

**ELECTRICITY INDUSTRY PARTICIPATION CODE
DISTRIBUTOR AUDIT REPORT**



For

WAIPA NETWORKS LIMITED

Prepared by: Rebecca Elliot

Date audit commenced: 10 June 2020

Date audit report completed: 4 August 2020

Audit report due date: 08-Aug-20

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EXECUTIVE SUMMARY

This Distributor audit was performed at the request of **Waipa Networks Ltd (Waipa)**, to encompass the Electricity Industry Participation Code requirement for an audit in accordance with clause 11.10 of part 11. The audit was carried out at Waipa's premises in Te Awamutu, on July 10th, 2020.

The audit was conducted in accordance with the Guideline for Distributor Audits version 7.2, which was produced by the Electricity Authority.

This audit found 13 non-compliances and makes one recommendation. This is an increase in non-compliance from the seven items found in the previous audit. A major contributing factor to this increase was that Waipa ceased to use its suite of registry discrepancy reporting in January 2020 after flaws were identified in the output of the reporting. I recommend that they use the audit compliance reporting until they can deploy new reporting.

A new embedded network was added within the Waipa network. The calculation of the loss factor was found to be non-compliant as it does not account for the low voltage losses within the low voltage distribution network.

The next audit frequency table indicates that the next audit be due in three months. I have considered this result in conjunction with Waipa's responses and I recommend an audit period of nine months.

The matters raised are shown in the tables 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)	Registry information not complete and accurate in all instances.	Weak	Medium	6	Identified
Requirement to correct errors	2.2	11.2(2) and 10.6(2)	Errors not corrected as soon as practicable.	Weak	Medium	6	Identified
Timeliness of ICP Information to the registry manager	3.4	7(2) of Schedule 11.1	Three ICPs not updated to "Ready" prior to electricity being traded.	Moderate	Low	2	Identified
Timeliness of initial electrical connection date	3.5	7(2A) of Schedule 11.1	15 initial electrical connection dates not updated within ten business days.	Moderate	Low	2	Identified
Monitoring of "New" and "Ready" status	3.14	15 of Schedule 11.1	Monitoring not conducted of ICPs at "New" or "Ready" status.	Weak	Low	3	Identified
Timeliness of registry updates	4.1	8 of schedule 11.1	Seven address events, one network event, 59 pricing updates, 33 decommission status updates and 47 distributed generation updates were updated more than three business days after the event date. One NSP update backdated more than eight business days.	Moderate	Low	2	Identified
Notice of NSP for each ICP	4.2	7(1), (4) and (5) Schedule 11.1	One ICP with incorrect NSP.	Strong	Low	1	Cleared
ICP location address	4.4	2 & 7 (1)(a) of schedule 11.1	66 ICPs with addresses that are not readily locatable.	Moderate	Low	2	Identified
Distributor to provide ICP information	4.6	7(1) of Schedule 11.1	Chargeable capacity incorrectly recorded on the registry when it is being derived from the retailer billing files.	Weak	Low	3	Identified

Subject	Section	Clause	Non-Compliance	Controls	Audit Risk Rating	Breach Risk Rating	Remedial Action
			97 ICPs with distributed generation details incorrect or missing. 74 ICPs with the initial electrical connection date missing. 1 ICP with an incorrect initial electrical connection date populated. 9 ICPs with unmetered load discrepancies.				
Provision of information to registry after the trading of electricity at the ICP commences	4.7	7(3) Schedule 11.1	1 late price code update.	Strong	Low	1	Identified
Management of "decommissioned" status	4.11	20 Schedule 11.1	No process in place for management of decommissioned status.	Weak	Low	3	Identified
Updating table of loss category codes	5.1	21 Schedule 11.1	Less than two months notice provided of a new loss category.	Moderate	Low	2	Cleared
Creation of loss factors	8.1	11.2	Loss factors not accurately calculated for 65 ICPs on the LAKE embedded network.	Moderate	Medium	4	Identified
Future Risk Rating						37	
Indicative Next Audit Frequency						12 months	

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	Next Action
Provide complete and accurate data	2.1	Use the audit compliance reporting weekly to ensure data accuracy.	This report will be useful to check our compliance going forward. We will be running this weekly following internal training of staff by the end of August.

ISSUES

Subject	Section	Issue	Next Action
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		Nil	
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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

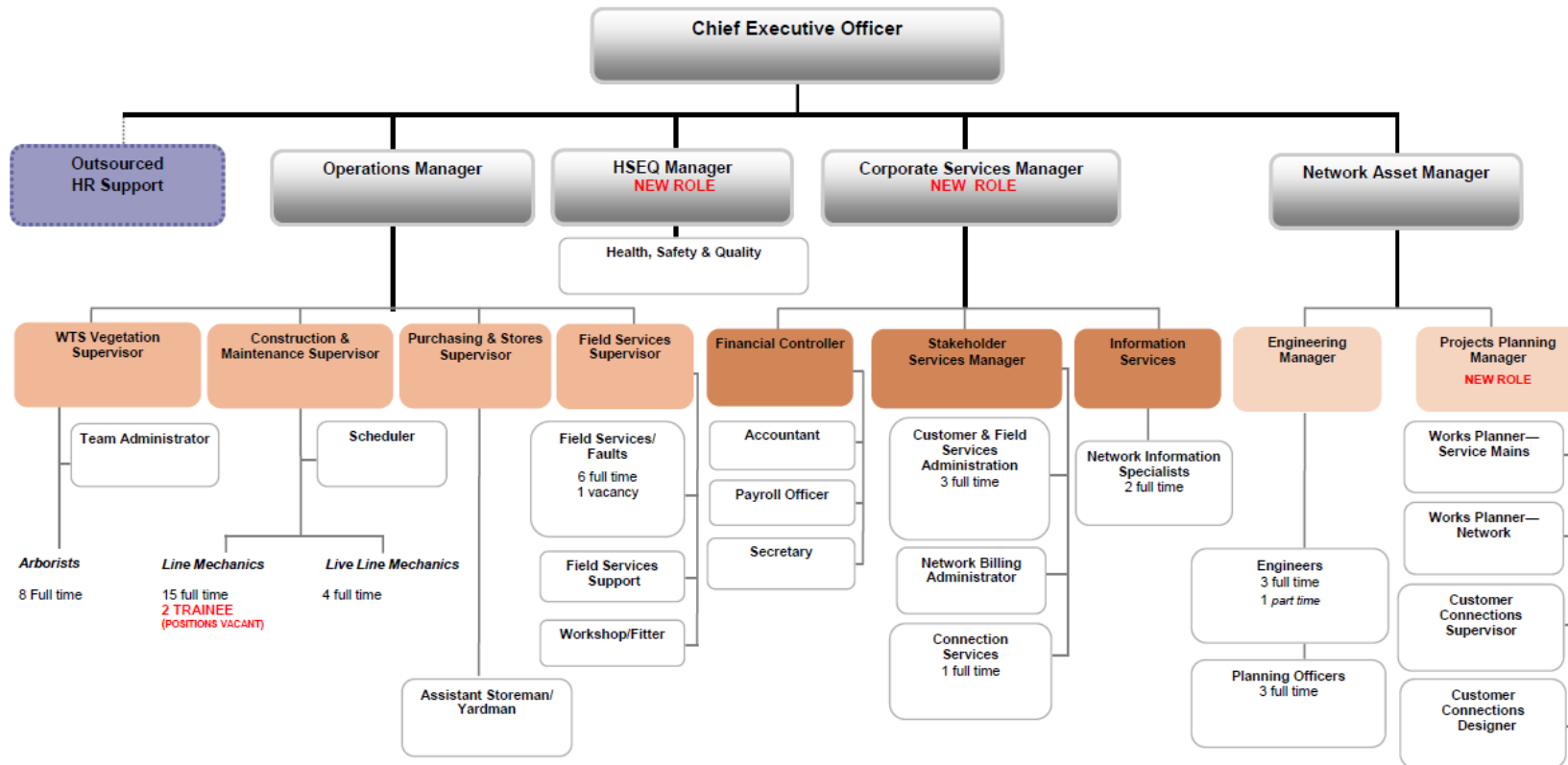
The Authority website was checked to determine whether there are any code exemptions in place.

Audit commentary

Review of exemptions on the Authority website confirmed that there are no exemptions in place relevant to the scope of this audit.

1.2. Structure of Organisation

Waipa provided a copy of their organisational structure:



1.3. Persons involved in this audit

Auditors:

Name	Company	Role
Rebecca Elliot	Veritek Limited	Auditor
Brett Piskulic	Veritek Limited	Supporting Auditor

Waipa personnel assisting in this audit were:

Name	Title
Clara Ruscoe	Customer Services Administrator
Kerry Watson	Stakeholder Services Manager
Lucy Stanley	Customer Services Administrator
Paul Murray	Planning Officer

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 fulfillment 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 observation

Waipa were asked to provide the details of any sub-contractors authorised to perform electrical connection activities on their networks.

Audit commentary

Activities covered by the scope of this audit, including fieldwork and inspection are conducted by Waipa employees.

1.5. Supplier list

Waipa does not use any sub-contractors.

1.6. Hardware and Software

Waipa continues to use magiQ, formally Napier Computer Systems (NCS) as their hardware and software supplier.

The interface between magiQ and the registry is largely automated. The unmetered load fields are populated manually on the registry, and Waipa are working on a system change that will allow this process to be automated. The loss category code automatically defaults to the 400V value, which applies for almost all customers. For larger customers, Waipa updates the loss category code on the registry manually.

MagiQ cannot process reversals from the registry. Waipa staff review notifications from the registry to identify any reversals and process them manually in magiQ.

The magiQ database is backed up to another server in the Waipa complex and a cloud based real time back up service is in place.

1.7. Breaches or Breach Allegations

Waipa has not had any breach allegations related to the scope of this audit recorded by the Electricity Authority during the audit period.

1.8. ICP and NSP Data

The table below lists the relevant NSPs, and their associated balancing areas. Waipa added a new embedded solar power based network within their network during the audit period.

Distributor	NSP POC	Description	Parent POC	Parent Network	Balancing Area	Network type	Start date	No of ICPs
WAIP	CBG0111	Cambridge			CBG0111WAIP G	G	01/05/2008	12,681
WAIP	TMU0111	Te Awamutu			TMU0111WAI PG	G	01/07/2016	14,242
LAKE	LAK0111	36 Lake Street Cambridge	CBG0111	WAIP	LAK0111LAKE E	E	20/09/2019	65
WAIP	TPH0111	Te Pahu	TMU0111	WAIP	TMU0111WAI PG	I	02/11/2019	-

There are two embedded networks connected to the Cambridge NSP.

Distributor	NSP POC	Description	Parent POC	Parent Network	Balancing Area	Network type	Start date
TENC	TCO0011	95 SWAYNE ROAD CAMBRIDGE	CBG0111	WAIP	TCO0011TENCE	E	16/04/2018
WAIK	OAK0111	OAKLANDS	CBG0111	WAIP	OAK0111WAIKE	E	1/05/2008

Waipa provided a list file of all ICPs as at 31 May 2020. A summary of this data by “ICP status” is as follows.

Waipa				
Status	Number of ICPs May 2020	Number of ICPs May 2019	Number of ICPs 2018	Number of ICPs 2017
New (999,0)	40	34	36	1
Ready (0,0)	19	7	15	17
Active (2,0)	27,312	26,923	26,471	25,492
Distributor (888,0)	4	5	5	1
Inactive – new connection in progress (1,12)	23	26	61	28
Inactive – electrically disconnected vacant property (1,4)	384	374	371	389
Inactive – electrically disconnected remotely by AMI meter (1,7)	27	32	31	18
Inactive – electrically disconnected at pole fuse (1,8)	6	5	5	4
Inactive – electrically disconnected due to meter disconnected (1,9)	16	12	7	-
Inactive – electrically disconnected at meter box fuse (1,10)	1	1	-	1
Inactive – electrically disconnected at meter box switch (1,11)	-	-	-	-
Inactive – electrically disconnected ready for decommissioning (1,6)	56	42	24	4
Inactive – reconciled elsewhere (1,5)	-	-	-	-
Decommissioned (3)	2,744	2,671	2,594	2,507
LAKE Embedded Network				
Status	Number of ICPs May 2020	Number of ICPs May 2019	Number of ICPs 2018	Number of ICPs 2017
Active (2,0)	62	-	-	-
Inactive – new connection in progress (1,12)	3	-	-	-

1.9. Authorisation Received

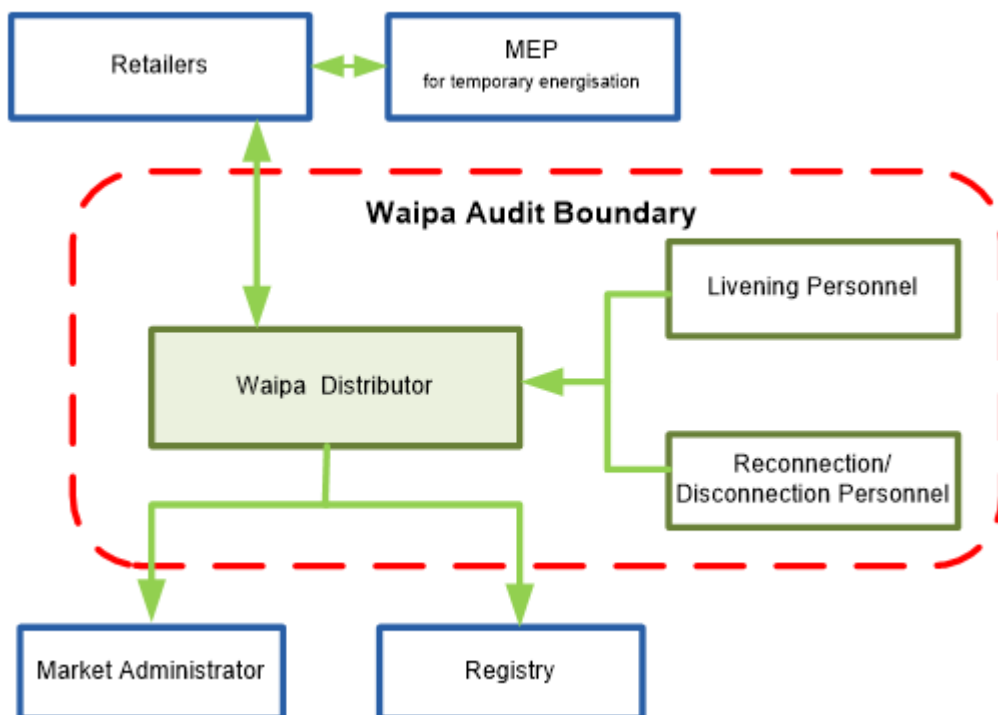
Waipa provided a letter of authorisation to Veritek, permitting the collection of data from other parties for matters directly related to the audit.

1.10. Scope of Audit

This Distributor audit was performed at the request of Waipa Ltd, to encompass the Electricity Industry Participation Code requirement for an audit, in accordance with clause 11.10 of part 11. The audit was carried out at Waipa's premises in Te Awamutu, on July 10th, 2020.

The audit was conducted in accordance with the Guideline for Distributor Audits version 7.2, which was produced by the Electricity Authority.

The scope of the audit is shown in the diagram below, with the Waipa audit boundary shown for clarity.



1.11. Summary of previous audit

Waipa provided a copy of the previous audit report, completed in August 2019 by Rebecca Elliot of Veritek Limited. The findings are detailed in the table below:

TABLE OF NON-COMPLIANCE

Subject	Section	Clause	Non-Compliance	Status
Requirement to provide complete and accurate information	2.1	11.2(1) and 10.6(1)	Registry information not complete and accurate in all instances.	Still existing
Requirement to correct errors	2.2	11.2(2) and 10.6(2)	Errors not corrected as soon as practicable.	Still existing
Timeliness of initial electrical connection date	3.5	7(2A) of Schedule 11.1	19 initial electrical connection dates not updated within ten business days.	Still existing
Timeliness of registry updates	4.1	8 of schedule 11.1	Some price, network, status, and address changes were backdated.	Still existing
ICP location address	4.4	2 & 7 (1)(a) of schedule 11.1	76 ICPs with addresses that are not readily locatable.	Still existing
Distributor to provide ICP information	4.6	7(1) of Schedule 11.1	Distributed generation details incorrect or missing. 13 ICPs with the initial electrical connection date missing. Two ICPs with an incorrect initial electrical connection date populated.	Still existing
Management of "decommissioned" status	4.11	20 Schedule 11.1	ICPs updated via magiQ will be recorded with the incorrect event date unless they are updated on the same day as the decommissioning. All five examples checked were recorded for the incorrect event date.	Still existing

RECOMMENDATIONS

Subject	Section	Recommendation	Status
Requirement to provide complete and accurate information	2.1	Review the process to manage distributed generation.	Still existing
		Add additional validations to ensure information is complete and accurate.	Still existing
Initial electrical connection date monitoring	4.6	Check discrepancy report to ensure all active ICPs are being captured.	Still existing
Management of "decommissioned" status	4.11	Review the reporting to manage ICPs to be decommissioned.	Still existing

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

Waipa's data management processes were examined. The list file as at 31/05/20 and the audit compliance report for the period 1/08/19 to 31/05/20 were examined to confirm compliance.

Audit commentary

Files are transferred between magiQ and the registry daily via SFTP. When a change to a registry field is made in magiQ it is automatically added to a registry update file generated overnight. There are two exceptions to this; unmetered load and loss factors other than LV are processed manually. Notification files are reviewed, and an email alert is sent if any data has failed to update.

Waipa had a suite of discrepancy reporting in place up until January 2020. Waipa stopped using the reporting in January 2020 as it was found to be unreliable and incomplete. There have been some checks done since on an ad hoc basis but not regularly. Waipa is planning to implement a replacement but no details are available. I recommend that they use the audit compliance report in the interim period.

Recommendation	Description	Audited party comment	Remedial action
Clause 11.2(1)	Use the audit compliance reporting weekly to ensure data accuracy.	This report will be useful to check our compliance going forward. We will be running this weekly following internal training of staff by the end of August.	Identified

Analysis of the list file and audit compliance report found information that was not complete and accurate. These are recorded in **sections 4.1, 4.2, 4.4 and 4.6**. Specific examples are:

- some incorrect event dates for registry updates,
- one ICP with the incorrect NSP allocated,
- 66 ICPs with addresses that are not readily locatable,
- 97 ICPs with distributed generation details incorrect or missing,
- 74 ICPs with the initial electrical connection date missing,
- one ICP with an incorrect initial electrical connection date, and
- nine ICPs with unmetered load discrepancies.

I found that not all errors and omissions are being identified and corrected therefore not all practicable steps have been taken to provide complete and accurate information. This is recorded as non-compliance below.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 2.1 With: Clauses 11.2(1) and 10.6(1) From: 01-Aug-19 To: 31-May-20	Registry information not complete and accurate in all instances. Potential impact: High Actual impact: Medium Audit history: Twice Controls: Weak Breach risk rating: 6		
Audit risk rating	Rationale for audit risk rating		
Medium	Controls are rated as weak as there is no regular process to identify and correct errors. The risk rating is medium as the corrections not actioned may have a direct impact on reconciliation.		
Actions taken to resolve the issue		Completion date	Remedial action status
We have corrected the bulk of ICPs identified during the audit with the only remaining ones awaiting information from Third Parties such as Retailers and DG installers. Our use of the audit compliance report going forward will ensure these are continued to be followed up.		August 2020	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
Staff are being trained to run the audit compliance report weekly.		31 August 2020	

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

Waipa's data management processes were examined. The list file as at 31/05/20 and the audit compliance report for the period 1/08/19 to 31/05/20 were examined to confirm compliance.

Audit commentary

Waipa had a suite of discrepancy reporting in place up until January 2020. Waipa stopped using the reporting in January 2020 as it was found to be unreliable and incomplete. There have been some checks done since on an ad hoc basis but not regularly. Waipa is planning to implement a replacement but no details are available. I have recommended in **section 2.1**, that the audit compliance report is used in the interim period.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 2.2 With: Clauses 11.2(2) and 10.6(2) From: 01-Jan-20 To: 31-May-20	Errors not corrected as soon as practicable. Potential impact: High Actual impact: Medium Audit history: Twice Controls: Weak Breach risk rating: 6		
Audit risk rating	Rationale for audit risk rating		
Medium	Controls are rated as weak as there is no regular process to identify and correct errors. The risk rating is medium as the corrections not actioned may have a direct impact on reconciliation.		
Actions taken to resolve the issue		Completion date	Remedial action status
Our use of the audit compliance report going forward will ensure errors are corrected as soon as practicable.		31 August 2020	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
Our use of the audit compliance report going forward will ensure errors are corrected as soon as practicable.		31 August 2020	

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 in detail and is described in **section 3.2**. A sample of 20 new connection applications using the typical case methodology of the 455 created were checked from the point of application through to when the ICP was created.

Audit commentary

The process is robust and has good controls in place.

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 three 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 was examined in detail. 20 new connection applications of the 455 ICPs created during the audit period were checked from the point of application through to when the ICP was created. The sample was selected using the diverse characteristics methodology covering five different participants and across the audit period to confirm the process and controls worked in practice.

Audit commentary

The majority of new connection applications are received from electricians with requests from Retailers being a rare occurrence, and this clause only applies to those applications received from Retailers. During the Covid-19 lockdown Waipa moved to an editable pdf application form which is available on its website to remove the need for paper copies.

ICPs are created at the "New" status on receipt of an 'Application for Network Connection' from a retailer, a customer, or their agent (normally the electrician). The agent must provide pole or pillar box number on the application form. This ensures that the correct property is connected. Engineering approval is then sought from the planning department and this is documented on the 'New Connection Site Visit Check List' form which is saved along with the application. A site visit is carried out to confirm the address and that fuses are available. The application is then forwarded to the nominated retailer for confirmation that they will take responsibility for the ICP. Retailers send a confirmation email to Waipa, or a service request

for metering and electrical connection. Either response serves as confirmation of a retailer's responsibility and an approval to live as required by clause 11.17 of part 11.

The sample of new connections checked were all requested by electricians, therefore the three business days timeframe is not applicable.

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 for populating all required registry fields was examined. The list file was examined for all ICPs created during the audit period and the EDA file for the period 1/8/19 to 31/05/20 was evaluated. 455 ICPs were created during that period.

A diverse sample of 20 new connections were chosen covering five different participants and across the audit period to confirm the process and controls worked in practice.

Audit commentary

Updates to the registry occur on a nightly basis. The process for updating the registry is automated for all fields except for unmetered load and the loss category code. The sample checked confirmed all the information was provided in accordance with Schedule 11.1.

Timeliness of provision of information is discussed in **sections 3.4** and **3.5** below.

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 was examined. The audit compliance report for the period from 1/8/19 to 31/05/20 was checked to determine the timeliness of the provision of ICP information for Waipa's new connections.

Audit commentary

Waipa works to update ICPs to “ready” prior to electrical connection. Waipa field staff use an app which enables quicker workflows and allows updates from the field to be delivered directly to Waipa office staff upon completion in the field. All but three were updated to the “Ready” status prior to electrical connection. All three were created prior to electrical connection but there was a delay in changing them to the “Ready” status.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 3.4 With: Clauses 7(2) of Schedule 11.1 From: 18-Sep-19 To: 24-Feb-20	Three ICPs not updated to “Ready” prior to electricity being traded. Potential impact: Low Actual impact: Low Audit history: None Controls: Moderate Breach risk rating: 2		
Audit risk rating	Rationale for audit risk rating		
Low	Controls are rated as moderate as they will mitigate risk most of the time but there is room for errors to occur. The risk rating is low as the number of ICPs affected is small.		
Actions taken to resolve the issue		Completion date	Remedial action status
-		-	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
We have an IT improvement project underway which will assist in the flow of information from field to administration staff and reduce the likelihood of processing delays.		31 August 2023	

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 process for populating of the initial electrical connection date was examined. The audit compliance report for the period from 1/8/19 to 31/05/20 was checked to determine the timeliness of the provision of ICP information for Waipa's new connections.

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

Audit commentary

455 new ICPs have been created during the audit period. Of those, 444 have been electrically connected. The audit compliance report identified 15 ICPs where the IECD was updated later than 10 business days. The initial electrical connection date is updated as part of the new connection process and as Waipa often act as the metering agent as well as the livening agent, the majority of ICPs electrically connected are known and updated accordingly. When Waipa is not the metering agent there are sometimes delays in updating the registry. Four of the late updates were cases where Waipa was not the metering agent. Two of the updates were historical updates of electrical connection from 2013 which were added when distributed generation was connected during the audit period. This audit found 75 ICPs where the initial electrical connection date had not been populated. The ICPs with a missing initial electrical connection date are recorded as non-compliance in **section 4.6**.

The accuracy of initial electrical connection date is discussed further in **section 4.6**.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 3.5 With: Clause 7(2A) of schedule 11.1 From: 01-Aug-19 To: 31-May-20	15 initial electrical connection dates not updated within ten business days. Potential impact: Low Actual impact: Low Audit history: Once Controls: Moderate Breach risk rating: 2		
Audit risk rating	Rationale for audit risk rating		
Low	Controls are rated as moderate as they will mitigate risk most of the time but there is room for errors to occur. The risk rating is low this has no direct impact on reconciliation.		
Actions taken to resolve the issue		Completion date	Remedial action status
IECD have now been populated.		03 August 2020	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
Our use of the audit compliance report going forward will ensure system-related errors are corrected as soon as practicable.		31 August 2020	

3.6. Connection of an 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 was examined in **section 3.2**.

The registry list as at 31/05/20 and event detail report for 1/8/19 to 31/05/20 were examined to determine compliance.

Audit commentary

The design of the new connections process includes a step where the trader accepts responsibility in accordance with this clause. Review of the registry list confirmed that a trader is recorded for all active and inactive ICPs, and a proposed trader is recorded for all “New” and “Ready” ICPs.

This clause requires that a distributor must not connect an ICP across which unmetered load is shared unless a trader is recorded in the registry as accepting responsibility for the shared unmetered load. Waipa does not allow or intend to allow any new shared unmetered load connections. Review of the registry list confirmed there is no shared unmetered load connected to any Waipa ICP.

Audit outcome

Compliant

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 was examined in relation to ICPs that are not also NSPs on Waipa’s network. The event detail report for the period from 1/8/19 to 31/05/20 was examined.

Audit commentary

Waipa creates the ICPs at the “New” status on receipt of an ‘Application for Network Connection’ from a retailer, a customer, or their agent (normally the electrician). They are changed to the “Ready” status once the retailer sends a confirmation email to Waipa, or a service request for metering and electrical connection.

Analysis of the registry list with history for 1/8/19 to 31/05/20 confirmed that all ICPs with “ready” status had a proposed retailer recorded.

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 unmetered 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 was examined in **section 3.2**. The event detail file and registry list were examined to determine compliance.

Audit commentary

Any ICPs that are temporarily electrically connected follow the same process as those of all other new connections. No temporarily connected ICPs were identified.

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 reconciliation participant responsible for ensuring there is a metering installation for the point of connection.

The distributor must, within five 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

The NSP table was examined.

Audit commentary

Two new NSPs have been created by Waipa during the audit period. One is the LAKE embedded network and the second an interconnection with the WEL network.

NSP	NSP start date
LAK0111	20/09/2019
TPH0111	02/11/2019

The information required by this clause was provided on time.

Audit outcome

Compliant

3.10. Temporary electrical connection of NSP that is not point of connection to grid (Clause 10.30(A))

Code reference

Clause 10.30(A)

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.*

Audit observation

The NSP table was examined.

Audit commentary

Two new NSPs were created during the audit period as described in **section 3.9**. Waipa confirmed that the NSPs were not 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:

- xxxxxxxxxxxx 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 market administrator.*

Audit observation

The process for the creation of ICPs was examined.

Audit commentary

When a new ICP is created, the address is manually checked in magiQ to determine whether it is a duplicate, on Quick Maps to confirm its location, and a site visit is carried out to confirm the physical location. The ICP position in relation to other ICPs in the street is determined, Waipa prefers ICPs to be consecutively numbered. The staff member entering the new connection adds the first four digits to represent Waipa's 'road number' followed by the 'street number'. MagiQ automatically adds the leading zeros, distributor code and a compliant checksum.

MagiQ will allow duplicate ICP numbers to be created, but staff routinely check for duplicates before entering the ICP number.

A sample of 20 new ICPs were checked. All were created in the appropriate format.

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 process of allocation of the loss category was examined. The list file was examined to confirm all active and inactive ICPs have a single loss category code.

Audit commentary

Loss factors are determined from the information provided on application for a new connection.

The registry list was examined and all active and inactive ICPs have a single loss category code. Each loss category code 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. The list and event detail files were examined in relation to the use of the “New” status.

Audit commentary

The process is unchanged from last audit. ICPs are created at the “New” status upon receipt of an application for network connection from an electrician, retailer, a customer or their agent. The “New” status is only used where the ICP is at the construction phase and is changed to “Ready” once a trader has accepted responsibility.

I reviewed a sample of 20 applications for new connections and noted that the forms specified the electricity retailer. Once the new connection is approved by Waipa, it is forwarded to the retailer to confirm that they will take responsibility. The retailer provides confirmation by email, or by making a request for metering and electrical connection. Either response serves as confirmation of a retailer’s responsibility and an approval to live as required by clause 11.17 of part 11.

Examination of the list file and event detail report confirmed the use of the “New” status is compliant. The timeliness of updates to the registry are discussed in **section 3.4**.

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 calendar months or more:

Non-compliance	Description		
Audit Ref: 3.14 With: Clause 15 Schedule 11.1 From: 01-Aug-19 To: 31-May-20	Monitoring not conducted of ICPs at “New” or “Ready status. Potential impact: Low Actual impact: Low Audit history: None Controls: Weak Breach risk rating: 3		
Audit risk rating	Rationale for audit risk rating		
Low	Controls are rated as weak as there is no regular monitoring process in place. The risk rating is low as this has no direct impact on reconciliation.		
Actions taken to resolve the issue		Completion date	Remedial action status
There were only a handful of ICPs in this category and we have since followed up with the Retailers and made notes.		Completed	Identified

Preventative actions taken to ensure no further issues will occur	Completion date	
The audit compliance report will be used to ensure these are monitored and notes made accordingly in our system.	31 August 2020	

- *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

The management of ICPs at the “New” and “Ready” statuses was examined. The list file as at 31/05/20 and the audit compliance reports for 1/03/18 to 31/05/20 were examined.

Audit commentary

The audit compliance report identified four ICPs at “New” and one ICP at the “Ready” status for more than 24 months. Waipa confirmed that there is no reporting in place to identify and investigate ICPs which have been at the “New” or “Ready” status for more than 24 months. As recorded in **section 2.2** Waipa stopped using its discrepancy reporting in January 2020 as it was found to be unreliable and incomplete.

Audit outcome

Non-compliant

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

This requirement was discussed, and the list file was examined.

Audit commentary

Waipa has no embedded generation of greater than 10MW connected to its network. There is one embedded generator connected to its network that has its own loss category code of “FT”. This is for Fonterra Te Awamutu (0000400202WA9B7) and has a generation capacity of 8MW. Waipa’s embedded generation application form has a field to record the capacity to ensure any new generation connections greater than 10MW are identified.

There has been no new embedded generation greater than 10MW added during the audit period.

Audit outcome

Compliant

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

Code reference

Clause 10.33A

Code related audit information

- (1) A reconciliation participant may electrically connect a point of connection, or authorise the electrical connection of a point of connection, only if—
 - (a) the reconciliation participant is recorded in the registry as being responsible for the ICP; and*
 - (b) one or more certified metering installations are in place at the ICP in accordance with this Part; and*
 - (c) in the case of an ICP that has not previously been electrically connected, the owner of the network to which the point of connection is connected has given written approval of the electrical connection.**
- (2) A reconciliation participant described in sub-clause (1)(a)—
 - (a) may authorise the electrical connection of an ICP if—
 - (i) a metering installation is in place at the ICP; and*
 - (ii) the metering installation is operational but not certified; and*
 - (iii) the reconciliation participant arranges for the certification of the metering installation to be completed within five business days of the ICP being electrically connected;**
 - (b) may electrically connect an ICP if the point of connection is solely for unmetered load.**
- (3) A reconciliation participant must not authorise the electrical connection of a point of connection in either of the following circumstances:
 - (a) a distributor has electrically disconnected the point of connection for safety reasons, and has not subsequently approved the electrical connection of the point of connection;*
 - (b) electrically connecting the point of connection would breach the Electricity (Safety) Regulations 2010.**
- (4) No participant may electrically connect a point of connection or authorise the electrical connection of a point of connection, other than a reconciliation participant in the circumstances described in subclause (1), (2), or (3).*

Audit observation

Sub-clause (4) states that no participant may electrically connect a point of connection without the permission of the Reconciliation Participant. The electrical connection of streetlight circuits which are a point of connection was examined.

Audit commentary

The connection of streetlight circuits was discussed. The process for connection of new streetlights follows a similar process to other new connections. A trader step is included whereby the form is sent to the trader for approval and new circuits are not connected until approved by the trader.

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

Audit observation

The process to manage ICP changes were examined. The audit compliance report and event detail report for the period from 1/8/19 to 31/05/20 were examined. The management of NSP changes was examined.

Audit commentary

Analysis of the audit compliance and event detail reports found:

Address events

There were 385 address events during the audit period; 378 (98.18%) were updated within three business days. Seven ICPs were updated later than three days of the event. All were checked and found to be corrections where the event date was not updated to the current date of update and therefore, they appear to be backdated.

Network Events

The network events evaluated excluded those relating to the population of the initial electrical connection dates (discussed in **section 3.5**), NSP changes (discussed below) and the initial network events relating to the creation of ICPs.

The audit compliance report was examined and recorded one late network update which related to the correction of the dedicated NSP field and addition of generation capacity which was backdated to the date of the original update.

Change of NSP

The process of NSP changes was examined. This is a rare occurrence as the Waipa network has two distinct NSPs. The NSP is determined by the transformer it connects to.

One late NSP update was identified by the audit compliance report. Examination of this example identified that the NSP had been changed in error and backdated to the previous event date at the time of the addition of distributed generation details. It has since been corrected to the original NSP.

The accuracy of the NSP assignment is examined in **section 4.2**.

Pricing Events

There were 586 pricing events during the audit period; 527 (89.93%) were updated within three business days. The remaining 59 ICPs were updated late. This is an improvement to the result reported in the previous audit. Further analysis of the late updates found the following:

- 24 related to the installation of distributed generation, and the price category was updated at the same time as the distributed generation details were added,
- five were updated late due to delays caused during the Covid-19 lockdown,
- eleven changes were backdated at the request of the trader, and
- 19 were incorrectly backdated to a previous event date when updated to the registry.

Decommissioning Status Events

The code changed on 1 November 2018 for the decommissioning of ICPs for networks. The network is required to update the ICP to "decommissioned" within three days of the event, or the date that the trader changes the status to "Inactive - ready to decommission", whichever is later. I assessed the decommissioned ICPs dependant on which rule was in effect at the time of decommissioning. There were 56 ICPs decommissioned during the audit period; 23 were updated within three business days. Waipa had previously relied on its discrepancy reports to identify ICPs which were ready for decommissioning, the reporting was found to be faulty and has not been used since January 2020. This has directly affected the management of decommissioned ICPs.

Addition of distributed generation

The distributed generation process was examined. Applications for the addition of distributed generation are received by Waipa via email for approval. Applications are reviewed and when approval is granted the customer is advised to supply copies of the record of inspection (ROI) and certificate of compliance (COC) on completion of the work. Waipa updates their records and the registry once the ROI and COC are received. Delays in the provision of the ROI and COC result in late updates of Waipa's records and the registry.

The audit compliance report identified 47 ICPs where the distributed generation information was updated later than three business days.

Audit outcome

Non-compliant

Non-compliance	Description
Audit Ref: 4.1 With: Clause 8 Schedule 11.1 From: 01-Aug-19 To: 31-May-20	Seven address events, one network event, 59 pricing updates, 33 decommission status updates and 47 distributed generation updates were updated more than three business days after the event date. One NSP update backdated more than eight business days. Potential impact: Low Actual impact: Low Audit history: Multiple Controls: Moderate Breach risk rating: 2

Audit risk rating	Rationale for audit risk rating		
Low	<p>Controls are rated as moderate as they will mitigate risk most of the time but there is room for errors to occur.</p> <p>The risk rating is low as the volume of ICPs affected are small.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
-		-	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
There is no single issue leading to the late updates and these are typically the result of external input, such as information provided by a Retailer or customer. We will continue to update information as it comes to hand.		-	

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 process to determine the correct NSP was examined. The accuracy of NSP information was checked using the audit compliance report for the period 1/8/19 to 31/05/20.

Audit commentary

Waipa's planning department list the transformer number and GXP on each application for network connection. The NSP is determined by selecting the correct "sub" number.

If a sub number is corrected in magiQ the change is not automatically updated on the registry, because the sub number is not a registry field. Users must update the NSP manually on the registry.

The audit compliance report identified one ICP (0001358931WAC47) with the incorrect NSP allocated. This was due to an input error at the time of initial connection in August 2019.

As noted in **section 4.1**, the NSP for one ICP was corrected during the audit period due to an update which was made in error.

Audit outcome

Non-compliant

Non-compliance	Description
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Audit Ref: 4.2 With: Clauses 7(1),(4) and (5) Schedule 11.1 From: 20-Aug-19 To: 28-Apr-20	One ICP with incorrect NSP. Potential impact: Low Actual impact: Low Audit history: Once Controls: Strong Breach risk rating: 1	
Audit risk rating	Rationale for audit risk rating	
Low	The controls are recorded as strong because they mitigate risk to an acceptable level. The impact on settlement and participants is minor; therefore, the audit risk rating is low.	
Actions taken to resolve the issue	Completion date	Remedial action status
This has been corrected.	3 August 2020	Cleared
Preventative actions taken to ensure no further issues will occur	Completion date	
Our use of the audit compliance report going forward will ensure errors are corrected as soon as practicable	31 August 2020	

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 three business days after receiving a request for that information.

Audit observation

The management of customer queries was examined.

Audit commentary

Waipa does receive direct requests for ICP identifiers and 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 manage address accuracy was examined and the audit compliance report was analysed to identify ICPs with duplicate addresses or insufficient address information.

Audit commentary

When creating new ICPs, staff check manually to determine if the address is a duplicate. The audit compliance report identified 33 ICPs with duplicate addresses. Waipa had corrected 31 of these prior to finalisation of the audit by the addition of property name descriptors or the correction of street numbers, the remaining two are being investigated.

The audit compliance report identified 33 ICPs with insufficient address information, all 33 had no street number recorded. Waipa had corrected 30 of these prior to finalisation of the audit by the addition of street numbers or property name descriptors, the remaining three are being investigated.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 4.4 With: Clause 2 Schedule 11.1 From: 01-Apr-99 To: 31-May-20	66 ICPs with addresses that are not readily locatable. Potential impact: Low Actual impact: Low Audit history: Multiple Controls: Moderate Breach risk rating: 2		
Audit risk rating	Rationale for audit risk rating		
Low	Controls are rated as moderate as they will mitigate risk most of the time but there is room for errors to occur. The risk rating is low as this has no direct impact on reconciliation.		
Actions taken to resolve the issue		Completion date	Remedial action status
We have updated all but one ICP which requires a site visit to the Kawhia coast to check details. We will check this at our next scheduled work in that area.		-	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
We have set up a report set up to check address details and will run this once a month.		31 August 2020	

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

This was examined as part of the new connection process and proof of process was checked as part of the sample of 20 new connections examined.

Audit commentary

This requirement is well understood by personnel involved in livening and is included in Waipa's Network Connection Standards. The new connections form requires contractors to identify the 'individual service line and connection point to the Network pole/pillar' for all new ICPs and document it on the application for new connection form.

I reviewed a sample of 20 new connections. In all cases the form showed that the ICP would have an individual service line and connection point to the network pole or pillar.

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-*
 - (i) 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-*
 - (i) 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 one 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 information was reviewed. I checked all registry fields for obvious discrepancies using the audit compliance report for the period from 1/8/19 to 31/05/20.

Audit commentary

All ICP information was checked and confirmed compliant unless discussed below:

Chargeable Capacity

70 ICPs have chargeable capacity recorded. The chargeable capacity is calculated from the retailer billing received on the 4th of the following month and therefore the chargeable capacity should not be recorded on the registry. This is recorded as non-compliance.

Distributed Generation

Waipa require customers or their agent to submit an application from their website or via their service provider for any distributed generation. The application is reviewed by the planning team and once cleared the connection cost is invoiced. Once payment has been received the installation can go ahead. This includes a check that export/import metering is installed on their application form and confirmation from the Retailer that they will accept the generation. The applicant is asked to provide paperwork on completion of installation and COC and record of inspection.

The audit compliance report identified 97 ICPs with discrepancies, further analysis found:

There were 38 ICPs where the trader's profile indicates that distributed generation is present, but Waipa has none recorded. Waipa provided the following information:

- Waipa had updated the registry with generation details for 11 ICPs prior to finalisation of the audit,
- no application for addition of distributed generation had been received for five ICPs, Waipa will follow up with the trader, and
- Waipa has not received the completion information from the installer for 22 ICPs so has not updated the registry, Waipa will follow up with the installer.

There were 59 ICPs with solar installations which have been changed to installation type "B", the fuel type is populated but the generation capacity is incorrectly recorded as zero. 58 of the 59 had been corrected prior to the audit being finalised. The incorrect or missing distributor generation details are recorded as non-compliance.

Initial Electrical Connection Date

The audit compliance report identified 74 active ICPs where the initial electrical connection date had not been populated. Waipa does not have any discrepancy reporting in place to identify blank initial electrical connection dates. Waipa had updated the initial electrical connection dates for 72 of the 74 ICPs prior to finalisation of the audit.

The audit compliance report identified discrepancies between the initial electrical connection date and trader active date or metering certification date for six ICPs. Further investigation confirmed that the initial electrical connection date was correct for five of the ICPs and incorrect for one ICP.

The timeliness of provision of information on initial electrical connection date is discussed in **section 3.5**.

The missing initial electrical connection dates and incorrect population of initial electrical connection date is recorded as non-compliance.

Unmetered Load

Waipa allows standard unmetered load but does not allow shared unmetered connections to their network. Review of the registry list confirmed that there was no shared unmetered load and there have been no new unmetered loads connected during the audit period.

MagiQ records an unmetered load information but is not configured to output this information in a suitable format for registry update. The unmetered load information Waipa populates on the registry is entered manually.

There are 46 active ICPs with UML flag set to Y, and no distributor unmetered details populated. A sample of ten of these ICPs were checked to determine if Waipa know of this unmetered load. These are all historic and Waipa do not know the load details therefore compliance has been met.

I checked the accuracy of the unmetered load details recorded by Waipa for 86 active ICPs against the trader's unmetered load details. There was a discrepancy between the load details recorded for nine ICPs. The load matched for the remaining 77 ICPs. Waipa have updated the registry for one of the ICPs to match the trader load details and will consult with the trader regarding the other eight ICPs.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 4.6 With: Clause 7(1) Schedule 11.1 From: 10-Jul-17 To: 31-May-20	Chargeable capacity incorrectly recorded on the registry when it is being derived from the retailer billing files. 97 ICPs with distributed generation details incorrect or missing. 74 ICPs with the initial electrical connection date missing. 1 ICPs with an incorrect initial electrical connection date populated. 9 ICPs with unmetered load discrepancies. Potential impact: Low Actual impact: Low Audit history: Multiple Controls: Weak Breach risk rating: 3		
Audit risk rating	Rationale for audit risk rating		
Low	Controls are rated as weak as there is no regular discrepancy reporting process in place. The risk rating is low as this has no direct impact on reconciliation.		
Actions taken to resolve the issue		Completion date	Remedial action status
All missing or incorrect IECDs have now been populated. UML discrepancies have been followed up with the Retailer. Missing DG details have been populated, with the remaining being followed up with either the installer or Retailer.		-	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	

Our use of the audit compliance report going forward will ensure errors are corrected as soon as practicable	31 August 2020	
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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 new connection process was examined in detail. The audit compliance report for the period 1/8/19 to 31/05/20 was checked to determine if any price codes were assigned later than 10 business days after trading commenced.

Audit commentary

Waipa can confirm these details in most cases prior to electrical connection of the ICP. If any changes are required these are updated as soon as possible. The audit compliance report identified one ICP which had a price code assigned later than 10 business days after trading commenced. The late update was due to the late notification from the trader that the ICP was active after an ICP split.

Audit outcome

Non-compliant

Non-compliance	Description
Audit Ref: 4.7 With: Clause 7(3) Schedule 11.1 From: 03-Jan-20 To: 16-Jan-20	1 late price code update. Potential impact: Low Actual impact: None Audit history: None Controls: Strong Breach risk rating: 1
Audit risk rating	Rationale for audit risk rating
Low	Controls are rated as strong as there was only one late update. The risk rating is low as this has no impact on reconciliation.

Actions taken to resolve the issue	Completion date	Remedial action status
This was an isolated issue.	-	Identified
Preventative actions taken to ensure no further issues will occur	Completion date	
Our processes with regards to assigning Price Codes are robust and we will continue.	-	

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 was reviewed to determine compliance.

Audit commentary

Waipa do not populate GPS co-ordinates.

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

I examined the new connections process and reviewed the registry list file from 1/8/19 to 31/05/20 to identify that all ICPs at “ready” status had a nominated trader and a single price category recorded.

Audit commentary

Waipa's new connections process as noted in **section 3.2** ensures that a Retailer has taken responsibility for ICPs before the status is changed from the "New" status to the "Ready" status. All ICPs with the "Ready" status have an expected retailer populated.

Waipa's magiQ system will only allow one price category; therefore, the requirement to ensure that an ICP has a single price category will always be met. This was confirmed by checking the list file. The application form requires the Price Category to be specified.

The audit compliance report identified four ICPs at "New" and one ICP at the "Ready" status for more than 24 months. This is discussed further 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

The management of ICPs in relation to the use of the "distributor" status was examined. The list file and event detail report for the period from 1/8/19 to 31/05/20 were examined in relation to the use of the "distributor" status.

Audit commentary

Waipa's list file shows four ICPs with an ICP status of "Distributor", and these are points of connection between embedded networks and the Waipa network.

Waipa does not have any shared unmetered load ICPs and has no intention of allowing new shared unmetered load ICPs.

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 ICPs in relation to the use of the “decommissioned” status was examined. The list file and event detail report for the period from 1/8/19 to 31/05/20 were examined in relation to the use of the “decommissioned” status.

Audit commentary

Requests for decommissioning are received from the property owner and sometimes directly from traders. A site verification process is followed to ensure that electrical installations associated with ICPs are physically removed before the “decommissioned” status is used.

Review of the registry list showed there were 56 ICPs at “ready for decommissioning” status. Waipa had previously relied on its discrepancy reports to identify ICPs which were ready for decommissioning, the reporting was found to be faulty and has not been used since January 2020. This has directly affected the management of decommissioned ICPs.

Waipa had updated the status to decommissioned for all 56 ICPs prior to finalisation of the audit.

The timeliness of updates to the registry is discussed in **section 4.1**.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 4.11 With: Clause 20 Schedule 11.1 From: 01-Aug-19 To: 31-May-20	No regular process in place for management of decommissioned status. Potential impact: Low Actual impact: Low Audit history: Twice Controls: Weak Breach risk rating: 3		
Audit risk rating	Rationale for audit risk rating		
Low	Controls are rated as weak as ICPs at the “inactive-ready for decommissioning” are not being monitored. The risk rating is low as this has no direct impact on reconciliation.		
Actions taken to resolve the issue		Completion date	Remedial action status
All ICPs identified during the audit have now been decommissioned as required.		Completed	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
The reporting mechanism for this has been replaced with a separate report and this will be run fortnightly.		31 August 2020	

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.

Audit commentary

Waipa keeps the price category table up to date and has not created any new price category codes since 1 June 2016.

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.

Audit commentary

One new loss category code was created during the audit period as detailed below:

Loss code	Start date	Updated
AP	01/12/2019	19/11/2019

The loss category AP was created by Waipa during the audit and is used by one ICP only. Waipa did not provide two months notice of creation of the loss category, therefore non-compliance is recorded.

Audit outcome

Non-compliant

Non-compliance	Description
Audit Ref: 5.1 With: Clause 21 Schedule 11.1 From: 01-Oct-19 To: 19-Nov-19	Less than two months notice provided of a new loss category. 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 rated as moderate, as they are sufficient to ensure updates are on time most of the time. The impact on settlement and participants is minor; therefore, the audit risk rating is low.

Actions taken to resolve the issue	Completion date	Remedial action status
This related to the setup of a specific direct-billed ICP and was an isolated issue.	-	Cleared
Preventative actions taken to ensure no further issues will occur	Completion date	
Our Network Asset Manager has received a copy of this report so he is aware of the requirements in future.	Completed	

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 two 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 on 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.

Audit commentary

Waipa does not have any loss category codes with more than one loss factor. No loss factors have been changed since 1 July 2016. The loss factor review process is discussed in **section 8.1**.

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.

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 NSP table on the registry was examined.

Audit commentary

Two new NSPs were created during the audit period:

NSP	Network Type	Start date
LAK0111	E	20/09/2019
TPH0111	I	2/11/2019

Waipa added a new embedded solar power based network within their network (LAK0111) and a new interconnection with the WEL Network (TPH0111). The responsible party for the interconnection NSP is WEL Networks.

Written notice was provided to all parties as required by this clause.

No NSPs were decommissioned during the audit period.

Audit outcome

Compliant

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 1 month before the NSP is electrically connected or the ICP is transferred.

Audit observation

The NSP table on the registry was examined.

Audit commentary

Two new NSPs were created during the audit period:

NSP	Network Type	Start date
LAK0111	E	20/09/2019
TPH0111	I	2/11/2019

Written notice was provided to all parties as required by this clause.

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 NSP table on the registry was examined.

Audit commentary

Two new NSPs were created during the audit period, and correct balancing area information was provided in accordance with this clause.

NSP	Start date	Balancing area
LAK0111	20/09/2019	LAK0111LAKEE
TPH0111	2/11/2019	TMU0111WAIPG

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 one 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)(c)).*

Audit observation

The NSP table was examined.

Audit commentary

Waipa added a new embedded solar power based network within their network during the audit period.

NSP	Network Type	Start date
LAK0111	E	20/09/2019

Waipa supplied the correct information to the reconciliation manager as required by this clause.

Audit outcome

Compliant

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 three business days after the change takes effect.

Audit observation

The NSP table was reviewed.

Audit commentary

No balancing area changes have occurred 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 calendar month before the transfer.

Audit observation

The NSP table was reviewed.

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 Authority in the prescribed form, no later than three business days before the transfer takes effect.

Audit observation

The NSP table was reviewed.

Audit commentary

Waipa has not initiated the transfer of any ICPs during the audit period.

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

The NSP supply point table was examined.

Audit commentary

Waipa added a new embedded solar power based network within their network during the audit period.

Distributor	NSP POC	Description	MEP	Certification Expiry
LAKE	LAK0111	36 Lake Street Cambridge	FCLM	20/09/2029

The NSP has a certified metering installation as required by this clause.

Audit outcome

Compliant

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:*
 - a) *the reconciliation participant for the NSP (Clause 10.25(2)(b)(i)); and*
 - b) *the MEP for the NSP (Clause 10.25(2)(b)(ii)); and*
 - c) *no later than 20 business days after the date of certification of each metering installation, advise the reconciliation participant for the NSP of the certification expiry date (Clause 10.25(2)(c)).*

Audit observation

The NSP supply point table was reviewed.

Audit commentary

Waipa added a new embedded solar power based network within their network during the audit period.

Distributor	NSP POC	Description	MEP	Certification Expiry
LAKE	LAK0111	36 Lake Street Cambridge	FCLM	20/09/2029

The NSP has a certified metering installation as required by this clause. The information was provided within the required timeframe.

Audit outcome

Compliant

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 notify:

- *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 one month's 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

The NSP supply point table was reviewed.

Audit commentary

Waipa have not initiated any changes of network owner.

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 NSP supply point table was examined.

Audit commentary

Waipa own one embedded network and there have been no changes of MEP for embedded gate meter.

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 supply point table was reviewed.

Audit commentary

Waipa has not initiated the transfer of any ICPs during the audit period.

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 supply point table was reviewed.

Audit commentary

Waipa has not initiated the transfer of any ICPs during the audit period.

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 list file was examined, and the streetlight audits of the network were assessed.

Audit commentary

Waipa does not intend to allow any new shared unmetered load connections. Review of a registry list confirmed there is no shared unmetered load connected to any Waipa ICPs.

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 list file was examined, and the streetlight audits of the network were assessed.

Audit commentary

As detailed in **section 7.1** above, Waipa have no shared unmetered load connections on their network.

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

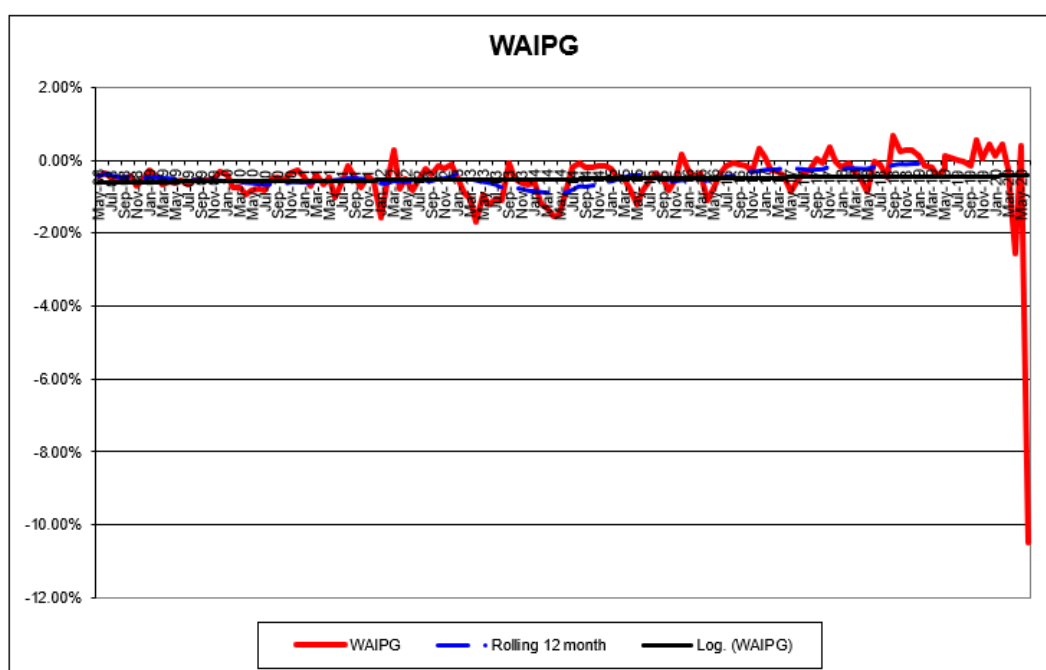
The “Guidelines on the calculation and the use of loss factors for reconciliation purposes” was published on 26 June 2018. I have assessed Waipa’s process and compliance against the guidelines recommended thresholds. I assessed the loss factor accuracy looking for any rolling UFE that was greater than +/- 1% (as indicated in the guideline).

Audit commentary

The loss factor table was examined. There have been no changes to loss factors since 1 July 2016.

Waipa’s management of loss factors has not changed during the audit period. Waipa reviews loss factors annually and provided information on their methodology to calculate loss factors, and their latest loss factor review calculations.

I was provided by the Electricity Authority the reconciliation losses (UFE) which indicate they are tracking within the +/- 1% threshold:



Waipa’s process will ensure that any future loss factor adjustments are made in a timely fashion.

A new loss category code of “LL” with a loss factor of “1” was created with a start date of 1/09/2019 and has been applied to all 65 ICPs on the LAKE embedded network. The loss category code applied to the LE ICP for the LAKE network is “HV” which has a loss factor of “1.04”. The loss category code applied to other typical low voltage ICPs on the Waipa network is “LV”, with a loss factor of “1.069”. I would expect an ICP on the LAKE network to have similar losses to other low voltage ICPs on the Waipa network. I have recorded non-compliance as the loss factor has not accounted for any losses in the low voltage distribution network between the embedded network gate meter and individual ICP metering points. The difference of 2.9% will result in an unexpectedly high UFE cost to retailers.

Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 8.1 With: Clause 11.2 From: 01-Sep-19 To: 31-May-20	Loss factors not accurately calculated for 65 ICPs on the LAKE embedded network. Potential impact: Medium Actual impact: Medium Audit history: None Controls: Moderate Breach risk rating: 4		
Audit risk rating	Rationale for audit risk rating		
Medium	Controls are rated as moderate as the majority of loss factors are correctly calculated. The risk rating is medium as there will be unexpectedly high UFE for retailers.		
Actions taken to resolve the issue		Completion date	Remedial action status
Our Network Asset Manager is reviewing Lakewood loss factors as a result of the feedback. We expect this will result in a loss factor equivalent to the WAIP network.		01/09/2020	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
LAKE loss factors will be reviewed and updated in conjunction with the WAIP loss factors going forward.		Ongoing	

CONCLUSION

This audit found 13 non-compliances and makes one recommendation. This is an increase in non-compliance from the seven items found in the previous audit. A major contributing factor to this increase was that Waipa ceased to use its suite of registry discrepancy reporting in January 2020 after flaws were identified in the output of the reporting. I recommend that they use the audit compliance reporting until they can deploy new reporting.

A new embedded network was added within the Waipa network. The calculation of the loss factor was found to be non-compliant as it does not account for the low voltage losses within the low voltage distribution network.

The next audit frequency table indicates that the next audit be due in three months. I have considered this result in conjunction with Waipa's responses and I recommend an audit period of nine months.

PARTICIPANT RESPONSE

We believe the regular use of the Compliance Audit Report as recommended will address many of the issues of the raised in this report and staff are being trained to commence weekly reporting by the end of August.