Electricity Industry Participation Code 2010

Part 16A
Audits

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16A.1 Contents of this Part
This Part specifies obligations on participants that perform functions under Parts 10, 11, and 15 in respect of audits required under the following clauses:
(a) 10.17A (Metering equipment providers and ATHs to arrange for regular audits):
(b) 10.17B (Authority and participant requested audits):
(c) 11.8B (Metering equipment providers to arrange for regular audits):
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(d) 11.10 (Distributors to arrange for regular audits):
(e) 11.11 (Authority and participant requested audits):
(f) 15.37A (Reconciliation participants and dispatchable load purchasers to arrange for regular audits):
(g) 15.37B (Retailers to arrange for audits in respect of distributed unmetered load):
(h) 15.37C (Authority and participant requested audits).

16A.2 Purpose of this Part
The purpose of this Part is to require the performance of audits to support the accurate settlement and operation of the wholesale electricity market.

Subpart 1—Conduct of audits generally

16A.3 Auditors
(1) An audit must be undertaken by—
(a) the Authority; or
(b) an auditor appointed by the participant that is the subject of the proposed audit, from the list of auditors the Authority publishes under clause 16A.5(6).

(2) Despite subclause (1)(b), if an audit is carried out under clause 10.17B, 11.11, or 15.37C,—
(a) the Authority must carry out the audit or appoint an auditor to carry out the audit; and
(b) an auditor appointed by the Authority need not be an auditor from the list of auditors the Authority publishes under clause 16A.5(6).


16A.4 Participants to give access
(1) A participant must give the Authority or an auditor full access to all information that may be required for the purposes of carrying out an audit.
(2) The participant must provide the information—
(a) at no charge; and
(b) no later than 15 business days after receiving a request for the information from the Authority or an auditor, as the case may be.

16A.5 Approval of auditors by the Authority
(1) The Authority—
(a) may approve a person to be an auditor; and
(b) must specify the types of audits for which each such person is approved.
(2) An applicant for approval as an auditor, or renewal of an existing approval, must apply to the Authority using the prescribed form.
(3) The Authority may require an applicant to do any or all of the following:
(a) provide additional information or clarify any information provided:
(b) attend an interview:
(c) undertake an examination.
(4) The Authority must, no later than 2 months after receiving an application and, if applicable, the applicant has complied with subclause (3)—
(a) make a decision in relation to the application; and
(b) advise the applicant of the decision.
(5) If the Authority approves an application, the Authority must specify the date on which the approval expires in its advice to the applicant under subclause (4)(b), which must not be more than 36 months after the date of the approval.

(6) The Authority must publish, and keep updated, a list of the auditors that the Authority has approved, and the types of audits for which each auditor is approved.


16A.6 Expiry and cancellation of approval

(1) An auditor's approval expires on the date specified for its expiry under clause 16A.5(5).

(2) The Authority may cancel an auditor's approval at any time by advising the auditor in writing.

(3) The cancellation or expiry of an auditor's approval does not invalidate an audit previously completed by the auditor, but an audit completed after the date on which the Authority cancelled the auditor's approval, or after the date on which the auditor's approval expired, is not a valid audit for the purposes of this Code.

16A.7 Requirement to appoint new auditor

(1) Unless otherwise agreed with the Authority, a participant must appoint a new auditor to perform a type of audit at the later of—

(a) 24 months after an auditor first performs an audit of that type in respect of the participant; or

(b) after an auditor has performed 2 consecutive audits of that type in respect of the participant.

(2) A new auditor is an auditor that did not perform the last audit of the relevant type in respect of the participant.

(3) For the purposes of subclause (1),—

(a) an audit completed under clause 16A.11 must be disregarded in determining the number of audits that an auditor has performed; and

(b) a type of audit refers to an audit under any 1 of paragraphs (a), (c), (d), (f) or (g) of clause 16A.1.

16A.8 Combined audits

(1) A participant that is required to carry out an audit in accordance with this Part under more than 1 clause of this Code must arrange for a single audit report to be completed in respect of all of its obligations that relate to its role as a single type of industry participant or industry service provider.

(2) A participant that is required to carry out an audit in accordance with this Part in relation to more than 1 of its roles as an industry participant or industry service provider must arrange for a separate audit report to be completed in respect of its obligations for each of those roles.

(3) For example, a participant that is both a metering equipment provider and a reconciliation participant—

(a) must arrange for a single audit report to be completed that relates to all of its obligations as a metering equipment provider; and

(b) must arrange for a separate audit report to be completed that relates to its obligations as a reconciliation participant.
(4) Despite subclauses (1) and (2), a retailer that is responsible for distributed unmetered load must ensure that a separate audit report is completed in respect of the distributed unmetered load from any other audit report required under this Code.

16A.9 Authority may specify emphasis or scope of audit
(1) If the Authority advises a participant that it requires an audit to give emphasis to any aspect of the participant's systems or processes, the participant must instruct the auditor to give emphasis to that aspect in the audit report.
(2) If an audit is carried out under clause 10.17B, 11.11, or 15.37C, the Authority may specify the scope of the audit.
(3) If the Authority advises a participant under subclause (1), or specifies the scope of an audit under subclause (2), the Authority must give the participant concerned its reasons for doing so.

16A.10 Agent audits
If a participant appoints an agent to perform any of the participant's obligations under this Code in respect of which an audit is required under any of the clauses specified in clause 16A.1, the participant must ensure that—
(a) the agent has been audited to a standard that would have been required if the participant had performed the obligations itself; and
(b) the information produced as a result of the audit of the agent is included in the auditor's audit report produced under clause 16A.12.


16A.11 Audit required if participant makes material change
(1) If there is a material change to any of a participant's systems or processes that are the subject of regular audits under clause 10.17A, 11.8B, 11.10, 15.37A or 15.37B, the participant must arrange for an additional audit, which must be completed in accordance with this Part no later than 5 business days before the change is implemented.
(2) For the purposes of subclause (1), a material change to a system or process is a change that is likely to affect the ability of the participant to comply with any relevant provision of this Code.

16A.12 Process for completion of audits
(1) Subject to subclause (2), a participant that is the subject of an audit must ensure that the auditor carrying out the audit complies with the following requirements:
(a) the audit report must be in the prescribed form:
(b) the auditor must send a draft of the audit report, setting out the provisional findings of the audit, to the participant that is the subject of the audit:
(c) the auditor must consider any comments it receives from the participant about the draft audit report:
(d) the auditor must produce a final audit report and give the report to the participant after considering any comments under paragraph (c):
(e) the final audit report must—
(i) list each agent engaged by the participant to perform any of the participant's activities under the relevant provisions of this Code, and details of the obligations that the agent performs; and

(ii) identify, in relation to the relevant period, the extent to which the participant has failed to comply with the provisions of this Code to which the audit relates; and

(iii) identify any areas for improvement; and

(iv) specify any conditions that the auditor considers the participant must satisfy in order to comply with the provisions of this Code to which the audit relates, and any action that the participant has taken in respect of those conditions; and

(v) include a recommendation as to the date by which the auditor considers that the participant should complete its next audit; and

(vi) include any of the participant’s comments on the draft audit report that the auditor considers relevant.

(2) If the Authority carries out the audit, or appoints an auditor to carry out the audit, the Authority must ensure that the requirements specified in subclause (1) are complied with.

16A.13 Participants to give final audit report and compliance plan to the Authority

(1) A participant must give the final audit report to the Authority no later than the date by which the audit is due to be completed.

(2) Each participant must submit a compliance plan to the Authority when it gives a final audit report to the Authority under subclause (1).

(3) Each compliance plan and audit report must be in the prescribed form.

(4) Each compliance plan must specify—

   (a) the actions that the participant intends to take to address any breaches or potential breaches of this Code identified in the audit report; and

   (b) the time frames within which the participant intends to complete those actions.

(5) Subclause (2) does not apply if the relevant audit report in relation to a participant identifies no breaches or potential breaches of this Code.

16A.14 Authority to make determination as to next audit date

(1) The Authority must, after receiving a final audit report and compliance plan (if any) from a participant, advise the participant of the date by which the next audit of the participant must be completed, which must be—

   (a) no earlier than 3 months after the date on which the Authority advises the participant under this subclause; and

   (b) no later than 36 months after the date of the last audit.

(2) For the purposes of subclause (1) and clauses 16A.17, 16A.19, 16A.22, 16A.24, 16A.25, and 16A.26, an audit is complete when the participant that is the subject of the audit gives the Authority the final audit report and a compliance plan (if any) under clause 16A.13.

(3) This clause does not apply to audits carried out under clause 10.17B, 11.11, 15.37C, or 16A.11.

16A.15 Authority to publish information

(1) The Authority must publish the following information:

   (a) each final audit report received under clause 16A.13;

   (b) the compliance plan (if any) that the relevant participant submitted in relation to each final audit report:
16A.16 Costs of audits

1. The cost of an audit carried out under clause 10.17A, 11.8B, 11.10, 15.37A, 15.37B, or 16A.11 must be met by the participant that is the subject of the audit.

2. The cost of an audit carried out under clause 10.17B, 11.11, or 15.37C must be met in accordance with subclauses (3) to (5).

3. If an audit establishes that the participant that was the subject of the audit has breached the relevant provisions of this Code, the cost of the audit must be met by,—

   a. in respect of an audit carried out as a result of the Authority initiating the audit, the participant that was the subject of the audit and the Authority, in proportions to be determined by the Authority;

   b. in respect of an audit carried out in response to a request to the Authority under clause 10.17B(2), 11.11(2), or 15.37C(2), the participant that was the subject of the audit and the participant that requested the audit, in proportions to be determined by the Authority.

4. If the audit establishes that the participant that was the subject of the audit has not breached the relevant provisions of this Code, or if there was a breach but the Authority considers it to be minor, the cost of the audit must be met by,—

   a. in respect of an audit carried out as a result of the Authority initiating the audit, the Authority;

   b. in respect of an audit carried out in response to a request to the Authority under clause 10.17B(2), 11.11(2), or 15.37C(2), the participant that was the subject of the audit and the participant that requested the audit, in proportions to be determined by the Authority.

5. The costs under subclauses (3) and (4)(b) must be paid by the participants no later than 10 business days after being advised of the amount owing.

Subpart 2—Metering equipment provider audits

16A.17 Time frame for metering equipment provider audits

In relation to audits required under clauses 10.17A and 11.8B, a metering equipment provider must ensure that—

a. an initial audit is completed no later than 3 months after the date on which the metering equipment provider’s obligations under Part 10 commence in accordance with clause 10.19; and
(b) further audits are completed as specified by the Authority under clause 16A.14.

16A.18 Additional requirements for metering equipment provider audits

In addition to the requirements specified in clauses 16A.3 to 16A.16, a metering equipment provider must ensure that an auditor carrying out an audit required under clause 10.17A or 11.8B audits—

(a) the management and maintenance of each metering installation for which the metering equipment provider is responsible, including—
   (i) maintenance of metering records; and
   (ii) maintenance of metering components; and
   (iii) certification of metering components and metering installations; and
   (iv) metering installations that have been certified at a lower category under clause 6 of Schedule 10.7; and
   (v) inspections of metering installations in accordance with this Code; and
   (vi) investigations under clause 10.43(4); and

(b) the metering equipment provider’s—
   (i) provision of metering records to the registry manager and the maintenance of that information in the registry; and
   (ii) provision of metering records to the reconciliation manager; and

(c) the metering equipment provider’s provision of access under Part 10 to—
   (i) raw meter data:
   (ii) metering records:
   (iii) the metering installation; and

(d) the security of—
   (i) each metering installation for which the metering equipment provider is responsible; and
   (ii) if relevant, the metering equipment provider’s back office; and
   (iii) if relevant, the communication between the metering equipment provider’s back office and the metering installation.


Subpart 3—ATH audits

16A.19 Time frame for ATH audits

In relation to audits required under clause 10.17A, an ATH (or an applicant for approval as an ATH) must ensure that—

(a) an initial audit is completed no later than 2 months before the date on which the ATH (or the applicant for approval as an ATH) intends to be approved as an ATH under clause 1 of Schedule 10.3; and

(b) further audits are completed as specified by the Authority under clause 16A.14.

16A.20 Additional requirements for class B ATH audits

In addition to the requirements specified in clauses 16A.3 to 16A.16, a class B ATH (or an applicant for approval as a class B ATH) must ensure that the auditor carrying out an audit audits the class B ATH (or the applicant) in respect of the requirements of NZ/AS ISO 17025
for calibration that apply to the performance of the functions for which the class B ATH (or the applicant) is being audited.

16A.21 Incorporation of NZ/AS ISO 17025 by reference
(2) Subclause (1) is subject to Schedule 1 of the Act, which includes a requirement that the Authority must give notice in the Gazette before an amended or substituted NZ/AS ISO 17025 becomes incorporated by reference in this Code.

Subpart 4—Distributor audits

16A.22 Time frame for distributor audits
In relation to audits required under clause 11.10, a distributor must ensure that—
(a) an initial audit is completed no later than 3 months after the date on which the distributor has the first NSP identifier or ICP identifier recorded in the registry as being part of the distributor's network; and
(b) further audits are completed as specified by the Authority under clause 16A.14.

16A.23 Additional requirements for distributor audits
In addition to the requirements specified in clauses 16A.3 to 16A.16, a distributor must ensure that the auditor carrying out an audit audits the distributor's processes and procedures in relation to—
(a) the creation of ICP identifiers for ICPs; and
(b) the provision of ICP information to the registry manager and the maintenance of that information in the registry; and
(c) the creation and maintenance of loss factors.
Clause 16A.23(b): amended, on 5 October 2017, by clause 5778(a) and (b) of the Electricity Industry Participation Code Amendment (Code Review Programme) 2017.

Subpart 5—Reconciliation participant audits

16A.24 Time frame for reconciliation participant audits
In relation to audits required under clause 15.37A, a reconciliation participant (or an applicant for certification as a reconciliation participant) must ensure that—
(a) an initial audit is completed no later than 2 months before the date on which the reconciliation participant (or the applicant for certification as a reconciliation participant) is required to be certified as a reconciliation participant under clause 2A of Schedule 15.1; and
(b) further audits are completed as specified by the Authority under clause 16A.14.
Subpart 6—Dispatchable load purchaser audits

16A.25 Time frame for dispatchable load purchaser audits

In relation to audits required under clause 15.37A, a dispatchable load purchaser must ensure that—

(a) an initial audit is completed no later than 4 months after the date on which the system operator approves the first device or group of devices in respect of the purchaser to be a dispatch-capable load station under clause 13.3A; and

(b) further audits are completed as specified by the Authority under clause 16A.14.

Subpart 7—Distributed unmetered load audits

16A.26 Time frame for distributed unmetered load audits

(1) In relation to audits required under clause 15.37B, a retailer that is responsible for distributed unmetered load must ensure that—

(a) an initial audit is carried out in respect of the distributed unmetered load no later than 3 months after the date on which information about an ICP associated with the distributed unmetered load is first provided by the retailer to the reconciliation manager as submission information under clause 15.4; and

(b) further audits are completed as specified by the Authority under clause 16A.14.

(2) If responsibility for distributed unmetered load switches from one retailer to another, the retailer to which the responsibility switches must ensure that audits are completed in respect of the distributed unmetered load on the dates that would apply if the switch had not occurred.

Part 16A: inserted, on 1 June 2017 by clause 36 of the Electricity Industry Participation Code Amendment (Requirements and Processes for Audits) 2016.