

ELECTRICITY INDUSTRY PARTICIPATION CODE
DISTRIBUTOR AUDIT REPORT



For

THE EMBEDDED NETWORK COMPANY
(TENC)
NZBN: 9429031389037

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EXECUTIVE SUMMARY

This distributor audit was conducted at the request of **The Embedded Network Company (TENC)** to encompass the Electricity Industry Participation Code requirement for an audit, in accordance with clause 11.10 of part 11. The audit was conducted in accordance with the Guideline for Distributor Audits V7.2, which was produced by the Electricity Authority.

TENC's compliance is reliant on the compliance of Tenco as an agent, and their agent audit recorded that their processes are compliant.

NSP information

During the audit period:

- 26 new NSPs were created and 12 NSPs transferred in from other networks
- One NSP transferred out to another network and two NSPs were decommissioned, and
- 49 NSPs had changes to their meter certification expiry dates.

I found that Tenco has good processes to request the NSP metering, connection, and information it requires for NSP creation and ICP transfer and pass that information to the relevant parties. The process is complicated by changing connection/start dates particularly for new developments, and delays in receiving information like metering certifications from MEPs, and LE ICPs from parent networks.

Overall, I found only a small number of late updates were caused by delays in Tenco completing their validation and update processes. Late updates were usually caused by delays in receiving information from other parties.

ICP information

There were a large number of registry updates to create new ICPs for new embedded networks and update existing ICP details.

Given the number of registry updates, a very small number were found to be inaccurate. Over 90% of changes to registry information were on time, and where updates were late it was generally because data inaccuracies were being detected and corrected, or other parties had provided information late.

Conclusion

The audit found 14 non-compliances and no recommendations are made. The next audit frequency table indicates an audit risk rating of 20 indicating that the next audit be due in six months. The non-compliances have a low materiality and single issues affecting a small number of ICPs or NSPs are recorded as non-compliance across several sections, inflating the risk rating score. Taking this and Tenco's comments into account, I recommend that the next audit is completed in a minimum of 12 months.

The matters raised are set out in the table below.

AUDIT SUMMARY

NON-COMPLIANCES

Subject	Section	Clause	Non-Compliance	Controls	Audit Risk Rating	Breach Risk Rating	Remedial Action
Requirement to provide complete and accurate information	2.1	11.2(1) and 10.6(1)	<p>Five ICPs had incomplete addresses, which were corrected to be readily locatable and unique upon discovery during the audit.</p> <p>One pricing update had an incorrect event date and was corrected upon discovery during the audit.</p> <p>Four network updates populating the initial electrical connection date have incorrect event dates, which are unable to be corrected.</p> <p>Three ICPs had incorrect initial electrical connection dates recorded on the registry, and were corrected as soon as they were identified during the audit.</p> <p>Two of the 48 active SB ICPs had loss factors greater than 1.00. One was corrected upon identification during the audit, and the other will have a new loss factor created.</p>	Strong	Low	1	Identified
Timeliness of Provision of ICP Information to the registry manager	3.4	7(2) of Schedule 11.1	Six ICPs were updated to "ready" status after initial electrical connection.	Strong	Low	1	Identified
Timeliness of Provision of Initial Electrical Connection Date	3.5	7(2A) of Schedule 11.1	<p>96 ICPs created prior to the audit period had initial electrical connection dates populated late.</p> <p>135 ICPs created during the audit period had initial electrical connection dates populated late.</p>	Moderate	Low	2	Identified

Subject	Section	Clause	Non-Compliance	Controls	Audit Risk Rating	Breach Risk Rating	Remedial Action
Connection of ICP that is not an NSP	3.6	11.17	Six ICPs with late status updates to “ready” did not have a responsible trader recorded on the registry on the initial electrical connection date. 952 ICPs which were created and initially electrically connected between 1 December 2022 and 4 March 2024 did not have a responsible trader recorded on the registry on the initial electrical connection date.	Strong	Low	1	Identified
Five new NSPs had late meter certifications.	3.9	10.30	14 new NSPs had late meter certification updates, including two NSPs where no meter certification details have been provided.	Moderate	Low	2	Identified
Monitoring of “new” & “ready” statuses	3.14	15 Schedule 11.1	ICPs at “new” and “ready” status are not consistently checked with the trader every 24 months.	Moderate	Low	2	Identified
Changes to registry information	4.1	8 Schedule 11.1	Three late address updates. Up to 590 late pricing updates. Four late distributed generation updates. 170 late network updates. Five late status updates to decommissioned.	Strong	Low	1	Identified
ICP location address	4.4	2 Schedule 11.1	Five ICPs had incomplete addresses, which were corrected to be readily locatable and unique upon discovery during the audit. One ICP had incorrect physical address street recorded and was corrected as soon as it was identified during the audit.	Strong	Low	1	Identified

Subject	Section	Clause	Non-Compliance	Controls	Audit Risk Rating	Breach Risk Rating	Remedial Action
Distributors to provide ICP information to the registry manager	4.6	7(1) Schedule 11.1	<p>Three ICPs had incorrect initial electrical connection dates recorded on the registry, and were corrected as soon as they were identified during the audit.</p> <p>Four network updates populating the initial electrical connection date have incorrect event dates, which are unable to be corrected.</p> <p>Two of the 48 active SB ICPs had loss factors greater than 1.00. One was corrected upon identification during the audit, and the other will have a new loss factor created.</p>	Strong	Low	1	Identified
Creation and decommissioning of NSPs	6.1	11.8 and 25 Schedule 11.1	TENC reported a self breach for TWE0011TENCEN because less than one month's notice of the revised start date was provided.	Strong	Low	1	Identified
Notice of supporting embedded network NSP information	6.4	26(4) Schedule 11.1	20 late LE ICP notifications for new embedded networks.	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)	<p>Meter certification details were updated more than 20 business days after the certification date for five NSPs from a sample of 11 checked.</p> <p>Meter certification was expired for eight ICPs at the time the checks were completed.</p>	Moderate	Low	2	Identified
Responsibility for metering information when creating an NSP that is not a POC to the grid	6.9	10.25(2)	14 new NSPs had late meter certification updates, including two NSPs where no meter certification details have been provided.	Moderate	Low	2	Identified
Creation of loss factors	8.1	11.2	Two of the 48 active SB ICPs had loss factors greater than 1.00. One was corrected upon identification during the audit, and the other will have a new loss factor created.	Strong	Low	1	Identified

Subject	Section	Clause	Non-Compliance	Controls	Audit Risk Rating	Breach Risk Rating	Remedial Action
Future Risk Rating						20	

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

RECOMMENDATIONS

Subject	Section	Recommendation	Description
		Nil	

ISSUES

Subject	Section	Issue	Description
		Nil	

1. ADMINISTRATIVE

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

Code reference

Section 11 of Electricity Industry Act 2010.

Code related audit information

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

Audit observation

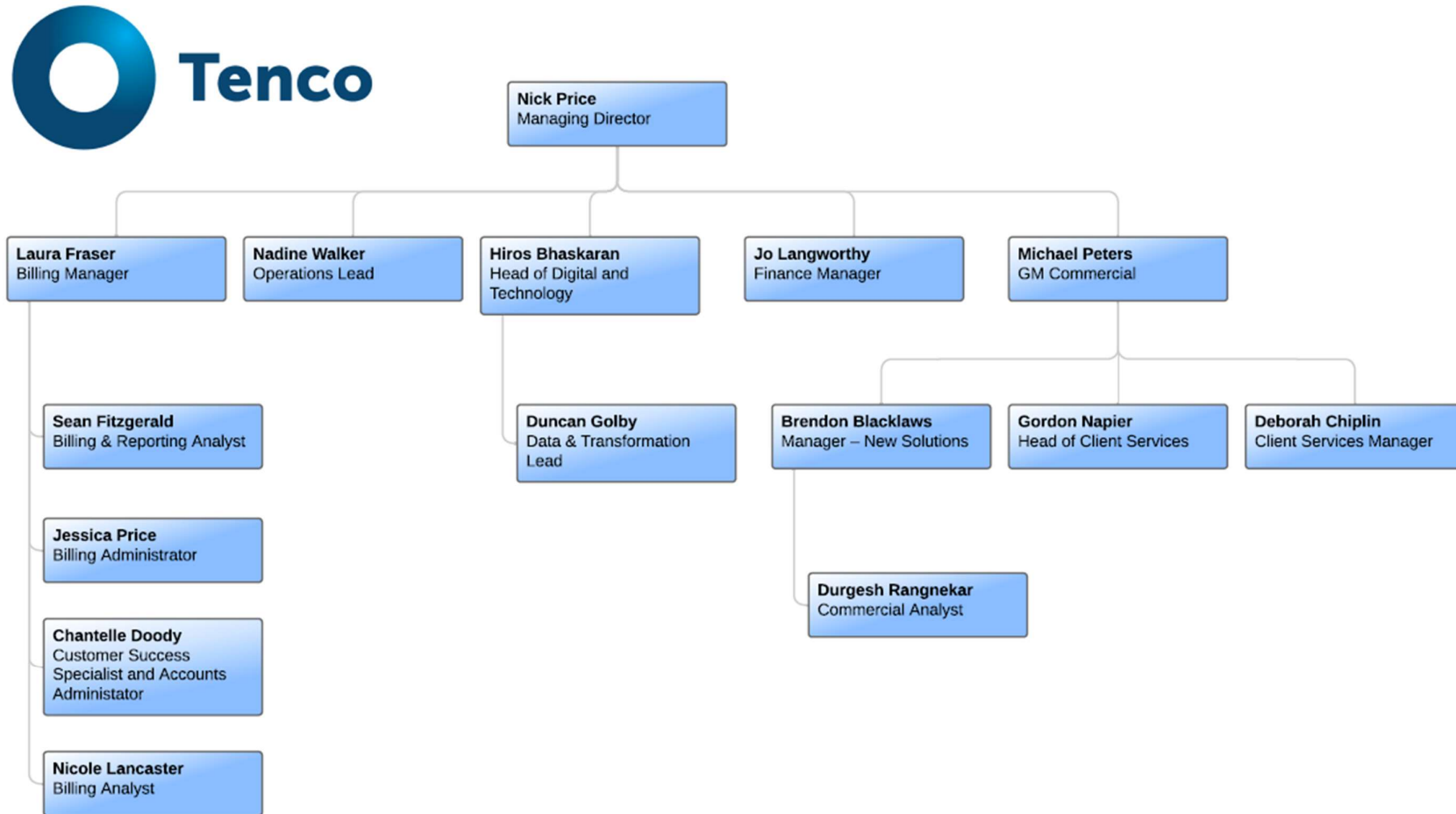
The Electricity Authority website was checked to determine whether TENC has any Code exemptions in place.

Audit commentary

Review of exemptions on the Electricity Authority website confirmed that there are no exemptions in place for TENC.

1.2. Structure of Organisation

TENCO provided an organisation chart:



1.3. Persons involved in this audit

Auditor:

Name	Role	Company
Tara Gannon	Auditor	Provera

Personnel assisting in this audit were:

Name	Title	Organisation
Nadine Walker	Operations Analyst	TENCO
Nayan Kumath	Reconciliation Manager	NZX Limited

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 commentary

TENCO performs all TENC's responsibilities.

1.5. Supplier list

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

1.6. Hardware and Software

Hardware and software are discussed in the TENCO agent audit report.

1.7. Breaches or Breach Allegations

The Electricity Authority advised that there were no alleged breaches for TENC between 1 December 2022 and 5 March 2024.

TENC reported a self-breach where it revised the start date for TWE0011TENCEN, which provided just under one month's notice of the revised start date. The issue occurred because the parent network was able to liven the transformer which would feed the development early, and the embedded network

customer wished to move the connection date earlier. There was no market impact because no ICPs were transferring from other networks.

1.8. ICP and NSP Data

NSP data

Review of the NSP table showed TENC had the following NSPs on 27 February 2024.

175 NSPs were supplied before the current audit period began. 12 NSPs transferred to TENC from other networks during the audit period and 26 new NSPs were created. Two NSPs were decommissioned and one transferred to another network.

Dist	POC code	Embedded under POC code	Embedded under Dist	Rec type	Balancing code	ICPs supplied	Comment
TENC	CGA0011	PEN1101	VECT	EN	CGA0011TENCE	13	Existing
TENC	CLN0011	ISL0661	ORON	EN	CLN0011TENCE	14	Existing
TENC	CPP0111	PEN0331	VECT	EN	CPP0111TENCE	415	Existing
TENC	CRN0011	ALB0331	UNET	EN	CRN0011TENCE	12	Existing
TENC	DSH0011	ISL0331	ORON	EN	DSH0011TENCE	48	Existing
TENC	DSO0011	PEN0221	VECT	EN	DSO0011TENCE	91	Existing
TENC	DTE0011	PEN0331	VECT	EN	DTE0011TENCE	13	Existing
TENC	EMB0011	CPK0111	CKHK	EN	EMB0011TENCE	20	Existing
TENC	ESC0011	BRY0661	ORON	EN	ESC0011TENCE	52	Existing
TENC	FTS0011	CPK0111	CKHK	EN	FTS0011TENCE	22	Existing
TENC	HBS0011	HOB1101	VECT	EN	HBS0011TENCE	133	Existing
TENC	HGH0011	WRD0331	UNET	EN	HGH0011TENCE	28	Existing
TENC	KDH0011	HAM0331	WAIK	EN	KDH0011TENCE	27	Existing
TENC	KFA0111	PEN1101	VECT	EN	KFA0111TENCE	6	Existing
TENC	KMW0011	CPK0331	CKHK	EN	KMW0011TENCE	60	Existing
TENC	KNA0011	PEN1101	VECT	EN	KNA0011TENCE	93	Existing
TENC	KNW0111	TKR0331	CKHK	EN	KNW0111TENCE	104	Existing
TENC	MSC0011	HWB0331	DUNE	EN	MSC0011TENCE	56	Existing
TENC	MXS0011	ISL0661	ORON	EN	MXS0011TENCE	45	Existing
TENC	NFC0011	CPK0331	CKHK	EN	NFC0011TENCE	21	Existing
TENC	OTF0011	CPK0331	CKHK	EN	OTF0011TENCE	17	Existing
TENC	PAZ0111	HOB1101	VECT	EN	PAZ0111TENCE	21	Existing
TENC	PFB0011	WIL0331	CKHK	EN	PFB0011TENCE	24	Existing
TENC	PHP0011	CPK0331	CKHK	EN	PHP0011TENCE	13	Existing
TENC	PMK0011	CPK0331	CKHK	EN	PMK0011TENCE	29	Existing
TENC	PPH0011	KWA0111	CKHK	EN	PPH0011TENCE	22	Existing
TENC	PTC0011	CPK0331	CKHK	EN	PTC0011TENCE	26	Existing
TENC	ROM0011	PEN0221	VECT	EN	ROM0011TENCE	66	Existing
TENC	RTB0011	HOB1101	VECT	EN	RTB0011TENCE	36	Existing
TENC	STL0011	ALB1101	UNET	EN	STL0011TENCE	125	Existing
TENC	TAA0011	PEN1101	VECT	EN	TAA0011TENCE	16	Existing
TENC	TAG0011	PEN1101	VECT	EN	TAG0011TENCE	109	Existing
TENC	TAL0011	ISL0661	ORON	EN	TAL0011TENCE	97	Existing

Dist	POC code	Embedded under POC code	Embedded under Dist	Rec type	Balancing code	ICPs supplied	Comment
TENC	TAQ0011	PEN1101	VECT	EN	TAQ0011TENCE	9	Existing
TENC	TAT0011	CPK0331	CKHK	EN	TAT0011TENCE	137	Existing
TENC	TAW0011	TWH0331	WAIK	EN	TAW0011TENCE	105	Existing
TENC	TAY0011	INV0331	ELIN	EN	TAY0011TENCE	44	Existing
TENC	TBA0011	PEN1101	VECT	EN	TBA0011TENCE	13	Existing
TENC	TBC0011	ISL0661	ORON	EN	TBC0011TENCE	80	Existing
TENC	TBD0011	CPK0331	CKHK	EN	TBD0011TENCE	45	Existing
TENC	TBE0011	PEN1101	VECT	EN	TBE0011TENCE	48	Existing
TENC	TBM0011	ISL0661	ORON	EN	TBM0011TENCE	70	Existing
TENC	TBQ0011	PEN1101	VECT	EN	TBQ0011TENCE	174	Existing
TENC	TBR0011	FKN0331	DUNE	EN	TBR0011TENCE	11	Existing
TENC	TBS0011	PEN1101	VECT	EN	TBS0011TENCE	14	Existing
TENC	TBV0011	SVL0331	UNET	EN	TBV0011TENCE	106	Existing
TENC	TBW0011	PEN0331	VECT	EN	TBW0011TENCE	18	Existing
TENC	TCA0011	CPK0331	CKHK	EN	TCA0011TENCE	137	Existing
TENC	TCB0011	ROS1101	VECT	EN	TCB0011TENCE	19	Existing
TENC	TCC0011	PRM0331	ELEC	EN	TCC0011TENCE	81	Existing
TENC	TCD0011	CPK0331	CKHK	EN	TCD0011TENCE	80	Existing
TENC	TCE0011	HOB1101	VECT	EN	TCE0011TENCE	34	Existing
TENC	TCG0011	PEN0331	VECT	EN	TCG0011TENCE	11	Existing
TENC	TCH0011	PEN1101	VECT	EN	TCH0011TENCE	6	Existing
TENC	TCL0011	CPK0331	CKHK	EN	TCL0011TENCE	96	Existing
TENC	TCM0011	TGA0111	POCO	EN	TCM0011TENCE	13	Existing
TENC	TCN0011	ISL0661	ORON	EN	TCN0011TENCE	60	Existing
TENC	TCO0011	CBG0111	WAIP	EN	TCO0011TENCE	205	Existing
TENC	TCP0011	CPK0331	CKHK	EN	TCP0011TENCE	33	Existing
TENC	TCR0011	ALB0331	UNET	EN	TCR0011TENCE	19	Existing
TENC	TCS0011	CPK0331	CKHK	EN	TCS0011TENCE	99	Existing
TENC	TCT0011	KMO0331	POCO	EN	TCT0011TENCE	116	Existing
TENC	TCU0011	KWA0111	CKHK	EN	TCU0011TENCE	24	Existing
TENC	TDS0011	ISL0661	ORON	EN	TDS0011TENCE	27	Existing
TENC	TDX0011	CPK0111	CKHK	EN	TDX0011TENCE	232	Existing
TENC	TES0011	CPK0111	CKHK	EN	TES0011TENCE	44	Existing
TENC	TET0011	CPK0111	CKHK	EN	TET0011TENCE	3	Existing
TENC	TFJ0011	CPK0331	CKHK	EN	TFJ0011TENCE	27	Existing
TENC	TFM0011	FKN0331	DUNE	EN	TFM0011TENCE	87	Existing
TENC	TFR0011	ROT0111	HAWK	EN	TFR0011TENCE	96	Existing
TENC	TFS0011	HOB1101	VECT	EN	TFS0011TENCE	12	Existing
TENC	TFS0012	HOB1101	VECT	EN	TFS0012TENCE	19	Existing
TENC	TFS0013	HOB1101	VECT	EN	TFS0013TENCE	21	Existing
TENC	TFT0011	ALB1101	UNET	EN	TFT0011TENCE	18	Existing
TENC	TGB0011	PEN1101	VECT	EN	TGB0011TENCE	13	Existing
TENC	TGC0011	CPK0331	CKHK	EN	TGC0011TENCE	55	Existing

Dist	POC code	Embedded under POC code	Embedded under Dist	Rec type	Balancing code	ICPs supplied	Comment
TENC	TGD0011	TGA0331	POCO	EN	TGD0011TENCE	13	Existing
TENC	TGN0011	HEP0331	UNET	EN	TGN0011TENCE	54	Existing
TENC	TGR0011	ISL0661	ORON	EN	TGR0011TENCE	10	Existing
TENC	TGS0011	PEN0331	VECT	EN	TGS0011TENCE	7	Existing
TENC	TGS0012	PEN0331	VECT	EN	TGS0012TENCE	8	Existing
TENC	TGT0011	CPK0331	CKHK	EN	TGT0011TENCE	19	Existing
TENC	TGW0011	PEN1101	VECT	EN	TGW0011TENCE	10	Existing
TENC	THD0011	ISL0661	ORON	EN	THD0011TENCE	31	Existing
TENC	THH0011	TWH0331	WAIK	EN	THH0011TENCE	19	Existing
TENC	THP0012	ROS1101	VECT	EN	THP0012TENCE	122	Existing
TENC	THS0011	ISL0661	ORON	EN	THS0011TENCE	15	Existing
TENC	TJS0011	CPK0331	CKHK	EN	TJS0011TENCE	20	Existing
TENC	TJW0011	SDN0331	DUNE	EN	TJW0011TENCE	37	Existing
TENC	TKI0011	PEN1101	VECT	EN	TKI0011TENCE	19	Existing
TENC	TKL0011	HEP0331	UNET	EN	TKL0011TENCE	21	Existing
TENC	TKM0011	WIL0331	CKHK	EN	TKM0011TENCE	21	Existing
TENC	TKO0011	WIL0331	CKHK	EN	TKO0011TENCE	20	Existing
TENC	TKS0011	WIL0331	CKHK	EN	TKS0011TENCE	66	Existing
TENC	TLB0011	ALB0331	UNET	EN	TLB0011TENCE	62	Existing
TENC	TLN0011	HEN0331	UNET	EN	TLN0011TENCE	12	Existing
TENC	TMA0011	KWA0111	CKHK	EN	TMA0011TENCE	43	Existing
TENC	TMC0011	MLG0111	CKHK	EN	TMC0011TENCE	10	Existing
TENC	TMF0011	PAK0331	VECT	EN	TMF0011TENCE	159	Existing
TENC	TMG0011	SVL0331	UNET	EN	TMG0011TENCE	136	Existing
TENC	TML0011	CPK0331	CKHK	EN	TML0011TENCE	50	Existing
TENC	TMM0111	HIN0331	POCO	EN	TMM0111TENCE	245	Existing
TENC	TMN0011	ALB0331	UNET	EN	TMN0011TENCE	24	Existing
TENC	TMO0011	HEN0331	UNET	EN	TMO0011TENCE	135	Existing
TENC	TMP0011	TAK0331	VECT	EN	TMP0011TENCE	110	Existing
TENC	TMT0011	CML0331	DUNE	EN	TMT0011TENCE	51	Existing
TENC	TMX0011	PEN0331	VECT	EN	TMX0011TENCE	25	Existing
TENC	TNA0011	TKR0331	CKHK	EN	TNA0011TENCE	71	Existing
TENC	TNP0011	CST0331	POCO	EN	TNP0011TENCE	62	Existing
TENC	TNU0011	PEN1101	VECT	EN	TNU0011TENCE	13	Existing
TENC	TNV0011	CPK0331	CKHK	EN	TNV0011TENCE	43	Existing
TENC	TOD0011	ALB0331	UNET	EN	TOD0011TENCE	41	Existing
TENC	TOM0011	OTA0221	VECT	EN	TOM0011TENCE	99	Existing
TENC	TON0011	ALB1101	UNET	EN	TON0011TENCE	64	Existing
TENC	TOX0011	ISL0661	ORON	EN	TOX0011TENCE	16	Existing
TENC	TPA0011	CPK0111	CKHK	EN	TPA0011TENCE	193	Existing
TENC	TPC0011	ISL0661	ORON	EN	TPC0011TENCE	17	Existing
TENC	TPD0011	CPK0331	CKHK	EN	TPD0011TENCE	241	Existing
TENC	TPK0011	CPK0111	CKHK	EN	TPK0011TENCE	57	Existing

Dist	POC code	Embedded under POC code	Embedded under Dist	Rec type	Balancing code	ICPs supplied	Comment
TENC	TPM0011	CPK0331	CKHK	EN	TPM0011TENCE	151	Existing
TENC	TPP0011	MTM0331	POCO	EN	TPP0011TENCE	51	Existing
TENC	TPS0011	BRY0661	ORON	EN	TPS0011TENCE	108	Existing
TENC	TPW0011	PEN1101	VECT	EN	TPW0011TENCE	124	Existing
TENC	TPW0012	HOB1101	VECT	EN	TPW0012TENCE	57	Existing
TENC	TPW0013	HOB1101	VECT	EN	TPW0013TENCE	164	Existing
TENC	TQB0011	CPK0111	CKHK	EN	TQB0011TENCE	75	Existing
TENC	TQC0011	FKN0331	DUNE	EN	TQC0011TENCE	67	Existing
TENC	TQD0011	MLG0111	CKHK	EN	TQD0011TENCE	11	Existing
TENC	TQS0011	PEN1101	VECT	EN	TQS0011TENCE	23	Existing
TENC	TQS0012	HOB1101	VECT	EN	TQS0012TENCE	45	Existing
TENC	TRA0011	ALB0331	UNET	EN	TRA0011TENCE	208	Existing
TENC	TRM0011	ISL0661	ORON	EN	TRM0011TENCE	52	Existing
TENC	TRN0011	STK0331	TASM	EN	TRN0011TENCE	74	Existing
TENC	TRR0011	CML0331	DUNE	EN	TRR0011TENCE	64	Existing
TENC	TRS0111	HAM0111	WAIK	EN	TRS0111TENCE	21	Existing
TENC	TRT0011	CPK0331	CKHK	EN	TRT0011TENCE	143	Existing
TENC	TRV0011	GFD0331	CKHK	EN	TRV0011TENCE	95	Existing
TENC	TSA0011	HOB1101	VECT	EN	TSA0011TENCE	12	Existing
TENC	TSB0011	LTN0331	POCO	EN	TSB0011TENCE	20	Existing
TENC	TSF0011	PEN1101	VECT	EN	TSF0011TENCE	9	Existing
TENC	TSG0011	TAK0331	VECT	EN	TSG0011TENCE	32	Existing
TENC	TSH0011	TIM0111	ALPE	EN	TSH0011TENCE	10	Existing
TENC	TSM0011	SVL0331	UNET	EN	TSM0011TENCE	26	Existing
TENC	TSN0011	PEN1101	VECT	EN	TSN0011TENCE	8	Existing
TENC	TSP0011	CPK0331	CKHK	EN	TSP0011TENCE	111	Existing
TENC	TSQ0011	CPK0331	CKHK	EN	TSQ0011TENCE	97	Existing
TENC	TSS0011	PEN1101	VECT	EN	TSS0011TENCE	25	Existing
TENC	TSW0011	FKN0331	DUNE	EN	TSW0011TENCE	21	Existing
TENC	TTA0011	CPK0331	CKHK	EN	TTA0011TENCE	66	Existing
TENC	TTC0011	CPK0331	CKHK	EN	TTC0011TENCE	85	Existing
TENC	TTF0011	TGA0331	POCO	EN	TTF0011TENCE	34	Existing
TENC	TTF0012	TGA0331	POCO	EN	TTF0012TENCE	96	Existing
TENC	TTG0011	PEN1101	VECT	EN	TTG0011TENCE	100	Existing
TENC	TTH0011	ISL0331	ORON	EN	TTH0011TENCE	120	Existing
TENC	TTR0011	PAK0331	VECT	EN	TTR0011TENCE	68	Existing
TENC	TTS0011	ALB1101	UNET	EN	TTS0011TENCE	27	Existing
TENC	TTT0011	CPK0331	CKHK	EN	TTT0011TENCE	20	Existing
TENC	TVA0011	ISL0661	ORON	EN	TVA0011TENCE	12	Existing
TENC	TVI0011	CPK0331	CKHK	EN	TVI0011TENCE	86	Existing
TENC	TVN0011	CPK0331	CKHK	EN	TVN0011TENCE	49	Existing
TENC	TVP0011	CPK0111	CKHK	EN	TVP0011TENCE	157	Existing
TENC	TVS0011	PEN1101	VECT	EN	TVS0011TENCE	8	Existing

Dist	POC code	Embedded under POC code	Embedded under Dist	Rec type	Balancing code	ICPs supplied	Comment
TENC	TVT0011	PEN1101	VECT	EN	TVT0011TENCE	27	Existing
TENC	TWA0011	CPK0331	CKHK	EN	TWA0011TENCE	77	Existing
TENC	TWG0011	CPK0111	CKHK	EN	TWG0011TENCE	76	Existing
TENC	TWM0011	HEP0331	UNET	EN	TWM0011TENCE	26	Existing
TENC	TWQ0011	RDF0331	HAWK	EN	TWQ0011TENCE	110	Existing
TENC	TWR0011	TKR0331	CKHK	EN	TWR0011TENCE	58	Existing
TENC	TWS0011	CPK0331	CKHK	EN	TWS0011TENCE	35	Existing
TENC	VGH0011	HOB1101	VECT	EN	VGH0011TENCE	6	Existing
TENC	VWC0011	PEN0331	VECT	EN	VWC0011TENCE	11	Existing
TENC	WGF0011	ALB1101	UNET	EN	WGF0011TENCE	103	Existing
TENC	WPK0011	PAK0331	VECT	EN	WPK0011TENCE	100	Existing
TENC	WSC0011	ALB1101	UNET	EN	WSC0011TENCE	72	Existing
TENC	WWC0011	HEP0331	UNET	EN	WWC0011TENCE	126	Existing
TENC	ASC0011	ISL0661	ORON	EN	ASC0011TENCE	17	Transferred in
TENC	BSC0011	MTM0331	POCO	EN	BSC0011TENCE	135	Transferred in
TENC	CIA0111	ISL0661	ORON	EN	CIA0111TENCE	63	Transferred in
TENC	FSH0011	HOB1101	VECT	EN	FSH0011TENCE	16	Transferred in
TENC	KWG0011	HEN0331	UNET	EN	KWG0011TENCE	28	Transferred in
TENC	MLF0011	WRD0331	UNET	EN	MLF0011TENCE	59	Transferred in
TENC	MXQ0111	HOB1101	VECT	EN	MXQ0111TENCE	16	Transferred in
TENC	NTL0011	ISL0661	ORON	EN	NTL0011TENCE	125	Transferred in
TENC	PWC0011	HOB1101	VECT	EN	PWC0011TENCE	7	Transferred in
TENC	SAC0011	ISL0661	ORON	EN	SAC0011TENCE	25	Transferred in
TENC	TCQ0011	WIL0331	CKHK	EN	TCQ0011TENCE	25	Transferred in
TENC	SML0111	WRD0331	UNET	EN	SML0111TENCE	39	Transferred in
TENC	TBH0011	CPK0331	CKHK	EN	TBH0011TENCE	36	New NSP
TENC	TCG0012	PEN0331	VECT	EN	TCG0012TENCE	19	New NSP
TENC	TCI0011	CPK0111	CKHK	EN	TCI0011TENCE	46	New NSP
TENC	TFK0011	PRM0331	ELEC	EN	TFK0011TENCE	62	New NSP
TENC	TFO0011	PRM0331	ELEC	EN	TFO0011TENCE	0	New NSP
TENC	TGG0011	WRD0331	UNET	EN	TGG0011TENCE	0	New NSP
TENC	TGY0011	PEN1101	VECT	EN	TGY0011TENCE	282	New NSP
TENC	THL0011	CPK0331	CKHK	EN	THL0011TENCE	0	New NSP
TENC	TME0111	TAK0331	VECT	EN	TME0111TENCE	0	New NSP
TENC	TMH0011	SVL0331	UNET	EN	TMH0011TENCE	225	New NSP
TENC	TMR0111	NMA0331	TPCO	EN	TMR0111TENCE	2	New NSP
TENC	TMS0011	STK0331	NELS	EN	TMS0011TENCE	34	New NSP
TENC	TND0011	HEN0331	UNET	EN	TND0011TENCE	6	New NSP
TENC	TOS0011	SVL0331	UNET	EN	TOS0011TENCE	41	New NSP
TENC	TOW0011	ROS0221	VECT	EN	TOW0011TENCE	0	New NSP
TENC	TPT0011	ISL0661	ORON	EN	TPT0011TENCE	20	New NSP
TENC	TRD0011	HOB1101	VECT	EN	TRD0011TENCE	150	New NSP
TENC	TRG0011	KAI0111	MPOW	EN	TRG0011TENCE	63	New NSP

Dist	POC code	Embedded under POC code	Embedded under Dist	Rec type	Balancing code	ICPs supplied	Comment
TENC	TRY0011	CBG0111	WAIP	EN	TRY0011TENCE	65	New NSP
TENC	TTJ0011	ISL0661	ORON	EN	TTJ0011TENCE	34	New NSP
TENC	TTP0011	WRD0331	UNET	EN	TTP0011TENCE	266	New NSP
TENC	TTW0011	TKR0331	CKHK	EN	TTW0011TENCE	35	New NSP
TENC	TUG0011	HOB1101	VECT	EN	TUG0011TENCE	160	New NSP
TENC	TVL0011	CPK0111	CKHK	EN	TVL0011TENCE	135	New NSP
TENC	TWE0011	CPK0111	CKHK	EN	TWE0011TENCE	96	New NSP
TENC	TWT0011	HEN0331	UNET	EN	TWT0011TENCE	10	New NSP

Dist	POC code	Embedded under POC code	Embedded under Dist	Rec type	End date	Comment
TENC	TQW0011	CPK0331	CKHK	EN	31/03/2023	Transferred out
TENC	PHS0011	KWA0111	CKHK	EN	30/06/2023	Decommissioned
TENC	TAC0011	ASB0661	EASH	EN	30/06/2023	Decommissioned

ICP data

ICPs are recorded by status in the table below:

Status	2024	2022	2021	2020	2019	2017
New (999,0)	771	767	760	119	4	32
Ready (0,0)	628	477	120	182	134	19
Active (2,0)	12,927	9,345	7,284	6,161	4,952	3,326
Distributor (888,0)	-	-	-	-	-	-
Inactive – new connection in progress (1,12)	8		43	49	35	2
Inactive – electrically disconnected vacant property (1,4)	276	225	168	123	93	63
Inactive – electrically disconnected remotely by AMI meter (1,7)	57	41	44	22	14	3
Inactive – electrically disconnected at pole fuse (1,8)	-	-	-	-	-	-
Inactive – electrically disconnected due to meter disconnected (1,9)	21	16	15	13	10	3
Inactive – electrically disconnected at meter box fuse (1,10)	5	4	3	2	1	-
Inactive – electrically disconnected at meter box switch (1,11)	3	2	4	3	4	-
Inactive – electrically disconnected ready for decommissioning (1,6)	1	-	-	-	-	-
Inactive – reconciled elsewhere (1,5)	-	-	-	-	-	-
Decommissioned (3)	450	307	247	206	160	58

1.9. Authorisation Received

A letter of authorisation was provided.

1.10. Scope of Audit

This distributor audit was performed at the request of TENC, to encompass the Electricity Industry Participation Code requirement for an audit, in accordance with clause 11.10 of part 11. The audit was conducted in accordance with the Guideline for Distributor Audits V7.2, which was produced by the Electricity Authority.

The audit analysis was undertaken on

- a registry list snapshot as of 4 March 2024,
- a registry list with history and event detail report for 1 December 2022 to 4 March 2024,
- audit compliance reports covering 1 December 2022 to 4 March 2024,
- a meter installation details report for 4 March 2024, and
- the NSP table, NSP mapping table, loss factor table, and price category table for 27 February 2024.

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

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

The audit report for TENCO will be submitted with this audit.

1.11. Summary of previous audit

I reviewed the TENC audit conducted in December 2022 by Tara Gannon of Veritek. The audit recorded 15 non-compliances and made three recommendations. The statuses of the non-compliances and recommendations are detailed below:

Subject	Section	Clause	Non-compliance	Status
Requirement to provide complete and accurate information	2.1	11.2(1) and 10.6(1)	<p>20 ICPs had duplicate and/or incomplete addresses, which were corrected to be readily locatable and unique during the audit.</p> <p>At least 16 network updates which entered the initial electrical connection date had an incorrect event date.</p> <p>Six ICPs had incorrect initial electrical connection dates, which were corrected during the audit.</p> <p>Eight of the 27 SB ICPs had loss factors greater than 1.00 and were corrected during the audit.</p>	Previous audit non-compliances were cleared, but some new non-compliances were identified.

Subject	Section	Clause	Non-compliance	Status
Timeliness of Provision of ICP Information to the registry manager	3.4	7(2) of Schedule 11.1	46 ICPs were updated to “ready” status after initial electrical connection. Two ICPs had pricing, address and proposed trader information populated after initial electrical connection.	Still existing
Timeliness of Provision of Initial Electrical Connection Date	3.5	7(2A) of Schedule 11.1	16 ICPs created prior to the audit period had initial electrical connection dates populated late during the audit period. 137 ICPs created during the audit period had initial electrical connection dates populated late.	Still existing
Connection of ICP that is not an NSP	3.6	11.17	46 ICPs were not updated to “ready” status prior to the initial electrical connection date, and the trader was not recorded as having accepted responsibility for the ICP in the registry.	Still existing
Five new NSPs had late meter certifications.	3.9	10.30	Five new NSPs had late meter certifications.	Still existing
Changes to registry information	4.1	8 Schedule 11.1	38 late address updates. 77 late pricing updates. One late NSP change. Three late distributed generation updates. 25 late network updates. Four late status updates to decommissioned.	Still existing
ICP location address	4.4	2 Schedule 11.1	20 ICPs had duplicate and/or incomplete addresses, which were corrected to be readily locatable and unique during the audit.	Previous audit non-compliances were cleared, but some new non-compliances were identified.
Distributors to provide ICP information to the registry manager	4.6	7(1) Schedule 11.1	Six ICPs had incorrect initial electrical connection dates, which were corrected during the audit. At least 16 network events had incorrect event dates applied.	Previous audit non-compliances were cleared, but some new non-compliances were identified.

Subject	Section	Clause	Non-compliance	Status
Provision of information to registry after the trading of electricity at the ICP commences	4.7	7(3) Schedule 11.1	Two ICPs had pricing information populated more than ten business days after initial electrical connection.	Cleared
Creation and decommissioning of NSPs	6.1	11.8 and 25 Schedule 11.1	Alleged breaches 2206TENC1 and 2111TENC1 are recorded for late provision of NSP information to the reconciliation manager.	Still existing
Notice of supporting embedded network NSP information	6.4	26(4) Schedule 11.1	One late notification of new NSP network and start date information. 21 late notifications of new NSP LE ICP information.	Still existing
Notification of transfer of ICPs	6.7	11.8 and 25 Schedule 11.1	Alleged breaches 2202TENC1 and 2202TENC2 are recorded for late provision of ICP transfer information to the reconciliation manager.	Cleared
Responsibility for metering information for NSP that is not a POC to the grid	6.8	10.25(1) and 10.25(3)	Meter certification details were updated more than 20 business days after the certification date for nine NSPs. Meter certification was expired for five ICPs at the time the checks were completed, and later recertified.	Still existing
Responsibility for metering information when creating an NSP that is not a POC to the grid	6.9	10.25(2)	Five new NSPs had late meter certifications.	Still existing
Creation of loss factors	8.1	11.2	Incorrect loss factors were recorded for eight SB ICPs, which were corrected during the audit.	Previous audit non-compliances were cleared, but some new non-compliances were identified.

Subject	Section	Recommendation	Description	Status
ICP location address	4.4	Identification and correction of incomplete and duplicate ICP addresses.	Review the registry AC020 distributor compliance report - AC020Distributor11 tab at least monthly to identify ICPs where all address fields are the same	Adopted, but some incomplete addresses were not identified by the process which resulted in non-

Subject	Section	Recommendation	Description	Status
			<p>or where one or more GPS coordinates and street number and property name are null.</p> <p>Any ICPs on the report should have their addresses checked and updated to ensure that they are complete and readily locatable.</p>	compliance in section 4.1.
Distributed generation	4.6	Distributed generation details for ICP 0000014176TC723.	Check whether the distributed generation details are correct on the registry for ICP 0000014176TC723 and update as necessary.	Adopted, the network record has been updated with the correct generation capacity.
Follow up incorrect NSP information with the reconciliation manager	6.8	Follow up metering information errors on the NSP table with the reconciliation manager.	<p>TTC0011TENCEN was recorded in the NSP table with expiry date 7 July 2023, certification and TENCO's records show 7 July 2032.</p> <p>TRV0011TENCEN is recorded in the NSP table with expiry date 13 April 2023 but should have 13 April 2032.</p> <p>TMF0011TENCEN is recorded in the NSP table with expiry date 20 May 2027 but should have 19 May 2027.</p>	Adopted. I rechecked the NSPs which were found to have incorrect certification expiry dates during the last audit and found they have been corrected.

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

The management of this process is discussed in the TENCO report. The registry list and audit compliance reports were examined to determine compliance.

Audit commentary

Compliance is recorded for TENCO.

TENC's networks have a significant amount of registry activity as new ICPs are created for its new embedded networks. There were a small number of data inaccuracies found during the audit, which were not identified and corrected as soon as practicable.

Addresses	<p>Five ICPs had incomplete addresses, which were corrected to be readily locatable and unique upon discovery during the audit. These incomplete addresses were not identified and corrected through TENCO's validation process because they had a unit number populated, although the street number and property name were blank. Non-compliance is recorded for not identifying and correcting the errors as soon as practicable.</p> <p>One ICP had incorrect physical address street recorded and was corrected as soon as it was identified during the audit. This ICP was not expected to be identified through TENCO's validation process because the address was complete and unique.</p> <p>Refer to section 4.4 for further information.</p>
Event dates	<p>Event dates should reflect the date that the attributes within the network, address, pricing, or status record apply from.</p> <p>One pricing update had an incorrect event date and was corrected upon discovery during the audit.</p> <p>Four updates populating the initial electrical connection date have incorrect event dates due to data entry errors when creating the updates. TENC is unable to update the event dates because they are either ICP creation events, or pre-date the retailer's acceptance of the ICP.</p> <ul style="list-style-type: none"> • 1000021122TC462 NET-10786560 event date 17/07/2023, expected date 02/08/2023 • 1002002205TC1A1 NET-10713401 event date 01/05/2023, expected date 03/05/2023 • 1002001599TC0BA NET-10468650 event date 01/12/2022, expected date 12/12/2022 • 1002001598TCCFF NET-10468648 event date 01/12/2022, expected date 12/12/2022.
Initial electrical connection dates	<p>Three ICPs had incorrect initial electrical connection dates (IECD) recorded on the registry, which were corrected as soon as they were identified during the audit. The affected ICPs all had discrepancies between TENC's initial electrical connection date and the meter certification date,</p>

	and non-compliance is recorded for not identifying and correcting the errors as soon as practicable.
SB ICP loss factors	<p>The loss factor for SB ICPs needs to be 1.00 to ensure that volume calculations are correct. Two of the 48 active SB ICPs had loss factors greater than 1.00.</p> <ul style="list-style-type: none"> • ICP 0000800000MTD10 had loss factor TCLCL05 1.0329, and TENC corrected the loss factor to TENCRC1 effective from its transfer date 1 November 2023 during the audit. • ICP 0000002000SF9ED has loss factor TCUNL05 1.0192, and TENC will create a new loss factor for the ICP effective from 1 April 2024.

Audit outcome

Non-compliant

Non-compliance	Description	
<p>Audit Ref: 2.1</p> <p>With: Clause 11.2(1) and 10.6(1)</p> <p>From: 01-Oct-23</p> <p>To: 13-Mar-24</p>	<p>Five ICPs had incomplete addresses, which were corrected to be readily locatable and unique upon discovery during the audit.</p> <p>One pricing update had an incorrect event date and was corrected upon discovery during the audit.</p> <p>Four network updates populating the initial electrical connection date have incorrect event dates, which are unable to be corrected.</p> <p>Three ICPs had incorrect initial electrical connection dates recorded on the registry, and were corrected as soon as they were identified during the audit.</p> <p>Two of the 48 active SB ICPs had loss factors greater than 1.00. One was corrected upon identification during the audit, and the other will have a new loss factor created.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: Multiple times</p> <p>Controls: Strong</p> <p>Breach risk rating: 1</p>	
Audit risk rating	Rationale for audit risk rating	
<p>Low</p>	<p>Controls are rated as strong:</p> <ul style="list-style-type: none"> • TENCO has a robust set of discrepancy reports that are used to identify and correct any errors found, and • TENCO's processes ensure that correct details are applied most of the time. <p>The audit risk rating is low as a small number of discrepancies found, and most do not have an impact on reconciliation. TENC has resolved or intends to resolve the remaining inaccuracies.</p>	
Actions taken to resolve the issue	Completion date	Remedial action status
<p>Validation is carried out on a regular basis to ensure ICP records are accurate and complete. All ICP records found to be non-compliant were corrected, where appropriate.</p>	<p>During audit period</p>	<p>Identified</p>

Preventative actions taken to ensure no further issues will occur	Completion date	
We intend to implement 'Axos Registry Manager' in 2024. This will provide additional rule-based structure to our registry updates and enhanced discrepancy reporting.	2024	

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

The management of this process is discussed in the TENCO report. Processes to provide information were reviewed and observed throughout the audit.

Audit commentary

Compliance is recorded for TENCO. Processes are in place to identify and resolve registry discrepancies. Incorrect information is normally corrected daily, or as soon as possible upon discovery.

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 un-bridge 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 personal 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 TENCO process for bridging control devices was examined.

Audit commentary

Compliance is recorded for TENCO. There are no ICPs on the TENC network with load control, and TENC confirmed that they have not broken any seals during the audit period.

Audit outcome

Compliant

2.4. Provision of information on dispute resolution scheme (Clause 11.30A)

Code reference

Clause 11.30A

Code related audit information

A distributor must provide clear and prominent information about Utilities Disputes:

- *on their website*
- *when responding to queries from consumers*
- *in directed outbound communications to consumers about electricity services and bills.*

If there are a series of related communications between the distributor and consumer, the distributor needs to provide this information in at least one communication in that series.

Audit observation

The TENCO agent audit report discusses the management of this information. Provision of Utilities Disputes information was examined for TENC to determine compliance.

Audit commentary

Compliance is recorded for TENCO.

Clear and prominent information on Utilities Disputes is provided:

- on the TENCO website under <https://www.tenco-ebs.co.nz/contact-us>,
- as part of email footers for all outgoing emails, and
- verbally when responding to customer telephone queries.

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 as part of the TENCO report. The registry list and audit compliance reports were examined to determine compliance.

Audit commentary

Compliance is recorded for TENCO.

2,095 new ICPS were created between 1 December 2022 and 4 March 2024 in accordance with this clause. The sample checked in **section 3.2** below confirms this.

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

Audit observation

The new connection process is discussed in the TENCO report. 2,095 new ICPS were created 1 December 2022 and 4 March 2024 and a sample of new connections were checked to confirm compliance.

Audit commentary

This clause requires distributors to create ICPS within three business days of a request from a trader, and compliance is recorded for TENCO.

ICP requests are made by embedded network management or traders, with most requests provided by the embedded network management. I checked a sample of ten new ICPS and found they were requested by the customer's electrician or a property developer and this clause did not apply.

Audit outcome

Compliant

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

Code reference

Clause 11.7

Code related audit information

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

Audit observation

The new connection process is discussed in the TENCO report. The registry list and audit compliance reports were examined to determine compliance.

Audit commentary

Compliance is recorded for TENCO, and the required fields were populated on the registry for all new connections. Some information was provided late for new ICPs:

- six ICPs were updated to “ready” status after initial electrical connection, and
- the AC020 report recorded 472 ICPs with late initial electrical connection date updates.

The late updates to “ready” status are discussed in **section 3.4**, and the late updates to initial electrical connection dates are discussed in **section 3.5**.

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 is discussed in the TENCO report. The registry list and audit compliance reports were examined to determine compliance.

Audit commentary

Compliance is recorded for TENCO.

1,258 of the 2,095 new ICPs were created 1 December 2022 and 4 March 2024 had initial electrical connection dates populated, indicating that they had been connected.

Information was provided as required by this clause for all ICPs created and initially electrically connected during the audit period, except for:

- Five ICPs¹ connected to CIAL0111 which could not be physically updated to “ready” on the registry until the NSP had transferred from CIAL to TENC and become active on 1 May 2023. The ICPs moved to “ready” status on 2 May 2023.

¹ 1002002198TC21E, 1002002199TCE5B, 1002002200TCCEE, 1002002201TC0AB, 1002002202TCC6B, 1002002203TC02E

- ICP 1002002860TC914 which was updated to “ready” on the registry three business days after initial electrical connection, because the ICP was missed from a bulk update due to an oversight.

The AC020 audit compliance report invalidly recorded another five ICPs as not having “ready” status and/or pricing information on the registry prior to the initial electrical connection date, because the original update was replaced, or reversed and then recreated.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 3.4 With: Clause 7(2) of Schedule 11.1 From: 24-Aug-23 To: 24-Jan-24	Six ICPs were updated to “ready” status after initial electrical connection. Potential impact: Low Actual impact: Low Audit history: Multiple times Controls: Strong Breach risk rating: 1		
Audit risk rating	Rationale for audit risk rating		
Low	The controls are rated as strong, as the process is compliant and a small number of exceptions were identified. The impact is low, all the ICPs were moved to ready status within three business days of initial electrical connection.		
Actions taken to resolve the issue		Completion date	Remedial action status
A manually created and uploaded file is used to move ICPs between New to Ready state. The file to move the CIAL ICPs to Ready was processed one day late. 1 ICP was missed from a bulk update, which failed due to having too many characters in the unit field.		During audit period	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
We intend to implement ‘Axos Registry Manager’ in 2024. This will provide additional rule-based structure to our registry updates and enhanced discrepancy reporting.		2024	

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 new connection process is discussed in the TENCO report. The registry list and audit compliance reports were examined to determine compliance.

Audit commentary

Compliance is recorded for TENCO. The AC020 report recorded 472 ICPs with late initial electrical connection date updates.

ICPs created prior to the audit period and connected during the audit period

337 of the late updates were for ICPs created prior to the audit period with initial electrical connection dates populated during the audit period.

233 of the ICPs were transferred from another network to new TENC NSPs and the initial electrical connection dates were updated once the ICPs transferred. The ICP was connected by the previous network.

I checked the 20 latest of the other 104 late updates for ICPs created before the audit period.

- Eight were not genuine late updates, and replaced the previous record without changing the initial electrical connection date.
- Five were initial electrical connection date corrections after incorrect information was found.
- Six were delayed by late confirmation of the initial electrical connection date from other parties.
- One was missed when processing bulk updates for a group of ICPs connected at the same time, and was updated as soon as the missed update was identified.

Non-compliance is recorded for the 96 updates where the initial electrical connection date had changed from the previous record, which had not been connected by the previous distributor.

ICPs created and connected during the audit period

The other 135 late updates related to ICPs created and connected during the audit period. In total 1,258 ICPs were created and connected during the audit period, and 10.7% had late initial electrical connection date updates. The late updates were made between 11 and 187 business days after initial electrical connection, with 33 within 30 business days, and 132 within 60 business days.

I checked a sample of 15 late updates and found:

- 13 were delayed by late confirmation of the initial electrical connection date from other parties, including for two ICPs where the wrong ICP number was provided on the paperwork.
- Two were late updates for SB (residual load) ICPs which had initially been overlooked.

The accuracy of the initial electrical connection dates is examined in **section 4.6**.

Audit outcome

Non-compliant

Non-compliance	Description
Audit Ref: 3.5 With: Clause 7(2) of Schedule 11.1 From: 08-Feb-23	96 ICPs created prior to the audit period had initial electrical connection dates populated late. 135 ICPs created during the audit period had initial electrical connection dates populated late. Potential impact: Low Actual impact: Low Audit history: Multiple times

To: 14-Feb-24	Controls: Moderate Breach risk rating: 2		
Audit risk rating	Rationale for audit risk rating		
Low	Controls are rated as moderate as they are sufficient to ensure that initial electrical connection dates are updated on time most of the time. A sample check found most late updates were caused by late provision of paperwork. The audit risk rating is assessed to be low as this has no direct impact on reconciliation.		
Actions taken to resolve the issue		Completion date	Remedial action status
IED's are updated daily for all ICPs which have been made Active and have an MEP event. Late IED updates for the x2 SB ICPs will have no impact on reconciliation.		During audit period	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
We continue to follow up with traders and MEPs where we find discrepancies or where updates have not been made.		Ongoing	

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

Code reference

Clause 11.17

Code related audit information

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

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

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

Audit observation

The new connection process is discussed in the TENCO report. The registry list and audit compliance reports were examined to determine compliance.

Audit commentary

As discussed in the TENCO agent audit report, the new connection process requires applications for new connections to be approved by traders.

Six ICPs were not updated to "ready" status prior to the initial electrical connection date, and the trader was not recorded as having accepted responsibility for the ICP in the registry on the initial electrical connection date. The ICPs were moved to "ready" status one to three business days after initial electrical connection.

- Five ICPs² connected to CIAL0111 which could not be physically updated to “ready” on the registry until the NSP had transferred from CIAL to TENC and become active on 1 May 2023. The ICPs moved to ready status on 2 May 2023.
- ICP 1002002860TC914 was updated to “ready” on the registry three business days after initial electrical connection, because the ICP was missed from a bulk update due to an oversight.

For the ICPs which did not have ready status on the initial electrical connection date, I confirmed that the trader had accepted responsibility prior to initial electrical connection.

I checked the date that the trader had claimed the ICP on the registry for the other 1,251 ICPs which were created and initially electrically connected between 1 December 2022 and 4 March 2024:

- 299 were claimed by the trader on the registry prior to the initial electrical connection date.
- 952 were claimed by the trader after the initial electrical connection date. I checked a sample of ten ICPs and confirmed that trader acceptance was provided prior to the initial electrical connection date.

Audit outcome

Non-compliant

Non-compliance	Description
<p>Audit Ref: 3.6 With: Clause 11.17</p> <p>From: 24-Aug-23 To: 24-Jan-24</p>	<p>Six ICPs with late status updates to “ready” did not have a responsible trader recorded on the registry on the initial electrical connection date.</p> <p>952 ICPs which were created and initially electrically connected between 1 December 2022 and 4 March 2024 did not have a responsible trader recorded on the registry on the initial electrical connection date.</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: Once</p> <p>Controls: Strong</p> <p>Breach risk rating: 1</p>
Audit risk rating	Rationale for audit risk rating
<p>Low</p>	<p>The controls are rated as strong, because almost all ICPs were made ready prior to the initial electrical connection date enabling the trader to claim them. TENC’s new connection process ensures that trader consent is obtained.</p> <p>TENC cannot control the trader’s process to claim the ICP, and some traders do not claim ICPs until they have become “active”.</p> <p>The impact is low, because traders had accepted responsibility prior to initial electrical connection for all ICPs checked, but in some cases that acceptance was not shown on the registry.</p>

² 1002002198TC21E, 1002002199TCE5B, 1002002200TCCEE, 1002002201TC0AB, 1002002202TCC6B, 1002002203TC02E

Actions taken to resolve the issue	Completion date	Remedial action status
All ICPs were moved to Ready as soon as we became aware that this was required.	During audit period	Identified
Preventative actions taken to ensure no further issues will occur	Completion date	
We intend to implement 'Axos Registry Manager' in 2024. This will provide additional rule-based structure to our registry updates and enhanced discrepancy reporting.	2024	

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 is discussed in the TENCO report. The registry list and audit compliance reports were examined to determine compliance.

Audit commentary

Compliance is recorded for TENCO.

TENC will not electrically connect an ICP without a reconciliation participant accepting responsibility.

As recorded in **section 3.6**:

- Six ICPs were not updated to “ready” status prior to the initial electrical connection date. In all cases the trader had accepted responsibility for the ICP prior to initial electrical connection, although they had not updated the registry on time.
- 952 ICPs which were created and initially electrically connected between 1 December 2022 and 4 March 2024 did not have a responsible trader recorded on the registry on the initial electrical connection date. I checked a sample of ten and confirmed that the trader had accepted responsibility for the ICP prior to initial electrical connection, although they had not updated the registry on time.

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 unmetred 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 is discussed in the TENCO report. The registry list and audit compliance reports were examined to determine compliance.

Audit commentary

Compliance is recorded for TENCO.

510 of the 1,251 ICPs created and electrically connected between 1 December 2022 and 4 March 2024 had discrepancies between the initial electrical connection date, status date and meter certification date. 505 of those had meter certification dates prior to the initial electrical connection date. Of those:

- 390 ICPs were connected to new NSPs and had their meters certified prior to the NSP start date. None of the ICPs were temporarily electrically connected, all volumes associated with this activity were reconciled via the GN ICP on the gate meter prior to the embedded network starting.
- 115 ICPs had a meter certification date prior to the initial connection date, where the meter certification date was after the NSP start date. All were confirmed not to have been temporarily electrically connected.

No temporary electrical connections were identified, and no shared unmetred load is supplied.

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

TENCO provides the required information to the reconciliation manager as soon as the start date and metering information are available.

The NSP table, reconciliation manager publications and reconciliation manager's meter certification data was examined to determine compliance.

Audit commentary

TENCO has a process to ensure that a meter is installed for each point of connection. TENCO provides the required information to the reconciliation manager as soon as the start date and metering information are available.

NSP and date of connection

For all 26 new NSPs and 12 NSPs which transferred to TENC from other networks the NSP and date of connection were provided on time.

MEP and meter certification information

The MEP cannot be populated without the meter certification expiry date, and it is necessary for TENC to receive certification before the update can be made. TENC provides an update to the reconciliation manager as soon as meter certification information is available.

New NSPs

For the 22 new NSPs where the connection date had been reached:

- Eight NSPs had the MEP and meter certification details provided on time.
- 12 NSPs had their MEP and meter certification information provided more than five business days after the NSP start date.

NSP	Start date	RM update	Business days start date to RM update
TCI0011TENCEN	1/11/2023	30/11/2023	22
TRD0011TENCEN	1/12/2022	25/01/2023	35
TMS0011TENCEN	1/10/2023	21/11/2023	36
TBH0011TENCEN	1/11/2023	30/11/2023	22
TCG0012TENCEN	1/01/2023	5/04/2023	64
TFK0011TENCEN	4/05/2023	14/06/2023	29
TGY0011TENCEN	1/06/2023	20/07/2023	34
TMR0111TENCEN	1/10/2023	16/11/2023	33
TOS0011TENCEN	1/08/2023	1/02/2024	127
TRY0011TENCEN	22/06/2023	12/07/2023	15
TTW0011TENCEN	22/07/2023	27/09/2023	48
TWE0011TENCEN	20/07/2023	31/08/2023	31

- Two NSPs have not had their MEP and meter certification provided because certification details have not been received from the MEP.

NSP	Start date	RM update	Business days start date to RM update
TRG0011TENCEN	21/06/2023		
THL0011TENCEN	1/02/2024		

Transferred NSPs

For the 12 NSPs which transferred from other networks to TENC where the start date was reached:

- Nine NSPs transferred with the existing valid certification details, and

- Three NSPs had changes of certification details after transferring to TENC which are discussed in **section 6.8**.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 3.9 With: Clause 10.30 From: 21-Jun-23 To: 07-Mar-24	14 new NSPs had late meter certification updates, including two NSPs where no meter certification details have been provided. Potential impact: Low Actual impact: Low Audit history: Multiple times Controls: Moderate Breach risk rating: 2		
Audit risk rating	Rationale for audit risk rating		
Low	The controls are moderate, because the delays were primarily caused by the MEP being unable to provide information on time. The impact is low because there no impact on reconciliation.		
Actions taken to resolve the issue		Completion date	Remedial action status
Metering details are provided as soon as paperwork is received from MEPs. In some cases paperwork is late thus causing Tenco to be non-compliant.		During audit period	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
We continue to proactively follow up for meter paperwork with MEPs, where this has not been received.		Ongoing	

3.10. 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

22 new NSPs were created during the audit period as described in **section 3.9**. TENCO confirmed that none of the NSPs were temporarily electrically connected.

Audit outcome

Compliant

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

Code reference

Clause 1(1) Schedule 11.1

Code related audit information

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

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 ICP creation process is discussed in the TENCO report.

Audit commentary

Compliance is recorded for TENCO.

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 was examined to confirm whether 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 new connection process was examined as part of the TENCO report. The registry list and audit compliance reports were examined to determine compliance.

Audit commentary

Compliance is recorded for TENCO. ICPs that are created at “new” are changed to “ready” once the NSP is available, and metering details and retailer have been determined.

771 ICPs currently have “new” status. All of the ICPs were confirmed not to be ready for activation and the status is correctly assigned.

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

Monitoring of “new” and “ready” status is discussed in the TENCO report. The registry list and audit compliance reports were examined to determine compliance.

Audit commentary

Compliance is recorded for TENCO.

The audit compliance reports showed four ICPs at “ready” status for more than 24 months and 444 ICPs at “new” status for more than 24 months.

The four ICPs at “ready” status and 444 ICPs at “new” status are situated at a multiple building development at Silverdale, and are moved to “ready” status as they become ready for initial electrical

connection. TENCO’s last contact with the developer regarding the status of these ICPs was in March 2024.

Audit outcome

Non-compliant

Non-compliance	Description	
Audit Ref: 3.14 With: Clause 15 Schedule 11.1 From: 09-Jul-21 To: 13-Mar-24	ICPs at “new” and “ready” status are not consistently checked with the trader every 24 months. Potential impact: Low Actual impact: Low Audit history: None Controls: Moderate Breach risk rating: 2	
Audit risk rating	Rationale for audit risk rating	
Low	The controls are moderate, because there is a process to identify ICPs at new or ready status for extended periods and check whether they are still required. I found that sometimes TENCO checks the status of the ICPs directly with the customer or developer instead of the trader. The audit risk rating is low, because the status was confirmed to be correct for the affected ICPs.	
Actions taken to resolve the issue	Completion date	Remedial action status
During construction phase when embedded network ICPs are at New, we work closely with developers and electrical contractors. They inform us once they are ready for installs and we request this direct from Wells or Influx. We update ICPs to Ready at this point. Once install paperwork is received, we send this on to traders and request they claim as of the install date. Asking traders for status updates is redundant on new embedded network set-ups, as we manage the meter installs and the customer/electrical contractor relationship pre-commissioning.	During audit period	Identified
Preventative actions taken to ensure no further issues will occur	Completion date	
We monitor ICPs at New and Ready up till and over 24 months. We know their current physical status. We usually check with the Trader before 24 months is up, as this is required by code.	Ongoing	

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

Code reference

Clause 7(6) Schedule 11.1

Code related audit information

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

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

Audit observation

The list file was examined to determine compliance.

Audit commentary

Review of the registry list confirmed that no embedded generation over 10 MW is connected.

Audit outcome

Compliant

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

Code reference

Clause 10.33A(4)

Code related audit information

No participant may electrically connect a point of connection or authorise the electrical connection of a point of connection, other than a reconciliation participant.

Audit observation

The registry list was examined to determine compliance.

Audit commentary

TENC obtains permission from the trader before electrically connecting ICPs.

Unmetered load ICPs 1001100233LCB57 and 1001100236LC618 transferred from parent networks to TENC TTG0011 on 1 September 2022, and were connected prior to the transfer. The unmetered load relates to tourist signs.

TENC does not intend to connect any other unmetered load to the networks in the future.

Audit outcome

Compliant

3.17. Electrical disconnection of a point of connection (Clause 10.30C and 10.31C)

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

Processes to manage this are discussed in the TENCO agent report.

Audit commentary

Compliance is confirmed for the process detailed in the TENCO agent report.

TENC only conducts disconnections where ICPs are to be decommissioned and they obtain permission from the trader prior to decommissioning. No ICPs were electrically disconnected by TENCO during the audit period.

Audit outcome

Compliant

3.18. Meter bridging (Clause 10.33C)

Code reference

Clause 10.33C

Code related audit information

A distributor may only electrically connect an ICP in a way that bypasses a meter that is in place (“bridging”) if the distributor has been authorised by the responsible trader.

The distributor can then only proceed with bridging the meter if, despite best endeavours:

- the MEP is unable to remotely electrically connect the ICP
- the MEP cannot repair a fault with the meter due to safety concerns
- the consumer will likely be without electricity for a period which would cause significant disadvantage to the consumer

If the distributor bridges a meter, the distributor must notify the responsible trader within 1 business day and include the date of bridging in its advice.

Audit observation

The process to manage this is discussed in the TENCO agent report. I checked for any bridged meters.

Audit commentary

Compliance is confirmed in the TENCO agent report. I confirmed that no meters were bridged during the audit period.

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 3 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 8 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 3 business days after the registry manager has advised the distributor that the ICP is ready to be decommissioned, or 3 business days after the distributor has decommissioned the ICP.

Audit observation

The management of this process is discussed in the TENCO report. The registry list and audit compliance reports were examined to determine compliance. Initial population of data for new connections is discussed in **sections 3.4** and **3.5**.

Audit commentary

When information that is held by the registry changes, the distributor responsible for that ICP must provide notice to the registry of that change within three business days of that change taking effect. The audit compliance report was reviewed to identify late updates to ICP information.

Address updates for existing ICPs

Date range	Number of late updates	% Compliance	Average Days
2020	155	90.74%	0.45
2021	3	99.10%	8.71
2022	38	95.11%	1.21
2024	3	99.66%	2.13

The late updates were corrections to unit and/or street numbers.

Pricing updates for existing ICPs

Date range	Number of late updates	% Compliance	Average Days
2020	14	N/A	N/A
2021	23	N/A	N/A
2022	77	N/A	N/A
2024	596	N/A	N/A

The latest update was made 248 business days after the event date. 208 late updates were within ten business days of the event date, and 586 were within 30 business days of the event date.

I checked the ten latest pricing updates including all made more than 30 business days after the event date. One late update was not genuine, an incorrect event date made it appear backdated and the event date was corrected as soon as the error was discovered during the audit. The other nine late updates were caused by:

- late processing of DS010 files by the Electricity Authority,
- corrections at the trader’s request made within three business days of receipt of the request, or
- corrections following a backdated meter upgrade.

NSP change updates for existing ICPs

Date range	Number of late updates	% Compliance	Average Days
2021	0	N/A	N/A
2022	2	N/A	N/A
2024	326	N/A	N/A

According to the AC020 audit compliance report all were replacing a blank NSP with a valid NSP. I spot checked the late updates and confirmed that they replaced existing network records with the same NSP and were not genuine late updates. The updates appeared to be changes to the reconciliation type.

Distributed generation updates for existing ICPs

Date range	Number of late updates	% Compliance	Average Days
2020	0	N/A	N/A
2021	2	N/A	47
2022	3	0.00%	6.00
2024	5	54.55	63.82

The late updates were made 14-309 business days after the event date.

The three latest updates for ICPs 0000013602TC816, 0000014176TC723 and 002001105TC042 corrected the distributed generation event date or attributes after incorrect information was found through TENC’s validation process.

An application for distributed generation for ICP 0140244034LC7F1 was received on 6 March 2023 with a start date of 7 February 2023, and was updated on the registry the same day. TENC was not aware of distributed generation at the ICP prior to receiving the application.

The late update recorded for 0000015098TC6A6 on the AC020 audit compliance report was invalid. No distributed generation change occurred.

Network updates for existing ICPs

Date range	Number of late updates	% Compliance	Average Days
2020	3	99.87%	N/A
2021	0	100.00%	N/A
2022	27	98.85%	0.21
2024	170	94.70%	1.43

121 of the late updates were within ten business days of the event date, 150 were within 20 business days, 160 were within 100 business days and the latest update was 1,162 business days after the event

date. I checked the 15 latest updates, including all over 100 business days after the event date and found:

- Eight were corrections to event dates for initial electrical connection date updates or additions of distributed generation, or corrections to the proposed trader or distributed generation capacity.
- Four were updates from direct billed status distributor to retailer.
- Three updates populated the initial electrical connection date, and are recorded as non-compliance in **section 3.5** because the update was not within ten business days of initial electrical connection.

Status updates

Date range	Number of late updates	% Compliance	Average Days
2020	2	98%	1.38
2021	0	100%	1.13
2022	8	79.49%	2.08
2024	5	92.86%	1.50

The updates were made four to 15 business days after the trader’s update to inactive – ready for decommissioning status.

Four of the late updates were delayed because the trader and/or MEP needed to reverse later records before decommissioning could be completed. For all three ICPs the decommissioning was completed within one business day of the trader and/or MEP’s reversal.

The other update was delayed while TENC waiting for confirmation of the decommissioning date.

Audit outcome

Non-compliant

Non-compliance	Description
Audit Ref: 4.1 With: Clause 8 Schedule 11.1 From: 01-Dec-22 To: 04-Mar-24	Three late address updates. Up to 590 late pricing updates. Four late distributed generation updates. 170 late network updates. Five late status updates to decommissioned. Potential impact: Low Actual impact: Low Audit history: Multiple times Controls: Strong Breach risk rating: 1
Audit risk rating	Rationale for audit risk rating
Low	Controls are rated as strong, as they are sufficient to ensure updates are on time most of the time. The risk is assessed as low as a relatively small proportion of updates were affected, and in many cases TENC could not update the registry until other parties provided

	information or updated the registry. From the sample checked it is likely that many of the pricing updates will not be genuinely late.	
Actions taken to resolve the issue	Completion date	Remedial action status
In general, we make updates as soon as we become aware of the requirement. Events are only back dated if there is a valid reason, that would otherwise distort accuracy or affect reconciliation.	During audit period	Identified
Preventative actions taken to ensure no further issues will occur	Completion date	
We have noted an increase in the late processing of DS010 files by the EA. At times this has exceeded 35 days and required the back dating of network and pricing events. It would be good to see this process reviewed as this has resulted in multiple non-compliances for us.	Ongoing	

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

Code reference

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

Code related audit information

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

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

Audit observation

The management of this process is discussed in the TENCO report. The audit compliance reports were examined for any NSP discrepancies.

Audit commentary

Compliance is recorded for TENCO.

The audit compliance report identified 11 ICPs which were potentially recorded against an incorrect NSP. All were checked and I confirmed the correct NSPs were recorded, and the NSP was consistent with other ICPs at the same address.

Audit outcome

Compliant

4.3. Customer queries about ICP (Clause 11.31)

Code reference

Clause 11.31

Code related audit information

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

Audit observation

The management of customer queries was examined.

Audit commentary

TENC occasionally receives direct requests for ICP identifiers. These are provided immediately, by looking up the ICP based on information that the customer provides.

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 during the TENCO agent audit. The registry list and audit compliance reports were examined to determine compliance.

Audit commentary

Compliance is recorded for TENCO. TENCO uses shop, apartment, tenancy and unit numbers and location descriptions to ensure that addresses are unique, and checks are completed for new ICPs on creation. Regular checks for uniqueness and completeness are also completed for ICPs which transfer in from other networks.

The AC020 did not record any duplicate addresses and found six ICPs had a unit number but no street number or property name recorded:

- One was a corner property and sufficient street address information was recorded.
- The other five ICPs were updated to include both a property name and street number as soon as the incomplete address was discovered during the audit. These incomplete addresses were not identified and corrected through TENCO's validation process because they had a unit number populated, although the street number and property name were blank.

891 active ICPs situated across Auckland and Napier have GPS coordinates recorded. I mapped the GPS coordinates using NZTM2000 and confirmed they were consistent with the physical addresses recorded on the registry, except for ICP 0000035571WE8B6 which had a physical address street of State Highway 1 and was corrected to Maahanga Drive as soon as the error was discovered during the audit. The ICP address was inherited from the previous network.

Audit outcome

Non-compliant

Non-compliance	Description	
Audit Ref: 4.4 With: Clause 2 Schedule 11.1 From: 04-Mar-24 To: 13-Mar-24	Five ICPs had incomplete addresses, which were corrected to be readily locatable and unique upon discovery during the audit. One ICP had incorrect physical address street recorded and was corrected as soon as it was identified during the audit. Potential impact: Low Actual impact: Low Audit history: Multiple times Controls: Strong Breach risk rating: 1	
Audit risk rating	Rationale for audit risk rating	
Low	Controls are rated as strong, as there are processes in place to validate addresses. A very small number of exceptions were found and corrected as soon as they were discovered during the audit.	
Actions taken to resolve the issue	Completion date	Remedial action status
Address validation is carried out on a regular basis to ensure ICPs are readily locatable. All ICP records found to be non-compliant have been corrected where appropriate.	During audit period	Cleared
Preventative actions taken to ensure no further issues will occur	Completion date	
We intend to implement 'Axos Registry Manager' in 2024. This will provide additional rule-based structure to our registry updates and enhanced discrepancy reporting.	2024	

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 is discussed in the TENCO report.

Audit commentary

Compliance is recorded for TENCO.

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-
 - (38) 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-
 - (38) the annual capacity value recorded in the registry field for the chargeable capacity; and
 - (ii) either the term "POA" or all other capacity values, recorded in the registry field in which the distributor installation details are also recorded

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

Audit observation

The management of registry data is discussed in the TENCO contractor report.

Processes to ensure information is accurate were examined during the TENCO agent audit. The registry list and audit compliance reports were examined to determine compliance.

Audit commentary

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

Initial electrical connection dates

The audit compliance reports were reviewed to determine the accuracy of initial electrical connection dates.

Initial electrical connection dates populated for inactive ICPs

No ICPs at “ready” or “inactive new connection in progress” status have initial electrical connection dates populated.

Active ICPs with missing initial electrical connection dates

The AC020 audit compliance report recorded 13 ICPs which had active status dates on or after 29 August 2023 where the initial electrical connection date had not been populated. All were timing differences, and the registry was updated as soon as confirmation of the correct initial electrical connection date was received.

The AC020 report recorded a further 24 ICPs which had initial electrical connection dates after the active status date. I checked the three ICPs which had initial electrical connection dates during the audit period and found one was correct, and two were incorrect and were updated as soon as the errors were identified during the audit.

Consistency with trader active status dates and MEP meter certification dates

510 of the ICPs created and electrically connected during the audit period had discrepancies between the initial electrical connection date, status date, and meter certification date. All had an initial electrical connection date which was consistent with the trader's active status date.

Five of the 510 ICPs had meter certification dates after the initial electrical connection date. Four had correct initial electrical connection dates, and one had an incorrect initial electrical connection date which was updated as soon as the error was identified during the audit.

505 of the 510 ICPs had meter certification dates prior to the initial electrical connection date. Of those:

- 390 ICPs were connected to new NSPs and had their meters certified prior to the NSP start date. None of the ICPs were temporarily electrically connected, all volumes associated with this activity were reconciled via the GN ICP on the gate meter prior to the embedded network starting.
- 115 ICPs had a meter certification date prior to the initial connection date, where the meter certification date was after the NSP start date. I checked a sample of ten ICPs and confirmed the initial electrical connection dates were correct.

Event dates

Event dates should reflect the date that the attributes within the network, address, pricing, or status record apply from. I found that some event dates did not match the date that the event attributes applied from.

One pricing update had an incorrect event date and was corrected upon discovery during the audit.

For 2,667 (99.9%) of 2,671 original initial electrical connection date updates for ICPs created during the audit period, the network the event date matched date the event attributes applied from. Four ICPs had incorrect event dates applied due to data entry errors. TENC is unable to update the event dates because they are either ICP creation events, or pre-date the retailer's acceptance of the ICP.

- 1000021122TC462 NET-10786560 event date 17/07/2023, expected date 02/08/2023
- 1002002205TC1A1 NET-10713401 event date 01/05/2023, expected date 03/05/2023
- 1002001599TC0BA NET-10468650 event date 01/12/2022, expected date 12/12/2022, and
- 1002001598TCCFF NET-10468648 event date 01/12/2022, expected date 12/12/2022.

The previous audit found ICP 0000015190TCDB6's network update to add distributed generation had an incorrect event date, and I confirmed this has been corrected.

Distributed generation

Four ICPs have installation type L but the trader's profile indicates generation is present. For three ICPs TENC has no applications or information indicating that generation has been added, and has asked the trader for further information. ICP 0000015094TC5B8 had recently been confirmed to be generating, and the registry has been updated.

A recommendation was made in the previous audit to check and update the generation capacity for ICP 0000014176TC723, and this has been completed.

Unmetered load

Unmetered load ICPs 1001100233LCB57 and 1001100236LC618 transferred from parent networks to TENC TTG0011 on 1 September 2022, and were connected prior to the transfer. The unmetered load relates to tourist signs, and was inherited from the parent network.

Loss factors

A residual loss factor needs to have an internal loss factor of 1.00 so as the RM calculations of the volume are correct. Two of the 48 active SB ICPs had loss factors greater than 1.00:

- ICP 0000800000MTD10 had loss factor TCLCL05 1.0329, and TENC corrected the loss factor to TENC R1 effective from its transfer date 1 November 2023 during the audit.
- ICP 0000002000SF9ED has loss factor TCUNL05 1.0192, and TENC will create a new loss factor for the ICP effective from 1 April 2024.

Audit outcome

Non-compliant

Non-compliance	Description		
<p>Audit Ref: 4.6 With: Clause 7(1) Schedule 11.1</p> <p>From: 01-Dec-22 To: 13-Mar-24</p>	<p>Three ICPs had incorrect initial electrical connection dates recorded on the registry, and were corrected as soon as they were identified during the audit.</p> <p>Four network updates populating the initial electrical connection date have incorrect event dates, which are unable to be corrected.</p> <p>Two of the 48 active SB ICPs had loss factors greater than 1.00. One was corrected upon identification during the audit, and the other will have a new loss factor created.</p> <p>Potential impact: Low Actual impact: None Audit history: Multiple times Controls: Strong Breach risk rating: 1</p>		
Audit risk rating	Rationale for audit risk rating		
<p>Low</p>	<p>The controls are rated as strong, processes are compliant and these were isolated errors.</p> <p>The audit risk rating is low, as a small number of exceptions were identified and most were corrected as soon as they were discovered.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
<p>From time to time there will be inaccuracies in the ICP data we update. We actively engage with other participants where we see discrepancies and make corrections where required, in a timely manner. 2 ICPs with loss factor discrepancies were identified during the audit and the most practicable method to remedy this was agreed with the auditor.</p>		<p>01/04/2024</p>	<p>Identified</p>
Preventative actions taken to ensure no further issues will occur		Completion date	
<p>We intend to implement 'Axos Registry Manager' in 2024. This will provide additional rule-based structure to our registry updates and enhanced discrepancy reporting.</p>		<p>2024</p>	

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 this process is discussed in the TENCO contractor report. The audit compliance reporting and the registry list were examined to determine compliance.

Audit commentary

Compliance is recorded in the TENCO audit report in relation to this clause.

As discussed in **section 3.4**, the ACO20 audit compliance report invalidly recorded five ICPs as not having pricing information on the registry prior to the initial electrical connection date, because the original update was replaced, or reversed and then recreated.

All ICPs had pricing information provided prior to the initial electrical connection date.

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 report was examined to determine compliance.

Audit commentary

891 active ICPs situated across Auckland and Napier have GPS coordinates recorded. I mapped the GPS coordinates using NZTM2000 and confirmed they were consistent with the physical addresses recorded on the registry, except for ICP 0000035571WE8B6 which had a physical address street of State Highway 1 and was corrected to Maahanga Drive as soon as the error was discovered during the audit.

Compliance is recorded in this section because the GPS coordinates are correct for all addresses. Non-compliance is recorded in **section 4.4** for ICP 0000035571WE8B6's incorrect street address.

Audit outcome

Compliant

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

Code reference

Clause 14 Schedule 11.1

Code related audit information

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

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

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

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

Audit observation

Processes to manage ICPs at “ready” status were reviewed as part of the TENCO agent audit. The registry list was examined to determine compliance.

Audit commentary

Compliance is recorded for TENCO.

628 ICPs which have not been electrically connected are at “ready” status. All have a proposed trader and pricing information recorded. ICPs at “ready” status for more than 24 months are discussed in **section 3.14**.

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

It is unlikely that TENC will deal with any ICPs with a “distributor” status because they do not deal with shared unmetered load, and there are no embedded networks connected to existing embedded networks. The registry list was examined to determine compliance.

Audit commentary

The “distributor” status was not used at all during the audit period.

Audit outcome

Compliant

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

Code reference

Clause 20 Schedule 11.1

Code related audit information

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

Decommissioning only occurs when:

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

Audit observation

The management of this process is discussed in the TENCO contractor report. The registry list, event detail and audit compliance reports were examined to determine compliance.

Audit commentary

Compliance is recorded for TENCO.

64 ICPs were decommissioned during the audit period, and the registry was updated in accordance with this clause. Five of the ICPs were updated to “decommissioned” status late and are discussed in **section 4.1**.

The registry list recorded one ICP at “inactive ready for decommissioning” status, which was moved to decommissioned the day after the trader’s update.

Audit outcome

Compliant

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

Code reference

Clause 23 Schedule 11.1

Code related audit information

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

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

A price category code takes effect on the specified date.

Audit observation

The price category code table on the registry was examined to determine compliance.

Audit commentary

21 new price category codes have been created since 1 October 2022. All the new pricing category codes were created on time, and were for new NSPs which were created or transferred in, or were site specific pricing for new ICPs. There were no changes to existing price categories.

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 to determine compliance.

Audit commentary

TENC created nine new loss factors since 1 October 2022.

- Eight were created for new NSPs and updated on time.
- One was created for a specific ICP and was updated in the table more than two months before it was applied for that ICP.

Loss factor TCCKL06 was accidentally end dated in error when processing loss factor updates. Because there was no option to remove the end date, Tenco re-created the TCCKL06 loss factor from the original start date of 1 July 2019 to reinstate the record. This was not a new loss factor and there was no change to the loss factor information.

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 2 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 to determine compliance.

Audit commentary

TENC updated 12 loss factors since 1 October 2022 and all were notified within the required period. There was only one loss factor per category code per month.

Loss factor TCCKL06 was accidentally end dated in error when processing loss factor updates. Because there was no option to remove the end date, Tenco re-created the TCCKL06 loss factor from the

original start date of 1 July 2019 to reinstate the record. This was not a new loss factor and there was no change to the loss factor information.

Audit outcome

Compliant

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

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

Code reference

Clause 11.8 and Clause 25 Schedule 11.1

Code related audit information

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

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

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

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 process for the creation and decommissioning of NSPs was reviewed as part of the TENCO agent audit. The NSP table and notifications were examined to determine compliance.

Audit commentary

Compliance is recorded for TENCO.

Decommissioned NSPs

NSPs PHS0011TENCEN and TAC0011TENCEN were end dated during the audit period and notice was provided at least 30 days prior to the decommissioning date as required by this clause.

Transferred ICPS - outgoing

NSP TQW0011TENCEN transferred out during the audit period, and notice was provided as required by this clause.

Transferred NSPs – incoming

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 no later than three business days before the transfer takes effect, including confirmation of consent from the current distributor for the NSP and all traders with ICPs connected to the NSP, and
- give written notice to each affected reconciliation participant.

12 NSPs transferred from other networks to TENC during the audit period, and notice of the intended NSP transfer was provided to the reconciliation manager, the Authority and each reconciliation participant on time.

To assess compliance, I checked that TENCO's notifications to the Authority met the requirements of schedule 11.2 and were issued no later than three days before the start date for a sample of ten transferred NSPs. The notifications were complete, accurate and issued on time, including a second notification relating to TTP0011TENCEN where TENC discovered that another four ICPs needed to be transferred to the embedded network after the initial transfer was completed.

New NSPs

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 no later than three business days before the transfer takes effect, including confirmation of consent from the current distributor for the NSP and all traders with ICPs connected to the NSP, and
- give written notice to each affected reconciliation participant.

26 new NSPs were created during the audit period, and the original start date notifications to the reconciliation manager for each NSP were made on time.

To assess compliance, I checked that TENCO's notification to the Authority met the requirements of schedule 11.2 and were issued no later than three days before the start date for a sample of nine new NSPs. I also checked whether trader consent was provided, which confirmed that the traders were notified and had provided consent. Compliance was recorded for all NSPs.

TENC reported a self-breach where it revised the start date for TWE0011TENCEN, which provided just under one month's notice of the revised start date. The issue occurred because the parent network was able to liven the transformer which would feed the development early, and the embedded network customer wished to move the date earlier. There was no market impact because no ICPs were transferring from other networks.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 6.1 With: Clause 11.8 and Clause 25 Schedule 11.1 From: 05-Jul-23 To: 08-Dec-23	TENC reported a self breach for TWE0011TENCEN because less than one month's notice of the revised start date was provided. Potential impact: Low Actual impact: Low Audit history: Once Controls: Strong Breach risk rating: 1		
Audit risk rating	Rationale for audit risk rating		
Low	Controls are rated as strong as TENCO's processes are compliant. The audit risk rating is low because just under one month's notice of the revised start date was provided for TWE0011TENCEN.		
Actions taken to resolve the issue	Completion date	Remedial action status	
When the electrical contractor advised us that the transformer was to be commissioning prior to the expected date, we chose to short notify and self breach, rather than delay the start of the multi-level residential development TWE0011TENCEN.	During audit period	Identified	
Preventative actions taken to ensure no further issues will occur	Completion date		
We have extended the amount of notice we give traders from one month to two months in most cases as this allows them additional time to notify customers and make internal updates.	Ongoing		

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

Code reference

Clause 26(1) and (2) Schedule 11.1

Code related audit information

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

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

Audit observation

The process for the creation and decommissioning of NSPs was reviewed as part of the TENCO agent audit. The NSP table and notifications were examined to determine compliance.

Audit commentary

Compliance is recorded for TENCO.

Transferred NSPs

12 NSPs transferred from other networks to TENC during the audit period, and the reconciliation manager was notified at least ten business days before the NSP was transferred.

New NSPs

26 new NSPs were created during the audit period, and the reconciliation manager was notified at least ten business days before the NSP start date.

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 process to provide balancing area information was reviewed as part of the TENCO agent audit. The NSP table and notifications were examined to determine compliance.

Audit commentary

Compliance is recorded for TENCO.

Transferred NSPs

12 NSPs transferred from other networks to TENC during the audit period, and notification of balancing areas was provided as required by this clause.

New NSPs

26 new NSPs were created during the audit period, and notification of balancing areas was provided as required by this clause.

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)(l)).

Audit observation

The process to provide NSP supporting information was reviewed as part of the TENCO agent audit. The NSP table and RM portal notifications were examined to determine compliance.

Audit commentary

Compliance is recorded for TENCO.

Transferred NSPs

12 NSPs transferred from other networks to TENC during the audit period, and the reconciliation manager was provided the supporting NSP information at least one month before the transfer. LE ICPs existed prior to the NSPs being transferred to TENC.

New NSPs

26 new NSPs were created during the audit period and the original NSP start date notifications to the reconciliation manager for each NSP were made on time. Non-compliance is recorded in **section 6.1** for one change of start date which resulted in a late notification for TWE0011TENCEN.

LE ICPs were provided on time for six of the 26 NSPs, and between 18 days before the start date to 170 calendar days after the start date for a further six NSPs. The RM portal did not have a record of an LE ICP being provided for the other 14 NSPs. The affected NSPs are:

NSP	Start date	LE ICP notification date
TRD0011TENCEN	1/12/2022	12/12/2022
TFK0011TENCEN	4/05/2023	9/05/2023
TOS0011TENCEN	1/08/2023	18/01/2024
TMR0111TENCEN	1/10/2023	27/09/2023
TTW0011TENCEN	22/07/2023	4/07/2023
TTJ0011TENCEN	1/02/2024	18/01/2024
TCG0012TENCEN	1/01/2023	
TND0011TENCEN	1/01/2023	
TWT0011TENCEN	1/01/2023	
TGY0011TENCEN	1/06/2023	
TRG0011TENCEN	21/06/2023	
TRY0011TENCEN	22/06/2023	
TWE0011TENCEN	20/07/2023	
TVL0011TENCEN	1/09/2023	
TMS0011TENCEN	1/10/2023	
TPT0011TENCEN	1/11/2023	
TFO0011TENCEN	2/03/2024	
TGG0011TENCEN	1/04/2024	
TME0111TENCEN	15/04/2024	
TOW0011TENCEN	1/06/2024	

The LE ICPs were provided late, or not provided because there were delays in receiving them from the parent networks.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 6.4 With: Clause 26(4) Schedule 11.1 From: 01-Dec-22 To: 28-Feb-2024	20 late LE ICP notifications for new embedded networks. Potential impact: Low Actual impact: Low Audit history: Multiple times Controls: Moderate Breach risk rating: 2		
Audit risk rating	Rationale for audit risk rating		
Low	The controls are moderate because TENC have not provided the required notice consistently across the LE ICP number requests. TENC's processes to make sure LE ICPs are requested are compliant, but there are often delays in receiving these from the parent network. The audit risk rating is low because the other required information was provided on time.		
Actions taken to resolve the issue		Completion date	Remedial action status
In most instances we provide all other NSP information to the RM in accordance with the 30-day rule. Where we are reliant on parent networks issuing LE ICPs, we often experience delays. This sometimes puts it outside of our control to update LE ICP information within the required timeframe.		During audit period	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
We continue to work with parent networks to provide all information they require to issue ICPs in a timely manner. The process can often take 2-3 months and require multiple delays to the start date for new embedded networks, as without an LE ICP we are unable to install gate metering at the MSB.		Ongoing	

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

Code reference

Clause 24(2) and (3) Schedule 11.1

Code related audit information

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

Audit observation

The process to maintain balancing area information was reviewed as part of the TENCO agent audit. The NSP table was examined.

Audit commentary

Compliance is recorded for TENCO. No balancing areas were changed during the audit period.

Audit outcome

Compliant

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

Code reference

Clause 27 Schedule 11.1

Code related audit information

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

Audit observation

The NSP table was examined.

Audit commentary

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 ICP transfer process was reviewed as part of the TENCO agent audit. The NSP table, registry list and notifications were reviewed to determine compliance.

Audit commentary

I checked notifications to the Authority for a sample of 19 transferred and new NSPs where ICPs were transferred from other networks to TENC. Each NSP had notification provided to the Authority at least three business days in advance.

I confirmed that the notifications were complete and accurate. For TTP0011TENCEN, TENC discovered that another four ICPs needed to be transferred to the embedded network after the initial transfer was completed, and a separate DS010 notification was provided on time for these ICPs which transferred on 8 December 2023.

Audit outcome

Compliant

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

Code reference

Clause 10.25(1) and 10.25(3)

Code related audit information

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

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

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

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

Audit observation

Processes to ensure that meters are present and certified were reviewed as part of the TENCO agent audit. The NSP table was examined, and notifications were reviewed.

Audit commentary

Compliance is recorded for TENCO.

Changes to existing meter certification

I identified 49 NSPs which had changes to their meter certification expiry dates during the audit period.

For a sample of 11 updates I obtained the meter certification record and update date from the reconciliation manager, and compared this to the MEP's meter certification date and expiry date provided by TENCO. I confirmed that the correct certification date had been provided in all cases. Six of the sample of 11 updates were made on time, and five were made more than 20 business days after the meter certification date.

I rechecked the NSPs which were found to have incorrect certification expiry dates during the last audit and found they are corrected.

Expired meter certification for existing NSPs

The NSP table was reviewed, and I found eight existing NSPs had expired meter certification on 27 February 2024 because the MEP had not provided updated meter certification details.

NSP	Certification expiry date
TPS0011TENCEN	7/03/2022
TGC0011TENCEN	13/12/2022
TCG0011TENCEN	29/10/2023
TVS0011TENCEN	11/11/2023
VGH0011TENCEN	14/11/2023
TLB0011TENCEN	11/01/2024
TRN0011TENCEN	28/01/2024
TFJ0011TENCEN	17/02/2024

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 6.8 With: Clause 10.25(1) and 10.25(3) From: 07-Mar-22 To: 07-Mar-24	Meter certification details were updated more than 20 business days after the certification date for five NSPs from a sample of 11 checked. Meter certification was expired for eight ICPs at the time the checks were completed. Potential impact: Low Actual impact: Low Audit history: Multiple times Controls: Moderate Breach risk rating: 2		
Audit risk rating	Rationale for audit risk rating		
Low	The controls are moderate, because the delays were primarily caused by the MEP being unable to provide information on time. The impact is low because there no impact on reconciliation.		
Actions taken to resolve the issue		Completion date	Remedial action status
We have found the late certification of some of these meters is due to low load situations at the outset of new developments, which prevents load checks from being carried out. Once site load is at the required level, the MEP will return to site to complete certification. Hence the delayed paperwork.		During audit period	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
We continue to follow up with MEPs for paperwork to ensure their records match up with ours.		Ongoing	

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 five 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)(i)); and
 - b) the NSP of the certification expiry date (Clause 10.25(2)(ii)).

Audit observation

Processes to ensure that meters are present and certified were reviewed as part of the TENCO agent audit. The NSP table was examined, and notifications were reviewed.

Audit commentary

TENCO’s process is compliant and ensures that there is a responsible meter equipment provider before the NSP is connected. The MEP cannot be populated without the meter certification expiry date, and it is necessary for TENC to receive certification before the update can be made.

New NSPs

26 new NSPs were created during the audit period. For the 22 new NSPs where the connection date had been reached:

- Eight NSPs had the MEP and meter certification details provided on time.
- 12 NSPs had their MEP and meter certification information provided more than 20 business days after the NSP start date.

NSP	Start date	RM update	Business days start date to RM update
TCI0011TENCEN	1/11/2023	30/11/2023	22
TRD0011TENCEN	1/12/2022	25/01/2023	35
TMS0011TENCEN	1/10/2023	21/11/2023	36
TBH0011TENCEN	1/11/2023	30/11/2023	22
TCG0012TENCEN	1/01/2023	5/04/2023	64
TFK0011TENCEN	4/05/2023	14/06/2023	29
TGY0011TENCEN	1/06/2023	20/07/2023	34
TMR0111TENCEN	1/10/2023	16/11/2023	33
TOS0011TENCEN	1/08/2023	1/02/2024	127
TRY0011TENCEN	22/06/2023	12/07/2023	15
TTW0011TENCEN	22/07/2023	27/09/2023	48
TWE0011TENCEN	20/07/2023	31/08/2023	31

- Two NSPs have not had their MEP and meter certification provided because the MEP has not yet provided meter certification details.

NSP	Start date	RM update	Business days start date to RM update
TRG0011TENCEN	21/06/2023		
THL0011TENCEN	1/02/2024		

Transferred NSPs

For the 12 NSPs which transferred from other networks to TENC where the start date was reached:

- Nine transferred with the existing valid certification details, and
- Three had changes of certification details after transferring to TENC which are discussed in **section 6.8**.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 6.9 With: Clause 10.25(2) From: 21-Jun-23 To: 07-Mar-24	14 new NSPs had late meter certification updates, including two NSPs where no meter certification details have been provided. Potential impact: Low Actual impact: Low Audit history: Three times Controls: Moderate Breach risk rating: 2		
Audit risk rating	Rationale for audit risk rating		
Low	The controls are moderate, because the delays were primarily caused by the MEP being unable to provide information on time. The impact is low because there no impact on reconciliation.		
Actions taken to resolve the issue		Completion date	Remedial action status
We have found the late certification of some of these meters is due to low load situations at outset of new developments, which prevents load checks from being carried out. Once site load is at the required level the MEP will return to site to complete certification. Hence the delayed paperwork.		During audit period	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
We continue to follow up with MEPs for paperwork to ensure their records match up with ours.			

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 1 month notification is required before the acquisition (Clause 29(2) of Schedule 11.1).

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

Audit observation

Processes for management of network owner changes were reviewed as part of the TENCO agent audit. The NSP table, notifications and DS010 files were reviewed.

Audit commentary

12 NSPs transferred from other networks to TENC during the audit period. I confirmed that all participants were notified of the transfer on time by reviewing the notifications sent to all participants by the reconciliation manager which are published on their portal.

I assessed compliance with Clause 6 Schedule 11.2 for a sample of ten NSPs by determining which traders had ICPs connected to each NSP on the registry list, then comparing this to the trader consent information provided by TENC to ensure all relevant traders were contacted for consent.

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 management of this process is discussed in the TENCO contractor report. The Network Supply Points table was examined to determine whether there have been any MEP changes during the audit period.

Audit commentary

There have been no MEP changes during the audit period.

Audit outcome

Compliant

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

Code reference

Clauses 5 and 8 Schedule 11.2

Code related audit information

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

- *the distributor whose network is associated with the NSP to which the ICP is recorded as being connected immediately before the notification (unless the notification relates to the creation of an embedded network) (Clause 5(a) of Schedule 11.2)*
- *every trader trading at an ICP being supplied from the NSP to which the notification relates (Clause 5(b) of Schedule 11.2).*

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

Audit observation

The NSP table and the registry list were examined, and notifications were reviewed.

Audit commentary

Compliance is recorded for TENCO. I reviewed notifications for ten transferred NSPs and nine new NSPs where ICPs were transferred from other networks.

I confirmed that consent was obtained or the requirements of clause 5A of Schedule 11.2 were met, and that notifications were provided on time to the Authority, including a second notification relating to TTP0011TENCEN where TENC discovered that another four ICPs needed to be transferred to the embedded network after the initial transfer was completed.

Audit outcome

Compliant

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

Code reference

Clause 6 Schedule 11.2

Code related audit information

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

Audit observation

The NSP table and the registry list were examined, and notifications were reviewed.

Audit commentary

Compliance is recorded for TENCO.

I reviewed notifications for ten transferred NSPs and nine new NSPs where ICPs were transferred from other networks. I confirmed that notifications were complete and accurate, by comparing them to registry list information for the NSPs.

I confirmed that the notifications were complete and accurate. For TTP0011TENCEN, TENC discovered that another four ICPs needed to be transferred to the embedded network after the initial transfer was completed, and a separate DS010 notification was provided on time for these ICPs which transferred on 8 December 2023.

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 was examined to determine compliance.

Audit commentary

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

Audit outcome

Compliant

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

Code reference

Clause 11.14(5)

Code related audit information

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

Audit observation

The registry list was examined to determine compliance.

Audit commentary

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

Audit outcome

Compliant

8. CALCULATION OF LOSS FACTORS

8.1. Creation of loss factors (Clause 11.2)

Code reference

Clause 11.2

Code related audit information

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

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

Audit observation

The calculation of loss factors is discussed in the TENCO report.

Audit commentary

Compliance is recorded for TENCO.

TENCO derives loss factors for loss category codes from the published parent network loss factors for similar installations. It is expected that ICPs on embedded networks will have the same loss factor as a similar type of connection on the parent network.

To do this, TENCO determines the gateway loss factor from the LE ICP's loss factor, then determines the local network loss factor which would be likely to apply to the embedded network ICPs if they were connected to the local network. TENCO then calculates the overall loss factor and multiplies this by the local network loss factor to determine the value for each embedded network loss factor code.

TENCO maintains the internal loss factors on the registry, and within their pricing schedules which are issued to retailers.

I compared the loss factors applied to each ICP to TENC's loss factor mapping tables, and the parent network's loss factors. All TENC loss factors values were calculated based on the current loss factors for the parent network.

I checked the loss factors applied to each ICP and confirmed that they appeared reasonable based on the parent network.

A residual loss factor needs to have an internal loss factor of 1.00 so as the RM calculations of the volume are correct. Two of the 48 active SB ICPs had loss factors greater than 1.00:

- ICP 0000800000MTD10 had loss factor TCLCL05 1.0329, and TENC corrected the loss factor to TENC R1 effective from its transfer date 1 November 2023 during the audit.
- ICP 0000002000SF9ED has loss factor TCUNL05 1.0192, and TENC will create a new loss factor for the ICP effective from 1 April 2024.

Audit outcome

Non-compliant

Non-compliance	Description	
Audit Ref: 8.1 With: Clause 11.2 From: 01-Oct-23 To: 04-Mar-24	Two of the 48 active SB ICPs had loss factors greater than 1.00. One was corrected upon identification during the audit, and the other will have a new loss factor created. Potential impact: Low Actual impact: Low Audit history: Three times Controls: Strong Breach risk rating: 1	
Audit risk rating	Rationale for audit risk rating	
Low	The controls are strong, almost all ICPs had the correct loss factor assigned and loss factors are calculated correctly. The impact on settlement and participants is minor as only two ICPs were affected.	
Actions taken to resolve the issue	Completion date	Remedial action status
2 ICPs with loss factor discrepancies were identified during the audit and the most practicable method to remedy this was agreed with the auditor.	During audit period	Identified
Preventative actions taken to ensure no further issues will occur	Completion date	
We intend to implement 'Axos Registry Manager' in 2024. This will provide additional rule-based structure to our registry updates and enhanced discrepancy reporting.	2024	

CONCLUSION

The audit found 14 non-compliances and no recommendations are made. The next audit frequency table indicates an audit risk rating of 20 indicating that the next audit be due in six months. The non-compliances have a low materiality and single issues affecting a small number of ICPs or NSPs are recorded as non-compliance across several sections, inflating the risk rating score. Taking this and TENCO's comments into account, I recommend that the next audit is completed in a minimum of 12 months.

PARTICIPANT RESPONSE

Tenco have reviewed the above audit report on the 14th of March 2024 and agree with the findings contained within it, We note that whilst it is disappointing to have 14 non-compliances found, it is noted that these are across a minor number of ICP's and overall, the level of compliance across the majority of transactions/actions remains high and continues to improve.