined to determine compliance.

Audit commentary

ICPs will not be electrically connected without the agreement from the trader, who in turn has agreement with an MEP for the ICP. Trader acceptance is confirmed during the application process.

Review of the combined audit compliance reports confirmed that all ICPs which were initially electrically after the trader had accepted responsibility.

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 file as at 07/01/21 and the combined audit compliance reports for the audit period from 07/09/19 to 30/11/20 were examined to determine compliance.

Audit commentary

No ICPs have been temporarily electrically connected during the audit period.

Network and meter connections are normally completed on the same day by the same contractor for Mountain Power new connections, making it unlikely that ICPs would be 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, and*
- *the certification expiry date of each metering installation for the NSP.*

Audit observation

The NSP table was examined.

Audit commentary

No new NSPs have been created by Mountain Power 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 examined.

Audit commentary

No new NSPs have been created by Mountain Power 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 process for the creation of ICPs was examined and observed.

Audit commentary

ICP numbers are created within the Mountain Power ICP database.

The user creates a new number taking into account the house or lot number, and the sequence of nearby addresses. The database automatically applies the leading zeros, distributor code, and the checksum to create a compliant ICP number.

If the new ICP number is not unique, a warning is displayed on screen stating that the ICP number already exists, and the database will automatically replace the first leading zero with a one to make the number unique. At this point the user would enter a unique set of digits to allow the ICP number to be unique without the leading one.

Audit outcome

Compliant

3.12. Loss category (Clause 6 Schedule 11.1)

Code reference

Clause 6 Schedule 11.1

Code related audit information

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

Audit observation

The list file as at 07/01/21, was examined to confirm whether all active ICPs have a single loss category.

Audit commentary

Alpine Energy records the loss factor advised by Mountain Power. Loss factors are known at the time of ICP creation, because there is only one loss category per NSP.

Mountain Power periodically checks that loss factors are correctly assigned, including that they are valid for the ICP's NSP.

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 new connection process was examined. The registry list file as at 07/01/21, and event detail report for 07/09/19 to 30/11/20 were examined to determine compliance.

Audit commentary

ICPs on Mountain Power's network do not normally require construction and are created when they are ready for activation.

ICPs are created at "ready", and the "new" status is only present if another event is reversed. "New" status was not used during the audit period.

Audit outcome

Compliant

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

Code reference

Clause 15 Schedule 11.1

Code related audit information

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

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

Audit observation

The management of ICPs at the “new” and “ready” status was examined. The combined registry compliance audit reports covering the period from 7/9/19 to 30/11/20 were examined to identify any ICPs that had been at “new” and “ready” for more than 24 months.

Audit commentary

Alpine Energy follows up Mountain Power ICPs which are at “new” or “ready” status for more than 18 months every six months, to confirm whether they have been connected and if the ICP is still required.

Because applications are received from the customer or their agent, rather than the trader, Alpine Energy normally follows up with the customer and/or agent instead of the trader. The Code technically requires follow up with the trader, who then would obtain information from the customer or their agent and advise Alpine Energy.

Examination of the list file found no ICPs at “new” status, and six ICPs at “ready” status. Two of the ICPs had been at “ready” status for more than two years. These were checked and they have been followed up with the customer or their agent in 2020 to confirm that they are still required. The ICPs were not followed up with the trader, and this is recorded as a technical non-compliance below.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 3.14 With: Clause 15 Schedule 11.1 From: 07-Sep-19 To: 30-Nov-20	ICPs 0000012400MO12F (ready since 31/01/17) and 0000012452MO9A2 (ready since 03/03/17) had been followed up with the customer or their agent to determine whether they were still required, but not the trader. Potential impact: Low Actual impact: Low Audit history: Twice previously Controls: Strong Breach risk rating: 1		
Audit risk rating	Rationale for audit risk rating		
Low	The controls are rated as strong as the request for the ICP is being checked with the applicant, however the code requires that this is checked with the trader. The audit risk rating is assessed to be low as "new" and "ready" ICPs are checked directly with the party who made the application for the new connection, rather than the trader as the Code requires.		
Actions taken to resolve the issue		Completion date	Remedial action status
Follow up with AEL and the local linesman to find out when these two ICP's will likely need to become active.		Immediately	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
Ongoing maintenance of ready status on the network.		Ongoing	

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

Code reference

Clause 7(6) Schedule 11.1

Code related audit information

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

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

Audit observation

The registry list file as at 07/01/21 was examined to determine compliance.

Audit commentary

Review of the registry list confirmed there are no embedded generators with a capacity greater than 10MW that require specific loss category codes.

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 at 07/01/21 was reviewed to determine compliance.

Audit commentary

Mountain Power obtains permission from the trader before electrically connecting ICPs, as discussed in **section 3.2**. No new unmetered load connections have been completed during the audit period.

A blanket approval is in place with Contact Energy, who is the retailer for Mountain Power's two DUML ICPs.

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 registry updates was reviewed.

The registry list as at 07/01/21 and the combined registry compliance audit reports covering the period from 07/09/19 to 30/11/20 were examined. A diverse sample of a minimum of ten (or all if there were less than ten examples) backdated events by event type were reviewed to determine the reasons for the late updates.

Audit commentary

The table below details the quantity and compliance of registry updates.

Update	Date	Late	% Compliant	Average Days
Address	2019	43	5.6%	-
	2020	Nil	100%	-
Price Codes	2019	8	60%	-
	2020	4	77.78%	92
Status	2019	Nil	100%	-
	2020	Nil	100%	-

Network (excl New Connection & Distributed Generation)	2019	17	5.6%	-
	2020	Nil	100%	-
Distributed Generation	2020	3	0%	588
NSP changes	2020	Nil	100%	-

Address events

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

Pricing events

The combined audit compliance reporting found four late pricing updates:

- two updates were to correct the tariff code, and
- two were to update the Distributor Loss Category code

Status events

The decommission process is described in **section 4.11**.

No status updates were identified, apart from updates to “ready” status for new connections which are discussed in **section 3.4**.

Distributed Generation

The distributed generation process is described in **section 4.6**. The audit compliance report found three late distributed generation updates. All of the events were checked, and it was identified that they were all late due being overlooked when initially notified.

The late updates to registry are recorded as non-compliance.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 4.1 With: Clause 8 Schedule 11.1 From: 07-Sep-19 To: 30-Nov-20	4 late price code changes. 3 late Distributed Generation updates. Potential impact: Low Actual impact: Low Audit history: Multiple times Controls: Moderate Breach risk rating: 2		
Audit risk rating	Rationale for audit risk rating		
Low	The controls are rated as moderate. Changes are made as soon as Mountain Power are aware, but this is not always within the required timeframe. The audit risk rating is assessed to be low as the volume of late updates is relatively small.		
Actions taken to resolve the issue		Completion date	Remedial action status
As stated previously, improved processes to be implemented which will ensure a higher level of compliance		Ongoing	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
See above		Ongoing	

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 registry list as at 07/01/21 and NSP table were compared to determine compliance.

Audit commentary

Alpine Energy populates the registry with the NSP details provided by Mountain Power.

The registry list was analysed and no NSP assignment issues were identified.

Audit outcome

Compliant

4.3. Customer queries about ICP (Clause 11.31)

Code reference

Clause 11.31

Code related audit information

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

Audit observation

The management of customer queries was examined.

Audit commentary

Mountain Power or Alpine Energy may receive direct requests for ICP identifiers. These are able to be provided immediately on request.

Audit outcome

Compliant

4.4. ICP location address (Clause 2 Schedule 11.1)

Code reference

Clause 2 Schedule 11.1

Code related audit information

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

Audit observation

The process to determine correct and unique addresses was examined. The registry list as at 06/09/19 was reviewed to determine compliance.

Audit commentary

Addresses are confirmed as part of the application process. The completeness, accuracy, and uniqueness of addresses was checked:

- there were no ICPs with incomplete addresses, each address had a property name, unit number and/or street number, and
- two active ICPs had duplicate addresses, these were corrected to unique addresses during the audit.

Regular use of the audit compliance report will assist with identifying these. This is recommended in **section 2.1**.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 4.4 With: Clause 2 Schedule 11.1 From: 07-Sep-19 To: 30-Nov-20	Two ICPs had duplicate addresses. Potential impact: Low Actual impact: Low Audit history: Three times previously Controls: Moderate Breach risk rating: 2		
Audit risk rating	Rationale for audit risk rating		
Low	The controls are recorded as moderate because they ensure that most addresses are unique and accurate. Incorrect addresses may have a minor impact on other participants, as they can make it more difficult to ensure the correct property is identified for switching and meter reading.		
Actions taken to resolve the issue		Completion date	Remedial action status
We were unaware that this had occurred. All new ICP paperwork to be checked in the system and against existing database/s.		Ongoing	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
As above		Ongoing	

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

Code reference

Clause 3 Schedule 11.1

Code related audit information

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

Audit observation

This was examined as part of the new connection process.

Audit commentary

For new connections, this clause is well understood. All new applications are checked to ensure the electrical disconnection clauses are met.

Audit outcome

Compliant

4.6. Distributors to Provide ICP Information to the Registry manager (Clause 7(1) Schedule 11.1)

Code reference

Clause 7(1) Schedule 11.1

Code related audit information

For each ICP on the distributor's network, the distributor must provide the following information to the registry manager:

- *the location address of the ICP identifier (Clause 7(1)(a) of Schedule 11.1)*
- *the NSP identifier of the NSP to which the ICP is usually connected (Clause 7(1)(b) of Schedule 11.1)*
- *the installation type code assigned to the ICP (Clause 7(1)(c) of Schedule 11.1)*
- *the reconciliation type code assigned to the ICP (Clause 7(1)(d) of Schedule 11.1)*
- *the loss category code and loss factors for each loss category code assigned to the ICP (Clause 7(1)(e) of Schedule 11.1)*
- *if the ICP connects the distributor's network to an embedded generating station that has a capacity of 10MW or more (Clause 7(1)(f) of Schedule 11.1):*
 - a) *the unique loss category code assigned to the ICP,*
 - b) *the ICP identifier of the ICP*
 - c) *the NSP identifier of the NSP to which the ICP is connected,*
 - d) *the plant name of the embedded generating station*
- *the price category code assigned to the ICP, which may be a placeholder price category code only if the distributor is unable to assign the actual price category code because the capacity or volume information required to assign the actual price category code cannot be determined before electricity is traded at the ICP (Clause 7(1)(g) of Schedule 11.1)*
- *if the price category code requires a value for the capacity of the ICP, the chargeable capacity of the ICP as follows (Clause 7(1)(h) of Schedule 11.1):*
 - a) *a placeholder chargeable capacity if the distributor is unable to determine the actual chargeable capacity,*
 - b) *a blank chargeable capacity if the capacity value can be determined for a billing period from metering information collected for that billing period,*
 - c) *if there is more than one capacity value at the ICP, and at least one, but not all, of those capacity values can be determined for a billing period from the metering information collected for that billing period-*
 - (i) *no capacity value recorded in the registry field for the chargeable capacity; and*
 - (ii) *either the term "POA" or all other capacity values, recorded in the registry field in which the distributor installation details are also recorded*
 - d) *if there is more than one capacity value at the ICP, and none of those capacity values can be determined for a billing period from the metering information collected for that billing period-*
 - (i) *the annual capacity value recorded in the registry field for the chargeable capacity; and*
 - (ii) *either the term "POA" or all other capacity values, recorded in the registry field in which the distributor installation details are also recorded*

- e) *the actual chargeable capacity of the ICP in any other case*
- *the distributor installation details for the ICP determined by the price category code assigned to the ICP (if any), which may be placeholder distributor installation details only if the distributor is unable to assign the actual distributor installation details because the capacity or volume information required to assign the actual distributor installation details cannot be determined before electricity is traded at the ICP (Clause 7(1)(i) of Schedule 11.1)*
- *the participant identifier of the first trader who has entered into an arrangement to sell or purchase electricity at the ICP (only if the information is provided by the first trader) (Clause 7(1)(j) of Schedule 11.1)*
- *the status of the ICP (Clause 7(1)(k) of Schedule 11.1)*
- *designation of the ICP as "Dedicated" if the ICP is located in a balancing area that has more than 1 NSP located within it, and the ICP will be supplied only from the NSP advised under Clause 7(1)(b) of Schedule 11.1, or the ICP is a point of connection between a network and an embedded network (Clause 7(1)(l) of Schedule 11.1)*
- *if unmetered load, other than distributed unmetered load, is associated with the ICP, the type and capacity in kW of unmetered load (Clause 7(1)(m) of Schedule 11.1)*
- *if shared unmetered load is associated with the ICP, a list of the ICP identifiers of the ICPs that are associated with the unmetered load (Clause 7(1)(n) of Schedule 11.1)*
- *if the ICP is capable of generating into the distributors network (Clause 7(1)(o) of Schedule 11.1):*
 - a) *the nameplate capacity of the generator; and*
 - b) *the fuel type,*
- *the initial electrical connection date of the ICP (Clause 7(1)(p) of Schedule 11.1).*

Audit observation

The management of registry information was reviewed.

The registry list as at 07/01/2021 and the combined audit compliance reports for the audit period from 7/09/20 to 30/11/20 were reviewed to determine compliance. A sample using the typical characteristics methodology of data discrepancies or all if there were less than ten ICPs were checked.

Audit commentary

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

Addresses

Non-compliance is recorded in **sections 2.1** and **4.4** for two ICPs which had duplicate addresses. These were corrected during the audit.

Dedicated NSP

As recorded in the previous audit, all ICPs should be “dedicated” but the accuracy of this field is not critical where there is one NSP per balancing area. There are 283 ICPs with the dedicated flag set to “N”. I have repeated the previous audit’s recommendation to change these to “Y”.

Recommendation	Description	Audited party comment	Remedial action
Dedicated NSP status	Change dedicated status to “Y”.	This will be actioned.	Identified

Distributed generation

Applications for distributed generation are made to Mountain Power who provides approval. The application is then passed to Alpine Energy, who ensure that paperwork is received and update the registry.

Eight “active” ICPs have distributed generation recorded.

Review of the registry list found three ICPs with a Generation Capacity recorded that does not match the details on the application form. These will be investigated by Mountain Power and corrected. This is recorded as non-compliance below.

All ICPs with injection registers had generation details recorded.

Initial electrical connection dates

Alpine Energy receives new connection information directly from the contractor and uses this to update the initial electrical connection date in the Mountain Power ICP database and on the registry.

Connections on Mountain Power’s network are normally completed by one contractor who connects both the network and meter, and the initial electrical connection date is provided on their paperwork.

There were 12 IPCs with no initial electrical connection dates recorded. This does not appear to be being monitored. This is recorded as a non-compliance below and in **sections 3.3** and **2.1**.

The audit compliance reporting identified eight ICPs with date inconsistencies between the initial electrical connection date, the active date and the meter certification date. These were incorrectly updated when the meter was changed from BTS to Permanent supply. They were corrected during the audit. I recommend in **section 2.1**, that the audit compliance report is used to manage this.

Unmetered load

Three ICPs have unmetered load connected, and both distributor and trader unmetered load details have been populated on the registry.

As detailed in the last audit, ICPs 0000010005MO321 and 0000020005MO20D have distributed unmetered load, and 0000022015MOBE0 is a telecommunications cabinet. ICP 0000022015MOBE0 does not have the unmetered load details populated in a format where the loads can be compared between Mountain Power and the trader.

Unmetered Load Details -retailer	Unmetered load details - Distributor
0230;24.0;Telecom cabinet	Telecom Cabinet

I repeat the recommendation that the Electricity Authority’s recommended format be adopted, and that the trader is contacted to confirm the unmetered load details.

Recommendation	Description	Audited party comment	Remedial action
Distributor unmetered load details	Liaise with the trader to confirm load details and then update the unmetered load details for 0000022015MOBE0.	This will be actioned.	Identified

Audit outcome

Non-compliant

Non-compliance	Description		
<p>Audit Ref: 4.6</p> <p>With: Clause 7(1) Schedule 11.1</p> <p>From: 07-Sep-19</p> <p>To: 30-Nov-20</p>	<p>Two ICPs with duplicate addresses.</p> <p>Three ICPs with the incorrect distributed generation details recorded on the registry.</p> <p>12 ICPs which became active during the audit period with no initial electrical connection date populated.</p> <p>Eight ICPs with the incorrect initial electrical connection date recorded.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: Twice previously</p> <p>Controls: Weak</p> <p>Breach risk rating: 3</p>		
Audit risk rating	Rationale for audit risk rating		
Low	<p>The controls are rated as the weak as the controls in place do not mitigate risk and sufficiently identify errors.</p> <p>The audit risk rating is low as there is little to no impact to the market as a result of the discrepancies found.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
One address was entered incorrectly into the Registry, there had been confusion over the lot number and street number in this new subdivision.		Resolved	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
All paperwork to be double checked at MOPO end.		Ongoing	

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 new connection process was examined in detail. The audit compliance reporting and the registry list were reviewed to determine compliance.

Audit commentary

Alpine Energy provides information as Mountain Power's agent. As discussed in **section 3.4**, all ICPs had pricing information recorded on the registry prior to initial electrical connection.

Audit outcome

Compliant

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

Code reference

Clause 7(8) and (9) Schedule 11.1

Code related audit information

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

Audit observation

The registry list as at 07/01/21 was examined to confirm compliance.

Audit commentary

No ICPs have GPS coordinates recorded.

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.

The registry list as at 07/01/21 and the combined registry compliance audit reports covering the period from 7/09/20 to 30/11/20 were examined.

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

Audit commentary

The new connection process ensures that a trader has taken responsibility for ICPs before the status is changed to “ready”.

The Mountain Power ICP database will only allow one price category, and the requirement to ensure that an ICP has a single price category will always be met. Mountain Power periodically checks that price categories are correctly assigned, including that they are valid for the ICP’s NSP.

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

Audit outcome

Compliant

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

Code reference

Clause 16 Schedule 11.1

Code related audit information

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

Audit observation

Processes to manage the distributor status were reviewed.

The registry list as at 07/01/21 and event detail report for 07/09/19 to 30/11/20 were 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 registry list as at 07/01/21, and the combined audit compliance reports for the audit period from 07/09/19 to 30/11/20 were reviewed to determine compliance.

Audit commentary

Alpine Energy decommissions ICPs as Mountain Power's agent. ICPs are only decommissioned once an application for decommissioning is received, the trader has moved the ICP to "ready for decommissioning" status, and confirmation that the ICP has been decommissioned is received.

No ICPs were decommissioned during the audit period and there are no ICPs at "ready for decommissioning" status.

Audit outcome

Compliant

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

Code reference

Clause 23 Schedule 11.1

Code related audit information

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

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

A price category code takes effect on the specified date.

Audit observation

The price category code table on the registry was examined.

Audit commentary

No new price category codes have been created 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.

Audit commentary

No new loss categories were created 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.

Audit commentary

The loss category code table on the registry was examined. Mountain Power did not update any loss factor values during the audit period.

Audit outcome

Compliant

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

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

Code reference

Clause 11.8 and Clause 25 Schedule 11.1

Code related audit information

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

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

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

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, and*
- 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 new 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 one month before the creation or transfer of:

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

Audit observation

The NSP table was examined.

Audit commentary

No new NSPs were created during the audit period.

Audit outcome

Compliant

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

Code reference

Clause 24(2) and (3) Schedule 11.1

Code related audit information

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

Audit observation

The NSP table was 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

The NSP table was examined. No ICPs have changed to become an NSP 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 examined.

Audit commentary

Mountain Power has not acquired any networks during the audit period.

Audit outcome

Compliant

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

Code reference

Clause 10.25(1) and 10.25(3)

Code related audit information

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

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

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

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

Audit observation

Processes to ensure that meters are present and certified were reviewed. The NSP table was examined.

Audit commentary

The MEP provides certification details to Mountain Power when they change, and Mountain Power updates the information on the NSP table.

Both NSPs have current meter certification, and no updates occurred during the audit period.

Audit outcome

Compliant

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

Code reference

Clause 10.25(2)

Code related audit information

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

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

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

Mountain Power has not acquired any 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 NSP table was examined.

Audit commentary

There were 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 was examined.

Audit commentary

There were no ICP transfers during the audit period.

Audit outcome

Compliant

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

Code reference

Clause 6 Schedule 11.2

Code related audit information

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

Audit observation

The NSP table was examined.

Audit commentary

There were no ICP transfers during the audit period.

Audit outcome

Compliant

7. MAINTENANCE OF SHARED UNMETERED LOAD

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

Code reference

Clause 11.14(2) and (4)

Code related audit information

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

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

Audit

The registry list registry list as at 07/01/21 was examined to determine compliance.

Audit commentary

Examination of the registry list confirmed that no shared unmetered load is connected.

Audit outcome

Compliant

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

Code reference

Clause 11.14(5)

Code related audit information

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

Audit observation

The registry list registry list as at 07/01/21 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

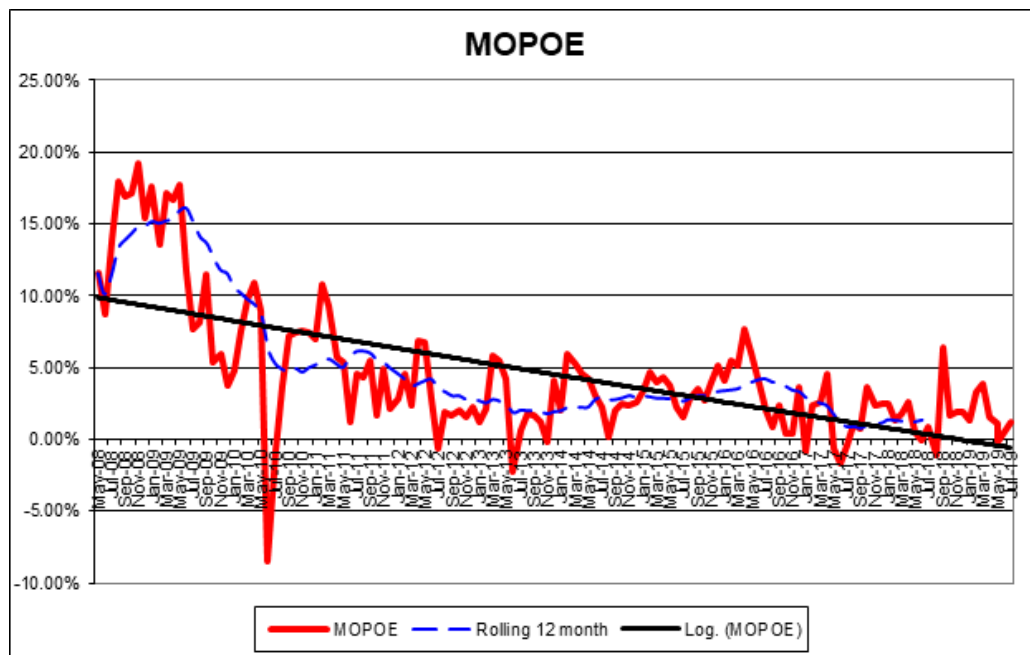
The “Guidelines on the calculation and the use of loss factors for reconciliation purposes” was published on 26/06/18. I checked Mountain Power’s process against the guideline, and I reviewed the rolling UFE report.

Audit commentary

Mountain Power calculates loss factors to match the Alpine Energy loss factors for similar ICPs. Alpine Energy’s loss factors have not changed since 1999. These were expected to be updated in March 2020, but this is still in progress. Once this review is complete, Mountain Power intends to review their own loss factors. Mountain Power’s loss factors have not changed since 2006.

Mountain Power monitors rolling 12-month losses and believes that the losses largely relate to “non-technical” losses. In this list file there are only 172 of the 284 active ICPs connected to the network have AMI metering, and losses may be contributed to by unread meters, estimation of consumption where reads are not taken at month end, and data handling or processing errors. Mountain Power had taken “technical losses” into consideration when designing their network, in an effort to minimise losses.

The Authority confirmed that 14-month UFE is currently around 1.5%.



Audit outcome

Non-compliant

Creation of loss factors		
Non-compliance	Description	
Audit Ref: 8.1 With: Clause 11.2 From: 01-Sep-19 To: 30-Nov-20	Loss factors are not accurate as indicated by the reconciliation losses. Potential impact: Low Actual impact: Low Audit history: Twice Controls: Moderate Breach risk rating: 2	
Audit risk rating	Rationale for audit risk rating	
Low	The controls are rated as moderate because although the loss factors are not adjusted to reflect reconciliation losses, they are aligned with the parent network. The loss factors are monitored, and the network is configured to minimise technical losses. UFE is allocated to participants; therefore, there is no adverse impact on settlement. However, traders may use published losses in pricing decisions, therefore the use of inaccurate loss factors could lead to incorrect pricing, which is considered to have a low impact.	
Actions taken to resolve the issue		Completion date
Continued internal monitoring of losses on our network		Ongoing
Preventative actions taken to ensure no further issues will occur		Completion date
As above		Ongoing
		Identified

CONCLUSION

Mountain Power has two embedded networks situated in Twizel. The parent network (**Alpine Energy**) creates ICPs and performs registry maintenance as Mountain Power's agent. All activity from 1 September 2019 was considered during this audit, and Alpine Energy's processes for Mountain Power were reviewed as part of their 2020 Distributor audit.

This audit found nine non-compliances and makes three recommendations.

There has been an increase in activity on the network since the last audit. The new connection process works well with no backdated connections. The population of the initial electrical connection date appears to be either late or missing and, in some cases, incorrect. The incorrect dates were due to a misunderstanding of the initial electrical connection date requirements and these have now been corrected. I recommend that the audit compliance report is used to assist with the management of this requirement. This reporting will also improve data accuracy for other areas and improve the control ratings overall.

The audit risk rating indicates that the next audit be due in six months. I have considered this in conjunction with Mountain Power's responses, the size of the network and recommend that the next audit be in 12 months time. This will also allow sufficient time for the impact of the proposed actions to be evident.

PARTICIPANT RESPONSE

MOPO has improved its systems since the last Audit completed less than 15 months ago. Many of the issues raised in this Audit are historical whilst others are acknowledged as being during the audit period. We will endeavour to improve our relationship with AEL and will require from them, all new connection paperwork so that inputted data is checked and corrected if necessary.

Once again it is our view that all these noncompliance examples are immaterial. The true consequence of our non-compliances is negligible in that they affect nobody.

We will look to improve our processes and procedures with a view to reducing our noncompliance.