

Electricity Industry Participation Code Distributor Audit Report

for

Polo Properties Ltd (POLO)

Prepared by Rebecca Elliot – Veritek Ltd

Date of Audit: 01/08/17

Date Audit Report Complete: 04/08/17

Date Audit Report Due: 10/08/17

Executive Summary

This Distributor audit was conducted at the request of **Polo Properties Limited (POLO)** to encompass the Electricity Industry Participation Code requirement for an annual audit, in accordance with clause 11.10 of part 11.

The audit was conducted in accordance with the Guideline for Distributor Audits V7.1, which was produced by the Electricity Authority.

POLO's compliance is reliant on the compliance of TENCO Ltd, as the contractor. In this report, I have only recorded those matters where issues were discovered or where specific analysis was undertaken. As the agent report is greater than seven months old, I have also examined the event detail report for the full audit period to confirm compliance. TENCO Ltd's audit report is attached as an appendix. Compliance is confirmed and therefore based on the Distributor audit frequency matrix the next recommended audit is due in 36 months and I agree with this recommendation.

I have raised one issue in relation the process to notify updates to metering for NSPs to the Reconciliation Manager. Since May 2017, these are now entered via the RM portal and there is no audit trail is available to prove when this occurred therefore compliance cannot be determined for any NSP metering updates post this date.

The matters are set out in the table below:

Table of Non-Compliance

Subject	Section	Clause	Non-compliance	Controls	Audit Risk Rating	Breach Risk Rating	Remedial Action
			Nil				
Breach Risk Rating Score							
Indicative Next Audit Frequency							36 months

Table of Recommendations

Subject	Section	Clause	Recommendation for improvement	Remedial Action
			Nil	

Table of Issues

Issue	Section	Clause	Description	Remedial Action
Responsibility for metering information for NSP that is not a POC to the grid	6.3	10.25(1)	No audit trail for NSP metering updates via the RM portal	EA to provide reporting capability to participants

Persons Involved in This Audit

Auditor:

Rebecca Elliot

Veritek Limited

Electricity Authority Approved Auditor

TENCO personnel assisting in this audit were:

Name	Company
Nick Price	TENCO Ltd
Eva Khudyakova	TENCO Ltd

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1. Administrative

1.1 Summary of Previous Audit

POLO provided a copy of their previous audit conducted in October 2015 by Rebecca Elliot of Veritek Limited. This audit recorded compliance with the code.

1.2 Scope of Audit

This Distributor audit was performed at the request of POLO, to encompass the Electricity Industry Participation Code requirement for an annual audit, in accordance with clause 11.10 of part 11.

The audit was conducted in accordance with the Guideline for Distributor Audits V7.1, which was produced by the Electricity Authority.

The scope of the audit is shown in the table below:

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

The audit report for TENCO Ltd is attached as an appendix.

1.3 Balancing Areas and ICP Data

POLO has responsibility for two embedded networks. The table below lists the relevant NSPs and their associated information. There were no new NSPs created or any NSPs decommissioned during the audit period.

Distributor	NSP POC	Description	Parent POC	Parent Network	Balancing Area	Network Type	Start Date	Active ICPs
POLO	PHS0011	HSBC Building	KWA0111	CKHK	PHS0011POLOE	E	01/03/2009	10
POLO	PFB0011	Asteron Centre	WIL0331	CKHK	PFB0011POLOE	E	01/10/2010	25

POLO provided a list file containing all ICPs on their network as at May 2017. A summary of this data by "ICP status" is as follows.

Status	Number of ICPs 2017	Number of ICPs 2016	Number of ICPs 2015	Number of ICPs Oct 2014
Distributor	0	0	0	0
New	0	0	0	0
Ready	35	0	0	0
Active	0	35	35	35
Inactive – reconciled elsewhere	0	0	0	0
Inactive – vacant	0	0	0	0
Inactive – ready for decommissioning	3	0	0	0
Inactive – AMI remote disconnection	0	3	3	3
Decommissioned		0	0	0

1.4 Exemptions From Obligations to Comply With Code (Section 11 of Electricity Industry Act 2010)

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.

There are no exemptions in relation to this audit that have been granted to POLO.

1.5 Supplier List

TENCO Ltd performs all of POLO's responsibilities:

1.6 Breaches or Breach Allegations

POLO has no breaches recorded by the Electricity Authority for the audit period.

2. Operational Infrastructure

2.1 Requirement to Provide Complete and Accurate Information (Clause 11.2(1) of Part 11)

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 management of this process is discussed in the TENCO contractor report. This is greater than seven months old and therefore I have also examined a registry list file with history to confirm compliance.

Audit Commentary

Compliance is recorded for TENCO. Examination of the list file confirmed compliance.

2.2 Requirement to Correct Errors (Clause 11.2(2) of Part 11)

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

This is discussed in the TENCO Ltd contractor report. This is greater than seven months old and therefore I have also examined a registry list file with history to confirm compliance.

Audit Commentary

Compliance is recorded for TENCO Ltd. Examination of the list file confirmed compliance.

3. Creation of ICPs

3.1 Participants May Request Distributors to Create ICPs (Clause 11.5(3) of Part 11)

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

Audit Observation

The new connection process is discussed in the TENCO Ltd contractor report. Examination of the list file found no ICPs have been created during the audit period.

Audit Commentary

N/A

3.2 Electrical Connection of an NSP that is not a Point of Connection to the Grid (Clause 10.30(2) of Part 10)

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

No new NSPs have been electrically connected during the audit period, therefore this has not been assessed.

Audit Commentary

N/A

3.3 Loss Category (Clause 6 of Schedule 11.1)

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.

3.4 Monitoring of “New” & “Ready” Statuses (Clause 15 of Schedule 11.1)

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

This is discussed in the TENCO contractor report. The list file as at 31/5/17 was examined.

Audit Commentary

TENCO periodically reports on ICPs at “New” and “Ready” to check whether they are still required. An examination of the list file found no ICPs at “New” or “Ready”. Compliance is confirmed

4. Maintenance of Registry Information

4.1 Changes to Registry Information (Clause 8 of Schedule 11.1)

When information that is held by the registry changes, the distributor responsible for that ICP must provide notice to the registry of that change within three business days of that change taking effect 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

As POLO has only one NSP there were no NSP changes to be examined.

The management of this process is discussed in the TENCO Ltd contractor report. As this report is greater than seven months old I have also examined the event detail report for the audit period to confirm compliance

Audit Commentary

Compliance is recorded in the TENCO contractor report. The EDA file was examined for the audit period and found no changes have been made during the audit period. Compliance is confirmed.

4.2 ICP Location Address (Clauses 2 & 7(1)(a) of Schedule 11.1)

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 in the TENCO contractor report. The list file was analysed.

Audit Commentary

A check of POLO's list file found that all ICPs have unique addresses with sufficient information to allow the ICPs to be readily located.

4.3 Distributors to Provide ICP Information to the Registry (Clause 7(1) of Schedule 11.1)

The distributor must provide to the registry the information listed in clause 7(1) of schedule 11.1.

Audit Observation

This is discussed in the TENCO contractor report. The list file was examined to check for the population of all required information and it's alignment with the trader where appropriate e.g. Distributed generation, unmetered load if known and shared unmetered load.

Audit Commentary

Examination of the list file confirmed that all ICP information has been populated correctly. There have been no new connections or embedded generation added during the audit period. Compliance is confirmed.

4.4 GPS Co-ordinates (Clause 7(8) & (9) of Schedule 11.1)

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

Audit Observation

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

Audit Commentary

N/A

4.5 Management of “Decommissioned” Status (Clause 20 of Schedule 11.1)

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 “decommissioned” status is examined in the TENCO contractor report. The list file and event detail report for the audit period were examined in relation to the use of the “decommissioned” status.

Audit Commentary

No ICPs have been energised during the audit period.

4.6 Maintenance of Price Category Codes (Clause 23 of Schedule 11.1)

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

POLO has not created any new price category codes during the audit period.

5. Creation and Maintenance of Loss Factors

5.1 Updating Table of Loss Category Codes (Clause 21 of Schedule 11.1)

Distributors must keep up to date the table in the registry of the loss category codes that may be assigned to ICPs on each distributor's network, by entering in the table any new loss category codes. Each entry must specify the date on which each loss category code takes effect, which must not be earlier than two months after the date the code is entered in the table.

Audit Observation

The loss category code table on the registry was examined.

Audit Commentary

POLO has not created any new price category codes during the audit period.

5.2 Updating Loss Factors (Clause 22 of Schedule 11.1)

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 assigned to ICPs on the distributor's network.

The distributor must specify the date on which each loss category code takes effect.

Audit Observation

The loss category code table on the registry was examined.

Audit Commentary

POLO has not created any new price category codes during the audit period.

6. Creation and Maintenance of NSPs

6.1 Creation and Decommissioning of NSPs (Clause 11.8 of Part 11 & Clause 25 of Schedule 11.1)

If the distributor is creating or decommissioning an NSP that is an interconnection point between 2 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

N/A

6.2 Maintenance of Balancing Area Information (Clauses 24(2)& (3) of Schedule 11.1))

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

N/A

6.3 Responsibility for Metering Information for NSP that is not a POC to the Grid (Clause 10.25(1) of Part 10)

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)).*

Audit Observation

The management of this process is discussed in TENCO's report. The NSP supply point table was examined, along with 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
POLO	PHS0011	HSBC Building	FCLM	15/02/2020
POLO	PFB0011	Asteron Centre	FCLM	17/12/2018

The NSP metering was recertified during the audit period. Proof of the notification was provided for PSH0011 to confirm this was notified within 20 business days of the recertification. The process to notify these to the Reconciliation Manager in May 2017. The participants now enter these via the RM portal and no audit trail is available to prove when this occurred therefore I cannot determine compliance for the NSP metering updates post this date. I raise this as an issue. Compliance is confirmed for the certification update prior to May 2017.

Issue	Description	Remedial Action
Regarding: 10.25(1)	No audit trail for NSP metering updates via the RM portal	EA to provide reporting capability to participants

7. Conclusions

POLO's I have raised one issue in relation the process to notify updates to metering for NSPs to the Reconciliation Manager. Since May 2017, these are now entered via the RM portal and there is no audit trail is available to prove when this occurred therefore compliance cannot be determined for any NSP metering updates post this date.

The matters are set out in the table below:

Table of Non-Compliance

Subject	Section	Clause	Non-compliance	Controls	Audit Risk Rating	Breach Risk Rating	Remedial Action
			Nil				
Breach Risk Rating Score							
Indicative Next Audit Frequency							36 months

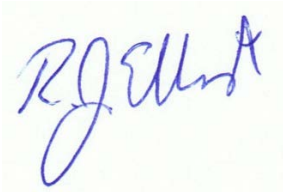
Table of Recommendations

Subject	Section	Clause	Recommendation for improvement	Remedial Action
			Nil	

Table of Issues

Issue	Section	Clause	Description	Remedial Action
Responsibility for metering information for NSP that is not a POC to the grid	6.3	10.25(1)	No audit trail for NSP metering updates via the RM portal	EA to provide reporting capability to participants

Signed by:



Rebecca Elliot – Veritek Limited
Electricity Authority Approved Auditor

Signed by:



Nick Price
TENCO Ltd (as agent for POLO)

8. POLO's Response

TENCO on behalf of POLO have reviewed the report on the 03/8/2017 and agree with the findings of the audit.