

**ELECTRICITY INDUSTRY PARTICIPATION CODE
DISTRIBUTOR AUDIT REPORT**

For

**THE EMBEDDED NETWORK COMPANY
(TENCO) AGENT AUDIT**

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Date audit report completed: 19 September 2019

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EXECUTIVE SUMMARY

This Distributor audit was conducted at the request of **The Embedded Network Company (TENCO)** 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.

TENCO provides services under clause 11.10(4) of part 11 which form part of the following functions, and which require auditing:

- the creation of ICP identifiers for ICPs;
- the provision of ICP information to the registry and the maintenance of that information; and
- the creation and maintenance of loss factors.

This audit was performed at the request of TENCO, so that it can be supplied to distributors for submission with their own audit reports.

I have examined the processes and controls which TENCO has in place for the functions it carries out. TENCO is the agent for 21 distributors. Under the current audit regime, audit frequency varies for each distributor depending on the audit outcome. For the purposes of this audit, I have reviewed processes and activity for the six embedded networks which have audits due within the next six months:

- 105 The Terrace Limited (PPLD)
- Auckland International Airport Limited (AIAL)
- New Zealand Retail Property Group Management Limited (NZRP)
- PSPIB Waiheke Inc (PSPI)
- Stride Property Ltd (DMFL); and
- The Embedded Network Company (TENC).

TENC is the largest embedded network that TENCO acts as an agent for, and most activity occurs on this network.

TENCO have robust documented processes in place that are well understood by the team. The team are cross trained, and procedural documentation is available to ensure staff absence does not impact on service. The Salesforce dashboard identifies actions required and provides visible deadlines to ensure tasks are completed within the required timeframes wherever possible. Registry discrepancies are identified and managed in a timely manner, and the process controls are generally strong.

TENCO's processes were found to be compliant. Non-compliances for each distributor and are recorded in the individual distributor audit reports, and one recommendation is detailed below.

AUDIT SUMMARY

NON-COMPLIANCES

Non-compliances relevant to each distributor are recorded in the individual distributor audit reports.

RECOMMENDATIONS

Subject	Section	Recommendation	Description
Requirement to provide complete and accurate information	2.1	NSP effective date changes for LE ICPs	Identify LE ICPs where the effective date for an NSP has changed, and update the parent NSP for the embedded network if required.

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

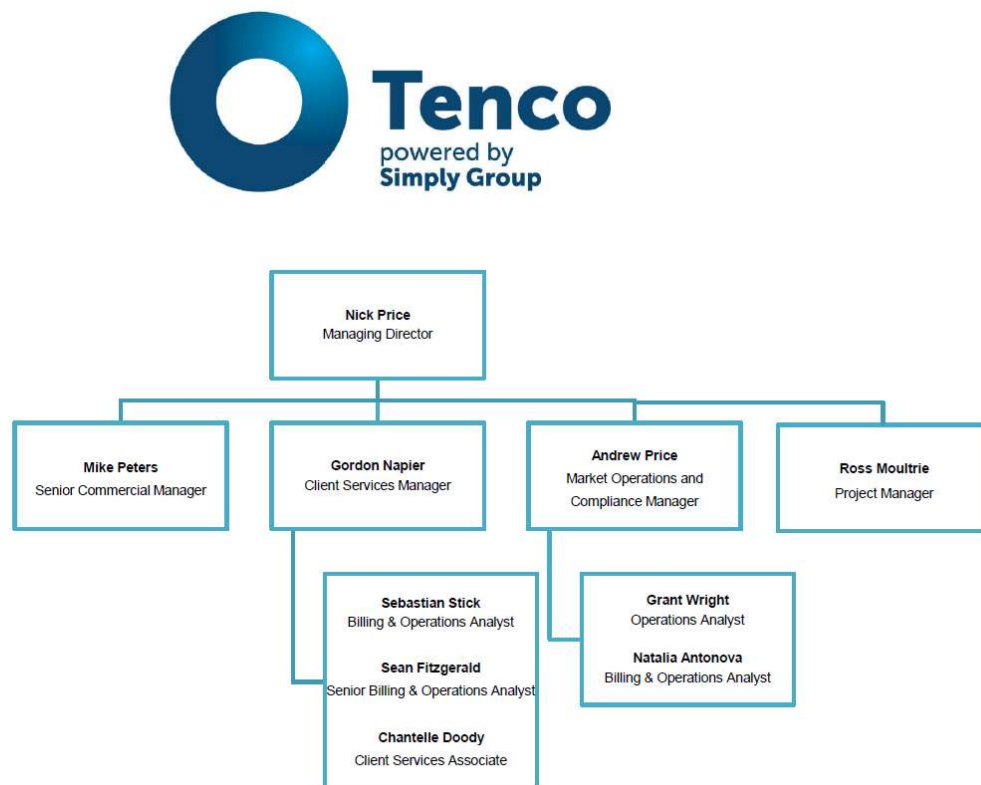
The Authority website was checked to determine whether there are code exemptions in place for any embedded networks Tenco acts as an agent for.

Audit commentary

Review of exemptions on the Authority website confirmed that there are no exemptions in place relevant to the scope of this audit for any embedded networks managed by Tenco.

1.2. Structure of Organisation

Tenco provided an organisation chart:



1.3. Persons involved in this audit

Auditor:

Tara Gannon

Veritek Limited

Electricity Authority Approved Auditor

Personnel assisting in this audit were:

Name	Title	Organisation
Grant Wright	Operations Analyst	TENCO
Nick Price	Managing Director	TENCO

1.4. Use of contractors (Clause 11.2A)

Code reference

Clause 11.2A

Code related audit information

A participant who uses a contractor

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

Audit observation

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

1.5. Supplier list

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

1.6. Hardware and Software

TENCO's processes use the following systems:

- Salesforce contains NSP and ICP information;
- END (Embedded Network Database) or AXOS Billing and DataHub are used for billing (it is eventually expected that all networks will be managed using AXOS Billing and DataHub);
- Immersion CRM invoice template system is used to produce invoices;
- A spreadsheet is used to create ICP identifiers and the checksum is created by the "checksum" tool provided by Vector, or using the Electricity Registry; and
- Confluence is used to map processes.

All systems require an individual login and password, and Passpack is used to manage the logins and passwords.

DTSL manage TENCO's infrastructure and backup. TENCO has servers in Christchurch and Wellington which run in parallel, and are backed up. Processing can be swapped between the servers at any time. TENCO's business continuity and disaster recovery processes are currently under review.

1.7. Breaches or Breach Allegations

Breach allegations relevant to each distributor are recorded in the individual distributor audit reports.

1.8. ICP and NSP Data

ICP and NSP data for each distributor code is provided in the individual distributor audit reports.

1.9. Authorisation Received

A letter of authorisation was provided.

1.10. Scope of Audit

This Distributor audit was performed at the request of TENCO, to encompass the Electricity Industry Participation Code requirement for an audit, in accordance with clause 11.10 of part 11. This audit was performed at the request of TENCO, so that it can be supplied to distributors for submission with their own audit reports.

The audit was conducted on 14/08/19 in accordance with the Guideline for Distributor Audits V7.2, which was produced by the Electricity Authority.

The table below shows the tasks under clause 11.10(4) of Part 11, for which TENCO is an agent. There are no other agents who assist with these tasks:

Functions Requiring Audit Under Clause 11.10(4) of Part 11	Contractors Involved in Performance of Tasks
The creation of ICP identifiers for ICPs.	Nil
The provision of ICP information to the registry and the maintenance of that information.	
The creation and maintenance of loss factors.	

1.11. Summary of previous audit

TENCO provided a copy of their previous audit conducted in November 2017 by Tara Gannon of Veritek Limited.

Non-compliances

The non-compliances raised in TENCO's November 2017 audit related to individual distributors, and did not affect all distributors TENCO acts as an agent for. The current status of each non-compliance raised in the November 2017 audit is discussed in the audit reports of the affected distributors.

Recommendations

No recommendations were raised in the November 2017 audit.

Issues

One issue was raised in the November 2017 audit, and has been resolved:

Subject	Section	Description	Issue	Resolution
Reconciliation portal audit trails	3.9	Responsibility for metering information for NSP that is not a POC to the grid.	No audit trail for NSP metering updates via the RM portal.	The reconciliation manager provides audit trail information on request.

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

TENCO use Salesforce as their data management tool. I walked through the process to ensure that registry information is complete, accurate and not misleading or deceptive, including viewing the Salesforce Dashboard.

Audit commentary

Registry updates are processed directly on the registry using the web interface, and Salesforce is updated at the same time. Where bulk updates occur (such as loss code changes) a manual file is created and tested, then uploaded to the registry.

Registry acknowledgement files are not imported into Salesforce. For individual manual updates, acknowledgements are checked on screen at the time of the update. For bulk updates, scripts run to confirm whether the upload was successful. The following day TENCO compares its records to the registry to confirm that the updates were complete and accurate.

TENCO ensures that registry information is complete and accurate using its Salesforce dashboards. Salesforce is also used to manage workflows and ensure that registry updates are processed on time.

The registry list and event detail report is imported daily and compared to existing Salesforce data. Where exceptions are identified, they are reported on the Salesforce Dashboard and a workflow is created. NSP meter records and their certification dates are also loaded into Salesforce.

The Salesforce dashboard includes checks for:

- **LE metering expiry dates**, which reports the number of months until NSP meter certification expiry. Any certifications close to expiry are followed up with the MEP.
- **ICPs ready for decommissioning**, shows ICPs which have been updated to “ready for decommissioning” status by the trader. The ICPs are checked to confirm that decommissioning is required, then decommissioned.
- **ICPs without initial electrical connection dates**, shows ICPs which have been made active by the retailer and have certified metering recorded on the registry. The ICPs are checked to confirm the electrical connection date, and then the initial electrical connection date is populated.
- **LE ICPs with POC/NSP changes**, shows LE ICPs where the parent network has changed the POC/NSP. These are checked to determine whether parent NSP updates are required for the embedded network. This check does not identify LE ICPs where the effective date for a POC/NSP has changed, and I recommend this is added.

Recommendation	Description	Audited party comment	Remedial action
NSP effective date changes for LE ICPs	Identify LE ICPs where the effective date for an NSP has changed, and update the parent NSP for the embedded network if required.	We are in the process of introducing a replacement Salesforce instance and within this will be looking to record the current date that an LE ICP was assigned to a GXP – where the date on this changes in Registry then our overnight refresh to Registry will pick up this change and allow us to then go and update the RM portal (on a backdated basis)	Identified

- **LE ICP retailer compliance check**, identifies any LE ICPs which do not have settlement indicator N and/or do not have a retailer recorded. These ICPs are checked and updated.
- **New and ready > 2 years**, lists all ICPs at this status for more than two years and notes on the last action taken.
- **Inactive new connection in progress**, lists all ICPs at this status and is used for monitoring.
- **Inactive ICPs with a meter and no initial electrical connection date**, identifies ICPs which may have been made inactive soon after initial electrical connection, meaning they would not appear on the ICPs without initial electrical connection dates report.

Exception management procedures are being moved from Promapp to Confluence. I saw that the location of each procedure is recorded on the dashboard for quick reference when resolving exceptions.

Compliance for each distributor code is assessed in the individual distributor audit reports.

Audit outcome

Compliant

2.2. Requirement to correct errors (Clause 11.2(2) and 10.6(2))

Code reference

Clause 11.2(2) and 10.6(2)

Code related audit information

If the participant becomes aware that in providing information under this Part, the participant has not complied with that obligation, the participant must, as soon as practicable, provide such further information as is necessary to ensure that the participant does comply.

Audit observation

TENCO's data management processes were examined.

Audit commentary

TENCO have processes in place to identify and resolve registry discrepancies as described in **section 2.1**. Incorrect information is normally corrected daily, or as soon as possible upon discovery. I saw evidence of incorrect information being corrected promptly during the audit.

Compliance for each distributor code is assessed in the individual distributor audit reports.

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

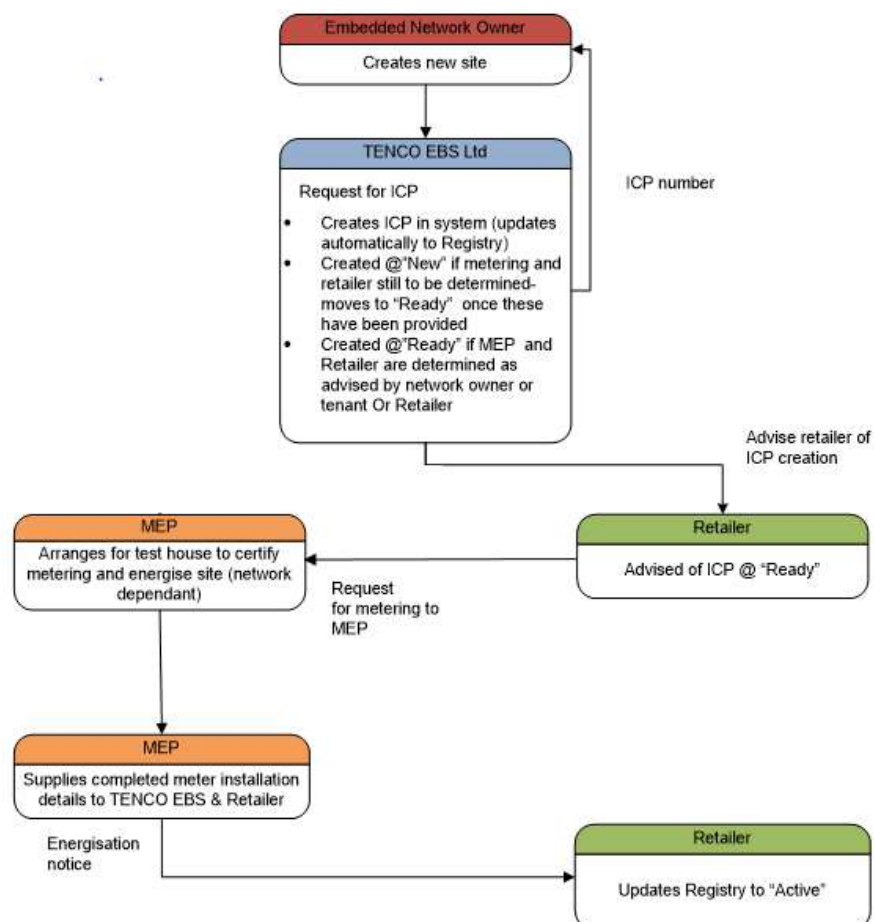
The new connection process was examined in detail.

Compliance for each distributor code is assessed in the individual distributor audit reports.

Audit commentary

The clause assumes that ICP requests will be made by retailers, however in most cases ICP requests are made by embedded network management. Occasionally, the tenant or retailer will request ICPs directly. The specific arrangements are detailed in the individual distributor reports.

The new connection process remains unchanged from the last audit, and is set out below. For green field developments, TENCO may request metering from the MEP directly. For all other new connections, the retailer requests the metering.



The process in place is robust and has good controls. Examination of a sample of new connections for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC) confirmed process compliance.

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

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

Compliance for each distributor code is assessed in the individual distributor audit reports.

Audit commentary

In most cases ICP requests are made by embedded network management. Occasionally, the tenant or retailer will request ICPs directly. TENCO creates ICPs as soon as possible once a request is received.

Examination of a sample of new connections for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC) confirmed process compliance.

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 for populating all required registry fields was examined.

Compliance for each distributor code is assessed in the individual distributor audit reports.

Audit commentary

TENCO updates the registry via the web interface as discussed in **section 2.1**, and ensures that all required fields are populated.

Examination of new connections for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC) confirmed process compliance. Information was provided as required by this clause for all new ICPs checked.

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 for populating all required registry fields was examined.

Compliance for each distributor code is assessed in the individual distributor audit reports.

Audit commentary

TENCO updates the registry via the web interface as discussed in **section 2.1**, as soon as possible after information is received.

Examination of new connections for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC) confirmed process compliance. A small number of late updates were found and are recorded as non-compliance in the affected distributor reports.

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 process for populating all the initial electrical connection date was examined.

Compliance for each distributor code is assessed in the individual distributor audit reports.

Audit commentary

TENCO updates the initial electrical connection date using the registry web interface as soon as possible after initial electrical connection is confirmed by the contractor.

The Salesforce Dashboard identifies “active” and “inactive” ICPs without initial electrical connection dates which have certified metering recorded on the registry. The ICPs are checked daily to confirm the electrical connection date, and then the initial electrical connection date is populated.

Examination of new connections for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC) confirmed process compliance. A small number of late updates were found, and are recorded as non-compliance in the affected distributor reports.

Audit outcome

Compliant

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 is described in **sections 3.1** and **3.2**.

Compliance for each distributor code is assessed in the individual distributor audit reports.

Audit commentary

TENCO records a proposed trader on the registry via the web interface, as soon as possible after the proposed trader is confirmed.

Shared unmetered load is not recorded for any of the networks TENCO acts as an agent for and is unlikely to be present due to the nature of embedded networks.

Examination of new connections for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC) confirmed process compliance.

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 3.1**.

Compliance for each distributor code is assessed in the individual distributor audit reports.

Audit commentary

TENCO's processes are robust in relation to this clause. An ICP will not be electrically connected without agreement from the trader, who in turn has an agreement with an MEP for the ICP.

Examination of new connections for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC) confirmed process compliance.

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 3.1**.

Compliance for each distributor code is assessed in the individual distributor audit reports.

Audit commentary

TENCO's processes are robust in relation to this clause. An ICP will not be temporarily electrically connected without agreement from the trader, who in turn has an agreement with an MEP for the ICP.

TENCO confirmed that no ICPs have been temporarily electrically connected. Examination of new connections for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC) did not identify any temporary electrical connections.

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 process to notify the reconciliation manager for each new NSP connection identified were reviewed. Compliance for each distributor code is assessed in the individual distributor audit reports.

Audit commentary

TENCO provides the required information to the reconciliation manager as soon as possible.

The previous audit issue relating to audit trails being unavailable for notifications to the reconciliation manager has been cleared. Audit trail information is now provided by the reconciliation manager on request.

Examination of notifications for new NSPs for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC) confirmed process compliance. A small number of late updates were found, and are recorded as non-compliance in the affected distributor reports.

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 process to notify the reconciliation manager for each new NSP connection identified were reviewed. Compliance for each distributor code is assessed in the individual distributor audit reports.

Audit commentary

TENCO's processes are robust in relation to this clause. An NSP will not be temporarily electrically connected without agreement from the trader, who in turn has an agreement with an MEP for the NSP.

TENCO confirmed that no NSPs have been temporarily electrically connected. Examination of new NSPs for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC) did not identify any temporary electrical connections for NSPs.

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.

Audit commentary

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 tenancy or shop numbers incorporated into the ICP number.

The checksum is added manually from the “Checksum” system supplied by Vector 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 process of populating information to the registry is covered in **section 3.3** for new connections and **section 4.6** for existing ICPs.

Compliance for each distributor code is assessed in the individual distributor audit reports.

Audit commentary

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

Examination of loss categories for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC) confirmed process compliance.

Audit outcome

Compliant

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

Code reference

Clause 13 Schedule 11.1

Code related audit information

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

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

Audit observation

The ICP creation process was reviewed.

Compliance for each distributor code is assessed in the individual distributor audit reports.

Audit commentary

As discussed in **section 3.1**, ICPs are created at “new” if the trader and metering are still to be determined, and “ready” if the trader and metering is confirmed. ICPs created at “new” are updated to “ready” once the trader and metering details have been confirmed.

Examination of new connections for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC) confirmed process compliance.

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

Processes to monitor “new” and “ready” ICPs were examined.

Compliance for each distributor code is assessed in the individual distributor audit reports.

Audit commentary

As discussed in **section 2.1**, the Salesforce dashboard reports all ICPs which have been at “new” or “ready” status for two years or longer, along with notes on the last action taken. Any ICPs which appear on the dashboard are reviewed each month.

Examination of “new” and “ready” ICPs for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC) confirmed process compliance.

Four ICPs were at “new” or “ready” status for more than two years because the tenancy remained vacant, and had been followed up to determine whether the ICP was still required. This is discussed further in the affected distributor reports.

Audit outcome

Compliant

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

Code reference

Clause 7(6) Schedule 11.1

Code related audit information

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

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

Audit observation

The embedded generation requirements were discussed, and registry lists for six embedded networks were reviewed.

Compliance for each distributor code is assessed in the individual distributor audit reports.

Audit observation

Generation over 10 MW is unlikely to occur on an embedded network.

Examination of six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC) confirmed that there was no generation over 10 MW.

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.

Compliance for each distributor code is assessed in the individual distributor audit reports.

Audit commentary

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

The distributors TENCO acts as an agent for do not usually have unmetered load connected, except unmetered billboards at some airports. No streetlights are supplied.

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.

Event detail reports were examined for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC) to identify and assess the timeliness of registry updates.

Compliance for each distributor code is assessed in the individual distributor audit reports.

Audit commentary

Registry updates are processed manually using the registry user interface, as soon as the attributes for the update are confirmed.

Examination of registry updates for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC) confirmed process compliance. Some late updates were identified, mainly relating to corrections. The late updates are recorded as non-compliance in the affected distributor audit reports.

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 process to determine the correct NSP was examined.

NSPs and addresses assigned to active ICPs on the registry lists of six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC) were compared to the NSP table addresses and NSPs.

Compliance for each distributor code is assessed in the individual distributor audit reports.

Audit commentary

TENCO provides the NSP for each ICP to the registry.

Most distributors have a single NSP per property and NSP assignment is straightforward. There are two embedded networks with more than one NSP because there are some 11kV and some 400V connections. TENCO has a detailed knowledge of these networks, and confirms the voltage to ensure the correct NSP is assigned. Usually new connections only occur on these networks if existing tenancies are split, and the voltage and NSP for the original tenancy is applied.

Examination of the NSP table and registry lists for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC) confirmed process compliance and accuracy of NSP assignment.

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

TENCO receives some direct requests for ICP identifiers from embedded network management and customers. These are provided immediately once customer have verified their identity and provided address details.

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.

ICP addresses on the registry list were reviewed for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC).

Compliance for each distributor code is assessed in the individual distributor audit reports.

Audit commentary

TENCO uses shop, apartment, tenancy and unit numbers and location descriptions to ensure that addresses are unique.

Examination of address assignment for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC) confirmed process compliance. A small number of incomplete and duplicate addresses were identified, and most of the exceptions were inherited from other networks. The incomplete and duplicate addresses are recorded as non-compliance in the affected distributor audit reports.

To prevent recurrence of duplicate and incomplete addresses, including where they are inherited, TENCO intends to use regular SQL queries to verify addresses are complete and unique.

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 the de-energisation process was discussed.

Audit commentary

Each new ICP created after 7 October 2002 must be able to be de-energised without de-energisation of any other ICP. This is unless it is an ICP that represents the consumption calculated by difference between the total consumption for the embedded network and all other ICPs on that embedded network.

This is a difficult clause for a contractor to manage and TENCO does not have direct involvement in the physical aspects of new connections, but ensures that contractors and customers are aware of this

requirement. TENCO reviews line diagrams for new connections to ensure that no ICPs are located downstream of other ICPs.

This matter has a high visibility in the industry and both TENCO and Veritek are unaware of any non-compliance in relation to this clause in recent years. Embedded network distribution systems are maintained and developed by registered electricians, who have a responsibility to ensure effective isolation is present in accordance with the Electricity Regulations. I believe it is reasonable to rely on this fact for compliance with this clause.

Audit outcome

Compliant

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

Code reference

Clause 7(1) Schedule 11.1

Code related audit information

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

- *the location address of the ICP identifier (Clause 7(1)(a) of Schedule 11.1)*
- *the NSP identifier of the NSP to which the ICP is usually connected (Clause 7(1)(b) of Schedule 11.1)*
- *the installation type code assigned to the ICP (Clause 7(1)(c) of Schedule 11.1)*
- *the reconciliation type code assigned to the ICP (Clause 7(1)(d) of Schedule 11.1)*
- *the loss category code and loss factors for each loss category code assigned to the ICP (Clause 7(1)(e) of Schedule 11.1)*
- *if the ICP connects the distributor's network to an embedded generating station that has a capacity of 10MW or more (Clause 7(1)(f) of Schedule 11.1):*
 - a) *the unique loss category code assigned to the ICP*
 - b) *the ICP identifier of the ICP*
 - c) *the NSP identifier of the NSP to which the ICP is connected*
 - d) *the plant name of the embedded generating station*
- *the price category code assigned to the ICP, which may be a placeholder price category code only if the distributor is unable to assign the actual price category code because the capacity or volume information required to assign the actual price category code cannot be determined before electricity is traded at the ICP (Clause 7(1)(g) of Schedule 11.1)*
- *if the price category code requires a value for the capacity of the ICP, the chargeable capacity of the ICP as follows (Clause 7(1)(h) of Schedule 11.1):*
 - a) *a placeholder chargeable capacity if the distributor is unable to determine the actual chargeable capacity*
 - b) *a blank chargeable capacity if the capacity value can be determined for a billing period from metering information collected for that billing period*
 - c) *if there is more than one capacity value at the ICP, and at least one, but not all, of those capacity values can be determined for a billing period from the metering information collected for that billing period-*
 - (i) *no capacity value recorded in the registry field for the chargeable capacity; and*

- (ii) either the term “POA” or all other capacity values, recorded in the registry field in which the distributor installation details are also recorded
- d) if there is more than one capacity value at the ICP, and none of those capacity values can be determined for a billing period from the metering information collected for that billing period-
 - (i) the annual capacity value recorded in the registry field for the chargeable capacity; and
 - (ii) either the term “POA” or all other capacity values, recorded in the registry field in which the distributor installation details are also recorded
- e) the actual chargeable capacity of the ICP in any other case
- the distributor installation details for the ICP determined by the price category code assigned to the ICP (if any), which may be placeholder distributor installation details only if the distributor is unable to assign the actual distributor installation details because the capacity or volume information required to assign the actual distributor installation details cannot be determined before electricity is traded at the ICP (Clause 7(1)(i) of Schedule 11.1)
- the participant identifier of the first trader who has entered into an arrangement to sell or purchase electricity at the ICP (only if the information is provided by the first trader) (Clause 7(1)(j) of Schedule 11.1)
- the status of the ICP (Clause 7(1)(k) of Schedule 11.1)
- designation of the ICP as "Dedicated" if the ICP is located in a balancing area that has more than 1 NSP located within it, and the ICP will be supplied only from the NSP advised under Clause 7(1)(b) of Schedule 11.1, or the ICP is a point of connection between a network and an embedded network (Clause 7(1)(l) of Schedule 11.1)
- if unmetered load, other than distributed unmetered load, is associated with the ICP, the type and capacity in kW of unmetered load (Clause 7(1)(m) of Schedule 11.1)
- if shared unmetered load is associated with the ICP, a list of the ICP identifiers of the ICPs that are associated with the unmetered load (Clause 7(1)(n) of Schedule 11.1)
- if the ICP is capable of generating into the distributors network (Clause 7(1)(o) of Schedule 11.1):
 - a) the nameplate capacity of the generator; and
 - b) the fuel type
- the initial electrical connection date of the ICP (Clause 7(1)(p) of Schedule 11.1).

Audit observation

The management of registry information was reviewed.

Registry lists were reviewed for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC) to determine data accuracy.

Compliance for each distributor code is assessed in the individual distributor audit reports.

Audit commentary

Registry information is updated and validated using the process described in **section 2.1**.

Initial electrical connection dates

TENCO updates the initial electrical connection date using the registry web interface as soon as possible after initial electrical connection is confirmed by the contractor. The timeliness of initial electrical connection date updates is discussed in **section 3.5**.

The Salesforce Dashboard identifies active and inactive ICPs without initial electrical connection dates which have certified metering recorded on the registry. The ICPs are checked to confirm the electrical connection date, and then the initial electrical connection date is populated.

Comparison of the initial electrical connection date, earliest active date, and meter certification for new connections on six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC) found a small number of exceptions, which are recorded as non-compliance in the affected distributor audit reports.

Distributed generation

Distributed generation details are added to the registry once installation of distributed generation has been confirmed.

Examination of distributed generation information for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC) confirmed process compliance. One TENC ICP had a meter with energy flow direction I but no generation recorded, and I confirmed that TENC's details were correct because the ICP was not generating.

Unmetered Load

The distributors TENC acts as an agent for do not usually have unmetered load connected, except unmetered billboards at some airports. No streetlights are supplied.

Examination of unmetered load information for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC) confirmed process compliance. I found two AIAL ICPs where unmetered load was recorded by the trader but not the distributor. One ICP has now been decommissioned, and the distributor unmetered load details have been updated for the other ICP.

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 registry information was reviewed.

The event detail reports and registry lists were reviewed for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC) to assess compliance and confirm the process.

Compliance for each distributor code is assessed in the individual distributor audit reports.

Audit commentary

TENC provides a pricing code prior to the commencement of trading.

Examination of new connections for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC) confirmed process compliance.

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 management of GPS coordinates was reviewed.

Registry lists were reviewed for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC) to assess compliance.

Compliance for each distributor code is assessed in the individual distributor audit reports.

Audit commentary

GPS coordinates are not normally recorded, but are used where they are inherited from another distributor as part of the ICP address information.

Examination of registry lists for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC) confirmed process compliance. 110 TENC ICPs had GPS coordinates in NZTM2000 format populated. I confirmed that the coordinates were inherited from the previous distributor, and mapped to locations consistent with other address information for each ICP.

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 the “ready” status were reviewed.

The registry lists and event detail reports were examined for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC) to confirm process compliance.

Compliance for each distributor code is assessed in the individual distributor audit reports.

Audit commentary

As discussed in **section 3.1**, ICPs are created at “ready” if the trader and metering is confirmed. TENCO requires ICPs at “ready” to have a single price category and trader recorded. Monitoring of ICPs at “ready” status are recorded in **section 3.14**.

Examination of new connections for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC) confirmed process compliance.

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

Use of the distributor status was reviewed.

The registry lists were examined for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC) to determine whether the “distributor” status was used.

Compliance for each distributor code is assessed in the individual distributor audit reports.

Audit commentary

It is unlikely that TENCO 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 for which TENCO is an agent.

Examination of registry lists and event detail reports for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC) confirmed that the “distributor” status was not used.

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

Decommissioning processes were reviewed.

The registry lists and event detail reports were examined for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC) to confirm process compliance.

Compliance for each distributor code is assessed in the individual distributor audit reports.

Audit commentary

TENCO has a robust process in place for the management of the decommissioning of ICPs. “Ready for decommissioning” ICPs appear on the Salesforce dashboard and are checked each day. TENCO investigate the circumstances for each ICP at “ready for decommissioning” to ensure the ICP is genuinely ready for decommissioning and is not expected to be re-used. I viewed the dashboard on 14/08/19 and noted there were no ICPs currently at “ready for decommissioning” status.

Examination of decommissioned ICPs for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC) confirmed process compliance. A small number of late updates were found, and are recorded as non-compliance in the affected distributor reports.

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 process to update the price category codes was examined.

The price category code table was examined for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC) to confirm process compliance.

Compliance for each distributor code is assessed in the individual distributor audit reports.

Audit commentary

TENCO's process requires price category codes to take effect more than two months after the code is entered, except pricing categories for new and transferred NSPs, which are not required to comply with this clause.

Examination of the price category table for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC) confirmed process compliance. One TENC price category code (TCPOP03) had an incorrect start date entered, and appeared to have been updated late. The incorrect start date is recorded as non-compliance in TENC's distributor audit report.

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 process to update loss category codes was examined.

The loss category table was examined for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC) to confirm process compliance.

Compliance for each distributor code is assessed in the individual distributor audit reports.

Audit commentary

TENCO updates the table of loss category codes when new codes are created.

Examination of the loss category table for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC) confirmed process compliance.

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 process to update loss factors was examined.

The loss category table was examined for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC) to confirm process compliance.

Compliance for each distributor code is assessed in the individual distributor audit reports.

Audit commentary

Each loss factor code had a maximum of two loss factors applied in each calendar month. TENCO are aware of this requirement, and mirror the loss factors applied by the parent network.

Examination of the loss category table for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC) confirmed process compliance.

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 process for the creation and decommissioning of NSPs was examined.

The NSP table and notifications the reconciliation manager, market administrator, Authority and affected participants were reviewed for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC).

Compliance for each distributor code is assessed in the individual distributor audit reports.

Audit commentary

TENCO uses templates when creating embedded networks, which automatically populate information due dates. This helps to ensure that all information is obtained and due dates are met. Creation and decommissioning of ICPs is also tracked using whiteboards, and three staff are trained in these processes.

TENCO sends all the relevant notifications as required by this clause as soon as all the information has been received.

Examination of the NSP table for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC) confirmed process compliance. A small number of late updates were found, and are recorded as non-compliance in the affected distributor reports.

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 2 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 notification process for the creation of an NSP was examined.

The NSP table and notifications to the reconciliation manager were reviewed for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC).

Compliance for each distributor code is assessed in the individual distributor audit reports.

Audit commentary

The process is discussed in **section 6.1**. TENCO sends all the relevant notifications as required by this clause as soon as all the information has been received.

Examination of the NSP table and notifications for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC) confirmed process compliance. A small number of late updates were found, and are recorded as non-compliance in the affected distributor reports.

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 notification process for balancing areas was examined.

The NSP table and notifications the reconciliation manager were reviewed for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC).

Compliance for each distributor code is assessed in the individual distributor audit reports.

Audit commentary

The process is discussed in **section 6.1**. TENCO sends all the relevant notifications as required by this clause as soon as all the information has been received.

Examination of the NSP table and notifications for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC) confirmed process compliance. A small number of late updates were found, and are recorded as non-compliance in the affected distributor reports.

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 notification process for the creation of an NSP was examined.

The NSP table and notifications the reconciliation manager were reviewed for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC).

Compliance for each distributor code is assessed in the individual distributor audit reports.

Audit commentary

The process is discussed in **section 6.1**. TENCO sends all the relevant notifications as required by this clause as soon as all the information has been received.

Examination of the NSP table and notifications for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC) confirmed process compliance. A small number of late updates were found, and are recorded as non-compliance in the affected distributor reports.

TENCO intends to adjust their notification process to ensure that LE ICP details are provided with the initial notification to the reconciliation manager wherever possible.

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 process to maintain balancing areas was reviewed.

The NSP table and notifications the reconciliation manager were reviewed for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC).

Compliance for each distributor code is assessed in the individual distributor audit reports.

Audit commentary

Balancing area changes typically only occur where an embedded network has a change of ownership.

Examination of the NSP table and notifications for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC) confirmed process compliance, and that notifications were provided on time.

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 process to provide notification of an ICP that becomes an NSP was examined.

The NSP table and registry lists were reviewed for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC).

Compliance for each distributor code is assessed in the individual distributor audit reports.

Audit commentary

TENCO confirmed that no existing ICPs have become NSPs during the audit period.

Examination of the NSP table and registry lists for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC) also confirmed that no ICPs have become NSPs.

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 transfer process was reviewed.

The NSP table and notifications the Authority were reviewed for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC).

Compliance for each distributor code is assessed in the individual distributor audit reports.

Audit commentary

TENCO sends notifications as required by this clause as soon as all the information has been received.

Examination of the NSP table and registry lists for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC) confirmed process compliance, and that notifications were issued on time.

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 and timeliness of notifications to the reconciliation manager were reviewed for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC).

Compliance for each distributor code is assessed in the individual distributor audit reports.

Audit commentary

TENCO provides certification details to the reconciliation manager as soon as they become available.

Certification details are stored within Salesforce. TENCO track the meter certification expiry dates on the Salesforce dashboard as described in **section 2.1**, which provides a monthly countdown from 24 months before meter certification expiry. The dashboard was viewed during the audit, and I confirmed that most meters had current full certification, and meters with certification nearing the expiry date had been followed up with the MEP. A small number of AMS meters had their certification cancelled, because they were overdue for routine inspections. This is discussed further in AMS' MEP audit report. AMS is currently working to certify the affected meters, and TENCO is monitoring progress with this. Non-compliance will be recorded in the affected distributor audit reports.

If MEPs do not advise TENCO promptly when meters are recertified, there may be a delay in notifying the RM. TENCO has asked the MEPs to advise them as soon as meters are recertified, to prevent late updates where meters are re-certified early by the MEPs. AMS has advised that this notification process cannot be automated. A note requesting certification paperwork be forwarded to TENCO has been added to each affected meter in AMS' system, and a reminder to check for and action these notes have been sent to AMS staff.

TENCO submitted a code change request on 29/05/19, asking the Authority to consider including embedded network gate meter details on the registry, so that the MEP can maintain these details. The request is under consideration.

Examination of the NSP table and notifications for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC) confirmed process compliance. Late updates and expired certifications will be recorded as non-compliance in the affected distributor audit reports.

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 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

Processes to ensure that meters are present and certified were reviewed.

The NSP table and timeliness of notifications to the reconciliation manager were reviewed for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC).

Compliance for each distributor code is assessed in the individual distributor audit reports.

Audit commentary

TENCO provides certification details to the reconciliation manager as soon as they become available. TENCO has asked the MEPs to advise them as soon as meters are certified, to prevent late updates.

If MEPs do not advise TENCO promptly when meters are recertified, there may be a delay between the actual certification being completed and the certification details being requested by TENCO, which can result in a delay in notifying the RM. TENCO have worked with the MEPs to improve the notification process, and have asked them to provide certification details as soon as they are available.

Examination of the NSP table and notifications for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC) confirmed process compliance, and late updates will be recorded as non-compliance in the affected distributor audit reports.

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 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 management of network owner changes was reviewed.

The NSP table and any notifications of a change of network owner were reviewed for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC).

Compliance for each distributor code is assessed in the individual distributor audit reports.

Audit observation

As discussed in **section 6.1**, TENCO uses templates when creating embedded networks, which automatically populate information due dates. This helps to ensure that all information is obtained and due dates are met.

Examination of the NSP table and notifications for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC) confirmed process compliance, and that all notifications were issued on time.

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 process to manage MEP changes was reviewed.

The NSP table was reviewed for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC) to identify MEP changes.

Compliance for each distributor code is assessed in the individual distributor audit reports.

Audit commentary

This is a rare occurrence. Notification would be provided in the same way as any other notification.

Examination of the NSP table for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC) confirmed that no MEP changes have occurred.

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 management of network owner changes was reviewed.

The NSP table, requests for consent and consents were reviewed for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC).

Compliance for each distributor code is assessed in the individual distributor audit reports.

Audit observation

As discussed in **section 6.1**, TENCO uses templates when creating embedded networks, which automatically populate information due dates. This helps to ensure that all information is obtained and due dates are met. Requests for consent are issued as soon as possible after all the details required are confirmed.

Examination of the NSP table, requests for consent and consents for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC) confirmed process compliance. Late notifications are recorded as non-compliance in the affected distributor audit reports.

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 management of network owner changes was reviewed.

The NSP table, registry lists, requests for consent and consents were reviewed for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC).

Compliance for each distributor code is assessed in the individual distributor audit reports.

Audit observation

TENCO monitor all ICPs that have transferred, or are transferring to a new network, to identify and process any ICPs that may have switched in the three days between notification and switch date. If any ICPs do switch during this period, permission is gained from the gaining retailer. If permission is declined, the Electricity Authority is informed and the transfer will be delayed.

Examination of the NSP table, requests for consent and consents for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC) confirmed process compliance.

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 observation

Shared unmetered load was discussed.

The registry lists were reviewed for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC) to identify any shared unmetered load.

Compliance for each distributor code is assessed in the individual distributor audit reports.

Audit commentary

TENCO confirmed that there is no shared unmetered load connected to any of the embedded networks that they act as an agent for.

Examination of the registry lists for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC) confirmed 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

Shared unmetered load was discussed.

The registry lists were reviewed for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC) to identify any shared unmetered load.

Compliance for each distributor code is assessed in the individual distributor audit reports.

Audit commentary

TENCO confirmed that there is no shared unmetered load connected to any of the embedded networks that they act as an agent for.

Examination of the registry lists for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC) confirmed 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 was discussed.

Current loss factors on the loss factor table for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC) were compared to the loss factors for the parent networks. Assignment of loss factors to ICPs on each of the networks was checked using the registry lists.

Compliance for each distributor code is assessed in the individual distributor audit reports.

Audit commentary

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 on the registry, and within their pricing schedules which are issued to retailers.

Review of current loss factors for each network and ICP for six embedded networks which have audits due within the next six months (AIAL, DMFL, NZRP, PPLD, PSPI, and TENC) confirmed process compliance. A small number of discrepancies relating to incorrect assignment of loss factors to individual ICPs or groups of ICPs are recorded as non-compliance in the affected distributor audit reports.

Audit outcome

Compliant

CONCLUSION

I have examined the processes and controls which TENCO has in place for the functions it carries out. TENCO is the agent for 21 distributors. Under the current audit regime, audit frequency varies for each distributor depending on the audit outcome. For the purposes of this audit, I have reviewed processes and activity for the six embedded networks which have audits due within the next six months:

- 105 The Terrace Limited (PPLD)
- Auckland International Airport Limited (AIAL)
- New Zealand Retail Property Group Management Limited (NZRP)
- PSPIB Waiheke Inc (PSPI)
- Stride Property Ltd (DMFL); and
- The Embedded Network Company (TENC).

TENC is the largest embedded network that TENCO acts as an agent for, and most activity occurs on this network.

TENCO have robust documented processes in place that are well understood by the team. The team are cross trained, and procedural documentation is available to ensure staff absence does not impact on service. The Salesforce dashboard identifies actions required and provides visible deadlines to ensure tasks are completed within the required timeframes wherever possible. Registry discrepancies are identified and managed in a timely manner, and the process controls are generally strong.

TENCO's processes were found to be compliant. Non-compliances for each distributor and are recorded in the individual distributor audit reports, and one recommendation is made.

TENCO RESPONSE

TENCO have reviewed this report, and their comments are contained within its body.