

Memo

To Distributors
Copies Authority approved auditors
From Grant Benvenuti
Date 5 December 2014
Subject Use of dedicated status on the registry

For your information

The Electricity Authority (Authority) sent a communication to auditors in 2013 regarding the use of the dedicated status on the registry and put forward its view that the only time the dedicated status can be set to “Y” is when the conditions of clause 7(1)(l) of Schedule 11.1 have been met. A distributor has challenged this view and requested that the Authority reconsider its stance.

The Authority’s compliance and legal teams have reviewed the requirements under clause 7(1)(l) of Schedule 11.1 and confirmed that a dedicated status of “Y” can be applied to ICPs that do not meet the criteria in clause 7(1)(l) of Schedule 11.1.

Clause 7(1)(l) of Schedule 11.1 of the Electricity Industry Participation Code 2010 states that:

“(1) A **distributor** must, for each **ICP** on the **distributor’s network**, provide the following information to the **registry**:

....

- (l) 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—
 - (i) the **ICP** will be supplied only from the **NSP** with the **NSP identifier** provided under paragraph (b); or
 - (ii) the **ICP** is a **point of connection** between a **network** and an **embedded network**.”

This means that when an ICP meets the requirements in paragraph 7(1)(l), the distributor must designate the ICP in the registry as “dedicated”. However, the wording of clause does not prevent a distributor from designating an ICP as “dedicated” if it does not meet the requirements in paragraph (l).

As a result, an ICP can be given a status of “dedicated” even if it is located in a balancing area that has only 1 NSP located within it.

This can be summarised in the following table:

	Scenario 1	Scenario 2	Scenario 3
Description	ICP is on a balancing area with only 1 NSP. (for example an ICP within an embedded network)	ICP is on a balancing area with 2 or more NSPs <u>and</u> ICP <u>will not</u> be supplied only from one NSP	ICP is on a balancing area with 2 or more NSPs <u>and</u> ICP will be supplied only from one NSP
Compliant dedicated status entry	Y <u>or</u> N	N	Y

Please note that even though clause 7(1)(l) of Schedule 11.1 may not apply in Scenario 1 or Scenario 2, clause 11.2 of the Code still applies.

One of the requirements of clause 11.2 is that participants take all practicable steps to ensure that they provide information under Part 11 that is not likely to mislead or deceive.

Populating a dedicated status of “Y” in Scenario 2 when the criteria of clause 7(1)(l) is not being met is likely to breach the requirements of clause 11.2. This is why only a dedicated status of N is permitted in Scenario 2.

However, populating a dedicated status of “Y” in Scenario 1 is unlikely to breach the requirements of clause 11.2. This is because the balancing area only has only 1 NSP, so it is clear that clause 7(1)(l) of Schedule 11.1 can never apply, even if a dedicated status of “Y” has been added. This is why a dedicated status of either Y or N is permitted in Scenario 1.

We would like to thank the distributors that have taken steps to achieve compliance under the historic interpretation of the use of the dedicated status. We anticipate that this new approach will result in an improvement in the assessed level of compliance with the clause.

Kind regards



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