

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).

Clause 16A.3(1)(b) and (2)(b): amended, on 5 October 2017, by clause 572 of the Electricity Industry Participation Code Amendment (Code Review Programme) 2017.

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.

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- (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.

Clause 16A.5(6): amended, on 5 October 2017, by clause 573 of the Electricity Industry Participation Code Amendment (Code Review Programme) 2017.

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**.

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- (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.

Clause 16A.10: amended, on 5 October 2017, by clause 574 of the Electricity Industry Participation Code Amendment (Code Review Programme) 2017.

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—

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- (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:

- (c) the date by which the next **audit** of the **participant** must be completed, as determined under clause 16A.14.
- (2) The **Authority** must **publish** the information no later than 20 **business days** after advising the relevant **participant** of the date by which the next **audit** of the **participant** must be completed under clause 16A.14.
- (3) The **Authority** is not required to **publish** the information if doing so—
- would disclose a trade secret; or
 - would be likely unreasonably to prejudice the commercial position of the person who supplied or is the subject of the information.

Clause 16A.15 Heading: amended, on 5 October 2017, by clause 575(1) of the Electricity Industry Participation Code Amendment (Code Review Programme) 2017.

Clause 16A.15(1), (2) and (3): amended, on 5 October 2017, by clause 575(2) of the Electricity Industry Participation Code Amendment (Code Review Programme) 2017.

16A.16 Costs of audits

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

- 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**.

Clause 16A.18(b): replaced, on 5 October 2017, by clause 576 of the Electricity Industry Participation Code Amendment (Code Review Programme) 2017.

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

- (1) The New Zealand Standard NZ/AS ISO 17025 is incorporated by reference in this Code in accordance with section 32 of the **Act**.
- (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.

Clause 16A.22(a): amended, on 5 October 2017, by clause 577 of the Electricity Industry Participation Code Amendment (Code Review Programme) 2017.

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.