

Electricity Industry Participation Code Distributor Audit Report

for

CBRE Networks Ltd (CBRE)

Prepared by Rebecca Elliot – Veritek Ltd

Date of Audit: 31/07/17

Date Audit Report Complete: 04/08/17

Date Audit Report Due: 10/08/17

Executive Summary

This Distributor audit was conducted at the request of **CBRE Networks Ltd (CBRE)** to encompass the Electricity Industry Participation Code requirement for an annual audit, in accordance with clause 11.10 of part 11.

The audit was conducted in accordance with the Guideline for Distributor Audits V7.1, which was produced by the Electricity Authority.

CBRE's compliance is reliant on the compliance of TENCO Ltd, as the contractor. In this report, I have only recorded those matters where issues were discovered or where specific analysis was undertaken. As the agent report is greater than seven months old, I have examined the event detail report for the full audit period of September 2015 through to June 2017 to confirm compliance. The audit period is longer than normal as this is one of the embedded networks that had its audit date aligned to fit with the TENCO site audit, but the audit report was not submitted at that time as the audit portal was resetting the audit due date. This audit has therefore been redone under the new regime so it is in the correct format. TENCO's audit report is attached as an appendix.

Three minor non-compliances were found and no recommendations were found. These are detailed in the table below. The Distributor audit frequency matrix indicates that next recommended audit is due in 24 months and I agree with this recommendation.

The matters are set out in the table below:

Table of Non-Compliance

Subject	Section	Clause	Non-compliance	Controls	Audit Risk Rating	Breach Risk Rating	Remedial Action
Timeliness of provision if initial energisation date	3.5	7(2A) of schedule 11.1	Two initial energisation dates populated late.	Moderate	Low	2	Identified
Electrical connection of an NSP that is not a POC to the grid	3.9	10.30(2) of schedule 11.1	MEP & meter certification not provided to the RM within 5 business days of electrical connection.	Strong	Low	1	Cleared
Changes to registry information	4.1	8 of schedule 11.1	12 changes to registry not updated within three business days of the event.	Strong	Low	1	Cleared
Breach Risk Rating Score							4
Indicative Next Audit Frequency							24 months

Table of Recommendations

Subject	Section	Clause	Recommendation for improvement	Remedial Action
			Nil	

Persons Involved in This Audit

Auditor:

Rebecca Elliot

Veritek Limited

Electricity Authority Approved Auditor

TENCO personnel assisting in this audit were:

Name	Company
Nick Price	TENCO Ltd
Eva Khudyakova	TENCO Ltd

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1. Administrative

1.1 Summary of Previous Audit

CBRE provided a copy of their previous audit conducted in October 2015 by Rebecca Elliot of Veritek Limited. There were three non-compliance issues and no recommendations were made. The status of these are indicated in the table below.

Table of Non-Compliance

Subject	Section	Clause	Non compliance	Status
Changes to registry information	3.1	8(2)(b) of schedule 11.1	One change to registry not updated within three business days of the event.	Still existing
Initial energisation date	3.3	7(1)(p) & (2A) of Schedule 11.1	Seven late updates to the registry.	Cleared
Management of "Decommissioned" Status	3.5	12 & 20 of schedule 11.1	Incorrect status recorded on the registry for one ICP.	Cleared

Table of Recommendations

Subject	Section	Clause	Recommendation for improvement	Status
			Nil	

1.2 Scope of Audit

This Distributor audit was performed at the request of CBRE, to encompass the Electricity Industry Participation Code requirement for an annual audit, in accordance with clause 11.10 of part 11.

The audit was conducted in accordance with the Guideline for Distributor Audits V7.1, which was produced by the Electricity Authority.

The scope of the audit is shown in the table below:

Functions Requiring Audit Under Clause 11.10(4) of Part 11	Contractors Involved in Performance of Tasks
a) The creation of ICP identifiers for ICPs.	TENCO Ltd
b) The provision of ICP information to the registry and the maintenance of that information.	
c) The creation and maintenance of loss factors.	

The audit report for TENCO Ltd is attached as an appendix. This audit was undertaken prior to June 1st, 2017 and has therefore been undertaken under the Guideline for Distributor Audits V6.2 that was current at the time of their audit.

1.3 Balancing Areas and ICP Data

CBRE has responsibility for five embedded networks. The table below lists the relevant NSPs and their associated balancing areas. CLN0011 has been transferred out during the audit period.

Distributor	NSP POC	Description	Parent POC	Parent Network	Balancing Area	Network Type	Start Date	Active ICPs
CBRE	CFM0011	FMG House	LTN0331	POCO	CFM0011CBREE	E	14/09/2016	19
CBRE	CGA0011	48 GREYS AVENUE AUCKLAND	PEN1101	VECT	CGA0011CBREE	E	1/09/2016	16
CBRE	CGP0011	Grand Plimmer Tower Wellington	WIL0331	CKHK	CGP0011CBREE	E	01/02/2010	64
CBRE	CNL0011	Novell House	WIL0331	CKHK	CNL0011CBREE	E	1/02/2012	44
CBRE	CSE0011	66-86 Jervois Quay	WIL0331	CKHK	CSE0011CBREE	E	1/10/2011	27
Transferred Networks							End Date	
CBRE	CLN0011	351 LINCOLN ROAD ADDINGTON	ISL0661	ORON	CLN0011CBREE	E	31/12/2015	5

NSP CGA0011 has commenced during the audit period. This discussed in **Section 6**. CFM0011 is not a new network but has a new start date during the audit period due to the change of the parent NSP.

CBRE provided a list file containing all ICPs on their network as at May 2017. A summary of this data by “ICP status” is as follows.

Status	Number of ICPs 2017	Number of ICPs 2015	Number of ICPs September 2014	Number of ICPs June 2014
Distributor	0	0	0	0
New	0	2	4	6
Ready	0	1	3	2
Active	170	159	180	174
Inactive- new connection in progress	0	1	0	1
Inactive – reconciled elsewhere	0	0	6	6
Inactive – vacant	3	3	3	5
Inactive – ready for decommissioning	0	0	0	13
Decommissioned	67	60	49	34

1.4 Exemptions from Obligations to Comply With Code (Section 11 of Electricity Industry Act 2010)

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.

There are no exemptions in relation to this audit that have been granted to CBRE.

1.5 Supplier List

TENCO Ltd performs all of CBRE's responsibilities.

1.6 Breaches or Breach Allegations

CBRE has no breaches recorded by the Electricity Authority for the audit period.

2. Operational Infrastructure

2.1 Requirement to Provide Complete and Accurate Information (Clause 11.2(1) of Part 11)

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 management of this process is discussed in the TENCO contractor report. This is greater than seven months old and therefore I have also examined the list file.

Audit Commentary

Compliance is recorded for TENCO. Examination of the list file also confirmed compliance.

2.2 Requirement to Correct Errors (Clause 11.2(2) of Part 11)

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

This is discussed in the TENCO contractor report. This is greater than seven months old and therefore I have also examined a registry list file with history to confirm compliance.

Audit Commentary

Compliance is recorded for TENCO as they correct any errors found as soon as practicable. Examination of the list file also confirmed compliance.

3. Creation of ICPs

3.1 Distributors Must Create ICPs (Clause 11.4 of Part 11)

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 the TENCO report. Six new connections were created during the audit period.

Audit Commentary

Compliance is confirmed in the TENCO report. All ICPs were created compliantly.

3.2 Participants May Request Distributors to Create ICPs (Clause 11.5(3) of Part 11)

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 is discussed in the TENCO contractor report. Examination of the list file found six ICPs were created during the audit period.

Audit Commentary

All were created within three days of the request. Compliance is confirmed.

3.3 Provision of ICP Information to the Registry (Clause 11.7 of Part 11)

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 is examined in the TENCO audit report. The list file was examined for all ICPs created during the audit period.

Audit Commentary

Six ICPs were energised during the audit period. The event detail report was analysed and found all were populated before being electricity was traded. Compliance is confirmed.

3.4 Timeliness of the Provision of ICP Information to the Registry (Clause 7(2) of Schedule 11.1)

This information is provided as soon as practicable, and before electricity is traded at the ICP.

Audit Observation

The new connection process is examined in the TENCO audit report. The event detail report for the period from September 2015 through to June 2017 was examined.

Audit Commentary

Six ICPs were energised during the audit period. The event detail report was analysed and found all were populated before being electricity was traded. Compliance is confirmed.

3.5 Timeliness of the Provision of the Initial Energisation Date (Clause 7(2A) of Schedule 11.1)

*The **distributor** must provide the information specified in sub-clause (1)(p) to the **registry** no later than 10 **business days** after the date on which the **ICP** is initially **energised**.*

Audit Observation

The new connection process is examined in the TENCO audit report. The event detail report for the period from September 2015 through to June 2017 was examined.

Audit Commentary

Analysis of the event detail report found that four ICPs had been populated to the registry within ten days. Two ICPs were updated later than ten days. This is recorded as non-compliance.

Non-compliance	Description	
Audit ref: 3.5 With: Clause 7(2A) of schedule 11.1 From/to: 17/4/14-3/5/17	Two initial energisation dates populated late. Potential impact: None Actual impact: None Audit history: Multiple times Controls: Moderate Breach Risk Rating: 2	
Audit Risk Rating	Rationale for audit risk rating	
Low	I have rated the controls as moderate as TENCO works hard to get the correct energisation date within the required timeframe but despite this not all contractors provide this information in a timely manner. There is no direct impact on settlement, therefore the audit risk rating is low.	
Actions taken to resolve the issue	Completion date	Remedial action Status
0000002021CB891- paperwork from Vircom has arrived late. 0000006022CB2D1 - was covered in previous audit report as issue goes back to 2015 when it was initially rectified. IED has then been replaced with blank due to the issue with the way Registry was processing upload files. We have then noted it in Dec-16 and resolved.	3/8/2017	Identified
Preventative actions taken to ensure no further issues will occur	Completion date	
Not all contractors provide this information in a timely manner, therefore we are and will be following up with contractors to improve their response times	3/8/2017	

3.6 Connection of ICPs (Clause 11.17 of Part 11)

A distributor must, when electrically connecting an ICP that is not also an NSP, follow the electrical connection process set out in Clause 10.31.

The distributor must not electrically 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 electrically connect an ICP unless a trader is recorded in the registry as accepting responsibility for the shared unmetered load.

Audit Observation

The new connection process is examined in the TENCO audit report. The event detail report for the period from August 2015 through to June 2017 was examined.

Audit Commentary

All newly connected six ICPs had a trader recorded prior to being electrically connected. Compliance is confirmed.

3.7 Electrical Connection of ICPs (Clause 10.28(7) of Part 10)

A network owner must not electrically connect a new point of connection that is to be quantified by metering unless requested to do so by the:

- *MEP (for a temporary energisation); or*
- *Reconciliation participant responsible for ensuring there is a metering installation.*

Audit Observation

The new connection process is examined in the TENCO audit report.

Audit Commentary

TENCO' process ensures that compliance is achieved.

3.8 Electrical Connection of an ICP that is not an NSP (Clause 10.31 of Part 10)

A distributor must not electrically connect an ICP that is not also an NSP unless:

- *the trader trading at the ICP has requested the electrical connection; or*
- *the MEP who has an arrangement with the trader trading at the ICP has requested temporary energisation of the ICP.*

Audit Observation

The new connection process was examined in the TENCO audit report. All ICPs created during the audit period were checked for a proposed trader on the list file as at May 2017.

Audit Commentary

TENCO' process ensures that compliance is achieved. All ICPs had a nominated trader. Compliance is confirmed.

3.9 Electrical Connection of an NSP that is not a Point of Connection to the Grid (Clause 10.30(2) of Part 10)

A distributor must, within five business days of electrically connecting an NSP that is not also a point of connection to the grid, notify the reconciliation manager of the following in the prescribed form:

- *the NSP electrically connected*
- *the date of the electrical connection*
- *the participant identifier of each MEP*
- *the certification expiry date for each metering installation.*

Audit Observation

The NSP table was checked for new NSPs. The process for the notification to the Reconciliation Manager was examined.

Audit Commentary

TENCO have been working to clause 10.25(2) which requires that the Distributor to advise the Reconciliation Manager of the same details as above within 20 days of energisation. I note that this was also what was being audited to previously. TENCO have now changed their process to advise within five business days if electrical connection and energisation occur simultaneously (which is likely for 99% of new NSPs).

CBRE had one new NSP connected during the audit period. This required details were submitted to the Reconciliation Manager on 13/9/16 for a start date of 1/9/16. This is recorded as non-compliance.

Non-compliance	Description	
Audit ref: 3.9 With: Clause 10.30(2) of schedule 11.1 From/to: 8/9/16-13/9/16	MEP & meter certification not provided to the RM within 5 business days of electrical connection. Potential impact: None Actual impact: None Audit history: None Controls: Strong Breach Risk Rating: 1	
Audit Risk Rating	Rationale for audit risk rating	
Low	I have rated the controls as strong as TENCO was working to the 20 day notification period and is compliant with this requirement. They have strong controls in place to mitigate risk. This has no direct impact on settlement, therefore the audit risk rating is low.	
Actions taken to resolve the issue	Completion date	Remedial action Status
MEP and meter certification have been submitted within 20 business days as per requirements that were audit previously.	3/8/2017	Cleared
Preventative actions taken to ensure no further issues will occur	Completion date	
TENCO have updated their process as to ensure RM is notified within 5 business days from electrical connection.	3/8/2017	

3.10 Loss Category (Clause 6 of Schedule 11.1)

Each ICP must have a single loss category that is referenced to identify the associated loss factors.

Audit Observation

The new connection process for populating all required registry fields including the loss factor examined in the TENCO audit report. The list file was examined to confirm all active ICPs have a single loss category code.

Audit Commentary

Each active ICP only has a single loss category, which clearly identifies the relevant loss factor. Compliance is confirmed.

3.11 Management of “New” Status (Clause 13 of Schedule 11.1)

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 in the TENCO audit report. The list and event detail files were examined in relation to the use of the “New” status.

Audit Commentary

Some ICPs are created at “New” and others are created at “Ready”. ICPs that are created at “New” are changed to “Ready” once the metering details and retailer have been determined as detailed in the new connection process in the TENCO report. The only other instance where ICPs will be created at “New, is that of a new NSP going live on the same day as the ICPs. The new NSP cannot be allocated to ICPs until the following day. This has not occurred during the audit period. Compliance is confirmed.

3.12 Monitoring of “New” & “Ready” Statuses (Clause 15 of Schedule 11.1)

If an ICP has had the status of “New” or has had the status of “Ready” for 24 calendar months or more:

- *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

This is discussed in the TENCO contractor report. A list file with history was examined.

Audit Commentary

TENCO periodically reports on ICPs at “New” and “Ready” to check whether they are still required. An examination of the list file found no ICPs that had been at “New” or “Ready” for greater than 24 months. Compliance is confirmed

4. Maintenance of Registry Information

4.1 Changes to Registry Information (Clause 8 of Schedule 11.1)

When information that is held by the registry changes, the distributor responsible for that ICP must provide notice to the registry of that change within three business days of that change taking 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 14 days, the time within which notification must be effected in accordance with Clause 8(3) of Schedule 11.1 begins on the 15th day after the change.

Audit Observation

The management of this process is discussed in the TENCO contractor report. As this report is greater than seven months old I have examined the event detail report for the audit period to confirm compliance

Audit Commentary

Compliance is recorded in the TENCO contractor report. Excluding the updating of the initial energisation date which is discussed in section 3.3 below, all changes were completed within three business days with the exception of:

- Five backdated decommissioned ICPs. These were backdated by the Retailer.
- Five Pricing events.
- Two Network events.

The backdated events are recorded as non-compliance.

Non-compliance	Description		
Audit ref: 4.1 With: Clause 8 of schedule 11.1 From/to: 1/9/15-16/2/17	12 changes to registry not updated within three business days of the event. Potential impact: None Actual impact: None Audit history: Multiple times Controls: Strong Breach Risk Rating: 1		
Audit Risk Rating	Rationale for audit risk rating		
Low	I have rated the controls as strong as TENCO has strong controls in place to mitigate risk. The volume of backdated events has little direct impact on settlement, therefore the audit risk rating is low.		
Actions taken to resolve the issue		Completion date	Remedial action Status
The decommissioning non-compliance was caused by backdated retailer updates as reported by Rebecca. The pricing events were pricing changes completed at the request of the retailer and were backdated per their request, we have begun pushing back on retailers to only update from the date that the request is received unless there is a particular customer impact that is specified			Cleared
Preventative actions taken to ensure no further issues will occur		Completion date	
N/A – process and system in place to capture these in a timely manner for compliance, we are reliant on retailers to update the registry records also within the required timeframes.			

4.2 ICP Location Address (Clauses 2 & 7(1)(a) of Schedule 11.1)

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 in the TENCO contractor report. The list file was analysed.

Audit Commentary

A check of CBRE's list file found that all ICPs have unique addresses with sufficient information to allow the ICPs to be readily located. Compliance is confirmed.

4.3 Distributors to Provide ICP Information to the Registry (Clause 7(1) of Schedule 11.1)

For each ICP on the distributor's network, the distributor must provide the following information to the registry:

- *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 from metering information*
 - c) 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 1 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*
- c) the initial energisation date of the ICP (Clause 7(1)(p) of Schedule 11.1).*

Audit Observation

This is discussed in the TENCO contractor report. The list file was examined to check for the population of all required information and it's alignment with the trader where appropriate e.g. initial energisation date, unmetered load if known and shared unmetered load.

Audit Commentary

Examination of the list file confirmed that all ICP information has been populated correctly. Six ICPs were energised during the audit period. The initial energisation date for all aligned with the retailer's active date. Compliance is confirmed.

4.4 GPS Co-ordinates (Clause 7(8) & (9) of Schedule 11.1

If a distributor populates the GPS coordinates (optional), it must meet the NZTM2000 standard in a format specified by the Authority.

Audit Observation

CBRE do not populate GPS co-ordinates therefore this clause was not evaluated.

Audit Commentary

N/A

4.5 Management of "Decommissioned" Status (Clause 20 of Schedule 11.1)

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 "decommissioned" status is examined in the TENCO contractor report. The list file and event detail report for the audit period were examined in relation to the use of the "decommissioned" status.

Audit Commentary

Compliance is recorded in the TENCO report. They have strong controls in place. Seven ICPs have been decommissioned during the audit period. Five of these were backdated. This is recorded as non-compliance in **Section 4.1**.

4.6 Maintenance of Price Category Codes (Clause 23 of Schedule 11.1)

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 management of price category codes is examined in the TENCO contractor report. The price category code table on the registry was examined.

Audit Commentary

Price Code	Start date:	Last Updated:
CBLC01	01-09-2016	29-07-2016
CBLC02	01-09-2016	29-07-2016

These codes related to the new network CGA0011 therefore the notification provided is compliant. Compliance is confirmed.

5. Creation and Maintenance of Loss Factors

5.1 Updating Table of Loss Category Codes (Clause 21 of Schedule 11.1)

Distributors must keep up to date the table in the registry of the loss category codes that may be assigned to ICPs on each distributor's network, by entering in the table any new loss category codes. Each entry must specify the date on which each loss category code takes effect, which must not be earlier than two months after the date the code is entered in the table.

Audit Observation

The management of loss category codes is examined in the TENCO contractor report. The loss category code table on the registry was examined.

Audit Commentary

One new loss category code was created during the audit period. As this relates to the new embedded network CGA0011 compliance is confirmed.

Loss Category Code	Start date:	Last Updated:
CBLC01	01-09-16	29-07-16 14:34

5.2 Updating Loss Factors (Clause 22 of Schedule 11.1)

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 assigned to ICPs on the distributor's network.

The distributor must specify the date on which each loss category code takes effect.

Audit Observation

The management of loss category codes is examined in the TENCO contractor report. The loss category code table on the registry was examined.

Audit Commentary

CBRE has not updated any loss category codes during the audit period.

6. Creation and Maintenance of NSPs

6.1 Creation and Decommissioning of NSPs (Clause 11.8 of Part 11 & Clause 25 of Schedule 11.1)

If the distributor is creating or decommissioning an NSP that is an interconnection point between two local networks, the distributor must notify 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 notify 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 notify 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:

- notify the reconciliation manager*
- notify the market administrator*
- notify each affected reconciliation participant*
- comply with Schedule 11.2*

Audit Observation

The management of NSP creation and decommissioning NSPs is examined in the TENCO report. The NSP table on the registry was examined.

Audit Commentary

NSP CGA0011 was created during the audit period. The correct information was provided in accordance with this clause. Compliance is confirmed.

6.2 Provision of NSP Information (Clauses 26(1) & (2) of Schedule 11.1)

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 one calendar month before the NSP is electrically connected or the ICP is transferred.

Audit Observation

The process of providing the NSP information is examined in the TENCO report. The NSP table on the registry was examined.

Audit Commentary

TENCO supplied the correct information to the Reconciliation Manager for the one new NSP created during the audit period as detailed in the table below:

NSP	Description	Start Date	Notified to RM
CGA0011	48 GREYS AVENUE AUCKLAND	01/09/2016	28/07/2016

Compliance with the "one calendar month" notification requirement of clause 26(1)(b) has been achieved.

6.3 Notice of Balancing Areas (Clauses 24(1) & 26(3) of Schedule 11.1)

If a participant has notified the creation of an NSP on the distributor's network, the distributor must notify 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 process of providing the NSP information is examined in the TENCO report. The NSP table on the registry was examined.

Audit Commentary

The relevant information was included in the notification provided when the NSPs were created. Compliance is confirmed.

6.4 Notice of Supporting Embedded Network NSP Information (Clause 26(4) of Schedule 11.1)

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 notify the reconciliation manager at least 1 calendar 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 process of providing the NSP information is examined in the TENCO report. The NSP table on the registry was examined.

Audit Commentary

The relevant information was included in the notification provided when the NSPs were created. Compliance is confirmed.

6.5 Maintenance of Balancing Area Information (Clauses 24(2)& (3) of Schedule 11.1))

The distributor must notify 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 on the registry was examined. No balancing areas were changed during the audit period therefore this clause was not assessed as part of this audit.

Audit Commentary

N/A

6.6 Notice When an ICP Becomes an NSP (Clause 27 of Schedule 11.1)

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 notify any trader trading at the ICP of the transfer at least one calendar month before the transfer.

Audit Observation

The NSP table on the registry was examined. CBRE has not had any ICPs that have changed to become an NSP during the audit period, therefore this clause was not assessed as part of this audit.

Audit Commentary

N/A

6.7 Notification of the Transfer of ICPs (Clauses 1-4 of Schedule 11.2)

If the distributor wishes to transfer an ICP, the distributor must notify the market administrator in the prescribed form, no later than three business days before the transfer takes effect.

Audit Observation

The management of this process is discussed in TENCO's report. The DS-010 file was provided for the transfer of ICPs to NSP CGA0011.

Audit Commentary

The DS-010 was provided to the Market Administrator with in the required format. Compliance is confirmed.

6.8 Responsibility for Metering Information for NSP that is not a POC to the Grid (Clause 10.25(1) of Part 10)

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)).*

Audit Observation

The management of this process is discussed in TENCO's report. The NSP supply point table was examined and evidence of all updates made to the Reconciliation Manager via the portal.

Audit Commentary

The NSP supply point table was reviewed:

Distributor	NSP POC	Description	MEP	Certification Expiry
CBRE	CFM0011	FMG House	FCLM	27/01/2019
CBRE	CGP0011	Grand Plimmer Tower Wellington	FCLM	30/01/2019
CBRE	CNL0011	Novell House	AMCI	2/09/2020
CBRE	CSE0011	66-86 Jervois Quay	AMCI	1/08/2021

CNL0011 has been recertified during the audit period. This was notified within the required timeframe. Compliance is confirmed

6.9 Responsibility for Metering Information when creating an NSP that is not a POC to the Grid (Clause 10.25(2) of Part 10)

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 data 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 table on the registry was examined. NSP CGA0011 was created during the audit period, and evidence of the notification to the Reconciliation Manager was provided.

Audit Commentary

The required details were submitted to the Reconciliation Manager on 13/9/16 for a network start date of 1/9/16. Compliance is confirmed.

6.10 Obligations Concerning Change in Network Owners (Clause 29 of Schedule 11.1)

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 market administrator (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 calendar month 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

NSP CGA0011 was created during the audit period. The notifications were examined in relation to this clause.

Audit Commentary

All notifications were provided to the all parties within the required timeframe. Compliance is confirmed.

6.11 Electrically Connecting NSP that is not a POC to the Grid (Clause 10.30(1) of Part 10)

A distributor must not electrically connect an NSP that is not a point of connection to the grid unless:

- a reconciliation participation has requested the electrical connection (Clause 10.30(1)(a)); or*
- a metering equipment provider (authorised by the trader) has requested the electrical connection for a temporary energisation of the ICP (Clause 10.30(1)(b)).*

Audit Observation

CBRE has created CGA0011 during the audit period. TENCO's NSP creation process was examined.

Audit Commentary

TENCO ensure that they have the MEP and Retailer agreement before the NSP is electrically connected. Compliance is confirmed.

6.12 Change of MEP Embedded Network Gate Meter (Clause 10.22(1)(b) of art 10)

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 notify the reconciliation manager and the gaining MEP.

Audit Observation

The NSP supply point table was examined and found no changes to any MEPs had occurred during the audit period.

Audit Commentary

N/A

6.13 Confirmation of Consent for Transfer of ICPs (Clauses 5 & 8 of Schedule 11.2)

The distributor must give the market administrator 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 management of this process is discussed in TENCO's report. CBRE has created CGA0011 during the audit period.

Audit Commentary

All trader permissions were provided. Compliance is confirmed.

6.14 Transfer of ICPs- Embedded Network (Clauses 6 of Schedule 11.2)

If the notification relates to an embedded network, it must relate to every ICP on the embedded network.

Audit Observation

The management of this process is discussed in TENCO's report. CBRE has created CGA0011 during the audit period.

Audit Commentary

The notification related to all of the ICPs in the newly created embedded network. Compliance is confirmed.

7. Conclusions

CBRE's compliance is reliant on the compliance of TENCO Ltd, as the contractor. In this report, I have only recorded those matters where issues were discovered or where specific analysis was undertaken. As the agent report is greater than seven months old, I have examined the event detail report for the full audit period of September 2015 through to June 2017 to confirm compliance. The audit period is longer than normal as this is one of the embedded networks that had its audit date aligned to fit with the TENCO site audit but the audit report was not submitted at that time as the audit portal was resetting the audit due date. This audit has therefore been redone under the new regime so it is in the correct format. TENCO's audit report is attached as an appendix.

Three minor non-compliances were found and no recommendations were found. These are detailed in the table below. The Distributor audit frequency matrix indicates that next recommended audit is due in 24 months and I agree with this recommendation.

The matters are set out in the table below:

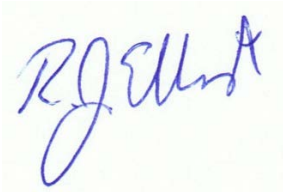
Table of Non-Compliance

Subject	Section	Clause	Non-compliance	Controls	Audit Risk Rating	Breach Risk Rating	Remedial Action
Timeliness of provision if initial energisation date	3.5	7(2A) of schedule 11.1	Two initial energisation dates populated late.	Moderate	Low	2	Identified\
Electrical connection of an NSP that is not a POC to the grid	3.9	10.30(2) of schedule 11.1	MEP & meter certification not provided to the RM within 5 business days of electrical connection.	Strong	Low	1	Cleared
Changes to registry information	4.1	8 of schedule 11.1	12 changes to registry not updated within three business days of the event.	Strong	Low	1	Cleared
Breach Risk Rating Score							4
Indicative Next Audit Frequency							24 months

Table of Recommendations

Subject	Section	Clause	Recommendation for improvement	Remedial Action
			Nil	

Signed by:



Rebecca Elliot – Veritek Limited
Electricity Authority Approved Auditor

Signed by:



Nick Price
TENCO Ltd (as agent for CBRE)

8. CBRE's Response

TENCO on behalf of CBRE have reviewed this audit report on the 02/08/2017 and we agree with Rebecca's comments and analysis.