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Code amendment omnibus #7: director certification for AUFLS

1. Vector welcomes the opportunity to comment on the Electricity Authority's consultation paper, Code amendment omnibus #7: clarification to consumer care and billing refinements and director certification for AUFLS and other amendments. No part of this submission is confidential and Vector is happy for it to be published in full.
2. This submission comments only on the proposed annual certification of compliance with AUFLS obligations in section 6 and Appendix E of the consultation paper. Vector has not commented on the other proposals in the omnibus.
3. Vector supports the Authority's objective of improving assurance and governance oversight of AUFLS compliance. AUFLS is a critical system security mechanism, however, Vector considers the proposed certification requirement should better reflect both existing Code precedent and the highly technical nature of AUFLS compliance.

Proposed Code amendment

4. Appendix E proposes inserting new clause 8.28A, which would require connected asset owners with AUFLS obligations, South Island connected asset owners with cooperation obligations, and the grid owner to certify annually whether they have complied with specified Part 8 and Schedule 8.3 obligations. The proposed certification would be due by 1 June each year, in a prescribed form published by the Authority, and signed by a director of the participant.
5. Vector agrees that these obligations are important and should receive appropriate senior-level accountability. However, Vector does not consider the Authority has justified requiring director-only certification. Of the two examples of director certification referred to in the consultation paper, only one requires director-only sign-off.
6. The Consumer Care Obligations example does not require director-only certification. Clause 11A.4(4) allows the compliance report to be certified by "a director or the chief executive

officer of the retailer, or a person holding a position equivalent to one of those positions.” By contrast, the non-discrimination obligations in clause 13.236V(4) require certification signed by at least two directors of the gentailer.

7. Vector considers the Consumer Care Obligations model is the more appropriate precedent for AUFLS. It provides senior organisational accountability while recognising that compliance reporting can properly be certified by a director, CEO or equivalent senior officer. That approach is more proportionate than applying director-only certification to AUFLS obligations.

AUFLS compliance is highly technical

8. AUFLS compliance is highly technical. The consultation paper states that AUFLS obligations include technical, performance and data obligations set out in the AUFLS technical requirements report, which is issued by the System Operator and incorporated into the Code by reference. Compliance depends on technical configuration, testing, records, AUFLS load profile data, operational readiness and interactions with the System Operator. A director-only certification requirement risks creating a formal sign-off obligation that is not well matched to the technical evidence needed to support AUFLS assurance.

9. Vector recommends that proposed clause 8.28A(3)(c) be amended to allow certification by:

“a director or the chief executive officer of the participant, or a person holding a position equivalent to one of those positions.”

10. The certification should also include safeguards requiring reasonable grounds and reasonable enquiries, consistent with the examples cited in the consultation paper:
 - Clause 11A.4(4) requires the certifier to certify that they consider, “on reasonable grounds and to the best of that person’s belief,” that the compliance report is complete and accurate.
 - Clause 13.236V(4) requires the certification for non-discrimination obligations to be accompanied by a statement confirming the truth and accuracy of the certification to the best of the directors’ knowledge and belief, having made all reasonable enquiries, including an explanation of the enquiries made.
11. Vector considers that, if AUFLS certification is introduced, the prescribed form should adopt equivalent safeguards. This approach would be especially important for AUFLS because the relevant obligations are highly technical. It would ensure the certification is supported by meaningful internal assurance, including review of AUFLS testing records, operational compliance reporting, data submissions, technical controls and any identified non-compliance or remedial actions.

Kind regards

A handwritten signature in black ink, appearing to be 'B van Esch'.

Bas van Esch
Market Regulation