

Guidelines for Distributor Audits

Version 7.2

5 October 2017



Version control

Version	Date amended	Comments
1.0	4 September 2007	Draft for comment.
1.1	27 May 2008	Draft for Commission Board approval.
2.0	17 Sep 2008	Commission Board approved. Updated with the Commission's new guideline template. Content updated as per submissions received from consultation.
3.0	30 June 2009	Updated to reflect the rules as at 1 November 2008.
4.0	30 September 2010	Updated to reflect amendments to parts E and J of the rules.
4.1	13 October 2010	Updated to include clause 4.3A of Schedule E1.
4.2	19 Oct 2010	Updated to include clause 5 of Schedule E1.
4.3	26 Oct 2010	Updated to include clauses 2.2 and 2.3 of Schedule E1, and corrected the reference and content of 14.2B of Part E.
5.0	1 November 2010	Updated for transition to Electricity Industry Participation Code.
6.0	22 August 2013	Updated for changes to Parts 10, 11 and 15 of the Code
6.1	26 March 2014	Updated following consultation on guidelines
6.2	19 June 2014	Updated for changes to Parts 1, 5, 7, 8, 10, 11, 12, 13, 14 and 15 of the Code.
7.0	28 February 2017	Updated to reflect new audit regime 1/06/17 and encompass all Code changes as at December 2016.
7.1	16 May 2017	Finalise for publication for new audit regime effective from 1 June 2017.
7.2	5 October 2017	Updated for changes to the Code made under the Code Review Programme 2017

Glossary of abbreviations and terms

Authority	Electricity Authority
Code	Electricity Industry Participation Code 2010
ICP	Installation control point
MEP	Metering equipment provider
NSP	Network supply point

Executive summary

The Electricity Authority (Authority) provides this guideline to promote a better understanding of, and to encourage consistency in, the methodology and processes surrounding distributor audits. This guideline is intended to provide a structured approach to audits for auditors and participants that is fair and consistent. It outlines distributors' obligations under the Electricity Industry Participation Code 2010 (Code), and auditors' requirements when carrying out distributor audits.

This guideline describes what distributors and auditors should do when carrying out audits under the Code. However, the information in this guideline does not replace the requirement for participants to know and comply with their obligations under the Code. These guidelines reflect the Authority's view.

The information in this guideline is not intended to be definitive and should not be used instead of legal advice. If there is any inconsistency between this information and the Code, the Code takes precedence.

Contents

Glossary of abbreviations and terms	ii
Executive summary	iii
1 Introduction	1
2 Audit requirements	1
Appendix A Functions and processes	4
Function 1 – Administrative tasks	4
Pre-audit.	4
Post-audit	5
Function 2 – Creation of ICPs	6
Function 3 – Maintenance of registry information	13
Function 4 – Creation and maintenance of loss factors	20
Function 5 – Creation and maintenance of NSPs (including decommissioning of NSPs and transfer of ICPs)	21
Function 6 – Maintenance of shared unmetered load	26
Function 7 – Calculation of loss factors	27
Audit frequency guidance	28

Tables

Table 1: Indicative audit frequency	28
-------------------------------------	----

1 Introduction

- 1.1 The Code requires distributors to arrange for regular audits in respect to distributors' obligations under Part 10 and Part 11¹ of the Code.
- 1.2 The Electricity Industry Act 2010 (Act) provides that:
- (a) "distributor" means "a business engaged in distribution"
 - (b) "distribution" means "conveyance of electricity on lines other than lines that are part of the national grid".
- 1.3 For the purpose of Parts 10 and 11 of the Code, a distributor is a participant who:
- (a) owns or operates a local network
 - (b) is an embedded network owner.

2 Audit requirements

- 2.1 Distributors' processes and procedures that must be audited under the Code² include the:
- (a) creation and operation of network supply points (NSP) (Part 10)
 - (b) creation of ICPs (Part 11)
 - (c) the provision of ICP and NSP information to the registry manager and the maintenance of that information (Part 11)
 - (d) creation and maintenance of loss factors (Part 11).
- 2.2 If a distributor is required by Part 15 of the Code to deliver submission information to the reconciliation manager, the distributor is a reconciliation participant and is required under clause 15.38 of the Code to be a certified reconciliation participant. Auditing of these functions is not covered by this guideline. The *Guideline for reconciliation participants* is designed to assist auditors in auditing the reconciliation participant functions of a distributor for certification.
- 2.3 In accordance with Part 16A, a distributor must arrange for the following audit(s):
- (a) An initial audit no later than three months after the date on which the distributor has the first NSP or ICP identifier recorded in the registry.
 - (b) Regular audits as specified by the Authority under clause 16A.14. The Authority will determine the date of an audit which will be no earlier than three months after the Authority advises the distributor, or not later than 36 months after the date of the last audit.
 - (c) If there is a "material change" to a distributor's systems or processes such that an audit is required under clause 16A.11. A "material change" is a change to a system or process that is likely to affect the ability of the participant to comply with any relevant obligation required under the Code.
- 2.4 Additionally, the Authority may decide to carry out an audit because the Authority reasonably considers that the distributor may not have complied with a clause in Parts

¹ Clause 11.10 part 11

² clause 16A.23 part 16A

- 10 or 11 of the Code. The Authority may also carry out such an audit at the request of another participant.
- 2.5 Each distributor is required to ensure its audit is conducted by an Authority-approved auditor.³
- 2.6 Distributors are required to give the Authority or an auditor full access to all information that may be required for the purposes of the audit, at no charge and no later than 15 business days after receiving a request for the information.⁴
- 2.7 Distributors must arrange for an auditor to carry out the audit of the distributor's compliance with the relative parts of the Code within a period specified by the Authority. This period must be no earlier than three months, but no more than 36 months, after the completion date of the audit report for the distributor's previous audit.⁵
- 2.8 The distributor's functions that must be covered by an audit include, but are not limited to:
- (a) **Function 1:** Administrative tasks - Obligations regarding arranging for and submitting applications for approval.
 - (b) **Function 2:** Creation of ICPs - Obligations regarding the requirements to create installation control point (ICP) identifier for each new ICP and recording this in the registry in a timely manner.
 - (c) **Function 3:** Maintenance of registry information - Obligations regarding requirements to have systems and processes in place to maintain and keep accurate registry information.
 - (d) **Function 4:** Creation and maintenance of loss factors – Obligations to have robust systems and processes for the calculation of loss factors to populate and maintain the relevant information in the registry.
 - (e) **Function 5:** Creation and maintenance of NSPs - Obligations regarding the requirements for the creation and maintenance of NSPs.
 - (f) **Function 6:** Maintenance of unmetered load including shared unmetered load.
 - (g) **Function 7:** Calculation of loss factors.
- 2.9 The audit requirements for each of these functions are described in detail in the appendices by reference to the relevant Code provisions.
- 2.10 The list of Authority-approved auditors is available on the Authority's website at <https://www.ea.govt.nz/dmsdocument/6129>.
- 2.11 The participant audit regime uses a risk-based approach to planning audits. The following three documents are integral to this approach:
- (i) *Risk and materiality guideline*
This sets out how to assess risk, the process for applying risk to focus audit effort, and how to assess the materiality and likelihood of a risk.
 - (ii) *Auditor protocol*

³ Clause 16A.3 of the Code.

⁴ Clause 16A.4

⁵ Clause 16A.14

This sets out audit standards and the Authority's expectations of auditors when performing audits.

(iii) *Inherent risk register*

This sets out the risks inherent in a participant's functions and processes that are audited. The auditor uses these inherent risks as a starting point for determining an audited participant's residual risk. Residual risk is used by the auditors to determine audit priority and effort.

- 2.12 The *Risk and materiality guidelines*, *Auditor protocol* and *Inherent risk registers* are available on the Authority's website at: <https://www.ea.govt.nz/operations/retail/audits-approvals-and-certification/>
- 2.13 If a distributor is required to carry out an audit for one or more of the roles that it may be responsible for as an industry participant, it must arrange for a separate audit report to be completed in respect of obligations for each of those roles⁶. For example, if a distributor is also an MEP, it will need to have an audit for its functions as a distributor and a separate audit for its functions as an MEP.
- 2.14 If a distributor uses an agent to perform any of its obligations required under the Code, the distributor must ensure that the agent has been audited for the requirements of the Code.⁷ The distributor may use an audit that the agent has separately arranged if that audit is less than seven months old. Distributors are responsible for their agents' and contractors' compliance with, and obligations under, the Code. Any agent audits used should be relevant to the period the distributor is being audited for.

⁶ Clause 16A.8

⁷ Clause 16A.10

Appendix A Functions and processes

Function 1 – Administrative tasks

Pre-audit.

Code reference	Description	Notes
Clause 11.10	<p>The distributor required to be audited must appoint an auditor. The distributor and the auditor enter into a contract for the provision of auditing services. The auditor should be clear on the scope and reporting of the audit with the distributor, including:</p> <ul style="list-style-type: none"> • the process and procedures to be audited • the Code obligations to be audited • any specific emphasis or scope that has been determined by the Authority • the reason(s) for the audit. <p>The auditor may request the following types of supporting information from the distributor:</p> <ul style="list-style-type: none"> • a copy of its last two audit reports • a copy of any agent's audit report where an agent is engaged, if there is a separate agent audit report, that is relative to the functions to be audited • correspondence supporting its last two audit reports • information regarding the distributor's company structure, and the names of contractors and service providers that assist with, or are used in, the functions to be audited • a list of manufacturers of hardware and software that assist or are used in the process that is being audited. <p>The auditor obtains a letter from the distributor authorising the collection of information from other parties agreed in the audit scope, and requests the necessary information for the audit from those parties.</p> <p>The auditor obtains from the Authority copies of any alleged, under investigation, or closed breaches that have occurred in the past twelve months that relate to the processes being audited.</p>	<ul style="list-style-type: none"> • Refer to audit obligations under Part 16A

Post-audit

Code reference	Description	Notes
Clause 16A.12(1)(b)	The auditor must send a draft audit report setting out the provisional findings of the audit to the distributor and give the distributor a reasonable opportunity to comment on the draft audit report.	More detailed processes and requirements for auditors are included in the document " <i>Auditor Protocol</i> ".
Clause 16A.12(1)(c) & (d)	The auditor must produce a final audit report and provide that report to the distributor after considering any comments from the distributor on the draft audit report.	
Clause 16A.12(1)(e)	The final audit report must specify any conditions that the auditor considers the distributor must satisfy in order to comply with the Code, recommendations, any action that the distributor has taken in respect of those conditions, and a recommended date for the next audit.	
Clause 16A.13	<p>A participant must give the final audit report to the Authority no later than the date by which the audit is due.</p> <p>If a participant is found to be non-compliant for any obligation, the participant must provide a compliance plan to the Authority when it submits the final audit report. The compliance plan must specify the actions and time frames that the participant intends to complete those actions.</p>	
Clause 16A.14	An audit is complete when the participant that is subject to the audit gives the Authority the final audit report and a compliance plan (if any).	
Clause 16A.15	The Authority must publish the final audit, compliance plan and the date by which the next audit must be completed, no later than 20 business days after advising the participant the date of the next audit.	

Function 2 – Creation of ICPs

- A.1 The distributor is responsible for creating an installation control point (ICP) identifier for each new ICP on its network. The ICP identifier must be determined in accordance with the Code and must be created and recorded in the registry in a timely manner. Requests by traders and customers must also be resolved in a timely manner.

Relevant provisions of the Code

Code ref	Description	Notes
Clause 11.2(1)	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.	Review: the process for ensuring that information meets these requirements. Check where information was not complete and accurate if there were any practicable steps that could have been taken to ensure the information is complete and accurate. This clause applies to all auditable sections.
Clause 11.2(2)	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.	Review instances where inaccuracies are identified, including any identified during the audit to determine if the participant corrected the information as soon as practicable. This clause applies to all auditable sections.
Clause 11.4	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.	
Clause 11.5(3)	The distributor, within 3 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.	

Code ref	Description	Notes
Clause 11.7	The distributor must provide information about ICPs on its network in accordance with Schedule 11.1.	
Clause 11.17	<p>A distributor must, when connecting an ICP that is not also an NSP, follow the connection process set out in clause 10.31.</p> <p>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.</p> <p>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.</p>	
Clause 10.30(1)	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.	Ensure records are kept of connection requests
Clause 10.30(2)	<p>A distributor must, within 5 business days of connecting an NSP that is not also a point of connection to the grid, advise the reconciliation manager of the following in the prescribed form:</p> <ul style="list-style-type: none"> • the NSP connected • the date of the connection • the participant identifier of each MEP • the certification expiry date for each metering installation. 	
clause 10.30A(3)-(4)	<p>A distributor may only temporarily electrically connect an NSP that is not a point of connection to the grid if:</p> <ul style="list-style-type: none"> • an MEP requests that the distributor to do so for the purposes of certifying or maintaining, repairing, testing or commissioning a metering installation at the NSP (clause 10.30A(3)); and • the reconciliation participant responsible for the NSP authorises the MEP to 	

Code ref	Description	Notes
	do so (and the MEP has an arrangement with that reconciliation participant to provide metering services) (10.30A(4)).	
Clause 10.31(2)	A distributor must not connect an ICP that is not an NSP unless the trader trading at the ICP has requested the connection.	Clause 10.31(1) allows distributors to connect an ICP that is not an NSP. Clause 10.31(2) states when connection can occur.
clause 10.31A(2)-(3)	A distributor may only temporarily electrically connect an ICP that is not an NSP if: <ul style="list-style-type: none"> • an MEP requests that the distributor to do so for the purposes of certifying or maintaining, repairing, testing or commissioning a metering installation at the ICP (clause 10.31A(2)); and • the trader responsible for the ICP authorises the MEP to do so (and the MEP has an arrangement with that trader to provide metering services) (10.31A(3)). 	
Schedule 11.1, clause 1(1)	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: yyyyyyyyyyxxccc where: <ul style="list-style-type: none"> • yyyyyyyyyy 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 Authority. 	
Schedule 11.1, clause 6	Each ICP must have a single loss category that is referenced to identify the associated loss factors.	
Schedule 11.1, clause 13	The ICP status of “New” must be managed by the distributor to indicate:	
	<ul style="list-style-type: none"> • 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). 	

Code ref	Description	Notes
Schedule 11.1, clause 15	If an ICP has had the status of “New” or has had the status of “Ready” for 24 months or more:	
	<ul style="list-style-type: none"> 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) 	
	<ul style="list-style-type: none"> 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). 	
Schedule 11.1, clause 7(1)	For each ICP on the distributor's network, the distributor must provide the following information to the registry manager:	Unless specified otherwise, the distributor must provide the information to the registry manager as soon as practicable after the ICP identifier for the ICP to which the information relates is created, and before electricity is traded at the ICP (clause 7(2) of Schedule 11.1).
	<ul style="list-style-type: none"> the location address of the ICP identifier (clause 7(1)(a) of Schedule 11.1) 	Refer also to clause 2 of Schedule 11.1, which requires that location addresses allow for ICPs to be readily located. A non-unique address is unlikely to be able to be readily located.
	<ul style="list-style-type: none"> the NSP identifier of the NSP to which the ICP is usually connected (clause 7(1)(b) of Schedule 11.1) 	
	<ul style="list-style-type: none"> the installation type code assigned to the ICP (clause 7(1)(c) of Schedule 11.1) 	
	<ul style="list-style-type: none"> the reconciliation type code assigned to the ICP (clause 7(1)(d) of Schedule 11.1) 	
	<ul style="list-style-type: none"> the loss category code and loss factors for each loss category code assigned to the ICP (clause 7(1)(e) of Schedule 11.1) 	

Code ref	Description	Notes
	<ul style="list-style-type: none"> • 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): <ul style="list-style-type: none"> – the unique loss category code assigned to the ICP – the ICP identifier of the ICP – the NSP identifier of the NSP to which the ICP is connected – the plant name of the embedded generating station 	<p>Clause 7(7) of Schedule 11.1 requires the distributor to provide the information no later than 5 business days before the distributor assigns the loss category code.</p> <p>The loss category code must not be assigned to any other ICP on the network, This information must be populated in the registry under clause 7(1)(f) of Schedule 11.1 and provided to the reconciliation manager under clause 7(6)(b) of Schedule 11.1.</p>
	<ul style="list-style-type: none"> • 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) 	
	<ul style="list-style-type: none"> • 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 placeholder chargeable capacity if the distributor is unable to determine the actual chargeable capacity • a blank chargeable capacity if the capacity value can be determined from metering information • the actual chargeable capacity of the ICP in any other case 	<p>If the price category requires information additional to the chargeable capacity, the additional information should be populated in the 'distributor installation details' field in the registry.</p>

Code ref	Description	Notes
	<ul style="list-style-type: none"> 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) 	
	<ul style="list-style-type: none"> 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) 	
	<ul style="list-style-type: none"> the status of the ICP (clause 7(1)(k) of Schedule 11.1) 	
	<ul style="list-style-type: none"> the 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 7(1)(b), or the ICP is a point of connection between a network and an embedded network (clause 7(1)(l) of Schedule 11.1) 	
	<ul style="list-style-type: none"> 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) 	This information is required, if the distributor knows this.
	<ul style="list-style-type: none"> 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) 	
	<ul style="list-style-type: none"> if the ICP is capable of generating into the distributor's network (clause 7(1)(o) of Schedule 11.1): the nameplate capacity of the generator the fuel type 	

Code ref	Description	Notes
	<ul style="list-style-type: none"> the date on which the ICP is initially electrically connected (clause 7(1)(p) of Schedule 11.1). 	<p>A distributor is not required to populate this information for ICPs which were initially electrically connected prior to 29 August 2013 (clause 7(2B) of Schedule 11.1).</p> <p>The distributor has 10 business days after electrical connection to populate the date on which the ICP was initially electrically connected (clause 7(2A) of Schedule 11.1).</p> <p>If the distributor can validate their date against the trader's active date and, where there is a discrepancy, approach the trader to resolve.</p>

Function 3 – Maintenance of registry information

A.2 The distributor is responsible for maintaining “distributor” ICP and NSP information in the registry in a timely manner. This includes updating additions and changes to ICP/NSP identifiers, loss factors, pricing codes, installation and reconciliation codes, unmetered load, ICP status, and the static data tables within the registry.

Relevant provisions of the Code

Code ref	Description	Notes
clause 8 of Schedule 11.1 clause 7(1) of Schedule 11.1	<p>If information held in 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.</p> <p>Notification must be given by the distributor within 3 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).</p> <p>In those cases, notification must be given no later than 8 business days after the change takes effect.</p> <p>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.</p>	<p>The distributor is not required to give written notice of a change to the NSP that an ICP is connected to if the change is for less than 14 days.</p> <p>Price category codes represent an agreement between the distributor and the party they are billing. The distributor must give written notice to the registry manager within 3 business days of the change taking effect.</p>
clauses 7(4) and 7(5) of Schedule 11.1	<p>The distributor must advise the registry manager of the NSP identifier of the NSP to which the ICP is usually connected under clause 7(1)(b) of Schedule 11.1.</p> <p>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.</p>	
clause 11.31	<p>The distributor must advise a customer (or any person authorised by the customer) or embedded generator of the customer’s or embedded generator’s ICP identifier within 3 business days after receiving a request for that information.</p>	

Code ref	Description	Notes
clause 2 of Schedule 11.1	Each ICP identifier must have a location address that allows the ICP to be readily located.	In order to be readily located, the location address should be unique.
clause 3 of Schedule 11.1	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 difference between the total consumption for the embedded network and all other ICPs on the embedded network.	
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 manager:	Unless specified otherwise, the distributor must provide the information to the registry manager as soon as practicable after the ICP identifier for the ICP to which the information relates is created, and before electricity is traded at the ICP (clause 7(2) of Schedule 11.1).
	<ul style="list-style-type: none"> the location address of the ICP identifier (clause 7(1)(a) of Schedule 11.1) 	Refer also to clause 2 of Schedule 11.1, which requires that location addresses allow for ICPs to be readily located. A non-unique address is unlikely to be able to be readily located.
	<ul style="list-style-type: none"> the NSP identifier of the NSP to which the ICP is usually connected (clause 7(1)(b) of Schedule 11.1) 	
	<ul style="list-style-type: none"> the installation type code assigned to the ICP (clause 7(1)(c) of Schedule 11.1) 	
	<ul style="list-style-type: none"> the reconciliation type code assigned to the ICP (clause 7(1)(d) of Schedule 11.1) 	
<ul style="list-style-type: none"> the loss category code and loss factors for each loss category code assigned to the ICP (clause 7(1)(e) of Schedule 11.1) 		

Code ref	Description	Notes
	<ul style="list-style-type: none"> • 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): <ul style="list-style-type: none"> – the unique loss category code assigned to the ICP – the ICP identifier of the ICP – the NSP identifier of the NSP to which the ICP is connected – the plant name of the embedded generating station 	<p>Clause 7(7) of Schedule 11.1 requires the distributor to provide the information no later than 5 business days before the distributor assigns the loss category code.</p> <p>The loss category code must not be assigned to any other ICP on the network, The distributor must populate this information in the registry (clause 7(1)(f) of Schedule 11.1) and provide it to the reconciliation manager (clause 7(6)(b) of Schedule 11.1).</p>
	<ul style="list-style-type: none"> • 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) 	
	<ul style="list-style-type: none"> • 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): <ul style="list-style-type: none"> – a placeholder chargeable capacity if the distributor is unable to determine the actual chargeable capacity – a blank chargeable capacity if the capacity value can be determined from metering information – the actual chargeable capacity of the ICP in any other case 	<p>If the price category requires information additional to the chargeable capacity, the additional information should be populated in the 'distributor installation details' field in the registry.</p>

Code ref	Description	Notes
	<ul style="list-style-type: none"> 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) 	
	<ul style="list-style-type: none"> 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) 	
	<ul style="list-style-type: none"> the status of the ICP (clause 7(1)(k) of Schedule 11.1) 	
	<ul style="list-style-type: none"> 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) 	
	<ul style="list-style-type: none"> 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) 	This information is required, if the distributor knows this.
	<ul style="list-style-type: none"> 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) 	
	<ul style="list-style-type: none"> if the ICP is capable of generating into the distributors network (clause 7(1)(o) of Schedule 11.1): <ul style="list-style-type: none"> – the nameplate capacity of the generator; and – the fuel type 	

Code ref	Description	Notes
	<ul style="list-style-type: none"> the date on which the ICP is initially electrically connected (clause 7(1)(p) of Schedule 11.1). 	<p>A distributor is not required to populate this information for ICPs which were initially electrically connected prior to 29 August 2013 (clause 7(2B) of Schedule 11.1).</p> <p>The distributor has 10 business days after electrical connection to populate the date on which the ICP was initially electrically connected (clause 7(2A) of Schedule 11.1).</p> <p>The distributor can validate its date against the trader's active date and, where there is a discrepancy, approach the trader to resolve.</p>
clause 7(3) of Schedule 11.1	<p>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:</p> <ul style="list-style-type: none"> 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) 	
clause 7(8) and (9) of Schedule 11.1	<p>If a distributor populates the GPS coordinates (optional), it must meet the NZTM2000 standard in a format specified by the Authority.</p>	<p>The population of the coordinates is optional, but if they are populated they must be accurate.</p> <p>The format is as per the registry functional specification.</p>

Code ref	Description	Notes
clause 14(1) of Schedule 11.1	<p>The ICP status of “Ready” must be managed by the distributor and indicates that:</p> <ul style="list-style-type: none"> the associated electrical installations are ready for connecting to the electricity supply (clause 14(1)(a) of Schedule 11.1); or 	
	<ul style="list-style-type: none"> the ICP is ready for activation by a trader (clause 14(1)(b) of Schedule 11.1) 	
clause 14(2) of Schedule 11.1	<p>Before an ICP is given the "Ready" status in accordance with clause 14(1) of Schedule 11.1, the distributor must:</p>	
	<ul style="list-style-type: none"> identify the trader that has taken responsibility for the ICP (clause 14(2)(a) of Schedule 11.1) 	
	<ul style="list-style-type: none"> ensure the ICP has a single price category (clause 14(2)(b) of Schedule 11.1) 	
clause 16 Schedule 11.1	<p>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.</p>	
clause 20 of Schedule 11.1	<p>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).</p>	
	<ul style="list-style-type: none"> Decommissioning only occurs when: 	
	<ul style="list-style-type: none"> electrical installations associated with the ICP are physically removed (clause 20(2)(a) of Schedule 11.1); or 	
	<ul style="list-style-type: none"> 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 	

Code ref	Description	Notes
	<ul style="list-style-type: none"> 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) 	
clause 23 of Schedule 11.1	<p>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.</p> <p>Each entry must specify the date on which each price category code takes effect, which must not be earlier than 2 months after the date the code is entered in the table.</p> <p>A price category code takes effect on the specified date.</p>	The 2 month timeframe does not apply to the creation of an ICP or the transfer of ICPs between distributors' networks.

Function 4 – Creation and maintenance of loss factors

- A.3 The distributor is responsible for updating the table of loss category codes and loss factors for loss category codes in accordance with the Code.

Relevant provisions of the Code

Code ref	Description	Notes
clause 21(1) of Schedule 11.1	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 date that a loss category code takes effect must not be earlier than 2 months after the date on which the loss category code is entered in the table.
clause 21(2) and (4) of Schedule 11.1	The distributor must specify the date on which each loss category code takes effect. A loss category code takes effect on the specified date.	
clause 22(2) of Schedule 11.1	Each loss category code must have a maximum of 2 loss factors per 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.	
clause 22(3) of Schedule 11.1	If the distributor wishes to replace an existing loss factor on the table in the registry, the distributor must enter the replaced loss factor on the table in the registry.	A loss factor must not take effect earlier than 2 months after the date the loss factor is entered in the table. This does not apply to the creation of an ICP or the transfer of ICPs between distributors' networks.

Function 5 – Creation and maintenance of NSPs (including decommissioning of NSPs and transfer of ICPs)

A.4 The distributor is responsible for creating NSPs on its network and must maintain this information in the registry in a timely manner. This includes giving written notice to the reconciliation manager and the Authority of NSPs that are decommissioned and ICPs that are transferred between distributor's networks, and communicating reassessed balancing and ICP mapping areas and alterations made to embedded networks.

Relevant provisions of the Code.

Code ref	Description	Notes
<p>clause 11.8 and clause 25 of Schedule 11.1</p>	<p>If the distributor is creating or decommissioning an NSP that is an interconnection point between 2 local networks, the distributor must give written notice to the reconciliation manager of the creation or decommissioning.</p> <p>If the embedded network owner is creating or decommissioning an NSP that is an interconnection point between 2 embedded networks, the embedded network owner must give written notice to the reconciliation manager of the creation or decommissioning.</p> <p>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.</p> <p>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:</p> <ul style="list-style-type: none"> • 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. 	

Code ref	Description	Notes
clause 26(1) and (2) of Schedule 11.1	<p>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.</p> <p>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 2 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.</p>	
clause 24(1) and clause 26(3) of Schedule 11.1	<p>If a participant gives notice of the creation of an NSP on the distributor's network, the distributor must give notice to the reconciliation manager of the following:</p> <ul style="list-style-type: none"> • 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. 	
clause 26(4) of Schedule 11.1	<p>If a participant gives notice of 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 written notice to the reconciliation manager at least 1 month before the creation or transfer of:</p> <ul style="list-style-type: none"> • 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)). 	
clause 24(2) and (3) of Schedule 11.1	<p>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 3 business days after the</p>	

Code ref	Description	Notes
	change takes effect.	
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 give written notice to any trader trading at the ICP of the transfer at least 1 month before the transfer.	
clause 1 to 4 of Schedule 11.2	If the distributor wishes to transfer an ICP, the distributor must give written notice to the Authority in the prescribed form, no later than 3 business days before the transfer takes effect.	
clause 10.25(1)	<p>A network owner must, for each NSP that is not a point of connection to the grid for which it is responsible, ensure that:</p> <ul style="list-style-type: none"> • there is 1 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)). 	Definition of a metering installation includes requirement for certification.
clause 10.25(2)	<p>If the network owner proposes the creation of a new NSP which is not a point of connection to the grid it must:</p> <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> – the reconciliation participant for the NSP (clause 10.25(2)(b)(i)); and – the MEP for the NSP (clause 10.25(2)(b)(ii)); and • 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)). 	
Clause 29 of Schedule 11.1	If a network owner acquires all or part of a network, the network owner must give written notice to:	

Code ref	Description	Notes
	<ul style="list-style-type: none"> • 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). <p>At least 1 month's notification is required before the acquisition (clause 29(2) of Schedule 11.1).</p> <p>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).</p>	
clause 10.30(1)	A distributor must not connect an NSP 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.	
clause 10.30A(3)-(4)	<p>A distributor may only temporarily electrically connect an NSP that is not a point of connection to the grid if:</p> <ul style="list-style-type: none"> • an MEP requests that the distributor to do so for the purposes of certifying or maintaining, repairing, testing or commissioning a metering installation at the NSP (clause 10.30A(3)); and • the reconciliation participant responsible for the NSP authorises the MEP to do so (and the MEP has an arrangement with that reconciliation participant to provide metering services) (10.30A(4)). 	
clause 10.22(1)(b)	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 must advise the reconciliation manager of the gaining MEP.	In order to change MEPs the distributor must first enter into an agreement with the new MEP.
clauses 5 and 8 of Schedule 11.2	<p>The distributor must give the Authority confirmation that it has received written consent to the proposed transfer from:</p> <ul style="list-style-type: none"> • 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) 	

Code ref	Description	Notes
	<ul style="list-style-type: none"> every trader trading at an ICP being supplied from the NSP to which the notification relates (clause 5(b) of Schedule 11.2). <p>The notification must include any information requested by the Authority (clause 8 of Schedule 11.2).</p>	
clause 6 of Schedule 11.2	If the notification relates to an embedded network, it must relate to every ICP on the embedded network.	

Function 6 – Maintenance of shared unmetered load

- A.5 The distributor is responsible for maintaining shared unmetered load in the registry in a timely manner. The distributor must record the type and capacity of each unmetered ICP in the registry as well as updating any changes in capacity of shared unmetered load. If an unmetered ICP is to be added or removed, the distributor must provide an updated list of unmetered ICPs to the registry manager and any affected traders.

Relevant provisions of the Code.

Code Ref	Description	Notes
clause 11.14(2)	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.	Registry notification is covered in Function 4.
clause 11.14(4)	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.	
clause 11.14(5)	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.	

Function 7 – Calculation of loss factors

- A.6 The distributor is responsible for reporting its loss factors in accordance with the Code. This requires the distributor to calculate loss factors and review its technical and non-technical losses in a timely manner.

Relevant provisions of the Code

Code ref	Description	Notes
Clause 11.2	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.	This includes the steps that are taken to ensure that the loss factors provided to the registry manager meet this requirement.

Audit frequency guidance

- A.7 An auditor must recommend a date by which the distributor must have completed its next audit and audit report.⁸ This provides a range from 3 to 36 months between audits. This is to allow for a higher level of surveillance of distributors that do not have fully functional processes and a consequent lower level of compliance.
- A.8 In accordance with the risk and materiality guidelines and auditor protocol, each non-compliance identified in the distributor's most relevant audit report will be assessed by the auditor and given a breach risk rating in accordance with the risk and materiality guidelines. The sum of the breach risk ratings determines the future risk rating. The future risk rating is used to determine the indicative audit frequency.
- A.9 This “indicative audit frequency” table below has been specifically calculated for distributors and is not intended to be applied to other participant types.
- A.10 Auditors should use Table 1 to calculate the indicative audit frequency.

Table 1: Indicative audit frequency

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

Source: Electricity Authority

- A.11 Auditors will use the indicative audit frequency as the basis for a recommended audit frequency. The recommended audit frequency is the auditor's opinion of when the next audit should occur, and is the indicative audit frequency modified by considering:
- the participant's proposed resolution of breaches (including breaches that have been cleared during the audit)
 - breaches that are outside of the participant's control (either due to needing improvements in the wording of the Code, or are due to the actions of another participant)
 - any instances where there is a risk of future breaches of the Code, but was not a breach in the audit report.

⁸ Clause 16A.12(1)(e)(v) Part 16A.