

**ELECTRICITY INDUSTRY PARTICIPATION CODE
DISTRIBUTOR AUDIT REPORT**

For

WEL NETWORKS LIMITED

Prepared by: Rebecca Elliot and Bernie Cross

Date audit commenced: 13 July 2022

Date audit report completed: 14 September 2022

Audit report due date: 15-Sep-22

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EXECUTIVE SUMMARY

This distributor audit was performed at the request of **WEL Networks Ltd (WEL)** to encompass the Electricity Industry Participation Code requirement for an audit as required by clause 11.10 of part 11. The audit was carried out at WEL's premises in Hamilton on August 17th, 2022.

The audit was conducted in accordance with the Guideline for Distributor Audits version 7.2, which was produced by the Electricity Authority.

WEL generally have robust processes in place to manage the relevant processes with a high level of compliance. WEL have a process review framework to ensure that processes remain relevant and well understood.

WEL's automated registry management system currently has no mechanism to manage event dates that are not also the update date. This system functionality results in an elevated number of manual registry updates and in the case of distributed generation information updates, incorrect event dates being applied.

In 2017 WEL were provided with a list of private lights recorded in the Hamilton City Council RAMM database that are no longer being reconciled as part of that DUMML database load. A recent check of the DUMML database confirmed that 40 private lights have yet to be addressed. An assessment of the volume impact was undertaken and determined that 17,193 kWh per annum has not been included in the settlement process. GPS locations have been provided for these so they should be relatively easy to locate and determine if they should be standard unmetered load, shared unmetered load or disconnected if the customer does not want to pay for the lights.

This audit found eight non-compliances and makes nine recommendations. The non-compliances relate mainly to minor errors in and late updates of registry information.

The date of the next audit is determined by the Electricity Authority and is dependent on the level of compliance during this audit. The table below provides some guidance on this matter and contains a future risk rating score of 19, which results in an indicative audit frequency of 12 months. I have considered this in conjunction with WEL's responses and recommend that the next audit be in 14 months.

AUDIT SUMMARY

NON-COMPLIANCES

Subject	Section	Clause	Non-Compliance	Controls	Audit Risk Rating	Breach Risk Rating	Remedial Action
Requirement to provide complete and accurate information	2.1	11.2(1) and 10.6(1)	Registry information not complete and accurate in all instances.	Moderate	Low	2	Identified
Timeliness of provision of initial electrical connection	3.5	7(2A) of Schedule 11.1	Four ICPs out of a sample of ten ICPs initial electrical connection dates updated greater than ten days from the event date.	Moderate	Low	2	Identified
Changes to registry information	4.1	8 of Schedule 11.1	A small number of registry event updates backdated greater than three days.	Moderate	Low	2	Identified
Notice of NSP for each ICP	4.2	7(1),(4) and (5) Schedule 11.1	Seven ICPs with incorrect NSP.	Strong	Low	1	Identified
Provide information to the registry	4.6	7 (1) (m)&(p) of Schedule 11.1	<p>Distributed generation details missing.</p> <p>Distributed generation event dates not reflective of connection date.</p> <p>Two ICPs with an incorrect initial electrical connection date populated.</p> <p>Two ICPs with unmetered load discrepancies.</p> <p>Two ICPs with incorrect loss codes.</p> <p>14 unmetered pay phones with incorrect hours of operation recorded with an annual load impact of 710 kWh of under submission</p>	Moderate	Medium	4	Investigating

Subject	Section	Clause	Non-Compliance	Controls	Audit Risk Rating	Breach Risk Rating	Remedial Action
			if the distributor's load description was applied. Unmetered load (Shared or Standard) ICPs not created to record the load for 40 private lights resulting in an estimated under submission of 17,193 kWh per annum.				
Management of "decommissioned" status	4.11	Clause 20 Schedule 11.1	Decommission event dates incorrect for four ICPs (0076162158WE6E3, 0000473641WEBA7, 0000690634WE4F0, and 0079162425WE516).	Moderate	Low	2	Identified
Responsibility for metering information for NSP that is not a POC to the grid	6.8	10.25(1) and 10.25(3)	Certification for NSP KIR0111 not notified to RM within 20 business days of recertification.	Moderate	Low	2	Identified
Notification of shared unmetered load ICP list	7.1	Clause 11.14(2) and (4)	Written notice not provided to affected parties for 40 private lights identified.	Moderate	Medium	4	Identified
Future Risk Rating						19	
Indicative Next Audit Frequency						12 months	

Future risk rating	0-1	2-5	6-8	9-20	21-29	30+
Indicative audit frequency	36 months	24 months	18 months	12 months	6 months	3 months

RECOMMENDATIONS

Subject	Section	Recommendation
Review process for notification of IECD from livening agents to improve timeliness.	3.5	WEL works with its authorised livening agents to improve the timeliness and quality of the information being transferred between these parties.
Include ICPs with registry status 1,12 to the monitoring of "new" and "ready" status process.	3.14	That WEL incorporates active monitoring of registry status 1,12 "new connection in progress" into their regular

		monitoring and escalation process to traders where these have not been made active within 12/24 months.
Review process for monitoring distributed generation applications to improve timeframes for return of completion paperwork.	4.1	I recommend that WEL initiates follow ups with the installers for completion paperwork from the proposed installation date rather than the current 90-day application validity period.
Develop process to verify and validate unmetered load operational hours and connected load values.	4.6	Work with the traders to determine the correct values for the ICPs with unmetered load discrepancies.
Review the DUML new connection process to ensure that once they are electrically connected, they can be accounted for in the settlement process.	4.6	That WEL works with both the respective DUML owners and their traders to develop and implement a DUML new connection process to ensure this additional load is captured and included in the settlement process in a timely manner.
Completeness and accuracy of DUML load.	4.6	That WEL Networks works with the relevant traders and DUML owners to ensure all lights are being accounted for and these lights are being correctly assigned to the relevant NSP.
Distributor to provide ICP information to the registry.	4.6	Investigate the 40 private lights identified from the Hamilton City Council RAMM database to determine how these lights will be reconciled.
Implement process to monitor UFE reports provided by the RM each month.	8.1	That WEL implements a process to actively monitor UFE trends on all their networks using the files provided by the Reconciliation Manager each month and escalate any unusual UFE results with traders to ensure submission volumes are sufficiently accurate for when loss factors are reviewed/revised.
Review embedded network loss factors to ensure running UFE sits with +/- 1%.	8.1	That WEL reviews the methodology used for calculating embedded network loss factors to ensure that running UFE sits with +/- 1%.

ISSUES

Subject	Section	Issue	Description
		Nil	

1. ADMINISTRATIVE

1.1. Exemptions from Obligations to Comply with Code (Section 11)

Code reference

Section 11 of Electricity Industry Act 2010.

Code related audit information

Section 11 of the Electricity Industry Act provides for the Electricity Authority to exempt any participant from compliance with all or any of the clauses.

Audit observation

The Authority website was checked to determine whether there are code exemptions in place.

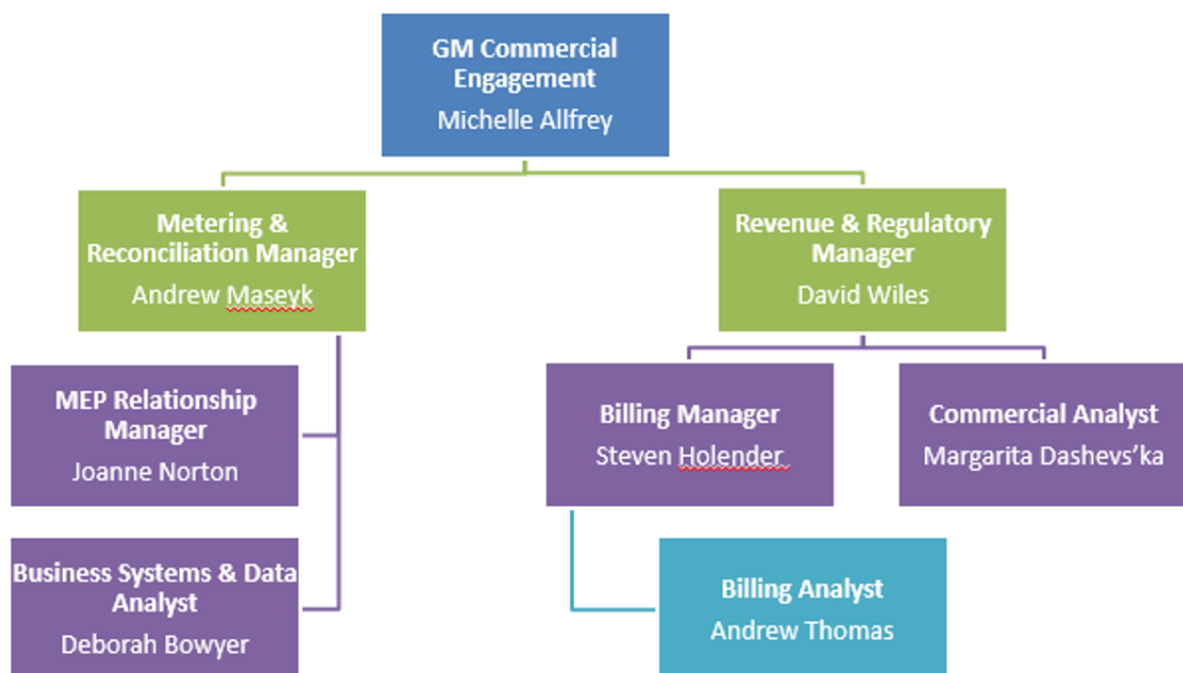
Audit commentary

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

1.2. Structure of Organisation

WEL provided a copy of the relevant part of the organisation chart:

Commercial Engagement



1.3. Persons involved in this audit

Auditors:

Name	Company	Role
Rebecca Elliot	Veritek Limited	Lead auditor
Bernie Cross	Veritek Limited	Supporting auditor

WEL personnel assisting in this audit were:

Name	Title / Role
Andrew Thomas	Billing Analyst
Steven Holender	Billing Manager
Erick Coenen	DG Specialist
Diwaker Bhujel	Senior Network Engineer – System Architect

1.4. Use of contractors (Clause 11.2A)

Code reference

Clause 11.2A

Code related audit information

A participant who uses a contractor

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

Audit observation

WEL approves field contractors to conduct connection related activities. I checked WEL's approach to the management of contractors.

Audit commentary

WEL has provided the list below of sub-contractors authorised to perform livening activities on their network.

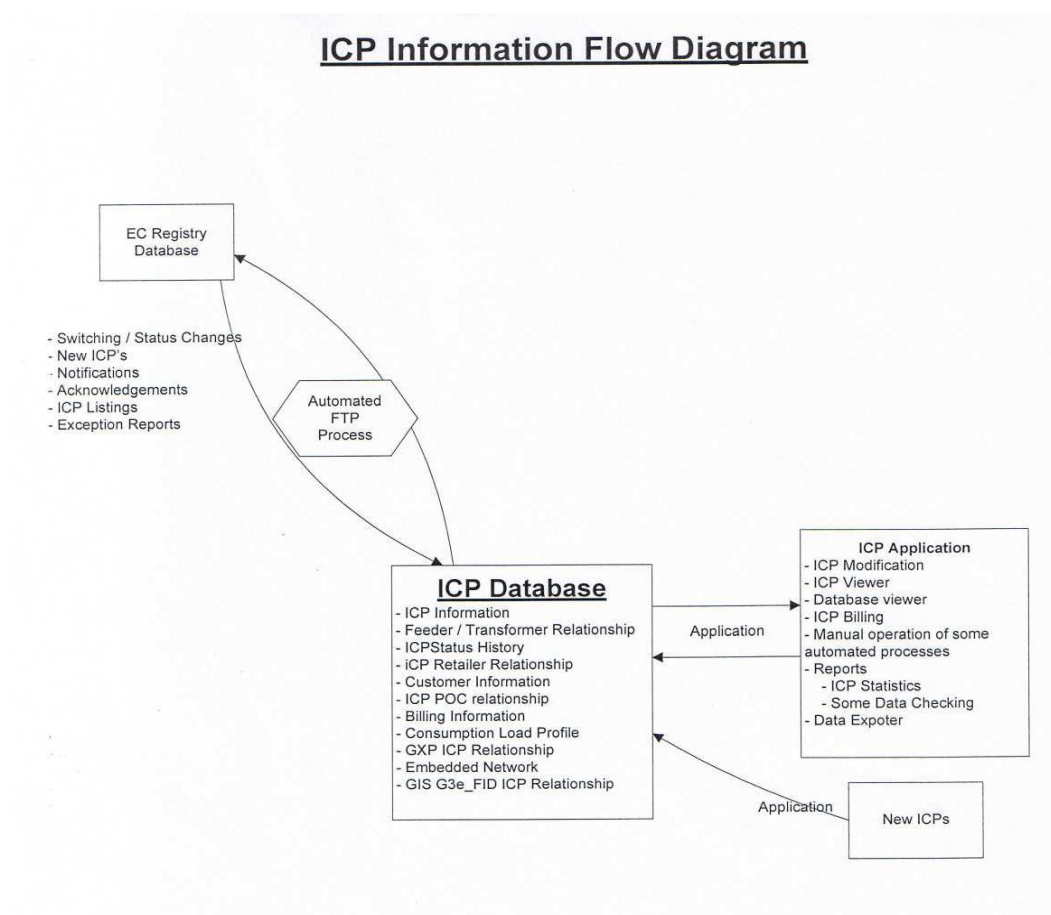
Region	Contractor
Hamilton	Wells Instrument and Electrical Ltd (Also DUML livening agent) - Brian Hobern
Auckland	Sels Electrical Ltd - Pat Carmody

1.5. Supplier list

WEL has provided the list in **section 1.4** of sub-contractors authorised to perform livening activities on their network.

1.6. Hardware and Software

WEL provided the following diagram that details hardware and software used in the processes to be audited. There have been no changes made during the audit period.



1.7. Breaches or Breach Allegations

WEL has one breach allegation relevant to this audit recorded by the Electricity Authority during the audit period:

Ref	Breach Description	Clause	Date	Outcome
2110WELN1	On 5 February 2016 the point of connection (POC) for WEL's embedded network ICP (1001134800LCDC9) on Vector's parent network was changed in the Registry. WEL was not aware of this change and received no notification. Consequently, 1001134800LCDC9 remained against the incorrect POC in the network supply point (NSP) table.	Part 15 clause 15.2 (1) (a)	3 December 2021	Investigation was closed with a result of minor alleged.

One breach allegation relating to the previous audit period where the outcome is now known.

Ref	Breach Description	Clause	Date	Outcome
2003WELN1	WEL is alleged to have changed the ICP identifier for a BTS. The Code mandates that an ICP identifier for an ICP cannot be changed.	Part 11 clause 11.4 (3)	3 August 2020	Investigation was closed with no settlement.

1.8. ICP and NSP Data

The NSP mapping table was examined:

Distribu tor	NSP POC	Description	Parent POC	Parent Net work	Balancing Area	Net work type	Start date	No of active ICPs
WAIK	BRI0111	Brick Street	HEP0331	UNET	BRI0111WAIKE	E	1/05/2008	18
WAIK	FLG0111	FLAGSHIP	WIR0331	VECT	FLG0111WAIKE	E	1/05/2008	3
WAIK	HAM0111	HAMILTON			WAIKATOWAIKG	G	1/05/2008	10,714
WAIK	HAM0331	HAMILTON			WAIKATOWAIKG	G	1/05/2008	50,338
WAIK	HLY0331	Huntly			WAIKATOWAIKG	G	10/10/2008	11,552
WAIK	HMB0111	Half Moon Bay	PAK0331	VECT	HMB0111WAIKE	E	1/05/2008	60
WAIK	HUL0111	Hulme Place	HEP0331	UNET	HUL0111WAIKE	E	1/05/2008	36
WAIK	JEF0111	JEFFS ROAD	OTA0221	VECT	JEF0111WAIKE	E	1/05/2008	884
WAIK	KIR0111	KIRKDALE	TAK0331	VECT	KIR0111WAIKE	E	1/05/2008	267
WAIK	MTG0111	Mangatangi	HLY0331	WAIK	WAIKATOWAIKG	I	1/08/2017	0
WAIK	OAK0111	OAKLANDS	CBG0111	WAIP	OAK0111WAIKE	E	1/05/2008	178
WAIK	POR0111	Porchester Road	TAK0331	VECT	POR0111WAIKE	E	10/07/2009	276
WAIK	RYN0111	RYAN PLACE	WIR0331	VECT	RYN0111WAIKE	E	1/05/2008	70
WAIK	STG0111	SOUTHGATE	WEL0331	UNET	STG0111WAIKE	E	1/05/2008	110
WAIK	TPH0111	Te Pahu	HAM0331	WAIK	WAIKATOWAIKG	I	2/11/2019	0
WAIK	TWH0331	TE KOWHAI			WAIKATOWAIKG	G	1/05/2008	23,627
Total								98,133

There are eleven embedded networks connected to the WEL network. The details for these are shown in the table below:

Distributor	NSP POC	Description	Parent POC	Balancing Area	Network Type	Start Date
DMFL	WCW0011	Westfield Chartwell	HAM0331	WCW0011DMFLE	E	1/09/2016
DMFL	WCW0111	Westfield Chartwell	HAM0331	WCW0111DMFLE	E	1/09/2016
KIPT	KCH0011	Kiwi Centreplace West	HAM0331	KCH0011KIPTE	E	1/11/2012
KIPT	KCH0012	Kiwi Centreplace East	HAM0331	KCH0012KIPTE	E	1/11/2012
KIPT	KCH0014	Kiwi Centreplace Tower	HAM0331	KCH0014KIPTE	E	1/11/2012
NZAL	NAT0011	500 Victoria Street	HAM0331	NAT0011NZALE	E	1/02/2018
NZAL	NWH0011	WEL House	HAM0331	NWH0011NZALE	E	1/04/2010
TENC	KDH0011	10 Worley Pl	HAM0331	KDH0011TENCE	E	1/06/2020
TENC	TAW0011	Te Awa Shopping Centre	TWH0331	TAW0011TENCE	E	1/11/2014
TENC	THH0011	21 Home Straight	TWH0331	THH0011TENCE	E	1/10/2018
TENC	TRS0111	Ruakura Superhub	HAM0111	TRS0111TENCE	E	26/07/2022

There was one new embedded network connected to the WEL network during the audit period. The network start date for Ruakura Superhub falls within the audit period.

The list file as of 11 July 2022 was examined and found:

Status	Number of ICPs 2022	Number of ICPs 2020	Number of ICPs 2019	Number of ICPs 2017	Number of ICPs 2016
New (999,0)	2	0	0	0	0
Ready (0,0)	138	76	127	115	123
Active (2,0)	98,133	95,767	92,913	90,205	88,537
Distributor (888,0)	19	19	23	21	21
Inactive – new connection in progress (1,12)	470	222	182	176	102
Inactive – electrically disconnected vacant property (1,4)	1,196	1,130	1,113	1,158	1,359
Inactive – electrically disconnected remotely by AMI meter (1,7)	523	376	381	355	123
Inactive – electrically disconnected at pole fuse (1,8)	21	12	13	7	-
Inactive – electrically disconnected due to meter disconnected (1,9)	39	37	33	11	-
Inactive – electrically disconnected at meter box fuse (1,10)	3	6	3	1	-
Inactive – electrically disconnected at meter box switch (1,11)	2	4	1	-	-
Inactive – electrically disconnected ready for decommissioning (1,6)	2	0	16	28	29
Inactive – reconciled elsewhere (1,5)	3	2	2	2	2
Decommissioned (3)	9,411	8,709	7,963	7,149	6,717
Total					96,991

1.9. Authorisation Received

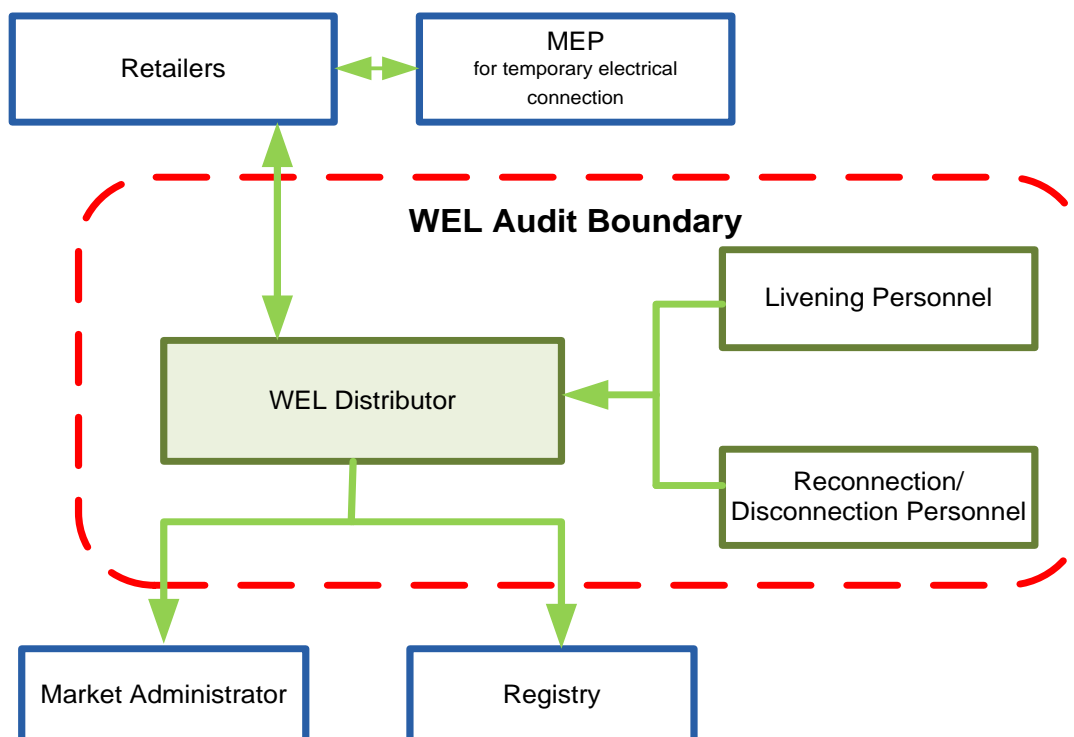
WEL provided a letter of authorisation to Veritek, permitting the collection of data from other parties for matters directly related to the audit.

1.10. Scope of Audit

This distributor audit was performed at the request of **WEL Networks Ltd (WEL)** to encompass the Electricity Industry Participation Code requirement for an audit as required by clause 11.10 of part 11. The audit was carried out at WEL's premises in Hamilton on August 16th, 2022.

The audit was conducted in accordance with the Guideline for Distributor Audits version 7.2, which was produced by the Electricity Authority.

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



WEL owns and manages the traditional WEL network as well as a number of embedded networks. All activities covered by this audit are conducted at WEL's head office in Hamilton.

1.11. Summary of previous audit

WEL provided a copy of their previous audit report, conducted by Brett Piskulic of Veritek Limited in March 2021. This found seven non-compliances and made two recommendations. The current status of these has been updated below:

Table of Non-Compliance

Subject	Section	Clause	Non-compliance	Status
Requirement to provide complete and accurate information	2.1	11.2(1) and 10.6(1)	Registry information not complete and accurate in all instances.	Still existing
Timeliness of provision of initial electrical connection	3.5	7(2A) of Schedule 11.1	A small number of initial electrical connection dates updated greater than ten days from the event date. Incorrect application of event effective date for initial electrical connection updates.	Still existing
Connection of NSP that is not point of connection to grid	3.9	10.30	Late notification of metering installation certification for new NSP (TPH0111).	Cleared
Changes to registry information	4.1	8 of Schedule 11.1	Registry event updates backdated greater than three days.	Still existing
Notice of NSP for each ICP	4.2	7(1),(4) and (5) Schedule 11.1	Two ICPs with incorrect NSP.	Still existing
Provide information to the registry	4.6	7 (1) (m)&(p) of Schedule 11.1	Distributed generation details missing. Three ICPs with an incorrect initial electrical connection date populated. Two ICPs with unmetered load discrepancies. Unmetered load not recorded for 39 private lights.	Still existing
Responsibility for metering information when creating an NSP that is not a POC to the grid	6.9	10.25(2)	Late notification of metering installation certification for new NSP (TPH0111).	Cleared

Table of Recommendations

Subject	Section	Recommendation	Status
Distributor to provide ICP information to the registry.	4.6	Work with the traders to determine the correct values for the three ICPs with discrepancies.	Cleared
Distributor to provide ICP information to the registry.	4.6	Investigate the 39 private lights identified from the Hamilton City Council RAMM database to determine how these lights will be reconciled.	Still existing

2. OPERATIONAL INFRASTRUCTURE

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

Code reference

Clause 11.2(1) and 10.6(1)

Code related audit information

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

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

Audit observation

WEL's data management processes were examined. The registry list file as of 11 July 2022 and the audit compliance reports for the period 1 January 2021 to 30 June 2022 were examined to confirm compliance.

Audit commentary

Information is validated between WEL's database and the registry on a daily basis, and error logs are created if any fields are different. These are reviewed daily and are investigated.

Analysis of the list file and audit compliance report found information that was not complete and accurate. This is detailed in **sections 4.1, 4.2, 4.6 and 4.11**. Specific examples are:

- decommission event dates incorrect for four ICPs,
- two ICPs with incorrect loss codes,
- distributed generation details missing,
- incorrect event dates applied for distributed generation details, and
- three ICPs with an incorrect initial electrical connection date populated.

Audit outcome

Non-compliant

Non-compliance	Description
Audit Ref: 2.1 With: 11.2(1) & 10.6(1) From: 01-Jan-21 To: 30-Jun-22	Registry information not complete and accurate in all instances. Potential impact: Low Actual impact: Low Audit history: Multiple Controls: Moderate Breach risk rating: 2
Audit risk rating	Rationale for audit risk rating
Low	Controls are rated as moderate as they will mitigate risk most of the time but there is room for errors to occur. The audit risk rating is low as the incorrect information has a small or no direct effect on reconciliation.

Actions taken to resolve the issue	Completion date	Remedial action status
<p>WEL notes that that the number of registry updates and actions completed is great in number (eg 10,366 address updates and 24,238 pricing updates), but the number of variances or perceived inaccuracies is extremely low and has minimal impact.</p> <p>WEL reviews discrepancies on a daily basis but are reliant often on other parties such as retailers and living agents in giving us correct information in a timely manner. We have evidence where we have pushed parties for information or to recheck information provided.</p> <p>Through the audit it's noted that we have updated information as soon as we have been given it, or corrected information once being made aware of any incorrect information.</p> <p>It is also noted in the audit that some registry information could not be correctly inputted by WEL Networks due to the actions of other parties. The best example of this is the inability for the registry to accept us entering in the correct decommission date where either the Trader or MEP has an event that is dated later. This is a flaw of the Electricity Registry itself, however the black and white nature of this audit penalizes the distributor.</p>	September 2021	Identified
Preventative actions taken to ensure no further issues will occur	Completion date	
<p>WEL will continue to work with necessary parties to remind them of their obligations to provide information required for registry updates in a timely manner.</p> <p>Any recommendations provided in the audit will be taken onboard in the manner that they were intended and implemented where practical and meaningful.</p> <p>We note that Veritek deem the controls in place to be "moderate" as they allow room for errors. We question exactly what "strong" controls would look like.</p>	September 2021	

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

Code reference

Clause 11.2(2) and 10.6(2)

Code related audit information

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

Audit observation

WEL's data management processes were examined. The registry list file as of 11 July 2022 and the audit compliance reports for the period 1 January 2021 to 30 June 2022 were examined to confirm compliance.

Audit commentary

WEL has a fully automated registry update process, which ensures all information listed in this clause is provided to the registry. This process applies the date of the update as the event date in all cases resulting in the need to perform manual registry updates where the event date occurs in the past. A recommendation around enabling the automated registry update program to enable a user to apply an event date earlier than the update date is described further in **section 4.1**.

A snapshot of the registry information is downloaded daily, and a comparison is made with the WEL's database. Any discrepancies identified are investigated and corrected when found. Evidence of corrections being made as required was shown when examining examples as discussed in **section 4.1**.

Audit outcome

Compliant

2.3. Removal or breakage of seals (Clause 48(1A) and 48(1B) of Schedule 10.7)

Code reference

Clause 48(1A) and 48(1B) of Schedule 10.7

Code related audit information

If the distributor provides a load control signal to a load control switch in the metering installation, the distributor can remove or break a seal without authorisation from the MEP to bridge or unbridge the load control device or load control switch – as long as the load control switch does not control a time block meter channel.

If the distributor removes or breaks a seal in this way it must:

- *ensure personnel are qualified to remove the seal and perform the permitted work and they replace the seal in accordance with the Code*
- *replace the seal with its own seal*
- *have a process for tracing the new seal to the personnel*
- *notify the metering equipment provider and trader*

Audit observation

The WELs process for bridging control devices was examined.

Audit commentary

This clause was implemented alongside a number of changes made to the Code on February 1st 2021.

WEL is also an MEP and a number of field technicians are trained and authorised as metering technicians. Where WEL is also the MEP the field technician is able to replace the seals as MEP. Where WEL is not also the MEP then WEL notifies the relevant MEP to enable this resealing task to be undertaken. I observed examples of the correspondence between WEL and the MEPs for two bridged relays. WEL have no recent examples of where their technicians were involved in the bridging of a meter.

Audit outcome

Compliant

3. CREATION OF ICPS

3.1. Distributors must create ICPS (Clause 11.4)

Code reference

Clause 11.4

Code related audit information

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

Audit observation

The new connection process was examined in detail and is described in **section 3.2**.

A diverse characteristics sample of 31 new connection applications of the 3,515 created since 1 January 2021 were checked from the point of application through to when the ICPS were created. The sample included ICPS with:

- various meter categories (including category 3 and above),
- various proposed traders,
- various price categories,
- with and without distributed generation,
- with and without standard or distributed unmetered load connected (no ICPS with shared unmetered load were created), and
- connected to different NSPs.

Audit commentary

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

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. A diverse characteristics sample of 31 new connection applications of the 3,515 created since 1 January 2021 were checked to determine whether the ICPS had been created within three business days of a request by a trader.

Audit commentary

All requests for new connections are received from the customer's agent and are generally lodged via the online portal. Some are received via email and these are entered into WEL's system. New connection applications are split into two groups:

- standard applications relating to metered single-phase supplies without distributed generation and a requested supply of less than 63 amps; these can be reviewed and approved by the new connections team, and
- non-standard applications relating to all other scenarios; these require review and approval by the Engineering team to ensure the proposed new connection does not impact the network performance and whether any network reconfiguration will be required before this new connection can be undertaken.

Upon receipt of a completed application the portal automatically sends on the application to the nominated trader to accept the nomination. If any applications are not able to be created within three business days due to the application review and approval process still being in progress, then a notification is sent to the applicant advising of the reason for delay. All applications pending are checked on a daily basis to ensure these are attended to in the required timeframe. The sample checked confirmed compliance.

Audit outcome

Compliant

3.3. Provision of ICP Information to the registry manager (Clause 11.7)

Code reference

Clause 11.7

Code related audit information

The distributor must provide information about ICPs on its network in accordance with Schedule 11.1.

Audit observation

A diverse characteristics sample of 30 new connection applications of the 3,515 created since 1 January 2021 were checked from the point of application through to when the ICP was created, to confirm the process and controls worked in practice.

Audit commentary

The process for updating the registry is automated for all fields. 3,515 ICPs were created during the audit period. A sample of 30 new connection applications were reviewed and all had the correct information populated as required by this clause.

Audit outcome

Compliant

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

Code reference

Clause 7(2) of Schedule 11.1

Code related audit information

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

Audit observation

The new connection process was examined. The audit compliance report for the period from 1 January 2021 to 30 June 2022 was examined to determine the timeliness of the provision of ICP information for new connections.

Audit commentary

The WEL system updates occur on a nightly basis. The audit compliance report confirmed that the registry was updated prior to electrical connection for all ICPs connected during the audit period.

Audit outcome

Compliant

3.5. Timeliness of Provision of Initial Electrical Connection Date (Clause 7(2A) of Schedule 11.1)

Code reference

Clause 7(2A) of Schedule 11.1

Code related audit information

The distributor must provide the information specified in subclause (1)(p) to the registry manager no later than 10 business days after the date on which the ICP is initially electrically connected.

Audit observation

The process for populating of the initial electrical connection date was examined. The audit compliance report for the period from 1 January 2021 to 30 June 2022 was checked to determine the timeliness of the provision of ICP information for WEL's new connections.

Audit commentary

WEL's authorised livening agents are all required to notify WEL of ICPs made active.

A daily report is run to confirm that all ICPs made active have an initial electrical connection date recorded and if found to be missing these are investigated to ensure they are updated as soon as possible.

The audit compliance report identified 64 (4.7%) of the 1,373 ICPs connected during the audit period were updated late. Analysis of a sample of ten of the 64 late updates found that:

- one ICP (0000582355WE555) was due to a previously flagged decommissioned ICP being confirmed as still being connected which then resulted in backdated registry updates involving the removal of the network status event (3,2) which then triggered a new network event that included the IECD (initial electrical connection date); the IECD value predates the code requirement for this ICP,
- two related to replacement network events where the initial IECD populated network event was populated on time,
- one ICP related to backdated ownership change of network assets between Transpower and WEL Networks involving backdated ICP creation,
- three related to the IECD information not being provided from authorised livening agent and WEL Networks used the trader active status event date to populate the IECD, and
- three related to corrections to the IECD due to initial incorrect details from the authorised livening agent.

The failure to provide accurate and timely livening information from the authorised livening agent to WEL Networks is an area that can be improved between WEL and their authorised livening agents through additional education and clarifications of a livening agents responsibilities. I recommend that WEL works

with its authorised livening agents to improve the timeliness and quality of the information being transferred between these parties.

Recommendation	Description	Audited party comment	Remedial action
<p>Review process for notification of IECD from livening agents to improve timeliness.</p>	<p>I recommend that WEL works with its authorized livening agents to improve the timeliness and quality of the information being transferred between these parties.</p>	<p>WEL has continually pushed livening agents for weekly livening details to be given to us and we have provided email evidence of multiple requests to this effect.</p> <p>Since the audit we have once again strongly communicated the importance for livening agents to fulfill their obligations. This has led to WEL receiving livening details every Monday morning since. We hope that this will continue and will immediately address if it does not.</p> <p>WEL conducts daily checks for any ICPs that have moved to an Active status on the registry where an IECD is not populated. WEL uses this date as the IECD as the trader must have paperwork from metering agent that site has been livened. This ensures we have a populated IECD in the registry in a timely manner. We check this date against the IECD the livening agent provides us at a later date and question relevant parties where they do not match.</p> <p>WEL feels that the Breach Risk rating given for this area is too high as we believe the controls to be 'strong'. We are doing daily checks but are reliant on 3rd parties' actions. Additionally, it is noted that potential impacts are low and there is no direct impact on reconciliation</p> <p>The investigated sample shows that WEL is not in control in most of the late updates perceived but acted swiftly to get appropriate resolution for anything incorrect or inaccurate.</p>	<p>Identified</p>

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 3.5 With: 7(2A) of Schedule 11.1 From: 01-Jan-21 To: 30-Jun-22	Four ICPs out of a sample of ten ICPs had the initial electrical connection dates updated greater than ten days from the event date. Potential impact: Low Actual impact: Low Audit history: Multiple times Controls: Moderate Breach risk rating: 2		
Audit risk rating	Rationale for audit risk rating		
Low	The audit risk rating is moderate as WELs has good controls in place to monitor outstanding IECD records; however, using a traders active status event as the source of IECD values is not consistent with the need to independently verify the actual network connection date. The audit risk rating is low this has no direct impact on reconciliation.		
Actions taken to resolve the issue		Completion date	Remedial action status
Livening agents strongly reminded of their obligations to provide timely livening details and since audit date this has been occurring regularly. This is another area where we would be keen to know what would constitute 'strong' controls. We cannot think of any further "controls" which would alleviate this issue.		September 2022	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
If we do not get the information requested, we will continue to use the retailer date as the IECD to ensure field is populated. Note that this is also reliant on the retailer updating the ICP status to active in a timely manner to alert us to an update being required. Once the livening agent has supplied details, this inputted date is confirmed, and any discrepancies are followed up. This is no change to what we are currently doing. No distributor is going to be able to prevent these kinds of issues from occurring due to actions or inactions or 3rd parties.		September 2022	

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

Code reference

Clause 11.17

Code related audit information

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

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

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

Audit observation

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

The registry list for 11 July 2022 and event detail report for 1 January 2021 to 30 June 2022 were examined to determine compliance. WEL has not created any new shared unmetered load during the audit period.

Audit commentary

Contractors are engaged by traders, who are also approved by WEL, to conduct connection and electrical connection. The new connections process includes a “trader responsibility” step.

Traders then provide instructions via work requests to liven to a WEL approved livening agent to complete the electrical connection.

For all ICPs examined electrical connection occurred after acceptance by a trader.

As recorded in the previous audit the private lights recorded in the Hamilton City Council RAMM database are no longer being reconciled as part of that DUMML database load. These lights have been provided to WEL and should any be shared by more than one ICP, shared unmetered load will need to be created. This is discussed further in **sections 4.6** and **7.1**.

Audit outcome

Compliant

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

Code reference

Clause 10.31

Code related audit information

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

Audit observation

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

A diverse characteristics sample of 30 new connection applications of 3,515 created since 1 January 2021 were checked to determine if the ICPs were connected at the request of the trader.

The registry list as of 11 July 2022 was reviewed to confirm that all active ICPs had a trader recorded.

Audit commentary

The WEL 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.

Audit outcome

Compliant

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

Code reference

Clause 10.31A

Code related audit information

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

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

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

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

Audit observation

The new connection process was examined in **section 3.2**. The registry list for 11 July 2022 and event detail report for 1 January 2021 to 30 June 2022 were examined to determine compliance.

Audit commentary

WEL confirmed that no temporarily electrical connections occurred ICPs were identified. The WEL process does not permit temporary electrical connection of ICPs.

Audit outcome

Compliant

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

Code reference

Clause 10.30

Code related audit information

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

The distributor that initiates the connection under Part 11 and connects the NSP must, within 5 business days of connecting the NSP that is not a point of connection to the grid, advise the reconciliation manager of the following in the prescribed form:

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

Audit observation

The NSP table was reviewed.

Audit commentary

No new NSPs were created by WEL Networks during the audit period.

Audit outcome

Not applicable

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

Code reference

Clause 10.30A and 10.30B

Code related audit information

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

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

A distributor may only electrically connect an NSP if:

- each distributor connected to the NSP agrees*
- the trader responsible for delivery of submission information has requested the electrical connection*
- the metering installations for the NSP are certified and operational metering*

Audit observation

The NSP table was reviewed.

Audit commentary

No new NSPs were created by Wel Networks during the audit period.

Audit outcome

Not applicable

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

Code reference

Clause 1(1) Schedule 11.1

Code related audit information

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

xxxxxxxxxxxccc where:

xxxxxxxxxx is a numerical sequence provided by the distributor

xx is a code that ensures the ICP is unique (assigned by the Authority to the issuing distributor)

ccc is a checksum generated according to the algorithm provided by the Authority.

Audit observation

The process for the creation of ICPs was examined.

Audit commentary

The process for the creation of ICPs was examined, and all ICPs are created in the appropriate format.

Audit outcome

Compliant

3.12. Loss category (Clause 6 Schedule 11.1)

Code reference

Clause 6 Schedule 11.1

Code related audit information

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

Audit observation

The list file as of 11 July 2022 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.

Audit outcome

Compliant

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

Code reference

Clause 13 Schedule 11.1

Code related audit information

*The ICP status of “New” must be managed by the distributor to indicate:
the associated electrical installations are in the construction phase (Clause 13(a) of Schedule 11.1)
the ICP is not ready for activation (Clause 13(b) of Schedule 11.1).*

Audit observation

The ICP creation process was reviewed. The registry list for 11 July 2022 and event detail report for 1 January 2021 to 30 June 2022 were examined to determine compliance.

Audit commentary

WEL’s new connections process is not designed to use the “new” status. All ICPs are created at the “ready” status. There were no ICPs at the “new” status at the time of the audit.

Audit outcome

Compliant

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

Code reference

Clause 15 Schedule 11.1

Code related audit information

*If an ICP has had the status of “New” or has had the status of “ready” for 24 months or more:
the distributor must ask the trader who intends to trade at the ICP whether the ICP should
continue to have that status (Clause 15(2)(a) of Schedule 11.1)
the distributor must decommission the ICP if the trader advises that the ICP should not continue
to have that status (Clause 15(2)(b) of Schedule 11.1).*

Audit observation

The process to monitor ICPs at “new” and “ready” status was reviewed. The registry list for 11 July 2022 and the audit compliance reports for 1 January 2021 to 30 June 2022 were examined.

Audit commentary

WEL creates all ICPs at “ready” and monitors a report of ICPs at the “ready” status. Any record on this report that is older than approximately six months is investigated with the trader. These are sent every three months to the traders via email.

There are nine ICPs that have been at the “ready” status for more than 24 months. For eight of these ICPs WEL last escalated these to the proposed trader in October/ November 2021. For ICP 0000047706WE3DF, WEL Networks has confirmed this ICP has been livened 6 July 2020 via confirmation from the livening agent and the proposed trader has not claimed this ICP. WEL Network is continuing to engage with the trader to ensure this ICP has a trader assigned and the status made “active”.

WEL Networks does not actively monitor the registry status 1,12 “new connection in progress” as a trader has already claimed the ICP. However, a recent example of a backdated status update to “active” for an ICP by a trader has identified the benefit of WEL incorporating this additional registry status in their monitoring process.

Recommendation	Description	Audited party comment	Remedial action
Include ICPs with registry status 1,12 to the monitoring of “new” and “ready” status process.	I recommend that WEL incorporates active monitoring of registry status 1,12 “new connection in progress” into their regular monitoring and escalation process to traders where these have not been made active within 12/24 months.	WEL will consider this recommendation and see if it can be practically incorporated into existing monitoring and reports.	Identified

Audit outcome

Compliant

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

Code reference

Clause 7(6) Schedule 11.1

Code related audit information

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

The loss category code must be unique; and

The distributor must provide the following to the reconciliation manager:

- *the unique loss category code assigned to the ICP*

- *the ICP identifier of the ICP*
- *the NSP identifier of the NSP to which the ICP is connected*
- *the plant name of the embedded generating station.*

Audit observation

This requirement was discussed and the registry list as of 11 July 2022 was examined to determine compliance.

Audit commentary

The list file identified two ICPs with an embedded generator capacity greater than 10MW. Both ICPs have unique loss category codes in accordance with this clause.

Audit outcome

Compliant

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

Code reference

Clause 10.30C and 10.31C

Code related audit information

A distributor can only disconnect, or electrically disconnect an ICP on its network:

- *if empowered to do so by legislation (including the Code)*
- *under its contract with the trader for that ICP or NSP*
- *under its contract with the consumer for that ICP*

Audit observation

The electrical connection of streetlight circuits which are a point of connection was examined.

Audit commentary

Upon receipt, the new connection application is checked for completeness and accuracy and any issues are followed up with the streetlighting contractor. The new connection application includes the expected livening date.

The authorised livening agent then performs the livening task once the respective retailer has acknowledged and accepted the new connection application for these additional lights.

The livening instruction process for additional DUMML lights is reviewed as part of the respective Reconciliation Participant audits.

Audit outcome

Compliant

4. MAINTENANCE OF REGISTRY INFORMATION

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

Code reference

Clause 8 Schedule 11.1

Code related audit information

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

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

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

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

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

Audit observation

The management of registry updates was reviewed.

The audit compliance reports and event detail report for the period from 1 January 2021 to 30 June 2022 were examined. The management of NSP changes was examined.

Audit commentary

Analysis of the audit compliance and event detail reports found:

Address events

There were 10,366 address updates during the audit period, 10,362 (99.91%) were updated within three business days. Four ICPs were updated later than three days after the event. All four were checked and found to be corrections where either the event date was not updated to the current date of update and therefore, they appear to be backdated, or the original address event was reversed in error and replaced with identical details.

Network events

The network events evaluated excluded those relating to the population of the initial electrical connection dates (discussed in **section 3.5**), NSP changes (discussed below) and the initial network events relating to the creation of ICPs.

The audit compliance report was examined and recorded two late network updates which related to updates to the dedicated NSP flag, these were backdated to correct the effective event dates.

Pricing events

There were 24,238 pricing updates identified, 24,090 (99.39%) were updated within three business days. 51 ICPs were updated later than three days after the event prior to 31 December 2021 and 97 ICPs were updated later than three days after the event post 31 December 2021. A sample of five ICPs with pricing events pre-December 2021 and five ICPs with pricing events post December 2021 were examined and the following was found:

- eight were backdated to the start of the month due to a change in chargeable capacity, and

- two were updated with an incorrect event date due to human error.

Additionally, there were two ICPs (0000029507WEF05 and 0000042702WE5F5) with incorrect loss codes identified when reviewing the registry LIS file and these have now been corrected for the affected period. This is recorded as non-compliance in **sections 2.1** and **4.6**.

Decommissioning Status events

There were 677 status updates to decommissioned identified, 659 (97.34%) were updated within three business days. The remaining 18 ICPs were updated late. A sample of eight ICPs were examined and the following was found;

- six were delayed due to reduced staffing levels over the Christmas period, resulting in delayed reviews of trader status updates to “deenergised - ready for decommission” against confirmed and completed permanent disconnection work instruction,
- one late update was the result of a late notification of the permanent disconnection completion to the respective trader by WEL, and
- one late update was due to delays while a MEP event was being reversed to enable the status event to be correctly applied using the actual event date.

Additionally, four of the eight ICPs did not have the permanent disconnection date applied as the decommission date due to either the trader using the meter removal date as the event date of WEL Networks or to an MEP event blocking the application of the correct event date. I have recorded non compliance for these updates in **section 2.1** as these dates don’t represent the date of the decommissioning event even though the MEP event is technically blocking WEL Networks ability to correctly apply their status event.

Change of NSP

The process of NSP changes was examined. NSP changes are updated to the registry after nine days when it is determined that the change will remain in place for ten or more days. The audit compliance report identified one NSP update that was updated after nine days. This was due human error in applying an incorrect update of NSP that was then subsequently corrected once identified as part of BAU.

Addition of distributed generation

The distributed generation process was examined.

The process requires customers or their agents to submit an application using a form obtained from the WEL website. WEL processes applications and advises of approvals within five days in most cases. Following installation installers are advised to provide WEL Networks with copies of the Certificate of Compliance (CoC), Electrical Safety Certificate (ESC), Record of Inspection (RoI) and WEL Networks' test form. WEL updates their records and the registry once these documents are received. Delays in the provision of these documents result in late updates of WELs records and the registry.

WEL Networks current process is that a distributed generation application is valid for 90 days and these applications are only followed up post 90 days for either outstanding completion paperwork or confirmation that the proposed distributed generation installation has been cancelled or delayed. This 90 day timeframe currently does not support the registry notification timeframe. Given that the distributed generation applications included a proposed installation date, I recommend that WEL initiates follow ups with the installers for completion paperwork from the proposed installation date.

Recommendation	Description	Audited party comment	Remedial action
Review process for monitoring distributed generation applications to improve timeframes for return of completion paperwork.	I recommend that WEL initiates follow ups with the installers for completion paperwork from the proposed installation date rather than the current 90-day application validity period.	WEL has now implemented this recommendation. Our new website application has a requirement for expected installation date. We are tracking this date in our system and initiate tracked email follow ups for the completion certification on the estimated install date if we haven't already received the information.	Cleared

WEL Networks uses the date the completion paperwork was processed as the event date for population of distributed generation attributes on the registry rather than the actual connection date as their automated registry management system currently has no mechanism to manage event dates that are not also the update date. I have recorded this non compliance in **section 2.1 and section 4.6**.

The audit compliance report identified seven ICPs where the distributed generation information was updated later than three business days.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 4.1 With: clause 8 schedule 11.1 From: 01-Jan-21 To: 30-Jun-22	A small number of registry event updates backdated greater than three days. Potential impact: Low Actual impact: Low Audit history: Multiple times Controls: Moderate Breach risk rating: 2		
Audit risk rating	Rationale for audit risk rating		
Low	Controls are rated as moderate as they will mitigate risk most of the time but there is room for errors to occur. The risk rating is low as the volume of ICPs affected are small.		
Actions taken to resolve the issue		Completion date	Remedial action status

<p>In the Distributed Generation area, WEL has now taken steps to improve our registry updates.</p> <p>Firstly we are now chasing up paperwork completion details once the proposed installation date has passed as opposed to the 90 day validity period previously. This is as per recommendation.</p> <p>In the information that comes through to WEL Registry for updating, we are now clearly including the commissioned date. That is the date that is now being updated in the registry. These two things will help improve timeliness and accuracy of registry updates, though we still need to note that the distributor is still reliant on paperwork being returned in a timely manner. We rely on them advising us in a timely manner, but there are no consequences for them if they do not do this.</p> <p>While we have an option to physically disconnect a property, this is not a desirable outcome for any party and would open us up for Health and Safety issues.</p>	September 2022	Identified
Preventative actions taken to ensure no further issues will occur	Completion date	
<p>Distributed Generation recommendation was put in place right away and is seeing some benefits.</p> <p>In all the other areas identified with perceived late updates, WEL feels it is almost impossible to get all updates done as soon as they occur and to be 100% accurate. There is no difference between smaller and larger networks in terms of the amount of updates being done. The rigidity of this audit means one late update and you are marked down, regardless of the reasons. WEL has provided good feedback in this area and others following our previous audit and did not receive any acknowledgement from the EA on our concerns.</p> <p>So while we fully accept that there were late updates, WEL points to the number of updates done, the fact that some must be done later (eg Nominated Capacity changes for TOU sites must occur from 1st of month as cannot be changed mid-month) and examples of us not physically being able to do what is required. We point to the specific audit comment below in regard to decommission dates:</p> <p>I have recorded non-compliance for these updates in section 2.1 as these dates don't represent the date of the decommissioning event even though the MEP event is technically blocking WEL Networks ability to correctly apply their status event.</p>	September 2022	

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

Code reference

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

Code related audit information

Under Clause 7(1)(b) of Schedule 11.1, the distributor must provide to the registry manager the NSP identifier of the NSP to which the ICP is usually connected.

If the distributor cannot identify the NSP that an ICP is connected to, the distributor must nominate the NSP that the distributor thinks is most likely to be connected to the ICP, taking into account the flow of electricity within its network, and the ICP is deemed to be connected to the nominated NSP.

Audit observation

The process to determine the correct NSP was examined. The accuracy of NSP information was checked using the audit compliance reports for the period 1 January 2021 to 30 June 2022.

Audit commentary

The process for allocating new ICPs to the correct transformer, and therefore the correct NSP, was examined and is robust. The transformer for each new connection is determined based on the ICP database and this is checked as part of the ICP creation process manually. The planning team will advise the correct transformer if work on the network is required. GPS co-ordinates are recorded for all new connections. However in some cases the data export out of the GIS system and the subsequent registry population of GPS coordinates fails. This is described further in **section 4.8**.

The audit compliance reports identified 71 ICPs where 10% or fewer ICPs on a street have a different ICP to other ICPs and where the number of ICPs with a different NSP was less than three. All 71 ICPs were checked and 64 were confirmed to have the correct NSP assigned. There were seven ICPs with the incorrect NSP assigned however the correct NSP was part of the same balancing therefore the impact to the reconciliation process was minor.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 4.2 With: Clauses 7(1),(4) and (5) Schedule 11.1 From: 01-Jan-21 To: 30-Jun-22	Seven ICPs with incorrect NSP assignment. Potential impact: Low Actual impact: Low Audit history: Once Controls: Strong Breach risk rating: 1		
Audit risk rating	Rationale for audit risk rating		
Low	The controls are recorded as strong because they mitigate risk to an acceptable level. The impact on settlement and participants is minor as the affected NSPs are within the same balancing area; therefore, the audit risk rating is low.		
Actions taken to resolve the issue		Completion date	Remedial action status

Incorrect information that is populated into our GIS mapping system may flow through to the registry. Since the last audit we added pole numbers for ICPs to lessen the chance of incorrect NSP allocations occurring, but we cannot cater for all potential avenues of errors occurring. We take every care to prevent this	September 2022	Identified
Preventative actions taken to ensure no further issues will occur	Completion date	
Any errors are be corrected as soon as we are made aware of them	September 2022	

4.3. Customer queries about ICP (Clause 11.31)

Code reference

Clause 11.31

Code related audit information

The distributor must advise a customer (or any person authorised by the customer) or embedded generator of the customer or embedded generator's ICP identifier within 3 business days after receiving a request for that information.

Audit observation

The management of customer queries was examined.

Audit commentary

WEL does receive direct requests for ICP identifiers, and these are provided immediately.

Audit outcome

Compliant

4.4. ICP location address (Clause 2 Schedule 11.1)

Code reference

Clause 2 Schedule 11.1

Code related audit information

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

Audit observation

The process to determine correct and unique addresses was examined. The registry list for 11 July 2022 was reviewed to determine compliance.

Audit commentary

WEL's ICP database does not allow duplicate addresses to be created and all new connections have GPS co-ordinates recorded in the GIS system. Analysis of list file found no duplicate addresses. All but 1,667 addresses now have the GPS co-ordinates recorded and all are readily locatable.

Audit outcome

Compliant

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

Code reference

Clause 3 Schedule 11.1

Code related audit information

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

Audit observation

The management of this process was discussed.

Audit commentary

WEL has required that all ICPs created since 7 October 2002 will comply with this clause. WEL's process documentation addresses this issue. There are two existing ICPs that do not meet this requirement, but these were created prior to 7 October 2002 so are exempt from this requirement.

Audit outcome

Compliant

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

Code reference

Clause 7(1) Schedule 11.1

Code related audit information

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

- *the location address of the ICP identifier (Clause 7(1)(a) of Schedule 11.1)*
- *the NSP identifier of the NSP to which the ICP is usually connected (Clause 7(1)(b) of Schedule 11.1)*
- *the installation type code assigned to the ICP (Clause 7(1)(c) of Schedule 11.1)*
- *the reconciliation type code assigned to the ICP (Clause 7(1)(d) of Schedule 11.1)*
- *the loss category code and loss factors for each loss category code assigned to the ICP (Clause 7(1)(e) of Schedule 11.1)*
- *if the ICP connects the distributor's network to an embedded generating station that has a capacity of 10MW or more (Clause 7(1)(f) of Schedule 11.1):*
 - a) *the unique loss category code assigned to the ICP*
 - b) *the ICP identifier of the ICP*
 - c) *the NSP identifier of the NSP to which the ICP is connected*
 - d) *the plant name of the embedded generating station*
- *the price category code assigned to the ICP, which may be a placeholder price category code only if the distributor is unable to assign the actual price category code because the capacity or volume information required to assign the actual price category code cannot be determined before electricity is traded at the ICP (Clause 7(1)(g) of Schedule 11.1)*

- *if the price category code requires a value for the capacity of the ICP, the chargeable capacity of the ICP as follows (Clause 7(1)(h) of Schedule 11.1):*
 - a) *a placeholder chargeable capacity if the distributor is unable to determine the actual chargeable capacity*
 - b) *a blank chargeable capacity if the capacity value can be determined for a billing period from metering information collected for that billing period*
 - c) *if there is more than one capacity value at the ICP, and at least one, but not all, of those capacity values can be determined for a billing period from the metering information collected for that billing period-*
 - (i) no capacity value recorded in the registry field for the chargeable capacity; and*
 - (ii) either the term "POA" or all other capacity values, recorded in the registry field in which the distributor installation details are also recorded*
 - d) *if there is more than one capacity value at the ICP, and none of those capacity values can be determined for a billing period from the metering information collected for that billing period-*
 - (i) the annual capacity value recorded in the registry field for the chargeable capacity; and*
 - (ii) either the term "POA" or all other capacity values, recorded in the registry field in which the distributor installation details are also recorded*
 - e) *the actual chargeable capacity of the ICP in any other case*
- *the distributor installation details for the ICP determined by the price category code assigned to the ICP (if any), which may be placeholder distributor installation details only if the distributor is unable to assign the actual distributor installation details because the capacity or volume information required to assign the actual distributor installation details cannot be determined before electricity is traded at the ICP (Clause 7(1)(i) of Schedule 11.1)*
- *the participant identifier of the first trader who has entered into an arrangement to sell or purchase electricity at the ICP (only if the information is provided by the first trader) (Clause 7(1)(j) of Schedule 11.1)*
- *the status of the ICP (Clause 7(1)(k) of Schedule 11.1)*
- *designation of the ICP as "Dedicated" if the ICP is located in a balancing area that has more than one NSP located within it, and the ICP will be supplied only from the NSP advised under Clause 7(1)(b) of Schedule 11.1, or the ICP is a point of connection between a network and an embedded network (Clause 7(1)(l) of Schedule 11.1)*
- *if unmetered load, other than distributed unmetered load, is associated with the ICP, the type and capacity in kW of unmetered load (Clause 7(1)(m) of Schedule 11.1)*
- *if shared unmetered load is associated with the ICP, a list of the ICP identifiers of the ICPs that are associated with the unmetered load (Clause 7(1)(n) of Schedule 11.1)*
- *if the ICP is capable of generating into the distributors network (Clause 7(1)(o) of Schedule 11.1):*
 - a) *the nameplate capacity of the generator; and*
 - b) *the fuel type*
- *the initial electrical connection date of the ICP (Clause 7(1)(p) of Schedule 11.1).*

Audit observation

The management of registry information was reviewed. I checked all registry fields for obvious discrepancies using the audit compliance report for the period from 1 January 2021 to 30 June 2022.

Audit commentary

All ICP information was checked and confirmed compliant unless discussed below:

Distributed Generation

WEL have a robust approval process before allowing distributed generation to be connected to their network but is reliant on customers following the process. The process requires customers or their agents to submit an application using a form obtained from the WEL website. WEL processes applications and advises of approvals within five days in most cases. Following installation installers are advised to provide WEL Networks with copies of the Certificate of Compliance (CoC), Electrical Safety Certificate (ESC), Record of Inspection (RoI) and WEL Networks' test form. WEL updates their records and the registry once these documents are received.

Examination of the list file found ICPs with generation capacity have continued to grow as detailed in the table below:

Year	ICPs with distributed generation
2017	698
2019	1,102
2020	1,354
2022	1,887

All had fuel type recorded and the correct installation type of B.

The audit compliance report identified 64 ICPs where the trader's profile indicates that distributed generation is present, but WEL has none recorded. A sample of ten ICPs were reviewed and they all were found to have an application received and approved by WEL Network. Seven have subsequently been updated on the registry to include the distributed generation attributes as part of BAU activities and three are still awaiting completion paperwork from the installers.

WEL Networks also uses the date the completion paperwork was processed as the event date for population of distributed generation attributes on the registry rather than the actual connection date as their automated registry management system currently has no mechanism to manage event dates that are not also the update date.

Initial Electrical Connection Date

WEL run a weekly report that identifies anomalies between the distributor, trader and MEP data. Where anomalies are identified, confirmation is sought from the living agents to ensure the correct data is supplied.

The audit compliance report confirmed that all ICPs made active after 29 August 2013 had an initial electrical connection date populated.

The audit compliance report identified discrepancies between the initial electrical connection date and trader active date or metering certification date for 22 ICPs. A sample of 12 ICPs were reviewed, and the following was found:

- ten ICPs where the WELs agents have confirmed that the initial electrical connection date is correct, and
- two ICPs where the incorrect initial electrical connection date was recorded by WEL due to human error by the living agent, I have recorded non-compliance for these ICPs.

The audit compliance reports identified seven ICPs at the status of 1,12 "new connection in progress" that have an initial electrical connection date populated. Four ICPs have since been updated to "active" by the retailer as part of BAU. Two are still sitting at 'Inactive – new connection in progress' and one ICP was

decommissioned as set up in error where it was confirmed that two new connection applications were submitted for the same property with slightly different addresses.

The timeliness of provision of information on initial electrical connection date is discussed in **section 3.5**.

Loss Codes

The loss code assignment occurs as part of the allocation of distribution network price category code which also used to be unique for each embedded network, making it simple to also validate that the correct loss code had been assigned. WEL have now rationalised their price category codes across all their network areas reducing the effectiveness of the loss code to price category code check.

There were two ICPs (0000029507WEF05, 0000042702WE5F5) with incorrect loss codes identified when reviewing the registry LIS file and these have now been corrected for the affected period.

Unmetered Load

WEL does not encourage new unmetered loads on their network. They have a well-documented policy and process for the ongoing management and notification of altered unmetered load connections. There were seven new unmetered load ICPs added during the audit period, all were installations containing communications equipment. The unmetered load details were correctly populated for these ICPs.

WEL uses the recommended format for updating the registry where possible with 335 of the 344 ICPs recorded in the recommended format. I compared the daily kWh figures based on WEL's data to the traders' daily unmetered kWh figures and found that 316 (91.8%) of 344 ICPs matched. 16 of the 28 ICPs with a load difference are DUML ICPs and the unmetered load is derived from a database. The remaining 12 ICPs were checked and found:

- two ICPs require further investigation to determine what the correct load is (ICPs 0000011088WECB8 and 0002622001WE87A),
- two ICPs where the WEL connected load value is incorrectly recorded as it is representing the individual kWh per light rather than the total watts of all of the lights connected (ICPs 0000011092WE484 and 0000011094WE50B), and
- six ICP where the WEL load and operational hours are correct and the trader's values have been incorrectly provided.

I have recorded non-compliance for the two ICPs where WEL has recorded the incorrect connected load value.

I also reviewed the operational hours used by both the trader and the distributor to determine whether the provided values were reasonable for the load types provided in the respective UNM details field on the registry and I identified the following:

- 14 pay phones with operation hours of 12 hours rather than 24 hours,
- 47 communications cabinets with operation hours of 12 hours rather than 24 hours where the available information does not confirm whether these cabinets are operating with a battery / battery charger set up (therefore 12 hours of operation is appropriate) or connected solely to mains power (therefore 24 hours of operation would be expected), and
- 84 smart spot carpark sensors where the provided literature and consumption test reports do not align with the load details provided on the registry and do not correctly reflect the inclusion of a battery charger as part of each connection.

I recommend that WEL work with the traders to determine the correct values for the two ICPs with discrepancies and the 131 ICPs where the operation hours / load details appear inconsistent with the type of unmetered load present.

Recommendation	Description	Audited party comment	Remedial action
Develop process to verify and validate unmetered load operational hours and connected load values.	Work with the traders to determine the correct values for the ICPs with discrepancies.	WEL accepts this recommendation and will be starting on this.	Identified

DUML and shared unmetered load

DUML audits for streetlight databases on the WEL Network were reviewed to determine whether there were any issues relating to distributor unmetered load records:

Database	Comment
Waikato DC	Recommendation made to review the new connection process as lights are being electrically connected before these are vested to council resulting in consumption not being reconciled for the intervening period.
Hamilton CC	Recommendation made to review the new connection process as lights are being electrically connected before these are vested to council resulting in consumption not being reconciled for the intervening period.
Waka Kotahi Waikato	ICP accuracy was queried in this report as no load was DUML recorded against NSPs HAM0111. Investigation required to confirm the correct ICP is applied to the items of load.
Auckland Transport	Streetlight load for the STG0111 EN is being reconciled to Vector instead of WEL Networks resulting an estimated 20,586.22 kWh per annum. This has been incorrect since the network was lived in 2008.
Waipa DC	Connection of new streetlights indicates that the date these are added to the Waipa DC DUML database is different to the electrical connection date.

The existing new connection process for additional DUML lights does not ensure that these additional lights are being included in the calculation of connected load in a timely manner. I recommend that WEL works with both the respective DUML owners and their traders to develop and implement a DUML new connection process to ensure this additional load is captured and included in the settlement process in a timely manner.

Recommendation	Description	Audited party comment	Remedial action
Review the DUML new connection process to ensure that once they are electrically connected, they can be accounted for in the settlement process.	I recommend that WEL works with both the respective DUML owners and their traders to develop and implement a DUML new connection process to ensure this additional load is captured and included in the settlement process in a timely manner.	WEL will look at this recommendation and investigate what practical measures we can take in this area.	Identified

The recent Waka Kotahi Waikato audit identified potential mismatches of load to NSPs, and it also highlighted gaps on the process in transferring lights between Waka Kotahi and the local councils as

portions of State Highways are retired, and the responsibility for these roads are transferred back to the councils including responsibility for the streetlights. I recommend that WEL Networks works with the relevant traders and DUML owners to ensure all lights are being accounted for and these lights are being correctly assigned to the respective NSP.

Recommendation	Description	Audited party comment	Remedial action
Completeness and accuracy of DUML load.	I recommend that WEL Networks works with the relevant traders and DUML owners to ensure all lights are being accounted for and these lights are being correctly assigned to the relevant NSP.	WEL will take this recommendation and talk to the relevant traders to ensure lights are on correct NSPs.	Identified

In 2017 WEL were provided with a list of private lights recorded in the Hamilton City Council RAMM database that are no longer being reconciled as part of that DUML database load. A recent check of the DUML database confirmed that 40 private lights have yet to be addressed. An assessment of the volume impact was undertaken and determined that 17,193 kWh per annum has not been included in the settlement process.

I have recorded non-compliance for these lights as they are not recorded by WEL as unmetered load and repeat the recommendation that these be investigated to determine if they should be standard unmetered load, shared unmetered load or disconnected if the customer does not want to pay for the lights.

Recommendation	Description	Audited party comment	Remedial action
Distributor to provide ICP information to the registry.	Investigate the remaining 40 private lights identified from the Hamilton City Council RAMM database to determine how these lights will be reconciled.	<p>WEL accepts that this is an area that needs attention to it. We did start after the previous audit as indicated by the few we did progress, however we ran into challenges with councils and traders (and by extension private end users), this slowed down and was not picked up again once covid restrictions were loosened and we had more direct access to parties.</p> <p>We have started to pick this up again, though WEL would like to note that disconnecting lights if the customer does not want to pay for them as noted in the audit is not quite as simple as that. While it is an option, it also opens us up to safety concerns in creating dark areas.</p> <p>WEL would like to note our disagreement with the audit risk rating of medium. It is noted that this is the level due to the volume impact to the settlement process, however under 18,000 kWh is almost inconsequential to the settlement process.</p>	Investigating

Audit outcome

Non-compliant

Non-compliance	Description		
<p>Audit Ref: 4.6</p> <p>With: Clause 7(1) Schedule 11.1</p> <p>From: 01-Jan-21 To: 30-Jun-22</p>	<p>Distributed generation details missing.</p> <p>Distributed generation event dates not reflective of connection date.</p> <p>Two ICPs with an incorrect initial electrical connection date populated.</p> <p>Two ICPs with unmetered load discrepancies.</p> <p>Two ICPs with incorrect loss codes.</p> <p>14 unmetered pay phones with incorrect hours of operation recorded with an annual load impact of 710 kWh of under submission if the distributor's load description was applied.</p> <p>Unmetered load (Shared or Standard) ICPs not created to record the load for 40 private lights resulting in an estimated under submission of 17,193 kWh per annum.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: Multiple</p> <p>Controls: Moderate</p> <p>Breach risk rating: 4</p>		
Audit risk rating	Rationale for audit risk rating		
Medium	<p>Controls are rated as moderate as they will mitigate risk most of the time but there is room for errors to occur.</p> <p>The risk rating is medium due to the volume impact to the settlement process.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
Recommendations taken on board and work has recommenced on unmetered private streetlighting area to determine who is responsible and appropriately bill.		September 2022	Investigating
Preventative actions taken to ensure no further issues will occur		Completion date	
Once cleared we will look at current processes to ensure they are fit for purpose, though as we are strongly opposed to any new unmetered load, we feel we will not consciously add to the current issue.		Ongoing	

4.7. Provision of information to registry after the trading of electricity at the ICP commences (Clause 7(3) Schedule 11.1)

Code reference

Clause 7(3) Schedule 11.1

Code related audit information

The distributor must provide the following information to the registry manager no later than 10 business days after the trading of electricity at the ICP commences:

- *the actual price category code assigned to the ICP (Clause 7(3)(a) of Schedule 11.1)*
- *the actual chargeable capacity of the ICP determined by the price category code assigned to the ICP (if any) (Clause 7(3)(b) of Schedule 11.1)*
- *the actual distributor installation details of the ICP determined by the price category code assigned to the ICP (if any) (Clause 7(3)(c) of Schedule 11.1).*

Audit observation

The management of registry information was reviewed. The audit compliance report for the period 1 January 2021 to 30 June 2022 was checked to determine if any price codes were assigned later than ten business days after trading commenced.

Audit commentary

There were no ICPs with price changes backdated more than ten business days.

Audit outcome

Compliant

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

Code reference

Clause 7(8) and (9) Schedule 11.1

Code related audit information

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

Audit observation

The registry list as of 11 July 2022 was reviewed to determine compliance. WEL Network have populated GPS co-ordinates against all but 743 of their active ICPs created during the audit period. I checked that the GPS coordinates used meet the NZTM2000 standard.

Audit commentary

WEL have used the NZTM2000 standard to record the GPS co-ordinates. This was confirmed by looking at the format of the GPS co-ordinates used.

Audit outcome

Compliant

4.9. Management of “ready” status (Clause 14 Schedule 11.1)

Code reference

Clause 14 Schedule 11.1

Code related audit information

The ICP status of “Ready” must be managed by the distributor and indicates that:

- *the associated electrical installations are ready for connecting to the electricity supply (Clause 14(1)(a) of Schedule 11.1); or*
- *the ICP is ready for activation by a trader (Clause 14(1)(b) of Schedule 11.1)*

Before an ICP is given the "Ready" status in accordance with Clause 14(1) of Schedule 11.1, the distributor must:

- *identify the trader that has taken responsibility for the ICP (Clause 14(2)(a) of Schedule 11.1)*
- *ensure the ICP has a single price category (Clause 14(2)(b) of Schedule 11.1).*

Audit observation

WEL's current process is to create all ICPs at the "ready" status.

The registry list showed 76 ICPs currently at "ready" status, nine of which have been at "ready" status for more than two years.

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

Audit commentary

As noted in **section 3.2**, ICP requests come directly from customers or their agents and are generally lodged via the online portal. Some are received via email and these are entered into WEL's system. Upon receipt of a completed application the portal automatically sends on the application to the nominated trader to accept the nomination.

The price category field in WEL's ICP database contains a "drop down" list, which ensures each ICP can only have a single price category. Examination of the list file confirmed that all ICPs at "ready" status had a single price category assigned and proposed trader identified.

Audit outcome

Compliant

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

Code reference

Clause 16 Schedule 11.1

Code related audit information

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

Audit observation

Processes to manage the "distributor" status were reviewed.

The registry list and event detail report for 1 January 2021 to 30 June 2022 were reviewed to identify ICPs at the "distributor" status and check compliance.

Audit commentary

WEL has 19 ICPs that have an ICP status of "distributor." 17 of these are points of connection between embedded networks and the WEL network. The remaining two ICPs are parent ICPs for shared unmetered load. The process for creating these ICPs was compliant.

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 for 1 January 2021 to 30 June 2022 were examined in relation to the use of the “decommissioned” status.

Audit commentary

ICP decommissioning is managed by WEL and the process is documented. Retailers notify WEL when ICPs are “ready for decommissioning” but they do not change the registry to this status until advised by WEL that the fieldwork has been completed. WEL manages the fieldwork to ensure the electrical installations are physically removed and advise the retailer when this work has been completed. The retailer then updates the registry to the status “ready for decommissioning” and backdate the effective date to the actual date of the decommission. If the retailer incorrectly updates the “ready for decommissioning” date WEL advises them to correct the date to ensure that they are able to correctly populate the decommissioning date. I checked a sample of eight decommissioned ICPs and confirmed that the decommissioning dates were correctly recorded for four and incorrectly recorded for four ICPs due to a MEP event blocking WEL Networks ability to apply the correct event date.

The timeliness of these updates is discussed in **section 4.1**.

WEL’s list file shows that there were no ICPs at “ready for decommissioning” status at the time of the audit analysis.

Audit outcome

Non-compliant

Non-compliance	Description
Audit Ref: 4.11 With: Clause 20 Schedule 11.1 From: 01-Jan-21 To: 30-Jun-22	Decommission event dates incorrect for four ICPs (0076162158WE6E3, 0000473641WEB7, 0000690634WE4F0 and 0079162425WE516). Potential impact: Low Actual impact: Low Audit history: Multiple Controls: Moderate Breach risk rating: 2
Audit risk rating	Rationale for audit risk rating

Low	<p>Controls are rated as moderate as they will mitigate risk most of the time but there is room for errors to occur.</p> <p>The risk rating is low as the errors found have no direct impact on reconciliation.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
We will continue our current processes and checks as they are robust.		September 2022	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
<p>We will continue our current processes and checks as they are robust.</p> <p>As noted, and marked in previous sections of this audit, unless the EA Registry has changes made to it, we will continue to have incorrect dates inputted into the registry through no fault of our own.</p> <p>As noted, dates incorrectly recorded for four ICPs were due to MEP events blocking WEL Networks ability to apply the correct event dates. The rigidity of this audit means we get breach risk rating points for issues which are outside of our control.</p>		September 2022	

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

WEL keeps the price category table up to date and has not created any new price category codes since 1 April 2018.

Audit outcome

Compliant

5. CREATION AND MAINTENANCE OF LOSS FACTORS

5.1. Updating table of loss category codes (Clause 21 Schedule 11.1)

Code reference

Clause 21 Schedule 11.1

Code related audit information

The distributor must keep the registry up to date with the loss category codes that may be assigned to ICPs on the distributor's network.

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

A loss category code takes effect on the specified date.

Audit observation

The loss category code table on the registry was examined.

Audit commentary

No new loss category codes have been created during the audit period.

Audit outcome

Compliant

5.2. Updating loss factors (Clause 22 Schedule 11.1)

Code reference

Clause 22 Schedule 11.1

Code related audit information

Each loss category code must have a maximum of two loss factors per calendar month. Each loss factor must cover a range of trading periods within that month so that all trading periods have a single applicable loss factor.

If the distributor wishes to replace an existing loss factor on the table in the registry, the distributor must enter the replaced loss factor on the table in the registry.

Audit observation

The loss category code table on the registry was examined.

Audit commentary

No loss factors have been updated during the audit period.

Audit outcome

Compliant

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

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

Code reference

Clause 11.8 and Clause 25 Schedule 11.1

Code related audit information

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

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

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

The notice provided to the reconciliation manager must be provided no later than 30 days prior to the intended date of creation or decommissioning.

If the intended date of creation or decommissioning changes the distributor must provide an updated notice as soon as possible.

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

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

Audit observation

The NSP table was examined.

Audit commentary

WEL Network has not created or decommissioned any NSPs during the audit period; compliance was not assessed

Audit outcome

Compliant

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

Code reference

Clause 26(1) and (2) Schedule 11.1

Code related audit information

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

The request must be made at least 10 business days before the NSP is electrically connected, in respect of an NSP that is an interconnection point between 2 local networks. In all other cases, the request must be made at least one month before the NSP is electrically connected or the ICP is transferred.

Audit observation

The NSP table was examined.

Audit commentary

No NSPs have been created or decommissioned during the audit period

Audit outcome

Compliant

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

Code reference

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

Code related audit information

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

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

Audit observation

The NSP table was reviewed.

Audit commentary

No balancing area changes have occurred during the audit period; compliance was not assessed.

Audit outcome

Compliant

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

Code reference

Clause 26(4) Schedule 11.1

Code related audit information

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

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

Audit observation

The NSP table was reviewed.

Audit commentary

WEL has not created any new embedded networks during the audit period.

Audit outcome

Compliant

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

Code reference

Clause 24(2) and (3) Schedule 11.1

Code related audit information

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

Audit observation

The NSP table was reviewed.

Audit commentary

No balancing area changes have occurred during the audit period for WEL's NSPs, compliance was not assessed.

Audit outcome

Compliant

6.6. Notice when an ICP becomes an NSP (Clause 27 Schedule 11.1)

Code reference

Clause 27 Schedule 11.1

Code related audit information

If a transfer of an ICP results in an ICP becoming an NSP at which an embedded network connects to a network, or in an ICP becoming an NSP that is an interconnection point, in respect of the distributor's network, the distributor must give written notice to any trader trading at the ICP of the transfer at least 1 month before the transfer.

Audit observation

The NSP table was reviewed.

Audit commentary

No existing ICPs became NSPs during the audit period.

Audit outcome

Compliant

6.7. Notification of transfer of ICPs (Clause 1 to 4 Schedule 11.2)

Code reference

Clause 1 to 4 Schedule 11.2

Code related audit information

If the distributor wishes to transfer an ICP, the distributor must give written notice to the Authority in the prescribed form, no later than 3 business days before the transfer takes effect.

Audit observation

The NSP table was reviewed.

Audit commentary

WEL has not initiated the transfer of any ICPs during the audit period.

Audit outcome

Compliant

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

Code reference

Clause 10.25(1) and 10.25(3)

Code related audit information

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

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

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

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

Audit observation

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	Network Type	Description	MEP	Certification Expiry
WAIK	BRI0111	EN	BRICK STREET	AMCI	17 March 2027
WAIK	FLG0111	EN	FLAGSHIP	AMCI	7 February 2023
WAIK	HMB0111	EN	HALF MOON BAY	AMCI	20 December 2022
WAIK	HUL0111	EN	HULME PLACE	AMCI	13 September 2025
WAIK	JEF0111	EN	JEFFS ROAD	AMCI	10 February 2025
WAIK	KIR0111	EN	KIRKDALE	AMCI	16 August 2026
WAIK	MTG0111	NP	MANGATANGI	COUP	16 April 2028
WAIK	OAK0111	EN	OAKLANDS	AMCI	29 September 2026
WAIK	POR0111	EN	Porchester Road	AMCI	14 May 2024
WAIK	RYN0111	EN	RYAN PLACE	AMCI	27 April 2026
WAIK	STG0111	EN	SOUTHGATE	AMCI	1 May 2027
WAIK	TPH0111	NP	Te Pahu	AMCI	2 November 2029

Certification expiry dates were updated from 17 October 2021 to 18 August 2026 for KIR0111WAIKEN during the audit period. I observed that the latest certification date was 18 August 2021 and the NSP table was updated by WEL Networks on 24 November 2021 some 72 days later and well outside the 20 business days as specified by the code.

Audit outcome

Non-compliant

Non-compliance	Description
<p>Audit Ref: 6.8</p> <p>With: Clause 10.25(1) and 10.25(3)</p> <p>From: 18-Jun-21</p> <p>To: 24-Nov-21</p>	<p>Certification for NSP KIR0111 not notified to RM within 20 business days of recertification.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: Multiple</p> <p>Controls: Moderate</p> <p>Breach risk rating: 2</p>

Audit risk rating	Rationale for audit risk rating		
Low	Controls are rated as moderate for the updating of GXPs meter recertifications. The audit risk rating is low as the meters were certified at all times and there was no impact on reconciliation.		
Actions taken to resolve the issue		Completion date	Remedial action status
WEL will continue to take care to ensure timely updating where we can.		September 2022	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
WEL will continue to take care to ensure timely updating where we can.		September 2022	

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 the reconciliation participant for the NSP (Clause 10.25(2)(b)); and*
- *no later than 5 business days after the date of certification of each metering installation, advise the reconciliation manager of*
 - a) the MEP for the NSP (Clause 10.25(2)(c)(i)); and*
 - b) the NSP of the certification expiry date (Clause 10.25(2)(c)(ii)).*

Audit observation

The NSP supply point table was reviewed.

Audit commentary

No new NSPs were created by WEL during the audit period.

Audit outcome

Compliant

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

Code reference

Clause 29 Schedule 11.1

Code related audit information

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

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

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

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

Audit observation

The NSP supply point table was reviewed.

Audit commentary

WEL have not initiated any changes of network owner.

Audit outcome

Compliant

6.11. Change of MEP for embedded network gate meter (Clause 10.22(1)(b))

Code reference

Clause 10.22(1)(b)

Code related audit information

If the MEP for an ICP which is also an NSP changes the participant responsible for the provision of the metering installation under Clause 10.25, the participant must advise the reconciliation manager and the gaining MEP.

Audit observation

The NSP supply point table was examined.

Audit commentary

WEL has not changed the MEP for any embedded network gate meters for which they are responsible for during the audit period.

Audit outcome

Compliant

6.12. Confirmation of consent for transfer of ICPs (Clauses 5 and 8 Schedule 11.2)

Code reference

Clauses 5 and 8 Schedule 11.2

Code related audit information

The distributor must give the Authority confirmation that it has received written consent to the proposed transfer from:

- the distributor whose network is associated with the NSP to which the ICP is recorded as being connected immediately before the notification (unless the notification relates to the creation of an embedded network) (Clause 5(a) of Schedule 11.2)

- every trader trading at an ICP being supplied from the NSP to which the notification relates (Clause 5(b) of Schedule 11.2).

The notification must include any information requested by the Authority (Clause 8 of Schedule 11.2).

Audit observation

The NSP supply point table was reviewed.

Audit commentary

WEL has not initiated the transfer of any ICPs during the audit period.

Audit outcome

Compliant

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

Code reference

Clause 6 Schedule 11.2

Code related audit information

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

Audit observation

The NSP supply point table was reviewed.

Audit commentary

WEL has not initiated the transfer of any ICPs during the audit period.

Audit outcome

Compliant

7. MAINTENANCE OF SHARED UNMETERED LOAD

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

Code reference

Clause 11.14(2) and (4)

Code related audit information

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

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

Audit observation

The registry list for 1 January 2021 to 30 June 2022 was reviewed to identify any ICPs with shared unmetered load connected. The streetlight audits of the network were assessed. Written notice was provided to all parties as required by this clause for the current shared UML ICPs.

Audit commentary

WEL has two shared unmetered load “distributor only” ICPs.

In 2017 WEL were provided with a list of private lights recorded in the Hamilton City Council RAMM database that are no longer being reconciled as part of that DUML database load. A recent check of the DUML database confirmed that 40 private lights have yet to be addressed. An assessment of the volume impact was undertaken and determined that 17,193 kWh per annum has not been included in the settlement process. In **section 4.6**, I have recorded non-compliance for these lights as they are not recorded by WEL as unmetered load and have repeated the recommendation that these be investigated to determine if they should be standard unmetered load, shared unmetered load or disconnected if the customer does not want to pay for the lights.

Audit outcome

Non-compliant

Non-compliance	Description
Audit Ref: 7.1 With: 11.14(2) and (4) From: 01-Jan-21 To: 30-Jun-22	Written notice not provided to affected parties for 40 private lights identified. Potential impact: Medium Actual impact: Medium Audit history: Multiple Controls: Moderate Breach risk rating: 4
Audit risk rating	Rationale for audit risk rating
Medium	Controls are rated as moderate for the management of unmetered load but these lights need to be resolved. The audit risk rating is medium as the volume of non submitted energy due to the non-creation of shared UML ICPs is assessed at 17,193 kWh per annum.

Actions taken to resolve the issue	Completion date	Remedial action status
Recommendations noted and comments made in previous audit sections.	September 2022	Identified
Preventative actions taken to ensure no further issues will occur	Completion date	
Recommendations noted and comments made in previous audit sections.	September 2022	

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

Code reference

Clause 11.14(5)

Code related audit information

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

Audit observation

The registry list for 1 January 2021 to 30 June 2022 was reviewed to identify any ICPs with shared unmetered load connected.

Audit commentary

There have been no changes to the capacity of shared unmetered load ICPs during the audit period. I checked and confirmed that all ICPs had the correct load and this load matched to the retailers recorded load.

Audit outcome

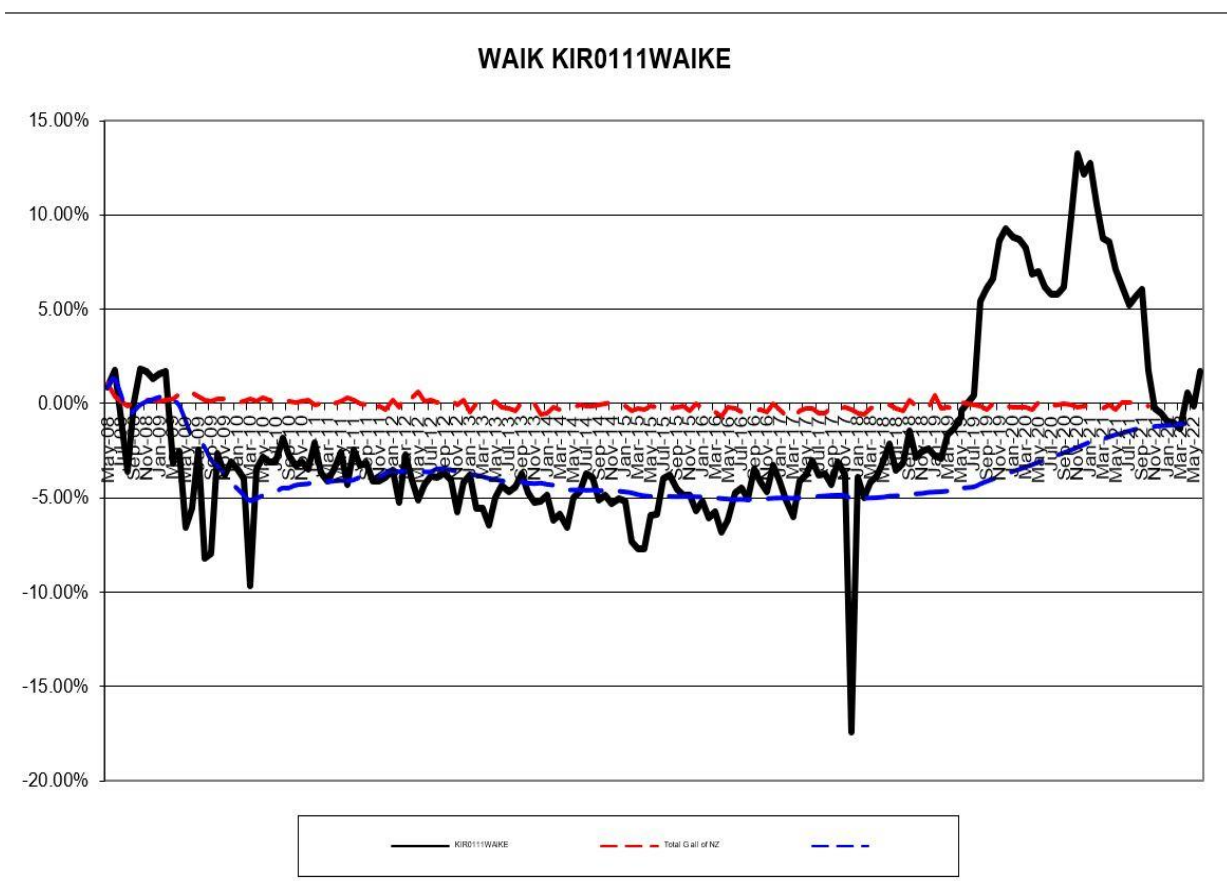
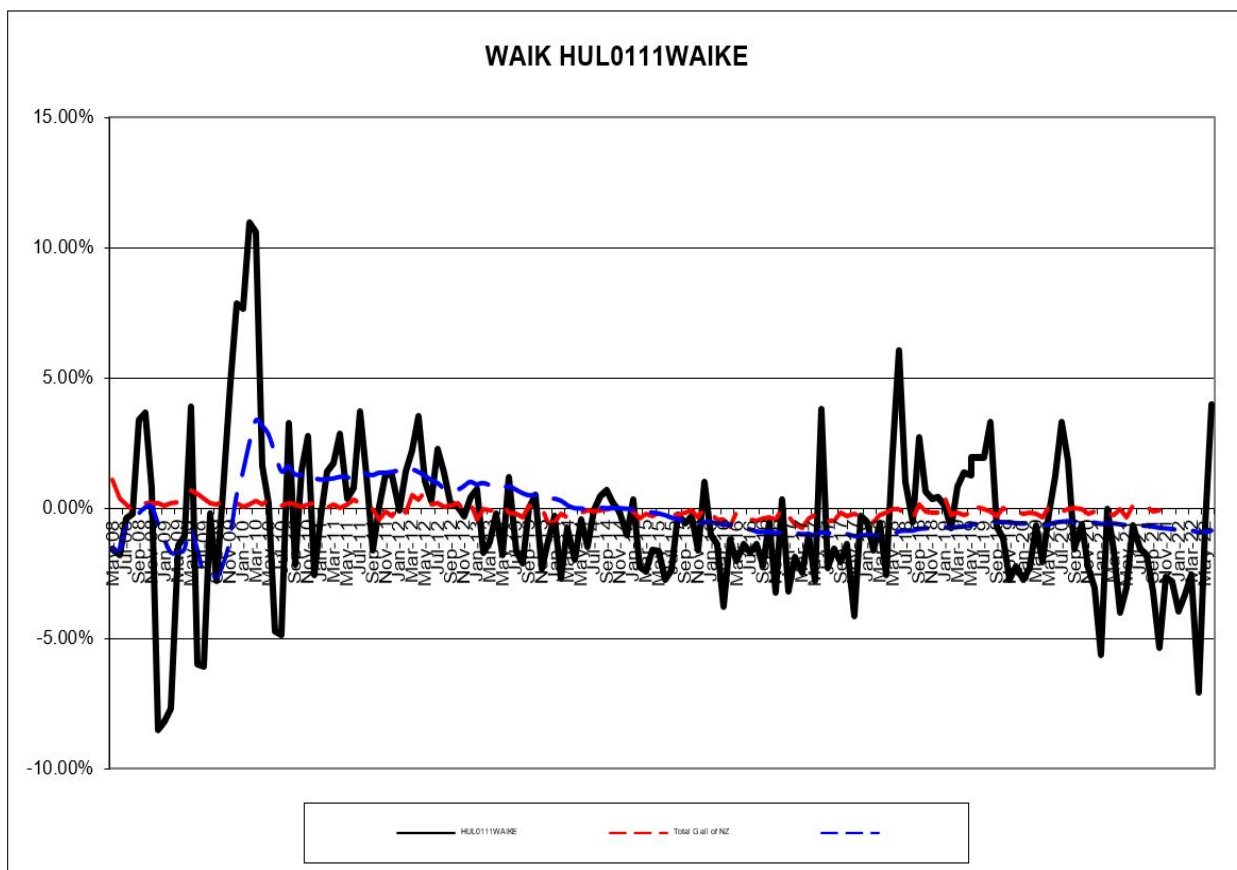
Compliant

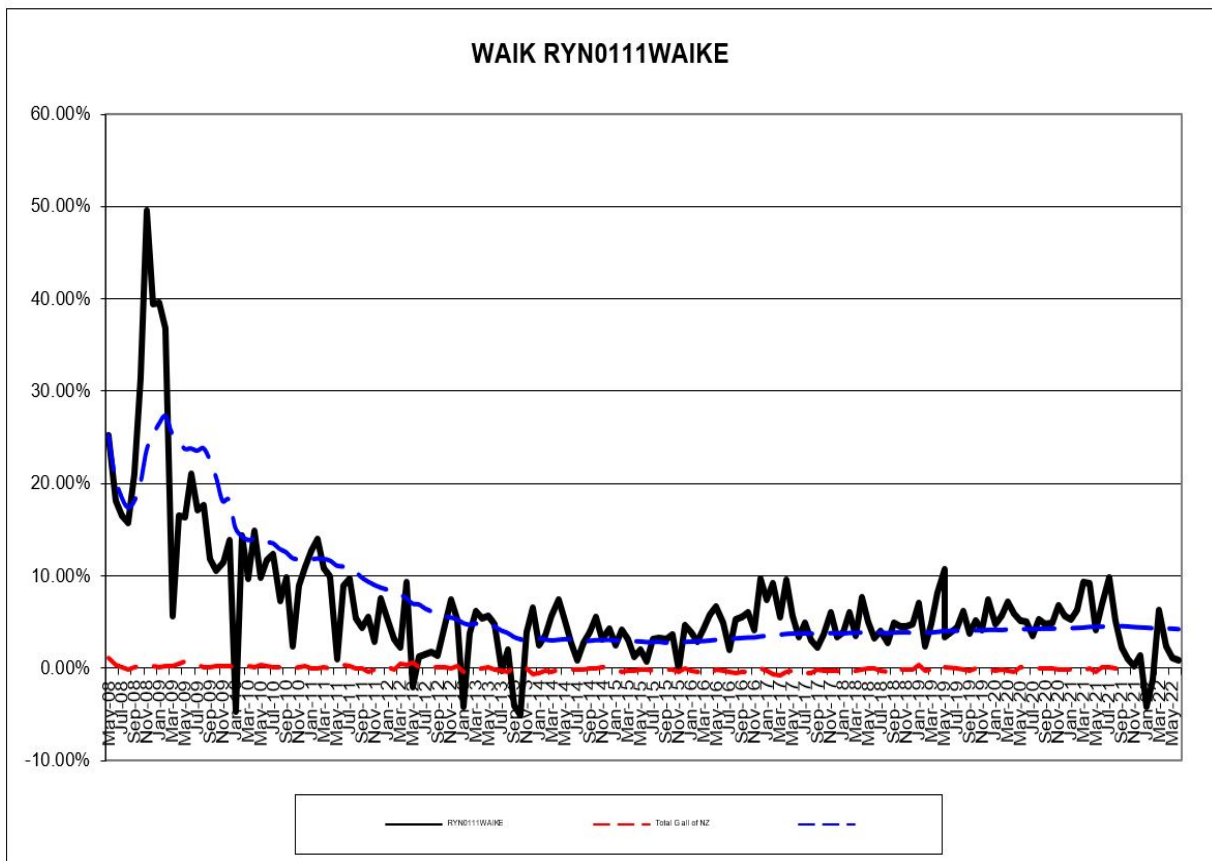
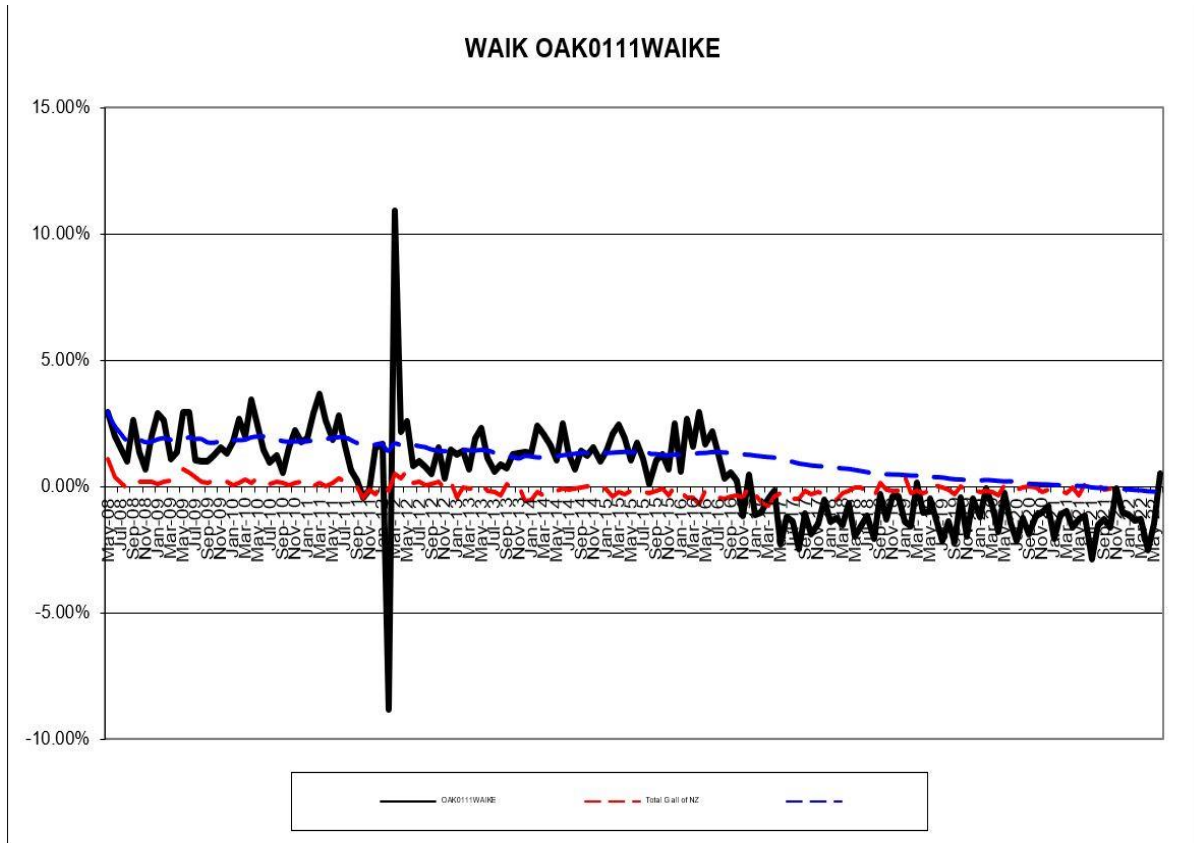
WEL Network also operates a number of embedded networks and the loss factor methodology applied for these networks is to ensure the overall loss factor is reflective of the parent network low voltage loss factor. While this approach means there is no change in the overall loss factor applied for the ICPs transitioned between parent and embedded networks, it does not ensure that UFE is being actively monitored for these embedded networks and sits within +/- 1%. I recommend that WEL implements a process to actively monitor UFE trends on all their networks using the files provided by the Reconciliation Manager.

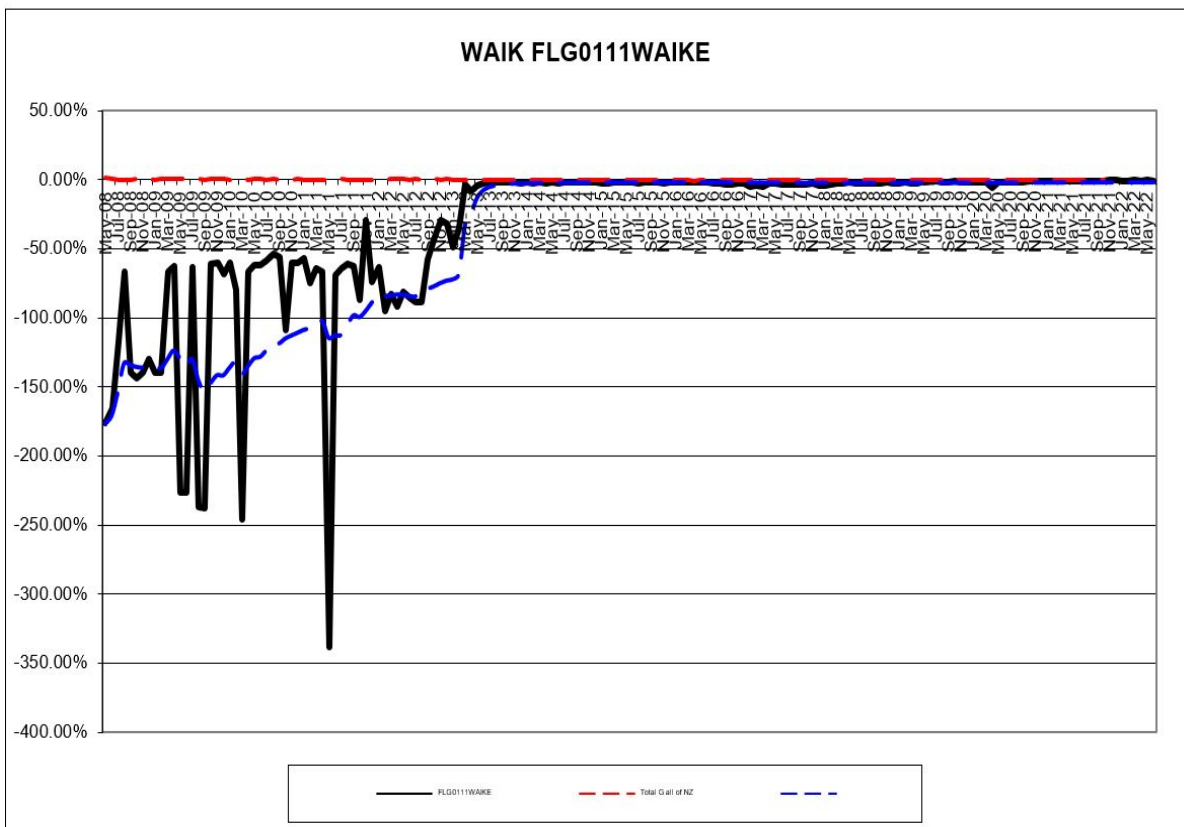
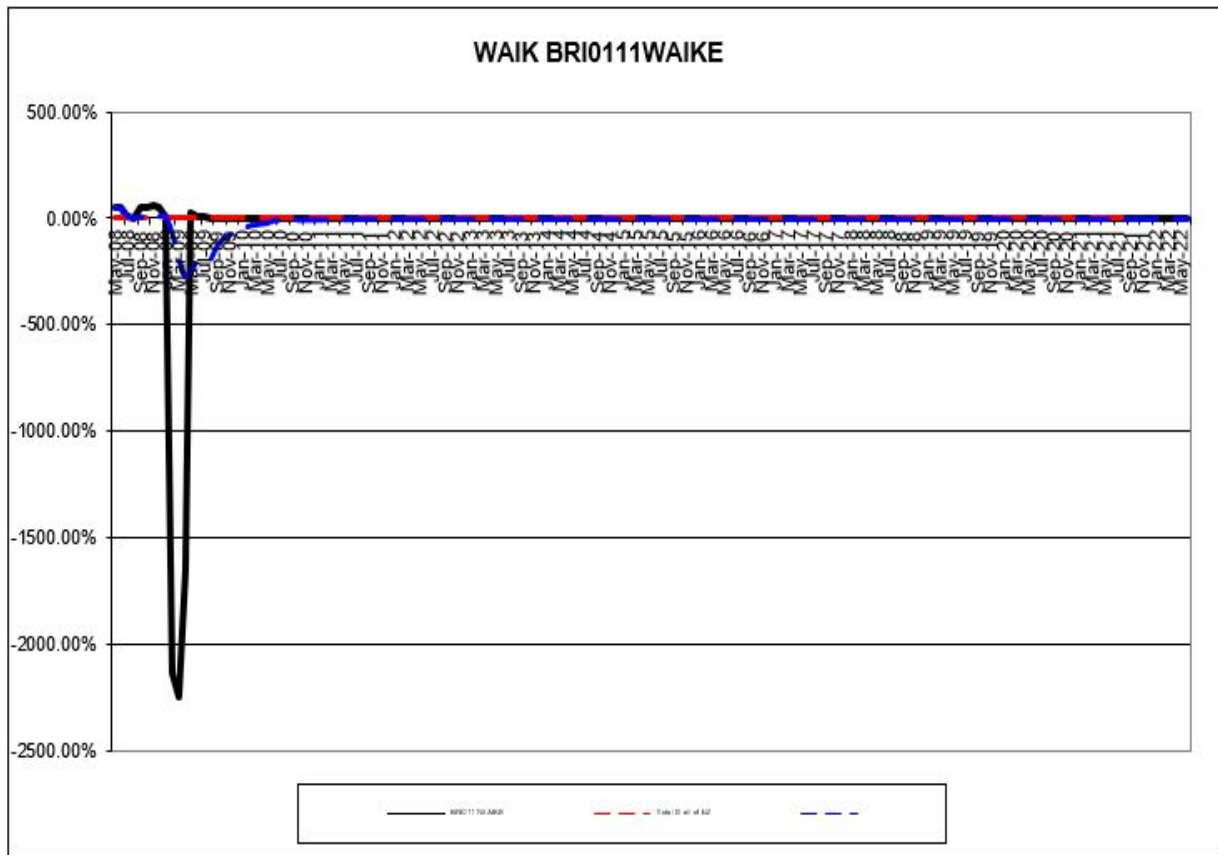
Recommendation	Description	Audited party comment	Remedial action
Implement process to monitor UFE reports provided by the RM each month	I recommend that WEL implements a process to actively monitor UFE trends on all their networks using the files provided by the Reconciliation Manager each month and escalate any unusual UFE results with traders to ensure submission volumes are sufficiently accurate for when loss factors are reviewed/revised.	Recommendation has been passed to the relevant parties within WEL who will take into consideration.	Identified

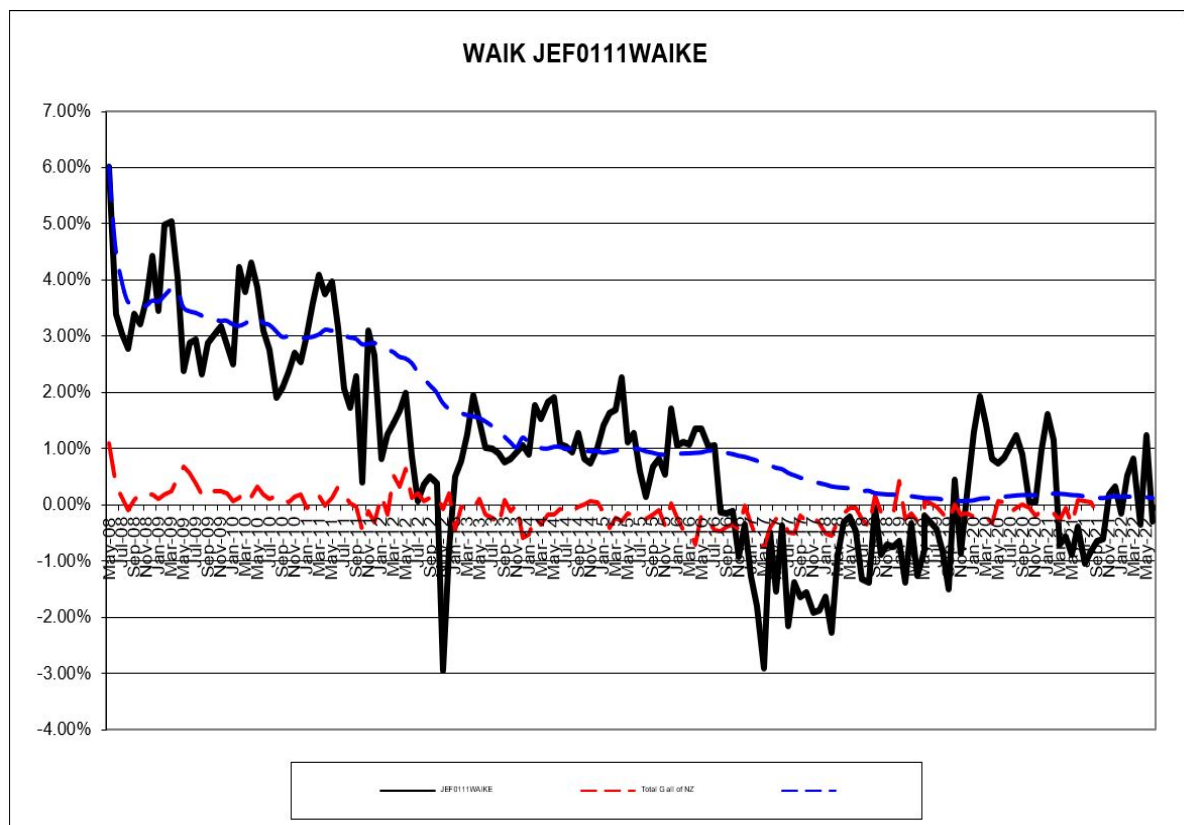
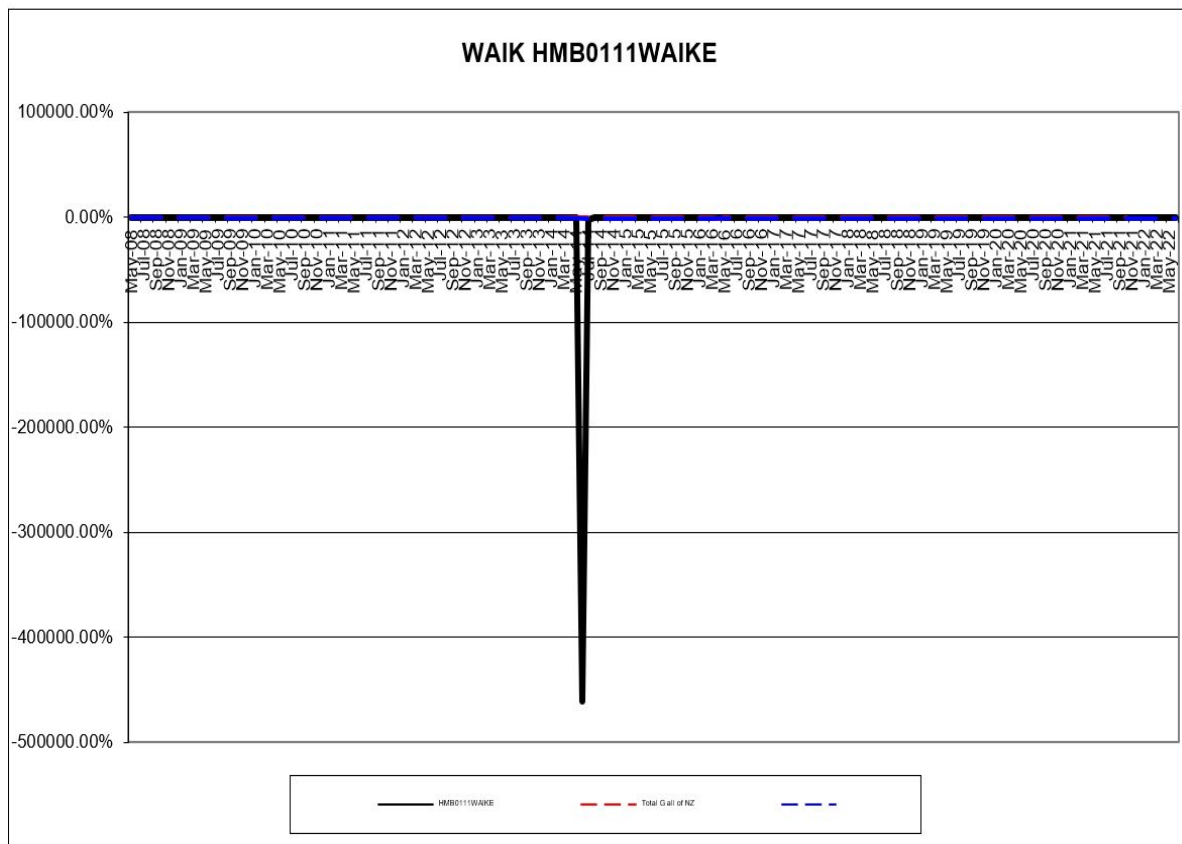
The EA provided the following UFE graph indicating that losses for the WEL embedded networks are running within the +/- 1% threshold for most embedded networks however for four embedded networks the following was identified:

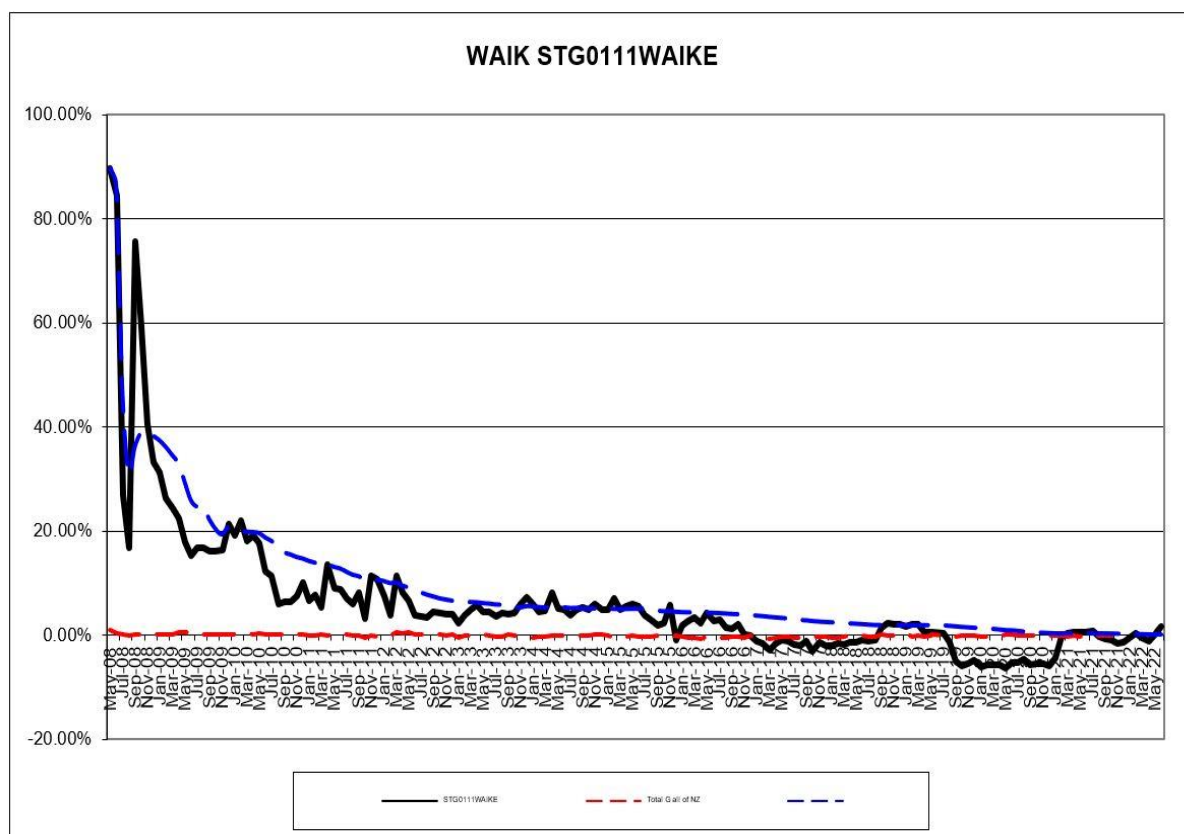
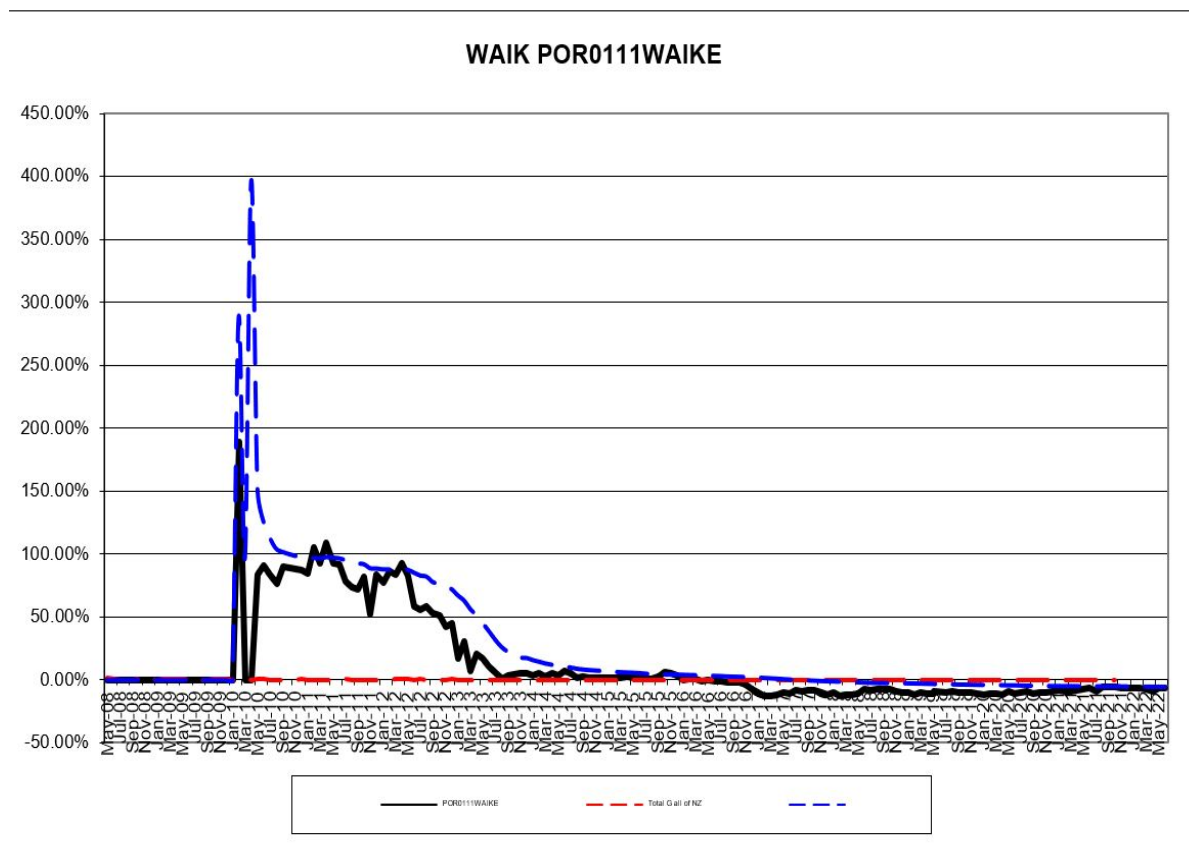
- Hulme Place - recent UFE sitting around -5%,
- Kirkdale - adverse UFE since June 2019 exceeding 5%,
- Oaklands – persistent beneficial UFE, and
- Ryan Place – persistent adverse UFE exceeding 2%.











WEL Networks have indicated that they are reviewing their loss factors this year and I recommend that the loss factors for their embedded networks are reviewed to ensure that the running UFE for each embedded network sites within a +/- 1% threshold.

Recommendation	Description	Audited party comment	Remedial action
Review embedded network loss factors to ensure running UFE sits with +/- 1%.	I recommend that WEL reviews the methodology for calculating embedded network loss factors to ensure that running UFE sits with +/- 1%.	Recommendation has been passed to the relevant parties within WEL who will take into consideration.	Identified

Audit outcome

Compliant

CONCLUSION

WEL generally have robust processes in place to manage the relevant processes.

WEL have a process review framework to ensure that processes remain relevant and well understood.

WEL's automated registry management system currently has no mechanism to manage event dates that are not also the update date. This system functionality results in an elevated number of manual registry updates and in the case of distributed generation information updates, incorrect event dates being applied.

In 2017 WEL were provided with a list of private lights recorded in the Hamilton City Council RAMM database that are no longer being reconciled as part of that DUMML database load. A recent check of the DUMML database confirmed that 40 private lights have yet to be addressed. An assessment of the volume impact was undertaken and determined that 17,193 kWh per annum has not been included in the settlement process. GPS locations have been provided for these so they should be relatively easy to locate and determine if they should be standard unmetered load, shared unmetered load or disconnected if the customer does not want to pay for the lights.

This audit found eight non-compliances and makes nine recommendations. The non-compliances relate mainly to minor errors in and late updates of registry information.

The date of the next audit is determined by the Electricity Authority and is dependent on the level of compliance during this audit. The table below provides some guidance on this matter and contains a future risk rating score of 19, which results in an indicative audit frequency of 12 months. I have considered this in conjunction with WEL's responses and recommend that the next audit be in 14 months.

PARTICIPANT RESPONSE

WEL acknowledges the non-compliances and agree that the non-compliances relate mainly to minor errors in and late updates of registry information. In almost all these cases the impacts are very minimal (if there is impact at all), and a significant number of these are because third parties are not following WEL's processes, fulfilling their own compliance obligations, or WEL not physically able to do what the code requires due to technical limitations of the EA registry.

We note that nearly half (8/19) of WEL's assessed risk score is for the same unmetered load issue which is counted in two different sections of the audit.

WEL notes that the severity of each non-compliance issue was generally low with good controls in place, but the risk rating score would seem higher than we believe it should be. We believe that it is worth noting that several of the audited sections deemed the controls to be 'moderate', despite there being no additional controls we can think of that would help. Unless we are given practical and workable recommendations to fully eliminate non-compliances, we feel the controls we have in place should be more accurately described as 'strong'.

Since the audit WEL has already instigated several recommendations and improvements made not only in this audit but in discussions on the day for things that are not audited here but may assist us generally. We thank you for the recommendations contained in this report and work is currently underway on a number of these.