

**ELECTRICITY INDUSTRY PARTICIPATION CODE  
DISTRIBUTOR AUDIT REPORT**



For

**THE LINES COMPANY**

Prepared by: Rebecca Elliot

Date audit commenced: 8 August 2017

Date audit report completed: 21 September 2017

Audit report due date: 26-Sep-17

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## EXECUTIVE SUMMARY

This Distributor audit was performed at the request of **The Lines Company Ltd (TLC)** to encompass the Electricity Industry Participation Code requirement for an annual audit as required by clause 11.10 of part 11. The audit was carried out at TLC's premises in Te Kuiti on August 9<sup>th</sup>, 2017.

The audit was conducted in accordance with the Guideline for Distributor Audits version 7.1, which was produced by the Electricity Authority.

This audit found 13 areas of non-compliance and makes three recommendations.

TLC have bedded in the registry management function which was taken over from FLCM just prior to the last audit. They are in the process of changing their IT platforms however no changes have been made to the existing system, so many of the non-compliances are the same as previous and relate to their current system limitations. The issues highlighted in this and previous audits are expected to be addressed with the new IT platform. TLC are aware of the material change audit requirements and are working with Veritek to carry out a material change audit prior to go live. Current timeframes indicate that this will be within the next six months. Therefore, whilst the next indicative audit frequency is six months I recommend that their next audit be due six months after the system go live or 12 months from this audit at most.

I thank Melanie and her team for their time and co-operation for this audit.

The matters raised are shown in the tables below:

## AUDIT SUMMARY

### NON-COMPLIANCES

Subject	Section	Clause	Non Compliance	Controls	Audit Risk Rating	Breach Risk Rating	Remedial Action
Provide complete and accurate information	2.1	11.2(1)	No registry validation in place to ensure information is correct and accurate.  Distributed generation recorded on the registry at the point of application and not connection could be misleading to retailers.	Weak	Low	3	Identified
Correct errors	2.2	11.2(2)	Errors not fixed as soon as practicable.  No registry validation process in place.	Weak	Low	3	Identified
Participants may request distributor to create ICPs	3.2	11.5(3)	ICPs not created within 3 days of request from retailer.	Moderate	Low	2	Identified
Provision of ICP information	3.3	11.7	One ICP sent to the registry with information missing.	Strong	Low	1	Identified
Timeliness of provision of information	3.4	7(2) of Schedule 11.1	Two ICPs not populated to registry prior to electricity being traded.	Moderate	Low	2	Identified
Timeliness of provision of the initial energisation date	3.5	7(2A) of Schedule 11.1	Late population of the initial energisation date.	Moderate	Low	2	Identified
Connection of ICPs	3.6	11.17	Two ICPs energised before the trader's information was populated to the registry.	Moderate	Low	2	Investigating

Subject	Section	Clause	Non Compliance	Controls	Audit Risk Rating	Breach Risk Rating	Remedial Action
Electrical connection of ICPs	3.7	10.28(7)	Two ICPs electrically connected prior to retailer accepting responsibility.	Moderate	Low	2	Investigating
Electrical connection of ICP that is not an NSP	3.8	10.31	Two ICPs electrically connected prior to retailer accepting responsibility.	Moderate	Low	2	Investigating
Changes to registry information	4.1	8 of Schedule 11.1	Registry event updates backdated greater than three days or in the case of 1 ICP an NSP change greater than 23 days.	Moderate	Low	2	Identified
Notice of NSP	4.2	7(1),(4) and (5) Schedule 11.1	Two ICPs mapped to the incorrect NSP.	Moderate	Low	2	Identified
ICP location address	4.4	2 Schedule 11.1	Some duplicate addresses exist and some addresses do not have street numbers or other information to allow the ICP to be readily located.	Strong	Low	1	Identified
Distributors to Provide ICP Information to the Registry	4.6	7(1) Schedule 11.1	Distributed generation recorded on the registry prior to being electrically connected.  Incorrect installation type of "L" instead of "B" for 3 ICPs.  IED missing for 19 ICPs.	Weak	Low	3	Investigating
Future Risk Rating						27	
Indicative Next Audit Frequency						6 months	

## RECOMMENDATIONS

Subject	Section	Recommendation	Description
Participants may request distributor to create ICPs	3.2	For any instances where the ICP is not created within 3 business days of the retailer's request send a notification to the retailer advising of the reason.	Identified
Distributors to Provide ICP Information to the Registry	4.6	Adopt the recommended format for the population of unmetered load details.	Identified
Notification of shared unmetered load ICP list	7.1	Liaise with Waitomo District Council to determine the correct owners of potential shared unmetered load.	Investigating

## 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

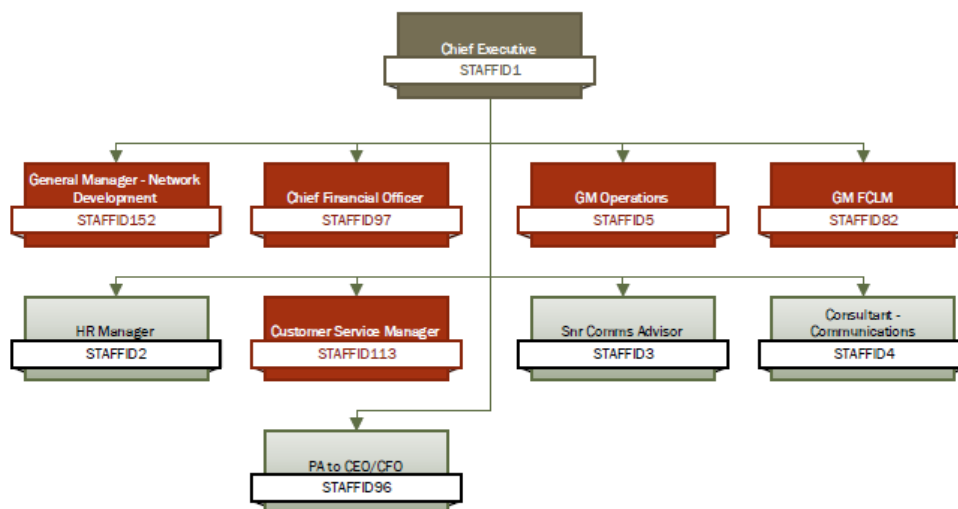
TLC has no exemptions in place that are relevant to the scope of this audit.

#### Audit commentary

N/A

### 1.2. Structure of Organisation

TLC provided an organisational structure:



### 1.3. Persons involved in this audit

Auditor:

**Rebecca Elliot**

**Veritek Limited**

**Electricity Authority Approved Auditor**



Name	Title
Melanie Barton	Compliance Officer
Delwyn Phillips	Customer Asset Manager

#### 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

TLC does not subcontract any activities within the scope of this audit.

##### Audit commentary

Not applicable

#### 1.5. Supplier list

TLC does not subcontract any activities within the scope of this audit.

## 1.6. Hardware and Software

TLC provided the diagram below of their IT platform. They are progressing their plan to upgrade or replace their IT platforms. They are aware of the material change requirements required in relation to this.

Hardware	Software
IBM System x3650 X3 VMware hosts	Application: Gentrack3 Windows 2003
	Database: Gentrack08 Windows 2008 SQL Server 2008
	Application and Database: Basix Windows 2012 SQL Server 2012

## 1.7. Breaches or Breach Allegations

TLC has no breach allegations recorded by the Electricity Authority that relate to this audit.

## 1.8. ICP and NSP Data

The table below lists the relevant NSPs, and their associated balancing areas. There have been no changes made during the audit period.

Distributor	NSP POC	Description	Parent POC	Parent Network	Balancing Area	Network type	Start date	No of ICPs
LINE	ATI0111	ATIAMURI	HTI0331	LINE	NORTHLINEG	I	1/05/2008	0
LINE	HTI0331	HANGATIKI			NORTHLINEG	G	1/02/2012	11,436
LINE	MEP0112	MOKAI	HTI0331	LINE	NORTHLINEG	I	16/02/2012	0
LINE	MEP0113	MOKAI	HTI0331	LINE	NORTHLINEG	I	16/02/2012	0
LINE	NPK0331	NATIONAL PARK			CENTRALLINEG	G	1/07/2011	831
LINE	OKN0111	OHAKUNE			OKN0111LINEG	G	1/05/2008	1,970
LINE	ONG0331	ONGARUE			CENTRALLINEG	G	1/05/2008	4,493
LINE	TKU0331	TOKAANU			CENTRALLINEG	G	1/05/2008	4,771
LINE	WKM0331	WHAKAMARU	HTI0331	LINE	NORTHLINEG	I	1/05/2008	0

TLC provided a list of all ICPs as at July 2017 by way of a registry “list file”. A summary of this data by “ICP status” is as follows:

Status	Number of ICPs 2017	Number of ICPs 2016	Number of ICPs 2015
Distributor	0	0	0
New	0	0	0
Ready	8	9	7
Active (2,0)	23,501	23,311	23,766
Inactive- new connection in progress (1,12)	34	28	25
Inactive – vacant (1,4)	435	752	909
Inactive- reconciled elsewhere (1,5)	1		
Inactive – AMI remote disconnection (1,7)	1	0	1
Inactive – -de-energised due to meter disconnected (1,8)	50	38	104
Inactive – - at pole fuse(1,9)	1	1	0
Inactive – de-energised at meter box switch (1,10)	0	0	0
Inactive- at meter box switch (1,11)	9	57	415
Inactive – ready for decommissioning (1,6)	76	52	67
Decommissioned (3)	2,832	2,502	2,269

### 1.9. Authorisation Received

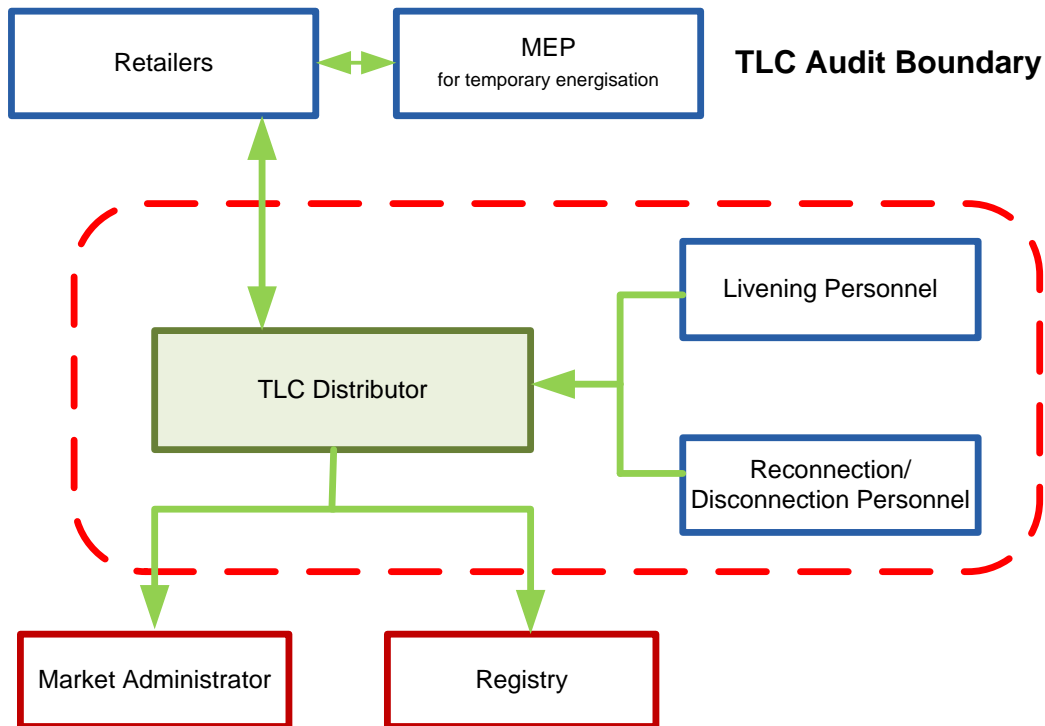
TLC provided a letter of authorisation to Veritek, permitting the collection of data from other parties for matters directly related to the audit

### 1.10. Scope of Audit

Distributor audit was performed at the request of TLC, to encompass the Electricity Industry Participation Code requirement for an annual audit, in accordance with clause 11.10 of part 11. The audit was carried out at TLC's premises in Te Kuiti, on August 8<sup>th</sup>, 2017.

The audit was conducted in accordance with the Guideline for Distributor Audits V6.2, which was produced by the Electricity Authority.

The scope of the audit is shown in the diagram below, with the TLC audit boundary shown for clarity.



All activities covered by this audit are conducted at TLC's office in Te Kuiti.

#### 1.11. Summary of previous audit

TLC provided a copy of their previous audit report, conducted by Rebecca Elliot of Veritek Limited in July 2016. The status of the previous non-compliances and recommendations are detailed below:

**Table of Non-Compliance**

Subject	Section	Clause	Non compliance	Status
Provide Complete and Accurate Information	1.8 now 2.1	11.2 of Part 11	No registry validation process in place.	Still existing
Distributor to Create ICPs	2.2 now 3.1	11(5)(3) of part 11	ICP created but did not write to the Registry within three days of creation in one instance.	Still existing
Provide Information to the Registry	2.3 now 3.4	7(1)(m) & (2) of schedule 11.1	One ICP made ready for a date after energisation.	Still existing
Connection of ICPs	2.4 now 3.6	11.17(2) of Part 11	One ICP livened before trader information was populated in the registry.	Still existing
Changes to Registry Information	3.1 now 4.1	7, 8 & 20 of schedule 11.1	Registry events backdated greater than 3 days.	Still existing
Notice of NSP for Each ICP	3.2 now 4.2	7(5) & 8(4) of Schedule 11.1	11 ICPs mapped to the incorrect NSP.	Still existing
Provide Information to the Registry	3.5 now 4.7	(1)(o) of Schedule 11.1	Distributed Generation not recorded for 2 ICPs.	Still existing
ICP Location Address	3.6 now 4.4	2 & 7(1)(a) of Schedule 11.1	Some duplicate addresses exist and some addresses do not have street numbers or other information to allow the ICP to be readily located.	Still existing
Management of "Decommissioned" Status	3.9 now 4.11	12 & 20 of Schedule 11.1	Status mismatch between Gentrack and the Registry for two ICPs.	Cleared
Date of ICP Initial Energisation	3.10 now 3.5&4.6	7(1)(p) & (2A) of schedule 11.1	Missing or late population of the initial energisation date.	Still existing
Details of Unmetered Load Notified	6.1 now 4.6	7(1)(m) of schedule 11.1	Known unmetered load not populated on the registry.	Cleared

### Table of Recommendations

Subject	Section	Clause	Recommendation for improvement	Status
Provide Complete and Accurate Information	1.8 now 2.1	11.2 of Part 11	Include full registry validation process in the new system scope. Manual validation to occur in the interim.	Still existing
Monitoring of "New" & "Ready" Statuses	2.8 now 3.13	15 of Schedule 11.1	System scope to include the requirement to monitor any ICPs that have been at "ready" for greater than 24 months.	Cleared
Notice of NSP for Each ICP	3.2 now 4.2	8(4) of Schedule 11.1	Include a check of NSP alignment as part of the registry discrepancy process.	Still existing
Management of "Decommissioned" Status	3.9 now 4.11	12 & 20 of Schedule 11.1	Define process for the decommissioning of unmetered ICPs.	Cleared
Details of Unmetered Load Notified	6.1 now 4.6	7(1)(m) of schedule 11.1	Review all ICPs that have been at "ready to decommission" status for greater than three months.	Cleared
Notification of Shared Unmetered Load	6.2 now 7.1	Clause 14 of part 11	Review the decommission process delays caused by billing requirements.	Cleared
Details of Unmetered Load Notified	6.1now 4.6	7(1)(m) of schedule 11.1	Unmetered load format, as recommended by the EA, be populated where possible.	Still existing

## 2. OPERATIONAL INFRASTRUCTURE

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

#### Code reference

*Clause 11.2(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 Part 11 is:*

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

#### Audit observation

TLC data management processes were examined. The list file as at 25 July 2017, was examined to confirm compliance.

#### Audit commentary

The data-cleansing project continues to remove unwanted data and improve the accuracy of existing data as smart meters are deployed across the network. As detailed in **Section 2.2** TLC have no registry validation in place and up until April 2017 the registry acknowledgment files were not always reaching TLC. This does not meet the requirements of this clause and is recorded as non-compliance below.

In Section 4.6 I note that distributed generation is being recorded on the registry at the point of application. This should only be loaded once distributed generation is confirmed as installed and is therefore misleading. This is recorded as non-compliance.

#### Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 2.1 With: 11.2(1)  From: 01-Jul-16 To: 30-Jun-17	No registry validation in place to ensure information is correct and accurate. Distributed generation recorded on the registry at the point of application and not connection could be misleading to retailers. Potential impact: Low Actual impact: Low Audit history: Twice Controls: Weak Breach risk rating: 3		
Audit risk rating	Rationale for audit risk rating		
<b>Low</b>	TLC's system does not have a registry validation capability and up until April 2017 the registry acknowledgement files weren't always reaching TLC for correction hence controls are rated as weak. The audit risk is rated as low as despite the current system limitations the errors found were low in volume and TLC are in the process of changing the database.		
Actions taken to resolve the issue		Completion date	Remedial action status
New d'base and data management process change		6 months	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
As error volume is low and database change close, it is felt that in short term the manual validations (spreadsheet based) are fit for purpose.		Ongoing	

## 2.2. Requirement to correct errors (Clause 11.2(2))

### Code reference

Clause 11.2(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

TLC data management processes were examined. The list file as at 25 July 2017 was examined to confirm compliance.



### Audit commentary

As reported in the last audit there is no registry validation in place. This is planned to be part of the new system and will be assessed as part of the material change audit. The daily registry acknowledgement files were being monitored by FCLM but these were not always being passed to TLC for action. The files are now delivered directly to the TLC team for action but prior to April 2017 some errors were not being fixed as soon as practicable. This is recorded as non-compliance.

### Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 2.2 With: 11.2(2)  From: 01-Jul-16 To: 31-Mar-17	Errors not fixed as soon as practicable. No registry validation process in place. Potential impact: Low Actual impact: Low Audit history: Multiple Controls: Weak Breach risk rating: 3		
Audit risk rating	Rationale for audit risk rating		
Low	TLC's system does not have a registry validation capability and up until April 2017 the registry acknowledgement files weren't always reaching TLC for correction hence controls are rated as weak.  The audit risk is rated as low as despite the current system limitations the errors found were low in volume and TLC are in the process of changing the database.		
Actions taken to resolve the issue		Completion date	Remedial action status
Registry validation to be addressed in new D'base processes		6 months	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
ACK files now coming directly to TLC team.		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 in detail and is described in **Section 3.2** below. Five new connection applications of the 175 created were checked from the point of application through to when the ICP was created. These were selected using the typical characteristic methodology to confirm the process and controls worked in practice.

##### Audit commentary

TLC creates ICPs as required by clause 1 of schedule 11.1. The sample checked confirmed that they were created compliantly.

The distributor is responsible for creating the ICP for the point of connection for an embedded network to its parent network. There have been no new embedded networks created during the audit period.

##### 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 in detail. Five new connection applications of the 175 created during the audit period were checked from the point of application through to when the ICP was created. These were selected using the typical characteristic methodology to confirm the process and controls worked in practice. The event detail report for the period July 2016 through to June 2017 was also examined.

### Audit commentary

TLC's new connections process is unchanged from the previous audit and is as follows:

- An application for new load (AFL) is completed by the customer or their agent and is provided to TLC.
- Once the AFL has been approved, TLC sends a "Connection Agreement" to the customer, which is completed and returned.
- The customer is required to contact their retailer to "register", the retailer then issues a Service Request for livening to TLC.
- When the connection is ready for livening, the customer or their agent will contact TLC, at this point the ICP is created at "Ready".

TLC considers that the request for livening (livening) is effectively the request for a new ICP. They will not create a new ICP until they have all four steps above completed. All documents are scanned and stored for future reference. The Network Information team record the date the ICP is requested in a spreadsheet. A sample of five ICPs was checked by reviewing the scanned application and ICP creation in Gentrack and on the Registry. All were created within three days of the four steps being completed, but this was not within three days of the participant requesting the ICP. In all instances, the customer returned their connection agreement after the trader had sent their service request and these were not created within three days of the retailers request and are therefore technically non-compliant. For such instances, I recommend that TLC send a notification to the trader to advise the ICP will not be created until the customer has returned their connection agreement.

Recommendation	Description	Audited party comment	Remedial action
11.5(3)	For any instances where the ICP is not created within 3 business days of the retailers request send a notification to the retailer advising of the reason.	Audit recommendation adopted.	Identified

The event detail report found two ICPs that were not created on the registry until after they were energised. Both were backdated by three business days. ICP 0001112622WM850 was created in Gentrack on 23/6/17 but didn't write to the registry until 26/6/17. This was due to human error. A process step to push the action through to the registry was missed. ICP 0001112573WMF1E was sent to the registry but had no NSP recorded and was therefore rejected. At this time, the registry rejection files were still being sent to FCLM and they did not pass it on to TLC hence it was late. This was corrected as soon as TLC was made aware. This is recorded as non-compliance.

### Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 3.2 With: 11.5(3) From: 01-Jul-16 To: 30-Jun-17	ICPs not created within 3 days of request from retailer. Potential impact: Low Actual impact: Low Audit history: None Controls: Moderate Breach risk rating: 2		
Audit risk rating	Rationale for audit risk rating		
Low	I have rated the controls as moderate as the current system requires some manual steps that can be missed, and prior to April 2017 registry acknowledgement files were not always being delivered to TLC to be addressed. I have rated the audit risk rating as low as only 2 ICPs were found during the audit period.		
Actions taken to resolve the issue		Completion date	Remedial action status
Business process is specific to TLC as contracting directly with customer.		Ongoing	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
Audit recommendation adopted.		Aug 2017	

### 3.3. Provision of ICP Information to the registry (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. The list file was examined for all ICPs created during the audit period.

#### Audit commentary

The ICP creation process requires the operator to create an ICP in Gentrack and then this is pushed through to the registry. The system is expected not to allow an ICP to go to the registry without all the required information populated. As detailed in **Section 3.2**, ICP 0001112573WMF1E was sent to the registry without the NSP details. The registry rejected the file and it was fixed. This was the only instance found of this occurring. TLC are in the process of changing their IT platforms and this process is expected to be fully automated as part of this. This will be assessed as part of the material change audit. All the required information was populated correctly for the other ICPs created during the audit period.

## Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 3.3 With: 11.7  From: 28-Mar-16 To: 31-Mar-17	One ICP sent to the registry with information missing.  Potential impact: Low  Actual impact: None  Audit history: None  Controls: Strong  Breach risk rating: 1		
Audit risk rating	Rationale for audit risk rating		
Low	I have rated the controls as strong as this was the only instance of this occurring and as TLC are receiving the registry notification files any further instances will be picked up promptly and corrected.  I have rated the audit risk rating as low as only one ICP was affected.		
Actions taken to resolve the issue		Completion date	Remedial action status
New database and automated validation expected to address this risk.		6 months	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
Increased vigilance of manual system. As error incidence is low and expected correction with new platform no further action will be taken.		Ongoing	

### 3.4. Timeliness of Provision of ICP Information to the registry (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 was examined. The event detail report for the period from July 2016 through to June 2017 was examined.

#### Audit commentary

All ICPs were loaded to the registry before electricity was traded with the exception of ICPs 0001112622WM850 & 0001112573WMF1E which were loaded to the registry after electricity was traded. This is discussed in **Section 3.2**.

## Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 3.4 With: 7(2) of Schedule 11.1  From: 28-Mar-17 To: 26-Jun-17	Two ICPs not populated to registry prior to electricity being traded.  Potential impact: Low Actual impact: Low Audit history: Multiple Controls: Moderate Breach risk rating: 2		
Audit risk rating	Rationale for audit risk rating		
Low	I have rated the controls as moderate as the current system requires some manual steps that can be missed, and prior to April 2017 the registry acknowledgement files were not always being delivered to TLC to be addressed.  I have rated the audit risk rating as low as only 2 ICPs were found during the audit period.		
Actions taken to resolve the issue		Completion date	Remedial action status
New database and automated validation expected to address this risk.		6 months	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
Increased vigilance of manual system. As error incidence is low and expected correction with new platform no further action will be taken.		Ongoing	

### 3.5. Timeliness of Provision of Initial Energisation 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 sub-clause (1)(p) to the registry no later than 10 business days after the date on which the ICP is initially energised.*

#### Audit observation

The new connection process for populating all required registry fields was examined. The event detail report for the period from July 2016 through to June 2017 was examined. A sample of ten ICPs updated greater than ten business days of the initial energisation date was examined using the extreme case methodology, and a further ten ICPs were examined using the diverse methodology.

## Audit commentary

The population of the initial energisation date is still a manual process.

186 initial energisation date events were identified in the event detail report. 139 (75%) of these were updated within ten business days. Of the 47 late updates, 36 were updated greater than 30 days from the event. The extreme case sample checked found six of the updates related to another network update e.g. adding distributed generation details or unmetered load details or a change of NSP. This is recorded as non-compliance in **Section 4.1**. Four of these did relate to the late population of the initial energisation date. This is recorded as non-compliance below.

The sample of ten ICPs checked using the diverse methodology sampled those updated between 11-30 days after the initial energisation date. All were found to have been due to the late updating of the initial energisation date, due to late notification back from the field. This is recorded as non-compliance

## Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 3.5 With: 7(2A) of Schedule 11.1 From: 23-Jun-16 To: 30-Jun-17	Late population of the initial energisation date. Potential impact: Low Actual impact: Low Audit history: Multiple Controls: Moderate Breach risk rating: 2		
Audit risk rating	Rationale for audit risk rating		
Low	I have rated the controls as moderate as FCLM given the new connections on the network so TLC gets these notifications within the required timeframe, but when the paperwork is late back from the field this causes TLC to be late updating the registry. There is no impact on settlement, therefore the audit risk rating is low.		
Actions taken to resolve the issue		Completion date	Remedial action status
New d'base and processes		6 months	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
Majority of these incidents were historical and late updating due to data cleansing in readiness for d'base change. No actions proposed.		Ongoing	

### 3.6. Connection of ICPs (Clause 11.17)

#### Code reference

Clause 11.17

#### Code related audit information

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

*The distributor must not electrically 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 electrically connect an ICP unless a trader is recorded in the registry as accepting responsibility for the shared unmetered load.*

#### Audit observation

The new connection process was examined. The event detail report for the period from July 2016 through to June 2017 was examined. The list file was examined to confirm that all ICPs at the status of “ready” have a trader nominated.

#### Audit commentary

The new connections process is designed to include a “retailer responsibility” step. As identified in **Section 3.2**, ICPs 0001112622WM850 & 0001112573WMF1E were updated to active after “electrical connection” had occurred and therefore before a trader was recorded in the registry as accepting responsibility. This is recorded as non-compliance.

#### Audit outcome

Non-compliant



Non-compliance	Description		
Audit Ref: 3.6 With: 11.17  From: 28-Mar-17 To: 26-Jun-17	Two ICPs energised before the trader's information was populated to the registry. Potential impact: None Actual impact: None Audit history: Multiple Controls: Moderate Breach risk rating: 2		
Audit risk rating	Rationale for audit risk rating		
<b>Low</b>	I have rated the controls as moderate as the current system requires some manual steps that can be missed and cause this information to be late to the registry. I have rated the audit risk rating as low as only 2 ICPs were found during the audit period.		
Actions taken to resolve the issue		Completion date	Remedial action status
Investigation into alternative processes to minimise risk and increase controls		Ongoing	Investigating
Preventative actions taken to ensure no further issues will occur		Completion date	
Investigation into alternative processes to minimise risk and increase controls		Ongoing	

### 3.7. Electrical connection of ICPs (Clause 10.28(7))

#### Code reference

Clause 10.28(7)

#### Code related audit information

*A network owner must not electrically connect a new point of connection that is to be quantified by metering unless requested to do so by the:*

- MEP (for a temporary energisation); or
- reconciliation participant responsible for ensuring there is a metering installation.

#### Audit observation

The new connection process was examined. A registry list was received to identify any new connections of ICPs that are also NSPs.

### Audit commentary

The new connections process is designed to include a “retailer responsibility” step. As identified in **Section 3.2**, ICPs 0001112622WM850 & 0001112573WMF1E were updated to active after “electrical connection” had occurred and therefore before a trader was recorded in the registry as accepting responsibility. This is recorded as non-compliance.

### Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 3.7 With: 10.28(7)  From: 28-Mar-17 To: 26-Jun-17	Two ICPs electrically connected prior to retailer accepting responsibility. Potential impact: None Actual impact: None Audit history: None Controls: Moderate Breach risk rating: 2		
Audit risk rating	Rationale for audit risk rating		
Low	I have rated the controls as moderate as only 2 ICPs were effected indicating that the controls are moderate.  I have rated the audit risk rating as low as only 2 ICPs were found during the audit period.		
Actions taken to resolve the issue		Completion date	Remedial action status
Investigation into alternative processes to minimise risk and increase controls		Ongoing	Investigating
Preventative actions taken to ensure no further issues will occur		Completion date	
Increased oversight of manual processes		Ongoing	

### 3.8. Electrical connection of ICP that is not an NSP (Clause 10.31)

#### Code reference

Clause 10.31

#### Code related audit information

*A distributor must not electrically connect an ICP that is not also an NSP unless:*

- *the trader trading at the ICP has requested the electrical connection; or*
- *the MEP who has an arrangement with the trader trading at the ICP has requested temporary energisation of the ICP.*

### Audit observation

The new connection process was examined in relation to ICPs that are not also NSPs to TLC's network. All ICPs created during the audit period were checked for a proposed trader on the list file as at July 25<sup>th</sup> 2017.

### Audit commentary

TLC's processes are robust in relation to this clause as an ICP will not be electrically connected without the agreement from the trader, who in turn has agreement with an MEP for the ICP. The list file confirmed that all ICPs at the "Ready" status had a trader nominated.

As identified in **Section 3.2**, ICPs 0001112622WM850 & 0001112573WMF1E were updated to active after "electrical connection" had occurred and therefore before a trader was recorded in the registry as accepting responsibility. This is recorded as non-compliance.

### Audit outcome

Non-compliant

Non-compliance		Description	
Audit Ref: 3.8 With: 10.31  From: 28-Mar-17 To: 26-Jun-17		Two ICPs electrically connected prior to retailer accepting responsibility. Potential impact: None Actual impact: None Audit history: None Controls: Moderate Breach risk rating: 2	
Audit risk rating		Rationale for audit risk rating	
Low		I have rated the controls as moderate as only 2 ICPs were effected indicating that the controls are moderate.  I have rated the audit risk rating as low as only 2 ICPs were found during the audit period.	
Actions taken to resolve the issue		Completion date	Remedial action status
Investigation into alternative processes to minimise risk and increase controls		Ongoing	Investigating
Preventative actions taken to ensure no further issues will occur		Completion date	
Increased oversight of manual processes		Ongoing	

### 3.9. Electrical connection of NSP that is not a point of connection to the grid (Clause 10.30(2))

#### Code reference

Clause 10.30(2)

#### Code related audit information

*A distributor must, within five business days of electrically connecting an NSP that is not also a point of connection to the grid, notify the reconciliation manager of the following in the prescribed form:*

- *the NSP electrically connected*
- *the date of the electrical connection*
- *the participant identifier of each MEP*
- *the certification expiry date for each metering installation.*

#### Audit observation

The NSP table was examined and found no new NSPs have been created and are not expected to be in the near future.

#### Audit commentary

Not applicable

#### Audit outcome

Not applicable

### 3.10. 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 market administrator.*

#### Audit observation

The new connection process was examined and a sample checked. This is detailed in **Section 3.1**.

#### Audit commentary

All ICPs are created in the appropriate format. The sample checked confirmed compliance

#### Audit outcome

Compliant

### 3.11. Loss category (Clause 6 Schedule 11.1)

#### Code reference

*Clause 6 Schedule 11.1*

#### Code related audit information

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

#### Audit observation

The list file was examined to confirm all active ICPs have a single loss category code.

#### Audit commentary

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

#### Audit outcome

Compliant

### 3.12. 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 list and event detail files were examined in relation to the use of the “New” status.

#### Audit commentary

TLC’s new connections process is not designed to use the “New” status. All ICPs are created at the “Ready” status. The ‘New’ status is applied via the registry when decommissioning an ICP set up in error. Examination of the list file found there were no ICPs at the “New” status.

#### Audit outcome

Compliant

### 3.13. 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 calendar 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 list file as at 25 July 2017 was examined.

### Audit commentary

TLC continues to use a tracking spreadsheet to manage ICPs that have been at “Ready” status for more than 24 months. The list file was checked and found no ICPs at “New” or “Ready” for greater than 24 months.

### Audit outcome

Compliant

## 3.14. 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

This requirement was discussed and the list file was examined. TLC has no generation greater than 10MW, so no ICPs require a unique loss category.

### Audit commentary

Not applicable

### Audit outcome

Not applicable

## 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 provide notice to the registry 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 14 days, the time within which notification must be effected in accordance with Clause 8(3) of Schedule 11.1 begins on the 15th day after the change.*

#### Audit observation

The process to manage ICP changes were examined. The event detail report for the audit period from July 2016 through to June 2017 was examined. I used the extreme case methodology examining a sample of ten late updates for any change where the initial analysis could not determine the cause.

NSP changes were examined.

#### Audit commentary

EDA file for the period from July 2016 through to June 2017 was examined with the following findings:

- 319 ICPs were decommissioned. All were updated within three business days except for three ICPs. This is a good improvement for last year when 68% of the decommissioned ICPs were backdated. A sample of ten ICPs updated within three days was checked and confirmed that the physical date of decommissioning is being recorded. TLC have a data cleanse project underway and are systematically working through the different regions identifying long term vacant ICPs that should be decommissioned. The three ICPs backdated greater than three business days were checked and found that two were delayed due to the billing off process that requires the ICP account to be held open until billing can be completed. This process has been reviewed during the audit period and the Database team are aware of the urgency to get these processed, hence the overall improvement found in this audit. The other ICP was delayed due to a dispute with the customer. This is recorded as non-compliance below.
- 2,787 address events. 1,600 of these were backdated by more than three business days. 1,309 were updated to the registry on 29/8/16. This was due to human error and the team now understands these do not need to be backdated. This is recorded as non-compliance below.
- 145 network events. This excludes the updating of initial energisation date to the registry which is discussed in **Section 3.5**. 124 (86%) were updated within three business days. 21 ICPs were backdated greater than three business days:
  - Four of these were to update distributed generation details.
  - 16 of these were to update the unmetered load details. ICP 0001112521WM793 was created with a backdated creation date. As this was not energised until after the creation date this is compliant.

- 191 price code changes were made. All were updated within three business days of the event with the exception of the same ICP as detailed in the point above - 0001112521WM793 which was created with a backdated creation date. As this was not energised until after the creation date this is compliant.

This clause also stipulates notification requirements where the NSP supplying any ICP changes. TLC has a process for notification to the registry if required. One NSP change was identified from the event detail report for ICP 0001112017WM4E1. This was backdated greater than the 23 days as allowed by the code. This is recorded as non-compliance.

### Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 4.1 With: 8 of Schedule 11.1  From: 01-Jul-16 To: 30-Jun-17	Registry event updates backdated greater than three days or in the case of 1 ICP an NSP change greater than 23 days.  Potential impact: Low Actual impact: Low Audit history: Multiple Controls: Moderate Breach risk rating: 2		
Audit risk rating	Rationale for audit risk rating		
Low	I have rated the controls as moderate as the controls in place will mitigate the risk most of the time.  There is a potential minor impact on settlement, hence the audit risk rating is low.		
Actions taken to resolve the issue		Completion date	Remedial action status
The address detail events are likely to cause ongoing non - compliance. These are corrections and /or additions to our own database and the original cause will be corrected with new system.		On going	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
As above – the majority of these events are backdated to date of request or actual event		On going	



#### 4.2. Notice of NSP for each ICP (Clauses 7(1),(4) and (5) Schedule 11.1)

##### Code reference

*Clauses 7(1),(4) and (5) Schedule 11.1*

##### Code related audit information

*The distributor must notify the registry of the NSP identifier of the NSP to which the ICP is usually connected under Clause 7(1)(b) of Schedule 11.1.*

*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 new connection process was examined and is described in detail in **Section 3** above. I ran the concatenate query across the list file supplied.

##### Audit commentary

As part of the new connection process the correct transformer is advised by the network engineers based off the GIS and this is detailed on the AFS form.

In the last audit, I found 11 ICPs with potentially miss mapped NSPs that must have been missed in the data cleanse exercise that TLC undertook some years ago. These were investigated and corrected. This year's check found two ICPs with potentially miss mapped NSPs. These were checked and confirmed to be correct in Gentrack, but incorrect on the registry. They are both historic and this check is being built into the new system's validation process.

##### Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 4.2 With: 7(1),(4) and (5) Schedule 11.1  From: 01-Jul-16 To: 30-Jun-17	Two ICPs mapped to the incorrect NSP. Potential impact: Low Actual impact: Low Audit history: Once Controls: Moderate Breach risk rating: 2		
Audit risk rating	Rationale for audit risk rating		
<b>Low</b>	I have rated the controls as moderate as new ICPs have robust controls, but there are no registry validations to check for historical mismatches. The audit risk is low as I checked all active ICPs and found only two ICPs with mismatched NSPs.		
Actions taken to resolve the issue		Completion date	Remedial action status
As noted in Audit commentary – these are historic errors and being corrected as part of data cleanse in readiness for platform change.		6 months	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
Current process felt to be sufficiently robust to keep risk minimal.		Ongoing	

#### 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

TLC bills its customer's directly for line charges therefore they do receive ICP queries from customers.

#### Audit commentary

TLC does receive direct requests for ICP identifiers and these are provided immediately. TLC invoices customers directly and the ICP is contained on all invoices.

#### 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 manage address accuracy was examined and the list file was analysed. The list file was checked to confirm ICP location addresses are readily locatable.

##### Audit commentary

TLC's Gentrack system has an alert to the user of a duplicate address, and in some cases, they need to manually update the relevant registry field. All ICPs created during the audit period are able to be readily located.

TLC's predominantly rural network area presents some difficulty in making addresses readily locatable and there are still a number of historic ICPs that are not compliant. The list file was analysed with the following results:

	2017	2016	2015	2014
Total duplicate addresses	255	366	1,642	1,670
Addresses with no Street number or Property name	260	318	636	636

TLC continues to make good progress in this area during the audit period with the number of these ICPs continuing to reduce.

#### Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 4.4 With: 2 Schedule 11.1  From: 01-Jul-16 To: 30-Jun-17	Some duplicate addresses exist and some addresses do not have street numbers or other information to allow the ICP to be readily located. Potential impact: Low Actual impact: Low Audit history: Multiple Controls: Strong Breach risk rating: 1		
Audit risk rating	Rationale for audit risk rating		
Low	The controls are rated as strong with ICPs created during the audit period have addresses that are readily locatable and no duplicated addresses. The audit risk rating is low as the volume of ICPs that are not readily locatable continues to reduce year on year, therefore increasing the ability of the retailer to locate and read these ICPs.		
Actions taken to resolve the issue		Completion date	Remedial action status
We continue to work on these issues – both the duplicate address and lack of street number or property name. Extra resources are being allocated to this project as the date of changeover to new system gets closer.		Ongoing	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
The use of GPS mapping and rapid rural numbers is being considered for the new system.		Ongoing	

#### 4.5. ICP de-energisation (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 de-energised without de-energisation of 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 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 and proof of process was checked as part of the sample of new connections examined.

### Audit commentary

TLC's new connections process contains a step that ensures that any ICP can be de-energised without de-energising any other ICP.

I note that Shared service mains are allowed as long as dedicated isolation points are provided and they were connected prior to 2002. TLC owns shared service mains. These are replaced as they are discovered.

### Audit outcome

Compliant

## 4.6. Distributors to Provide ICP Information to the Registry (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:*

- *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 from metering information*
  - c) *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*
  - c) *the initial energisation date of the ICP (Clause 7(1)(p) of Schedule 11.1).*

#### **Audit observation**

The new connection and updating of ICP information processes for populating all required registry fields was examined. The list file was examined to check for the population of all required information and its alignment with the trader where appropriate e.g. Distributed generation, unmetered load if known and shared unmetered load. A sample of ten variances were checked in relation to the initial energisation date and the active date.

#### **Audit commentary**

##### Distributed Generation

TLC have an approval process in place before allowing the connection of any Distributed Generation to their network. This is being updated to the registry upon application, not when it is connected. This is recorded as non-compliance below.

A check of list file found 45 ICPs with distributed generation recorded. Three of these were recorded with the incorrect installation type of "L" recorded. This is recorded as non-compliance below.

A check of the PR255 against the list file identified six ICPs where the metering indicates there is an injection channel and therefore distributed generation, but TLC has none recorded. I recommend these are investigated to see if distributed generation is connected.

##### Initial Energisation Date

This process continues to be managed manually. 160 ICPs have been created and energised during the audit period. 16 (10%) of these have no initial energisation date recorded. I also checked the list file since this requirement came into effect and found a further three ICPs that have no initial energisation dates populated. This is expected to be part of the registry discrepancy checks in the new system. This is recorded as non-compliance below.

I checked the accuracy of the initial energisation date against the active date and meter certification date from the EDA for all ICPs made active and found:

- 166 ICPs with both the initial energisation date populated and active date. Of these
  - 141 (85%) had matching dates
  - 25 (15%) had a different active date. Of these:
    - 20 had the same meter certification date and the Retailer had sent a subsequent active date update to the registry for the correct date, but didn't reverse the original incorrect active date event. The Retailer is non-compliant.
    - The remaining five ICPs were checked and found:

ICP	Distributor Initial Energisation Date	Earliest retailer active date	Latest Meter Certification Date	Comments
0001112418WM73E	23-08-16	28-06-16	23-08-16	Date advised from MEP from commissioning paperwork
0001112428WM0C6	19-07-16	23-06-16	19-07-16	Field contractor mixed 2 jobs up and TLC confirmed this is the correct energisation date - TLC correct
0001112453WMB4F	12-08-16	08-06-17	12/8/16	BTS connected 12/8/17 - TLC correct
0001112510WMC2E	28-11-16	22-11-16	28-11-16	MEP advised and field contractor confirmed - TLC correct
0001112532WM1FE	23-12-16	21-12-16	Blank	MEP advised date

TLC's initial energisation date is correct for three ICPs and I am able to determine which date is correct for the remaining two ICPs.

#### Unmetered Load

TLC discourages the connection of any new unmetered load. Any new unmetered connections can only proceed if approved by the Connections Controller. There has been one new connection with unmetered load associated with it created during the audit period. An unmetered load figure has been populated but it is not in the recommended format, so I am unable to verify that the figure is correct. I recommend that the recommended format is adopted.

Recommendation	Description	Audited party comment	Remedial action
7(1) of schedule 11.1	Adopt the recommended format for the population of unmetered load details.	Process documentation has been reviewed.	Identified

Of the 90 ICPs with unmetered load, 65 ICPs have no unmetered load detailed. These are all historical. The load was compared for the 13 ICPs where the unmetered load has been populated in the recommended format and found all to align with the Retailer's figure. Compliance is confirmed.

#### Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 4.6 With: 7(1) of Schedule 11.1  From: 01-Jul-16 To: 30-Jun-17	Distributed generation recorded on the registry prior to being electrically connected. Incorrect installation type of "L" instead of "B" for 3 ICPs. IED missing for 19 ICPs. Potential impact: Low Actual impact: Low Audit history: Multiple Controls: Weak Breach risk rating: 3		
Audit risk rating	Rationale for audit risk rating		
<b>Low</b>	TLC have no process to confirm when distributed generation is installed and no registry discrepancy reporting to identify if initial energisation dates are missing hence the control are weak. The audit risk rating is low as the volume of ICPs with distributed generation is low and will have a minor effect on settlement.		
Actions taken to resolve the issue		Completion date	Remedial action status
Increased vigilance of dist gen on network and communication strategy to raise awareness in customer base.		On going	Investigating
Preventative actions taken to ensure no further issues will occur		Completion date	
TLC keeping abreast of industry lead in this area. Intention to utilize current process and resource.		On going	

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 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.

### Audit commentary

TLC bill their customers directly so the price category is the same for all ICPs, and is in effect a placeholder. This is known for all ICPs and examination of the backdated events found none relating to pricing in relation to this clause.

### 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

TLC do not populate GPS co-ordinates therefore this clause was not evaluated.

### Audit commentary

Not applicable

### Audit outcome

Not applicable

#### 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

The management of ICPs in relation to the use of the “ready” status was examined. The list file and event detail report for July 2016 to June 2017 were examined in relation to the use of the “ready” status.

##### Audit commentary

TLC’s new connections process includes a “trader responsibility” step. Each ICP has a single price category, as TLC only has one price category.

No ICPs were found to be at “Ready” for greater than 24 months.

##### 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

The management of ICPs in relation to the use of the “distributor” status was examined. The list file and event detail report for the period from July 2016 to June 2017 were examined in relation to the use of the “distributor” status.

##### Audit commentary

There are no ICPs at this status. There are no embedded networks or shared unmetered load connections on TLC’s network. TCL does not intend to allow any new shared unmetered load ICPs. The last audit report identified some potential historic shared unmetered load. TLC are working with the Waitomo District Council DUML to resolve these. I have repeated the recommendation in **Section 7.1** to maintain visibility of these.

## Audit outcome

Compliant

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

#### Code reference

*Clause 20 Schedule 11.1*

#### Code related audit information

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

*Decommissioning only occurs when:*

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

#### Audit observation

The management of ICPs in relation to the use of the “decommissioned” status was examined. The list file and event detail report for the period from July 2016 to June 2017 were examined in relation to the use of the “decommissioned” status. A sample of ten ICPs at the status “ready for decommissioning” were checked.

#### Audit commentary

TLC’s ICP decommissioning processes requires a request is made either directly to approved contractors, or to TLC via either the database or asset teams. If via approved contractors, they must provide notification to TLC. TLC then confirms the ICP ownership and gains permission prior to decommissioning. TLC’s policy is to change the status only upon receipt of the appropriate paperwork. This includes confirmation that metering has been removed.

TLC are undertaking a clean-up of all ICPS that are long term vacant disconnected. These are being worked through region by region. There are 76 ICPs with a status of “ready for decommissioning”. The sample checked found one where the decommission request has since been cancelled and another has been decommissioned. The remaining eight are scheduled for investigation with the field contract team before they can be progressed. I found no evidence of the issue I found last year of ICPs being recorded as decommissioned in Gentrack but not on the registry. Compliance is confirmed.

## 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**

TLC is unique concerning the management of price category codes, in that they invoice customers directly and therefore only have one price category code, which is “CDB” or “customer direct billed”. There have been no new price category codes 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

TLC has not created any new loss factors 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 on 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

TLC has not changed any loss factors 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 two local networks, the distributor must notify 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 notify 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 notify 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:*

- notify the reconciliation manager*
- notify the market administrator*
- notify each affected reconciliation participant*
- comply with Schedule 11.2.*

#### Audit observation

The NSP table on the registry was examined. No NSPs were created or decommissioned during the audit period, therefore this was not assessed as part of this audit.

#### Audit commentary

Not applicable

#### Audit outcome

Not applicable

### 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 calendar month before the NSP is electrically connected or the ICP is transferred.*

#### **Audit observation**

The NSP table on the registry was examined. No NSPs were created or decommissioned during the audit period therefore this was not assessed as part of this audit.

#### **Audit commentary**

Not applicable

#### **Audit outcome**

Not applicable

### **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 notify 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 on the registry was examined. No new balancing areas were created during the audit period, therefore this was not assessed as part of this audit.

#### **Audit commentary**

Not applicable

#### **Audit outcome**

Not applicable

### **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 notify the reconciliation manager at least one calendar 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 on the registry was examined. No new NSPs were created during the audit period, therefore this was not assessed as part of this audit.

#### **Audit commentary**

Not applicable

#### **Audit outcome**

Not applicable

### **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 notify 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 on the registry was examined. No balancing areas were changed during the audit period, therefore this was not assessed as part of this audit.

#### **Audit commentary**

Not applicable

#### **Audit outcome**

Not applicable

### **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 notify any trader trading at the ICP of the transfer at least one calendar month before the transfer.*

#### **Audit observation**

The NSP table on the registry was examined. TLC has not had any ICPs that have changed to become an NSP during the audit period, therefore this was not assessed as part of this audit.

#### **Audit commentary**

Not applicable

#### **Audit outcome**

Not applicable



#### 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 notify the market administrator in the prescribed form, no later than three business days before the transfer takes effect.*

##### Audit observation

TLC has not acquired any networks therefore this was not assessed as part of this audit.

##### Audit commentary

Not applicable

##### Audit outcome

Not applicable

#### 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 notify the reconciliation manager of:*

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

##### Audit observation

The NSP supply point table was examined and evidence of all updates made to the Reconciliation Manager via the portal.

##### Audit commentary

The NSP supply point table was reviewed:

Distributor	NSP POC	Description	MEP	Certification Expiry
LINE	ATI0111	ATIAMURI	MRPL	09-04-18
LINE	MEP0112	MOKAI	FCLM	16-02-22
LINE	MEP0113	MOKAI	FCLM	16-02-22
LINE	WKM0331	WHAKAMARU	FCLM	17-10-19

The NSP metering was recertified during the audit period for one network. This was advised to the Reconciliation Manager within 20 business days of this occurring. Compliance is confirmed.

#### **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**

The NSP table on the registry was examined. No new NSPs were created during the audit period, therefore this was not assessed as part of this audit.

##### **Audit commentary**

Not applicable

##### **Audit outcome**

Not applicable

#### **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 notify:*

- *the previous network owner (Clause 29(1)(a) of Schedule 11.1)*
- *the reconciliation manager (Clause 29(1)(b) of Schedule 11.1)*
- *the market administrator (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 calendar 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**

TLC has not acquired any networks therefore this was not assessed as part of this audit.

**Audit commentary**

Not applicable

**Audit outcome**

Not applicable

**6.11. Electrically connecting NSP that is not point of connection to grid (Clause 10.30(1))**

**Code reference**

*Clause 10.30(1)*

**Code related audit information**

*A distributor must not electrically connect an NSP that is not a point of connection to the grid unless:*

- *a reconciliation participant has requested the electrical connection (Clause 10.30(1)(a)); or*
- *a metering equipment provider (authorised by the trader) has requested the electrical connection for a temporary energisation of the ICP (Clause 10.30(1)(b)).*

**Audit observation**

TLC has not created any new embedded networks, therefore this was not assessed as part of this audit.

**Audit commentary**

Not applicable

**Audit outcome**

Not applicable

**6.12. 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 notify the reconciliation manager and the gaining MEP.*

**Audit observation**

The NSP supply point table was examined and found no changes to any MEPs had occurred during the audit period.

**Audit commentary**

Not applicable

#### **Audit outcome**

Not applicable

### **6.13. 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 market administrator 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**

TLC has not acquired any networks therefore this was not assessed as part of this audit.

#### **Audit commentary**

Not applicable

#### **Audit outcome**

Not applicable

### **6.14. 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**

TLC has not acquired any networks therefore this was not assessed as part of this audit.

#### **Audit commentary**

Not applicable

#### **Audit outcome**

Not applicable

## 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 notify the registry 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 notify the registry 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

The list file was examined and the streetlight audits of the network were assessed.

#### Audit commentary

TLC has no existing shared unmetered load. As recorded in the last audit, 18 items of potential shared unmetered load were identified as a result of the Waitomo District Council streetlight audit. TLC have met with the council during the audit period and are working with Waitomo District Council to resolve these. I repeat last year's recommendation to maintain visibility of this matter.

Recommendation	Description	Audited party comment	Remedial action
11.14(2) and (4)	Liaise with Waitomo District Council to determine the correct owners of potential shared unmetered load.	TLC is working to develop relationships with its main unmetered load customers.	Investigating

#### Audit outcome

Unable to determine

## 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 notify all traders affected by that change or decommissioning as soon as practicable after the change or decommissioning.*

### Audit observation

TLC has no existing shared unmetered load presently, therefore no changes have occurred.

### Audit commentary

Not applicable

### Audit outcome

Not applicable

## 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 v2.1” is still under review by the Loss Factor Review Panel. The calculation of loss factors was reviewed.

#### Audit commentary

The following points are made regarding TLCL’s preparation in relation to loss factors:

- there is a good understanding of the draft guidelines regarding loss factors
- TLC has calculated technical loss factors for their HV network.

As this section is still under review this clause is assessed under the requirement to provide complete and accurate information.

#### Audit outcome

Compliant

## CONCLUSION

TLC have bedded in the registry management function which was taken over from FLCM just prior to the last audit. They are in the process of changing their IT platforms however no changes have been made to the existing system, so many of the non-compliances are the same as previous and relate to their current system limitations. The issues highlighted in this and previous audits are expected to be addressed with the new IT platform. TLC are aware of the material change audit requirements and are working with Veritek to carry out a material change audit prior to go live. Current timeframes indicate that this will be within the next six months. Therefore, whilst the next indicative audit frequency is six months I recommend that their next audit be due six months after the system go live or 12 months from this audit at most.

I thank Melanie and her team for their time and co-operation for this audit.



## PARTICIPANT RESPONSE

TLC have reviewed this report. Their comments are recorded in the body of the report. No further comments were provided.