

**ELECTRICITY INDUSTRY PARTICIPATION CODE  
DISTRIBUTOR AUDIT REPORT**

**VERITEK**

For

**NELSON ELECTRICITY  
(NZBN: 9429038830655)**

Prepared by: Steve Woods, Veritek Limited

Date audit commenced: 13 February 2023

Date audit report completed: 9 March 2023

Audit report due date: 30 March 2023

---

## TABLE OF CONTENTS

Executive summary .....	4
Audit summary .....	5
Non-compliances .....	5
Recommendations .....	5
Issues .....	5
1. Administrative .....	7
1.1. Exemptions from Obligations to Comply with Code (Section 11) .....	7
1.2. Structure of Organisation .....	7
1.3. Persons involved in this audit.....	8
1.4. Use of contractors (Clause 11.2A) .....	8
1.5. Supplier list.....	8
1.6. Hardware and Software .....	8
1.7. Breaches or Breach Allegations.....	9
1.8. ICP and NSP Data .....	9
1.9. Authorisation Received .....	10
1.10. Scope of Audit .....	10
1.11. Summary of previous audit .....	11
Table of non-compliance.....	11
2. Operational Infrastructure .....	12
2.1. Requirement to provide complete and accurate information (Clause 11.2(1) and 10.6(1)) .....	12
2.2. Requirement to correct errors (Clause 11.2(2) and 10.6(2)) .....	13
2.4 Provision of information on dispute resolution scheme (Clause 11.30A) .....	14
3. Creation of ICPs.....	16
3.1. Distributors must create ICPs (Clause 11.4) .....	16
3.2. Participants may request distributors to create ICPs (Clause 11.5(3)) .....	16
3.3. Provision of ICP Information to the registry manager (Clause 11.7) .....	17
3.4. Timeliness of Provision of ICP Information to the registry manager (Clause 7(2) of Schedule 11.1) .....	18
3.5. Timeliness of Provision of Initial Electrical Connection Date (Clause 7(2A) of Schedule 11.1) .....	19
3.6. Connection of ICP that is not an NSP (Clause 11.17).....	19
3.7. Connection of ICP that is not an NSP (Clause 10.31).....	20
3.8. Temporary electrical connection of ICP that is not an NSP (Clause 10.31A) .....	20
3.9. Connection of NSP that is not point of connection to grid (Clause 10.30) .....	21
3.10. Temporary electrical connection of NSP that is not point of connection to grid (Clause 10.30 A and Clause 10.30B) .....	21
3.11. Definition of ICP identifier (Clause 1(1) Schedule 11.1) .....	22
3.12. Loss category (Clause 6 Schedule 11.1).....	22
3.13. Management of “new” status (Clause 13 Schedule 11.1).....	23
3.14. Monitoring of “new” & “ready” statuses (Clause 15 Schedule 11.1).....	23
3.15. Embedded generation loss category (Clause 7(6) Schedule 11.1) .....	24
3.16. Electrical connection of a point of connection (Clause 10.33A) .....	24
3.17. Electrical disconnection of a point of connection (Clause 10.30C and 10.31C) .....	24
3.18. Meter bridging (Clause 10.33C).....	25

4.	Maintenance of registry information.....	26
4.1.	Changes to registry information (Clause 8 Schedule 11.1) .....	26
4.2.	Notice of NSP for each ICP (Clauses 7(1),(4) and (5) Schedule 11.1) .....	27
4.3.	Customer queries about ICP (Clause 11.31).....	28
4.4.	ICP location address (Clause 2 Schedule 11.1).....	28
4.5.	Electrically disconnecting an ICP (Clause 3 Schedule 11.1).....	29
4.6.	Distributors to Provide ICP Information to the Registry manager (Clause 7(1) Schedule 11.1) .....	29
4.7.	Provision of information to registry after the trading of electricity at the ICP commences (Clause 7(3) Schedule 11.1) .....	33
4.8.	GPS coordinates (Clause 7(8) and (9) Schedule 11.1) .....	33
4.9.	Management of “ready” status (Clause 14 Schedule 11.1) .....	33
4.10.	Management of “distributor” status (Clause 16 Schedule 11.1) .....	34
4.11.	Management of “decommissioned” status (Clause 20 Schedule 11.1) .....	34
4.12.	Maintenance of price category codes (Clause 23 Schedule 11.1).....	35
5.	Creation and maintenance of loss factors .....	36
5.1.	Updating table of loss category codes (Clause 21 Schedule 11.1).....	36
5.2.	Updating loss factors (Clause 22 Schedule 11.1) .....	36
6.	Creation and maintenance of NSPs (including decommissioning of NSPs and transfer of ICPs)37	
6.1.	Creation and decommissioning of NSPs (Clause 11.8 and Clause 25 Schedule 11.1) .....	37
6.2.	Provision of NSP information (Clause 26(1) and (2) Schedule 11.1) .....	37
6.3.	Notice of balancing areas (Clause 24(1) and Clause 26(3) Schedule 11.1) .....	38
6.4.	Notice of supporting embedded network NSP information (Clause 26(4) Schedule 11.1)38	
6.5.	Maintenance of balancing area information (Clause 24(2) and (3) Schedule 11.1) .....	39
6.6.	Notice when an ICP becomes an NSP (Clause 27 Schedule 11.1) .....	39
6.7.	Notification of transfer of ICPs (Clause 1 to 4 Schedule 11.2) .....	39
6.8.	Responsibility for metering information for NSP that is not a POC to the grid (Clause 10.25(1) and 10.25(3)) .....	40
6.9.	Responsibility for metering information when creating an NSP that is not a POC to the grid (Clause 10.25(2)).....	41
6.10.	Obligations concerning change in network owner (Clause 29 Schedule 11.1) .....	42
6.11.	Change of MEP for embedded network gate meter (Clause 10.22(1)(b)) .....	42
6.12.	Confirmation of consent for transfer of ICPs (Clauses 5 and 8 Schedule 11.2) .....	43
6.13.	Transfer of ICPs for embedded network (Clause 6 Schedule 11.2).....	43
7.	Maintenance of shared unmetered load .....	44
7.1.	Notification of shared unmetered load ICP list (Clause 11.14(2) and (4)) .....	44
7.2.	Changes to shared unmetered load (Clause 11.14(5)).....	44
8.	Calculation of loss factors .....	45
8.1.	Creation of loss factors (Clause 11.2).....	45
	Conclusion .....	47
	Participant response .....	48

## EXECUTIVE SUMMARY

This distributor audit was performed at the request of **Nelson Electricity (NEL)**, to encompass the Electricity Industry Participation Code requirement for an audit, in accordance with clause 11.10 of part 11.

The audit was conducted in accordance with the Guideline for Distributor Audits V7.2, which was produced by the Electricity Authority.

NEL have robust processes in place and complete regular checks to identify any discrepancies between the Access ICP management database and the registry. The processes are manual, and for the small volume of changes this is manageable. Any discrepancies are quickly identified and resolved.

Overall, the level of compliance is high, and controls generally found to be strong. The audit found five non-compliances and makes no recommendations. The audit risk rating is six, and the next audit frequency table indicates that the next audit be due in 18 months. I have considered this in conjunction with NEL's responses and I recommend that the next audit is in 24 months.

The matters raised are shown in the tables below.

## AUDIT SUMMARY

### NON-COMPLIANCES

Subject	Section	Clause	Non- Compliance	Controls	Audit Risk Rating	Breach Risk Rating	Remedial Action
Requirement to provide complete and accurate information	2.1	11.2(1) and 10.6(1)	One electrically connected ICP with no initial electrical connection date recorded.	Strong	Low	1	Identified
Provision of ICP Information to the registry manager	3.3	11.7	One electrically connected ICP with no initial electrical connection date recorded.	Strong	Low	1	Identified
Changes to registry information	4.1	11.1	Three ICPs with late distributed generation changes.	Strong	Low	1	Identified
Distributors to Provide ICP Information to the Registry manager	4.6	7(1)(o) & (p) Schedule 11.1	Incorrect NSP dedicated/non-dedicated flag applied to two ICPs.  One electrically connected ICP with no initial electrical connection date recorded.	Strong	Low	1	Identified
Responsibility for metering information for NSP that is not a POC to the grid	6.8	10.25(1) and 10.25(3)	Meter certification expired on HVN0331.	Moderate	Low	2	Identified
Future Risk Rating						6	

Future risk rating	0-1	2-5	6-8	9-20	21-29	30+
Indicative audit frequency	36 months	24 months	18 months	12 months	6 months	3 months

### RECOMMENDATIONS

Subject	Section	Recommendation	Description
		Nil	

### ISSUES

<b>Subject</b>	<b>Section</b>	<b>Issue</b>	<b>Description</b>
Creation of loss factors	8.1	Loss factors	Investigation required into the UFE calculations used by the Reconciliation Manager system.

## 1. ADMINISTRATIVE

### 1.1. Exemptions from Obligations to Comply with Code (Section 11)

#### Code reference

*Section 11 of Electricity Industry Act 2010.*

#### Code related audit information

*Section 11 of the Electricity Industry Act provides for the Electricity Authority to exempt any participant from compliance with all or any of the clauses.*

#### Audit observation

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

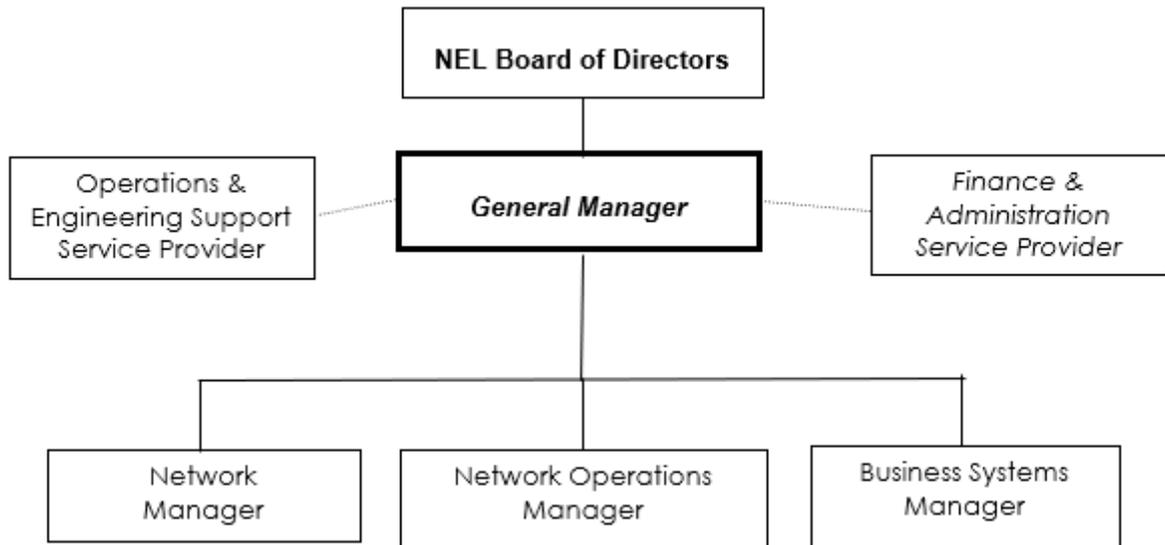
#### Audit commentary

NEL had exemption no.228. This exempts NEL from having a metering installation for the network supply point FND0112. This exemption expired on 3 July 2020. NEL advised they now have additional load available on the network and this interconnection point is not as critical as it was previously.

NEL stated they will ensure it is not used until the exemption is in place again.

### 1.2. Structure of Organisation

NEL provided their organisation structure:



Network Tasman and Marlborough Lines are contracted to provide professional support services to NEL through the General Manager. These services primarily relate to the financial management of NEL and technical and engineering services. The General Manager will utilise these services to the maximum practical extent but may also seek independent advice in consultation with the Board. The CEO of Network Tasman and the Chief Financial Officer of Marlborough Lines are the designated supervisory managers for the provision of these services and have a staff management relationship to the NEL General Manager. They provide advice and services with the objective of maximising the efficiency of NEL whilst maintaining NEL as an independent company.

### 1.3. Persons involved in this audit

Auditor:

Name	Company	Role
Steve Woods	Veritek Limited	Lead Auditor
Claire Stanley	Veritek Limited	Supporting Auditor

NEL personnel assisting in this audit were:

Name	Title
Phil Goodall	General Manager
Katie Homan	Business Systems Manager

### 1.4. Use of contractors (Clause 11.2A)

#### Code reference

Clause 11.2A

#### Code related audit information

A participant who uses a contractor:

- *remains responsible for the contractor's fulfilment of the participants Code obligations*
- *cannot assert that it is not responsible or liable for the obligation due to the action of a contractor*
- *must ensure that the contractor has at least the specified level of skill, expertise, experience, or qualification that the participant would be required to have if it were performing the obligation itself.*

#### Audit observation

Vector Electrical, Aaron Hunter and Powertech Nelson are the approved contractors that work on the NEL network.

### 1.5. Supplier list

As detailed in **section 1.4**, Vector Electricity, Aaron Hunter and Powertech Nelson are the approved contractors.

### 1.6. Hardware and Software

NEL use the registry as their ultimate data source. For the day-to-day management of ICPs they use an Access database which links to their GIS system, and a Microsoft spreadsheet is used for the tracking of distributed generation applications.

All data is backed up to industry standards. There is a robust disaster recovery process in place.



## 1.7. Breaches or Breach Allegations

The Electricity Authority confirmed that there have been no alleged breaches for Nelson Electricity.

## 1.8. ICP and NSP Data

NEL has responsibility for the Nelson city area, which has one NSP and two interconnecting NSPs and one balancing area. There have been no changes during the audit period. The table below sets out the details. Active ICP numbers are as of 13 February 2023.

Distributor	NSP POC	Description	Parent POC	Parent Network	Balancing Area	Network type	Start date	No of ICPs
NELS	FND0112	Founders	STK0331	NELS	STK0331NELSG	I	1/02/2014	-
NELS	HVN0331	HAVEN RD	STK0331	NELS	STK0331NELSG	I	1/02/2014	-
NELS	STK0331	STOKE			STK0331NELSG	G	1/09/2013	9,197

There are no embedded networks connected to the NEL network.

A list file detailing the ICP statuses was provided as of 13 February 2023:

Status	Number of ICPs (2023)	Number of ICPs (2021)	Number of ICPs (2020)	Number of ICPs (2019)
New (999,0)	0	0	0	0
Ready (0,0)	5	0	1	1
Active (2,0)	9,197	9,186	9,188	9,168
Distributor (888,0)	0	0	0	0
Inactive – new connection in progress (1,12)	2	5	5	2
Inactive – electrically disconnected vacant property (1,4)	68	69	62	58
Inactive – electrically disconnected remotely by AMI meter (1,7)	29	15	12	5
Inactive – electrically disconnected at pole fuse (1,8)	0	2	1	0
Inactive – electrically disconnected due to meter disconnected (1,9)	0	0	0	0
Inactive – electrically disconnected at meter box fuse (1,10)	0	0	0	0
Inactive – electrically disconnected at meter box switch (1,11)	1	0	0	0
Inactive – electrically disconnected ready for decommissioning (1,6)	0	0	0	3
Inactive – reconciled elsewhere (1,5)	0	0	0	0
Decommissioned (3)	1,225	1,191	1,172	1,115

### 1.9. Authorisation Received

A letter of authorisation was provided.

### 1.10. Scope of Audit

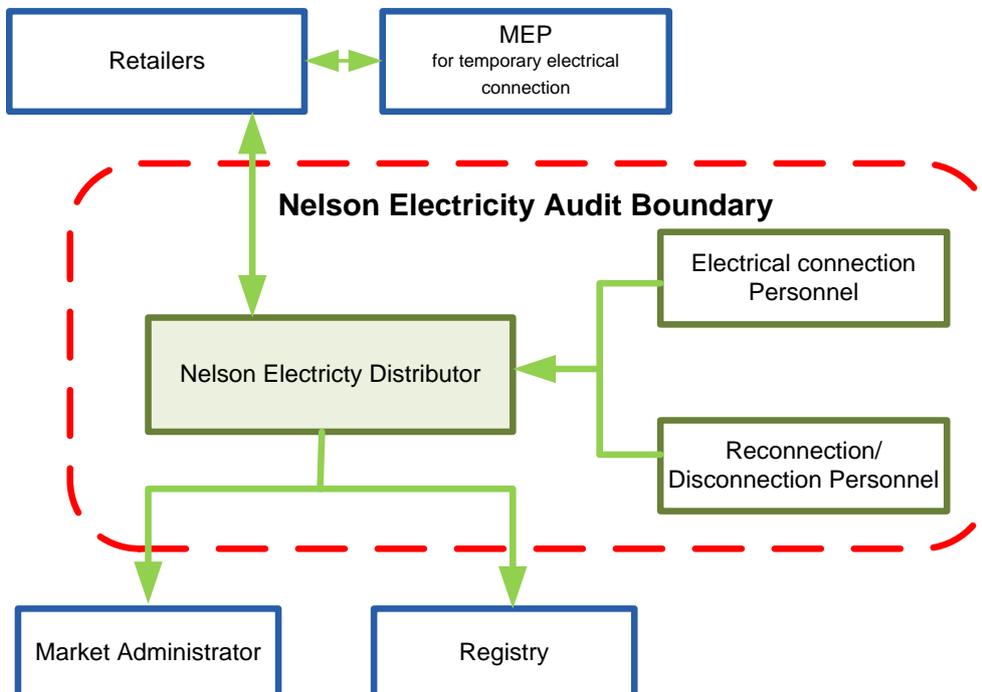
This distributor audit was performed at the request of **Nelson Electricity (NELS)**, to encompass the Electricity Industry Participation Code requirement for an audit, in accordance with clause 11.10 of part 11. The audit was carried out at Nelson Electricity’s premises in Nelson, on 8<sup>th</sup> March 2023.

The audit was conducted in accordance with the Guideline for Distributor Audits V7.2, which was produced by the Electricity Authority.

The table below shows the tasks under clause 11.10(4) of Part 11, which NEL is responsible for. There are no other contractors who assist with these tasks:

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

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



### 1.11. Summary of previous audit

The previous audit conducted in September 2021 by Steve Woods was reviewed. The table below shows current the status of the findings from that audit.

#### TABLE OF NON-COMPLIANCE

Subject	Section	Clause	Non-compliance	Status
Provision of information on dispute resolution	2.4	11.30	Call scripts to be developed for use by Call Care.	Not actioned
Timeliness of Provision of ICP Information to the registry manager	3.4	7(2) of Schedule 11.1	One ICP updated to “ready” after electrical connection.	Cleared
Timeliness of Provision of Initial Electrical Connection Date	3.5	7(2A) of Schedule 11.1	Two late updates of the initial electrical connection date.	Cleared
Connection of ICP that is not an NSP	3.6	11.17	One ICP was electrically connected prior to a trader being recorded as having accepted responsibility.	Cleared
Changes to registry information	4.1	8 Schedule 11.1	A small number of price and distributed generation changes were backdated.	Still existing for different ICPs
ICP location address	4.4	2 Schedule 11.1	One ICP with insufficient address information identified.	Cleared

## 2. OPERATIONAL INFRASTRUCTURE

### 2.1. Requirement to provide complete and accurate information (Clause 11.2(1) and 10.6(1))

#### Code reference

*Clause 11.2(1) and 10.6(1)*

#### Code related audit information

*A participant must take all practicable steps to ensure that information that the participant is required to provide to any person under Parts 10 or 11 is:*

- a) complete and accurate*
- b) not misleading or deceptive*
- c) not likely to mislead or deceive.*

#### Audit observation

I walked through the process to ensure that registry information is complete, accurate and not misleading or deceptive, including viewing reports used to resolve discrepancies.

The list file as of 31 December 2022 and the combined registry compliance audit reports covering the period from 1 June 2021 to 31 December 2022 were examined to confirm compliance.

#### Audit commentary

NEL has processes in place to ensure that information is complete and accurate and is not misleading or deceptive. Weekly checks between the Access ICP management access database and the registry are completed. This is used to track new connections and changes to ICPs. The registry is updated directly for any changes as there is no automated interface between the database and the registry. The volume of change is small, and this manual process generally works well. All processes are documented.

The audit found one ICP with no initial electrical connection date populated on the registry. This was investigated by NEL, and it was identified that this was missed when updating the registry. This is detailed in **section 4.6**.

#### Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 2.1 With: Clause 11.2(1)  From: 01-Jun-21 To: 31-Dec-22	One electrically connected ICP with no initial electrical connection date recorded. Potential impact: Low Actual impact: Low Audit history: Once Controls: Strong Breach risk rating: 1		
Audit risk rating	Rationale for audit risk rating		
Low	I have recorded the controls as strong in this area as NEL has checks in place to identify and resolve discrepancies.  The audit risk rating is low as the errors found have a minor effect on reconciliation. All issues are now resolved.		
Actions taken to resolve the issue		Completion date	Remedial action status
This issue was picked up one day before NEL ran the monthly report.		16 March 2023	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
NEL already has a monthly report run to check for this sort of error.		16 March 2023	

## 2.2. Requirement to correct errors (Clause 11.2(2) and 10.6(2))

### Code reference

Clause 11.2(2) and 10.6(2)

### Code related audit information

*If the participant becomes aware that in providing information under this Part, the participant has not complied with that obligation, the participant must, as soon as practicable, provide such further information as is necessary to ensure that the participant does comply.*

### Audit observation

NEL's data management processes were examined. The registry list file as of 31 December 2022 was examined to confirm compliance.

### Audit commentary

NEL have robust processes and procedures in place to ensure they provide correct and accurate information. Regular reporting is used to check and monitor for discrepancies. Any discrepancies found are investigated and updated as required.

### Audit outcome

Compliant

## 2.3 Removal or breakage of seals (Clause 48(1A) and 48(1B) of Schedule 10.7)

### Code reference

*Clause 48(1A) and 48(1B) of Schedule 10.7*

### Code related audit information

*If the distributor provides a load control signal to a load control switch in the metering installation, the distributor can remove or break a seal without authorisation from the MEP to bridge or unbridge the load control device or load control switch – as long as the load control switch does not control a time block meter channel.*

*If the distributor removes or breaks a seal in this way, it must:*

- *ensure personal are qualified to remove the seal and perform the permitted work and they replace the seal in accordance with the Code*
- *replace the seal with its own seal*
- *have a process for tracing the new seal to the personnel*
- *notify the metering equipment provider and trader*

### Audit observation

The PR-255 file was examined to determine whether load control devices existed on the network. The management of removal and breakage of seals was discussed.

### Audit commentary

NEL do not complete any work requiring a change of seal, the retailer will initiate any work required with a contractor.

### Audit outcome

Compliant

## 2.4 Provision of information on dispute resolution scheme (Clause 11.30A)

### Code reference

*Clause 11.30A*

### Code related audit information

*A distributor must provide clear and prominent information about Utilities Disputes:*

- *on their website*
- *when responding to queries from consumers*
- *in directed outbound communications to consumers about electricity services and bills.*

*If there are a series of related communications between the distributor and consumer, the distributor needs to provide this information in at least one communication in that series.*

### Audit observation

The Disputes Resolution information was examined for NEL to determine compliance.

The following were provided by NEL and examined:

- the NEL website link,
- letter templates, and
- email signature examples.

### **Audit commentary**

All of these provided clear and prominent information about Utilities Disputes for the consumer, including contact details and links to the Utilities Disputes website. The link on the EA website is provided by selecting 'Electricity Complaints'.

Call Care take inbound calls from consumers for NEL. NEL advise that any complaints received by Call Care are directed to NEL staff who will provide the Utilities Disputes information.

### **Audit outcome**

Compliant

### 3. CREATION OF ICPS

#### 3.1. Distributors must create ICPs (Clause 11.4)

##### Code reference

Clause 11.4

##### Code related audit information

*The distributor must create an ICP identifier in accordance with Clause 1 of Schedule 11.1 for each ICP on the distributor's network. This includes an ICP identifier for the point of connection at which an embedded network connects to the distributor's network.*

##### Audit observation

The new connection process was examined in detail and is described in **section 3.2** below. 10 new connection applications of the 53 created were sampled using diverse characteristic methodology from the point of application through to when the ICP was created. This included two ICPs with distributed generation present at the time of being electrically connected.

##### Audit commentary

The process in place is robust and has good controls in place. The sample checked in **section 3.2** below confirms this.

##### Audit outcome

Compliant

#### 3.2. Participants may request distributors to create ICPs (Clause 11.5(3))

##### Code reference

Clause 11.5(3)

##### Code related audit information

*The distributor, within three business days of receiving a request for the creation of an ICP identifier for an ICP, must either create a new ICP identifier or advise the participant of the reasons it is unable to comply with the request.*

##### Audit observation

The new connection process was examined in detail. Ten new connection applications of the 53 created during the audit period were checked from the point of application through to when the ICP was created. These were selected using the diverse characteristic methodology to confirm the process and controls worked in practice.

##### Audit commentary

NEL requests for ICP's are received from the electrician or the property owner. The Network Manager checks to ensure capacity is available for the supply, if engineering work is required, the applicant is notified, and a quote is provided. An email is sent to the proposed trader and when acceptance is received the ICP is created at "ready".

If an ICP cannot be created within three days of the request this is communicated to the applicant. Of the ten examples examined, two ICPs required works to be carried out on the network. This was communicated in all instances. One ICP was delayed by the late response from the trader.



As the customer applies to NEL in the first instance, and not the retailer, the three-day rule does not apply. Compliance is confirmed.

#### **Audit outcome**

Compliant

### 3.3. Provision of ICP Information to the registry manager (Clause 11.7)

#### **Code reference**

*Clause 11.7*

#### **Code related audit information**

*The distributor must provide information about ICPs on its network in accordance with Schedule 11.1.*

#### **Audit observation**

The new connection process was examined in detail and is described in **section 3.2**. The list file was checked and a diverse characteristics sample of ten new connection applications of the 53 ICPs were checked from the point of application through to when the ICP was created, to confirm the process and controls worked in practice.

#### **Audit commentary**

The process for updating the registry is manual. Checks are completed to ensure the information is accurate, and validation reports are run monthly to identify errors.

Review of the sample of new connections confirmed that the ICP information provided to the registry by NEL was correct, except for ICP 0000202133CTBFC which did not have the IECD date populated. This was investigated and found the IECD was missed when the data entry was completed, this was corrected during the audit.

#### **Audit outcome**

Non-compliant

Non-compliance	Description		
Audit Ref: 3.3 With: Clause 11.7  From: 01-Jun-21 To: 31-Dec-22	One electrically connected ICP with no initial electrical connection date recorded.  Potential impact: Low  Actual impact: None  Audit history: None  Controls: Strong  Breach risk rating: 1		
Audit risk rating	Rationale for audit risk rating		
<b>Low</b>	The controls are recorded as strong because they mitigate risk to an acceptable level.  The impact on settlement and participants is minor; therefore, the audit risk rating is low.		
Actions taken to resolve the issue		Completion date	Remedial action status
This issue was picked up one day before NEL ran the monthly report.		16 March 2023	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
NEL already has a monthly report run to check for this sort of error.		16 March 2023	

### 3.4. Timeliness of Provision of ICP Information to the registry manager (Clause 7(2) of Schedule 11.1)

#### Code reference

Clause 7(2) of Schedule 11.1

#### Code related audit information

*The distributor must provide information specified in Clauses 7(1)(a) to 7(1)(o) of Schedule 11.1 as soon as practicable and prior to electricity being traded at the ICP.*

#### Audit observation

The list file as of 31 December 2022 and the combined registry compliance audit reports covering the period from 1 June 2021 to 31 December 2022 were examined to determine the timeliness of the provision of ICP information for new connections.

#### Audit commentary

The process is described in **section 3.3**. All new connections were updated to “ready” prior to trading.

#### Audit outcome

Compliant

### 3.5. Timeliness of Provision of Initial Electrical Connection Date (Clause 7(2A) of Schedule 11.1)

#### Code reference

Clause 7(2A) of Schedule 11.1

#### Code related audit information

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

#### Audit observation

The new connection process for populating all required registry fields was examined. The registry list file as of 31 December 2022 and the combined registry compliance audit reports covering the period from 1 June 2021 to 31 December 2022 were examined to determine the timeliness of the provision of the initial electrical connection date.

#### Audit commentary

The audit compliance report identified one late update. This was examined and found that the ICP was populated as a result of the previous audit.

#### Audit outcome

Compliant

### 3.6. Connection of ICP that is not an NSP (Clause 11.17)

#### Code reference

Clause 11.17

#### Code related audit information

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

*The distributor must not connect an ICP (except for an ICP across which unmetered load is shared) unless a trader is recorded in the registry as accepting responsibility for the ICP.*

*In respect of ICPs across which unmetered load is shared, the distributor must not connect an ICP unless a trader is recorded in the registry as accepting responsibility for the shared unmetered load, and all traders that are responsible for an ICP on the shared unmetered load have been advised.*

#### Audit observation

The new connection process was examined. The registry list file as of 31 December 2022 and the combined registry compliance audit reports covering the period from 1 June 2021 to 31 December 2022 were examined to determine the timeliness of the provision of ICP information for new connections.

#### Audit commentary

The new connections process was examined, and the process includes a “trader responsibility” step.

All ICPs that were electrically connected had a proposed trader recorded in the registry as having accepted responsibility.

#### Audit outcome

Compliant

### 3.7. Connection of ICP that is not an NSP (Clause 10.31)

#### Code reference

Clause 10.31

#### Code related audit information

*A distributor must not connect an ICP that is not an NSP unless requested to do so by the trader trading at the ICP, or if there is only shared unmetered load at the ICP and each trader has been advised.*

#### Audit observation

The new connection process was examined. The registry list file as of 31 December 2022 and the combined registry compliance audit reports covering the period from 1 June 2021 to 31 December 2022 were examined.

#### Audit commentary

ICPs will not be electrically connected without the agreement from the trader, who in turn has agreement with an MEP for the ICP. Trader acceptance is confirmed during the application process.

Review of the registry list confirmed that a trader is currently recorded for all active ICPs.

#### Audit outcome

Compliant

### 3.8. Temporary electrical connection of ICP that is not an NSP (Clause 10.31A)

#### Code reference

Clause 10.31A

#### Code related audit information

*A distributor may only temporarily electrically connect an ICP that is not an NSP if requested by an MEP for a purpose set out in clause 10.31A(2), and the MEP:*

- *has been authorised to make the request by the trader responsible for the ICP; and*
- *the MEP has an arrangement with that trader to provide metering services.*

*If the ICP is only shared unmetered load, the distributor must advise the traders of the intention to temporarily connect the ICP unless:*

- *advising all traders would impose a material cost on the distributor, and*
- *in the distributor's reasonable opinion, the advice would not result in any material benefit to any of the traders.*

#### Audit observation

The new connection process was examined in **sections 3.1** and **3.2**. The registry list file as of 31 December 2022 and the combined registry compliance audit reports covering the period from 1 June 2021 to 31 December 2022 were examined to determine compliance.

#### Audit commentary

The NEL process ensures that an ICP will not be electrically connected without the agreement from the trader, who in turn has agreement with an MEP for the ICP.

All network and meter connections are now completed on the same day by the same contractor. No ICPs have been temporarily electrically connected during the audit period.

### **Audit outcome**

Compliant

## **3.9. Connection of NSP that is not point of connection to grid (Clause 10.30)**

### **Code reference**

*Clause 10.30*

### **Code related audit information**

*A distributor must not connect an NSP on its network that is not a point of connection to the grid unless requested to do so by the trader responsible for ensuring there is a metering installation for the point of connection.*

*The distributor that initiates the connection under Part 11 and connects the NSP must, within five business days of connecting the NSP that is not a point of connection to the grid, advise the reconciliation manager of the following in the prescribed form:*

- *the NSP that has been connected*
- *the date of the connection*
- *the participant identifier of the MEP for each metering installation for the NSP*
- *the certification expiry date of each metering installation for the NSP.*

### **Audit observation**

The NSP mapping table was reviewed.

### **Audit commentary**

No new NSPs were created by NEL during the audit period.

### **Audit outcome**

Compliant

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

### **Code reference**

*Clause 10.30A and 10.30B*

### **Code related audit information**

*A distributor may only temporarily electrically connect an NSP that is not a point of connection to the grid if requested by an MEP for a purpose set out in clause 10.30A(3), and the MEP:*

- *has been authorised to make the request by the reconciliation participant responsible for the NSP; and*
- *the MEP has an arrangement with that reconciliation participant to provide metering services.*

*A distributor may only electrically connect an NSP if:*

- *each distributor connected to the NSP agrees*
- *the trader responsible for delivery of submission information has requested the electrical connection*
- *the metering installations for the NSP are certified and operational metering*

### **Audit observation**

The NSP mapping table was reviewed.

**Audit commentary**

No new NSPs were created by NEL during the audit period.

**Audit outcome**

Compliant

**3.11. Definition of ICP identifier (Clause 1(1) Schedule 11.1)**

**Code reference**

*Clause 1(1) Schedule 11.1*

**Code related audit information**

*Each ICP created by the distributor in accordance with Clause 11.4 must have a unique identifier, called the "ICP identifier", determined in accordance with the following format:*

*yyyyyyyyyyxxccc where:*

- *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.*

**Audit observation**

The process for the creation of ICPs was examined.

**Audit commentary**

ICP numbers are created in the ICP access management database. The process for the creation of ICPs was examined, and all ICPs have been created in the appropriate format.

**Audit outcome**

Compliant

**3.12. Loss category (Clause 6 Schedule 11.1)**

**Code reference**

*Clause 6 Schedule 11.1*

**Code related audit information**

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

**Audit observation**

The list file was examined to confirm all active ICPs have a single loss category code.

**Audit commentary**

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

**Audit outcome**

Compliant

### 3.13. Management of “new” status (Clause 13 Schedule 11.1)

#### Code reference

Clause 13 Schedule 11.1

#### Code related audit information

The ICP status of “new” must be managed by the distributor to indicate:

- the associated electrical installations are in the construction phase (Clause 13(a) of Schedule 11.1)
- the ICP is not ready for activation (Clause 13(b) of Schedule 11.1).

#### Audit observation

The ICP creation process was reviewed. The registry list file as of 31 December 2022 and the combined registry compliance audit reports covering the period from 1 June 2021 to 31 December 2022 were examined to determine compliance.

#### Audit commentary

NEL creates all ICPs at the “ready” status. There were no ICPs at the “new” status. Monitoring of ICPs with the “new” and “ready” status is discussed in **section 3.14**.

#### Audit outcome

Compliant

### 3.14. Monitoring of “new” & “ready” statuses (Clause 15 Schedule 11.1)

#### Code reference

Clause 15 Schedule 11.1

#### Code related audit information

If an ICP has had the status of “New” or has had the status of “Ready” for 24 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

The process to monitor ICPs at “new” and “ready” status was reviewed. The combined registry compliance audit reports covering the period from 1 June 2021 to 31 December 2022 was examined to identify any ICPs that had been at “new” and “ready” for more than 24 months.

#### Audit commentary

All new connections are managed via work files and are monitored weekly. NEL do not use the “new” status. The low volume of these ICPs at “ready” status allows good visibility and management of new connections.

Examination of the list file found no ICPs at the “new” or “ready” statuses for more than 24 months.

#### Audit outcome

Compliant

### 3.15. Embedded generation loss category (Clause 7(6) Schedule 11.1)

#### Code reference

*Clause 7(6) Schedule 11.1*

#### Code related audit information

*If the ICP connects the distributor's network to an embedded generating station that has a capacity of 10 MW or more (clause 7(1)(f) of Schedule 11.1):*

- *The loss category code must be unique; and*
- *The distributor must provide the following to the reconciliation manager:*
  - o *the unique loss category code assigned to the ICP*
  - o *the ICP identifier of the ICP*
  - o *the NSP identifier of the NSP to which the ICP is connected*
  - o *the plant name of the embedded generating station.*

#### Audit observation

The list file as of 31 December 2022 was examined.

#### Audit commentary

Examination of the list file confirmed that NEL do not have any embedded generation stations with a capacity of 10MW or more that require an individual loss category code.

#### Audit outcome

Compliant

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

#### Code reference

*Clause 10.33A(4)*

#### Code related audit information

*No participant may electrically connect a point of connection or authorise the electrical connection of a point of connection, other than a reconciliation participant.*

#### Audit observation

Processes were examined for the connection of ICPs and NSPs.

#### Audit commentary

NEL receive an email approval from the trader for a point of connection and confirmation they will raise an SR to the contractor to complete the work. NEL provide authorisation for livening to the contractor. The contractor notifies NEL on the day that they are livening the connection.

#### Audit outcome

Compliant

### 3.17. Electrical disconnection of a point of connection (Clause 10.30C and 10.31C)

#### Code reference

*Clause 10.30C and 10.31C*

#### Code related audit information



*A distributor can only disconnect, or electrically disconnect an ICP on its network:*

- *if empowered to do so by legislation (including the Code)*
- *under its contract with the trader for that ICP or NSP*
- *under its contract with the consumer for that ICP*

#### **Audit observation**

Processes were examined for the disconnection and electrical disconnection of ICPs and NSPs.

#### **Audit commentary**

NEL understand their responsibilities in relation to this clause. They only conduct electrical disconnection for safety, and they only conduct disconnection where ICPs are to be decommissioned.

#### **Audit outcome**

Compliant

### 3.18. Meter bridging (Clause 10.33C)

#### **Code reference**

*Clause 10.33C*

#### **Code related audit information**

*An distributor may only electrically connect an ICP in a way that bypasses a meter that is in place ("bridging") if the distributor has been authorised by the responsible trader.*

*The distributor can then only proceed with bridging the meter if, despite best endeavours:*

- *the MEP is unable to remotely electrically connect the ICP*
- *the MEP cannot repair a fault with the meter due to safety concerns*
- *the consumer will likely be without electricity for a period which would cause significant disadvantage to the consumer*

*If the distributor bridges a meter, the distributor must notify the responsible trader within 1 business day and include the date of bridging in its advice.*

#### **Audit observation**

The NEL process for bridging meters was examined.

#### **Audit commentary**

NEL do not bridge meters. Where a contractor is required to do this on the NEL network it would be as a result of a Service Request sent by the trader directly to the contractor.

#### **Audit outcome**

Compliant

## 4. MAINTENANCE OF REGISTRY INFORMATION

### 4.1. Changes to registry information (Clause 8 Schedule 11.1)

#### Code reference

*Clause 8 Schedule 11.1*

#### Code related audit information

*If information held by the registry that relates to an ICP for which the distributor is responsible changes, the distributor must give written notice to the registry manager of that change.*

*Notification must be given by the distributor within three business days after the change takes effect, unless the change is to the NSP identifier of the NSP to which the ICP is usually connected (other than a change that is the result of the commissioning or decommissioning of an NSP).*

*In those cases, notification must be given no later than eight business days after the change takes effect.*

*If the change to the NSP identifier is for more than 10 business days, the notification must be provided no later than the 13<sup>th</sup> business day and be backdated to the date the change took effect.*

*In the case of decommissioning an ICP, notification must be given by the later of 3 business days after the registry manager has advised the distributor that the ICP is ready to be decommissioned, or 3 business days after the distributor has decommissioned the ICP.*

*In the case of a change to price category codes, where the change is backdated, no later than 3 business days after the distributor and the trader responsible for the ICP agree on the change.*

#### Audit observation

The management of registry updates was reviewed.

The registry list file as of 31 December 2022 and the combined registry compliance audit reports covering the period from 1 June 2021 to 31 December 2022 were examined to determine compliance. All backdated events by type were reviewed to determine the reasons for the late updates

#### Audit commentary

NEL updates the registry directly for any changes to an ICP.

#### Address events

There were 213 address updates identified. Most were updated within three business days. Review of the combined audit compliance reporting found one late update, this was checked and found that this was due to the addition of the suburb.

#### Network events (other than NSP changes and Distributed Generation events)

81 network events not relating to population of initial electrical connection dates or ICP creation were identified. Review of the combined audit compliance reporting found no late updates.

#### Pricing events

Review of the combined audit compliance reporting found no late updates.

#### Status events

The process is discussed in **section 4.11**. The combined audit compliance reporting found no late status updates.

## NSP changes

The combined audit compliance reporting found one late NSP change. This was investigated and found that it was not an update to the NSP.

## Network Events - addition of distributed generation

The AC020 report recorded three ICPs where distributed generation details were updated more than three business days after the event date. 93.62% of updates were on time, and the average business days between the event date and update date was 1.74.

I checked the three late updates made four business days after the event date and found they were all as a result of late notification to NELS.

## Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 4.1 With: Clause 8 Schedule 11.1 From: 01-Jun-21 To: 31-Dec-22	Three ICPs with late distributed generation changes. Potential impact: Low Actual impact: Low Audit history: Multiple times Controls: Strong Breach risk rating: 1		
Audit risk rating	Rationale for audit risk rating		
<b>Low</b>	Controls are rated as strong as NEL has robust controls in place to mitigate risk. The risk rating is low as the volume of late changes that directly affect reconciliation are small.		
Actions taken to resolve the issue		Completion date	Remedial action status
This was due to a retailer metering service provider being taken over and staffing changes. NEL has reiterated and reinforced timeframes and procedures. The metering service provider's information flow has improved as a result.		Already completed	Identified
Preventative actions taken to ensure no further issue will occur		Completion date	
This was due to a retailer metering service provider being taken over and staffing changes. NEL has reiterated and reinforced timeframes and procedures. The metering service provider's information flow has improved as a result.		Already completed	

## 4.2. Notice of NSP for each ICP (Clauses 7(1),(4) and (5) Schedule 11.1)

### Code reference

*Clauses 7(1), 7(4) and 7(5) Schedule 11.1*

### Code related audit information

*Under Clause 7(1)(b) of Schedule 11.1, the distributor must provide to the registry manager the NSP identifier of the NSP to which the ICP is usually connected.*

*If the distributor cannot identify the NSP that an ICP is connected to, the distributor must nominate the NSP that the distributor thinks is most likely to be connected to the ICP, taking into account the flow of electricity within its network, and the ICP is deemed to be connected to the nominated NSP.*

#### **Audit observation**

The process to determine the correct NSP was examined. The combined registry compliance audit reports covering the period from 1 June 2021 to 31 December 2022 were examined to determine compliance.

#### **Audit commentary**

There is no uncertainty regarding NSP and ICP relationships on the NEL network, as there is only one NSP on which the ICPs are connected and one balancing area. The NSP for each ICP is notified to the registry as part of the new connections process.

#### **Audit outcome**

Compliant

### 4.3. Customer queries about ICP (Clause 11.31)

#### **Code reference**

*Clause 11.31*

#### **Code related audit information**

*The distributor must advise a customer (or any person authorised by the customer) or embedded generator of the customer or embedded generator's ICP identifier within three business days after receiving a request for that information.*

#### **Audit observation**

The management of customer queries was examined.

#### **Audit commentary**

Requests for ICP identifiers are not a common occurrence. ICP identifiers can be provided immediately on request once the address has been confirmed.

#### **Audit outcome**

Compliant

### 4.4. ICP location address (Clause 2 Schedule 11.1)

#### **Code reference**

*Clause 2 Schedule 11.1*

#### **Code related audit information**

*Each ICP identifier must have a location address that allows the ICP to be readily located.*

#### **Audit observation**

The process to determine correct and unique addresses was examined. The registry list was reviewed to determine compliance for all active and inactive ICPs.

### Audit commentary

The process to determine correct and unique addresses was examined. The registry list file as of 31 December 2022 and the combined registry compliance audit reports covering the period from 1 June 2021 to 31 December 2022 were examined.

The audit compliance report did not identify any ICPs with insufficient address information.

When a new ICP is created, the address is checked to ensure it is unique.

### Audit outcome

Compliant

## 4.5. Electrically disconnecting an ICP (Clause 3 Schedule 11.1)

### Code reference

*Clause 3 Schedule 11.1*

### Code related audit information

*Each ICP created after 7 October 2002 must be able to be electrically disconnected without electrically disconnecting another ICP, except for ICPs that are the point of connection between a network and an embedded network, or ICPs that represent the consumption calculated by the difference between the total consumption for the embedded network and all other ICPs on the embedded network.*

### Audit observation

The management of this process was discussed.

### Audit commentary

For new connections, this clause is well understood, and their new connection process requires that each ICP has one set of fuses. NEL has some historic shared service mains. If any of these are found, separate fusing is installed to address this where possible.

### Audit outcome

Compliant

## 4.6. Distributors to Provide ICP Information to the Registry manager (Clause 7(1) Schedule 11.1)

### Code reference

*Clause 7(1) Schedule 11.1*

### Code related audit information

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

- *the location address of the ICP identifier (Clause 7(1)(a) of Schedule 11.1)*
- *the NSP identifier of the NSP to which the ICP is usually connected (Clause 7(1)(b) of Schedule 11.1)*
- *the installation type code assigned to the ICP (Clause 7(1)(c) of Schedule 11.1)*
- *the reconciliation type code assigned to the ICP (Clause 7(1)(d) of Schedule 11.1)*
- *the loss category code and loss factors for each loss category code assigned to the ICP (Clause 7(1)(e) of Schedule 11.1)*

- *if the ICP connects the distributor's network to an embedded generating station that has a capacity of 10MW or more (Clause 7(1)(f) of Schedule 11.1):*
  - a) *the unique loss category code assigned to the ICP*
  - b) *the ICP identifier of the ICP*
  - c) *the NSP identifier of the NSP to which the ICP is connected*
  - d) *the plant name of the embedded generating station*
- *the price category code assigned to the ICP, which may be a placeholder price category code only if the distributor is unable to assign the actual price category code because the capacity or volume information required to assign the actual price category code cannot be determined before electricity is traded at the ICP (Clause 7(1)(g) of Schedule 11.1)*
- *if the price category code requires a value for the capacity of the ICP, the chargeable capacity of the ICP as follows (Clause 7(1)(h) of Schedule 11.1):*
  - a) *a placeholder chargeable capacity if the distributor is unable to determine the actual chargeable capacity*
  - b) *a blank chargeable capacity if the capacity value can be determined for a billing period from metering information collected for that billing period*
  - c) *if there is more than one capacity value at the ICP, and at least one, but not all, of those capacity values can be determined for a billing period from the metering information collected for that billing period-*
    - (i) no capacity value recorded in the registry field for the chargeable capacity; and*
    - (ii) either the term "POA" or all other capacity values, recorded in the registry field in which the distributor installation details are also recorded*
  - d) *if there is more than one capacity value at the ICP, and none of those capacity values can be determined for a billing period from the metering information collected for that billing period-*
    - (i) the annual capacity value recorded in the registry field for the chargeable capacity; and*
    - (ii) either the term "POA" or all other capacity values, recorded in the registry field in which the distributor installation details are also recorded 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,
- the initial electrical connection date of the ICP (Clause 7(1)(p) of Schedule 11.1).

**Audit observation**

The management of registry information was reviewed. The registry list and event detail reports were reviewed to confirm that all the ICP information is populated as required by this clause.

A typical sample of ten ICPs, or the whole population of data discrepancies found were checked and are detailed below.

**Audit commentary**

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

**Distributed generation**

The distributed generation process was examined. NEL requires that all customers must complete an online application form for all installations under 10kW. Any applications over 10kW need to make contact directly with NEL in addition to completing the online application to get these connected. NEL will review and provide approval and inform the customer to contact their retailer. Once the installation has been completed the customer is required to sign a declaration of the installation and provide this back to NEL. Vector Electricity, on behalf of NEL, then carry out a final inspection and the metering is changed at the same time (this is done on behalf of the trader). NEL update the registry when the completed paperwork is returned from the field. The timeliness of this is discussed in **section 4.1**.

Examination of the list file found ICPs with generation capacity have continued to grow as detailed in the table below:

Year	ICPs with distributed generation
2018	117
2019	148
2021	202
2023	269

All have generation capacity and fuel type recorded correctly in the registry.

The audit compliance report identified three ICPs with an RPS PV1 profile. These were investigated and found:

- one ICP has does not have distributed generation and the trader has the incorrect profile on the registry, and
- two ICPs have had the distributed generation removed, and NEL have requested the trader to update the registry.

**Unmetered load**

Part 11 states the distributors must provide unmetered load type and capacity of the unmetered load to the registry “if known”.

NEL has an unmetered load recorded for 36 active ICPs with the UML flag set to Y. I compared the load values against the trader’s recorded values and found that all matched. Compliance is confirmed.

**Initial electrical connection date**

Examination of the audit compliance reports identified ICP 0000202133CTBFC without an initial electrical connection date populated. This was not updated in error, it was updated on the registry during the audit.

This is recorded as non-compliance below and in **sections 2.1** and **3.3**.

**NSP information**

Assignment of dedicated NSP status was checked.

The active ICPs within balancing area STK0331NELSG mostly have the dedicated NSP set to “N”. Two ICPs were set to dedicated “Y”. These were checked during the audit, and it was found they were a data entry error, they were corrected to “N”.

Assignment of NSPs was reviewed in **section 4.2**.

**Audit outcome**

Non-compliant

Non-compliance	Description		
Audit Ref: 4.6 With: Clause 7(1)(o ) & (p) Schedule 11.1  From: 01-Jun-21 To: 31-Dec-22	Incorrect NSP dedicated/non-dedicated flag applied to two ICPs. One electrically connected ICP with no initial electrical connection date recorded. Potential impact: Low Actual impact: Low Audit history: None Controls: Strong Breach risk rating: 1		
Audit risk rating	Rationale for audit risk rating		
<b>Low</b>	I have recorded the controls as strong in this area as NEL has checks in place to identify and resolve discrepancies.  The audit risk rating is low as the errors found have a minor effect on reconciliation. All issues are now resolved.		
Actions taken to resolve the issue		Completion date	Remedial action status
Error has been corrected		Already completed	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
General Manager to run monthly report to check for this type of error		Already completed	



#### 4.7. Provision of information to registry after the trading of electricity at the ICP commences (Clause 7(3) Schedule 11.1)

##### **Code reference**

*Clause 7(3) Schedule 11.1*

##### **Code related audit information**

*The distributor must provide the following information to the registry manager no later than 10 business days after the trading of electricity at the ICP commences:*

- *the actual price category code assigned to the ICP (Clause 7(3)(a) of Schedule 11.1)*
- *the actual chargeable capacity of the ICP determined by the price category code assigned to the ICP (if any) (Clause 7(3)(b) of Schedule 11.1)*
- *the actual distributor installation details of the ICP determined by the price category code assigned to the ICP (if any) (Clause 7(3)(c) of Schedule 11.1).*

##### **Audit observation**

The management of registry information was reviewed. The event detail report and registry list were reviewed to determine compliance.

##### **Audit commentary**

There were no ICPs with price changes backdated more than 10 business days.

##### **Audit outcome**

Compliant

#### 4.8. GPS coordinates (Clause 7(8) and (9) Schedule 11.1)

##### **Code reference**

*Clause 7(8) and (9) Schedule 11.1*

##### **Code related audit information**

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

##### **Audit observation**

I checked the list file for ICPs with GPS co-ordinates recorded.

##### **Audit commentary**

GPS co-ordinates are not recorded.

NEL do not populate GPS co-ordinates but all ICPs are plotted in NEL GIS system and therefore the GPS co-ordinates are known.

##### **Audit outcome**

Compliant

#### 4.9. Management of “ready” status (Clause 14 Schedule 11.1)

##### **Code reference**

*Clause 14 Schedule 11.1*

##### **Code related audit information**

*The ICP status of "Ready" must be managed by the distributor and indicates that:*

- *the associated electrical installations are ready for connecting to the electricity supply (Clause 14(1)(a) of Schedule 11.1); or*
- *the ICP is ready for activation by a trader (Clause 14(1)(b) of Schedule 11.1)*

*Before an ICP is given the "Ready" status in accordance with Clause 14(1) of Schedule 11.1, the distributor must:*

- *identify the trader that has taken responsibility for the ICP (Clause 14(2)(a) of Schedule 11.1)*
- *ensure the ICP has a single price category (Clause 14(2)(b) of Schedule 11.1).*

#### **Audit observation**

Processes to manage the "ready" status were reviewed.

The registry list file as of 31 December 2022 and the combined registry compliance audit reports covering the period from 1 June 2021 to 31 December 2022 were examined.

#### **Audit commentary**

NEL creates all ICPs at the "ready" status with a proposed trader recorded, all ICPs only had a trader nominated and a single price category code.

#### **Audit outcome**

Compliant

### 4.10. Management of "distributor" status (Clause 16 Schedule 11.1)

#### **Code reference**

*Clause 16 Schedule 11.1*

#### **Code related audit information**

*The ICP status of "distributor" must be managed by the distributor and indicates that the ICP record represents a shared unmetered load installation or the point of connection between an embedded network and its parent network.*

#### **Audit observation**

I checked the list file to confirm compliance.

#### **Audit commentary**

The list file did not contain any "distributor" status ICPs.

#### **Audit outcome**

Compliant

### 4.11. Management of "decommissioned" status (Clause 20 Schedule 11.1)

#### **Code reference**

*Clause 20 Schedule 11.1*

#### **Code related audit information**

*The ICP status of "decommissioned" must be managed by the distributor and indicates that the ICP is permanently removed from future switching and reconciliation processes (Clause 20(1) of Schedule 11.1).*

*Decommissioning only occurs when:*

- *electrical installations associated with the ICP are physically removed (Clause 20(2)(a) of Schedule 11.1); or*
- *there is a change in the allocation of electrical loads between ICPs with the effect of making the ICP obsolete (Clause 20(2)(b) of Schedule 11.1); or*
- *in the case of a distributor-only ICP for an embedded network, the embedded network no longer exists (Clause 20(2)(c) of Schedule 11.1).*

#### **Audit observation**

The process for decommissioning ICPs was examined. The registry list and the combined registry compliance audit reports covering the period were reviewed to identify ICPs at the “decommissioned” status and ICPs that are at the “ready for decommissioning” status.

#### **Audit commentary**

NEL receives requests for decommissioning from traders, local contractors or customers. They have a well-documented process in place for the management of decommissioning. Customers are advised to contact their retailer to arrange the removal of meters etc. before a decommissioning can be completed. All decommissions require a signed decommissioning form confirming that the NEL contractor has completed the required checks before a site is deemed to be decommissioned. The contractor will advise NEL when they arrive at site to complete the decommissioning. A sample of eight decommissioned ICPs were checked to confirm that the process was followed.

There were no ICPs at “ready for decommissioning” status in the list file and no ICPs were identified where the status field was changed to “decommissioned” in the registry later than three business days.

The timeliness of updates to decommissioned status are discussed in **section 4.1**.

#### **Audit outcome**

Compliant

### 4.12. Maintenance of price category codes (Clause 23 Schedule 11.1)

#### **Code reference**

*Clause 23 Schedule 11.1*

#### **Code related audit information**

*The distributor must keep up to date the table in the registry of the price category codes that may be assigned to ICPs on each distributor's network by entering in the table any new price category codes.*

*Each entry must specify the date on which each price category code takes effect, which must not be earlier than two months after the date the code is entered in the table.*

*A price category code takes effect on the specified date.*

#### **Audit observation**

I checked the price category code table for any new or changed codes during the audit period.

#### **Audit commentary**

There were no changes during the audit period.

#### **Audit outcome**

Compliant

## 5. CREATION AND MAINTENANCE OF LOSS FACTORS

### 5.1. Updating table of loss category codes (Clause 21 Schedule 11.1)

#### **Code reference**

*Clause 21 Schedule 11.1*

#### **Code related audit information**

*The distributor must keep the registry up to date with the loss category codes that may be assigned to ICPs on the distributor's network.*

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

*A loss category code takes effect on the specified date.*

#### **Audit observation**

The loss category code table on the registry was examined.

#### **Audit commentary**

No new loss factors have been created during the audit period.

#### **Audit outcome**

Compliant

### 5.2. Updating loss factors (Clause 22 Schedule 11.1)

#### **Code reference**

*Clause 22 Schedule 11.1*

#### **Code related audit information**

*Each loss category code must have a maximum of two loss factors per calendar month. Each loss factor must cover a range of trading periods within that month so that all trading periods have a single applicable loss factor.*

*If the distributor wishes to replace an existing loss factor on the table in the registry, the distributor must enter the replaced loss factor on the table in the registry.*

#### **Audit observation**

The loss category code table on the registry was examined.

#### **Audit commentary**

No loss factors were changed during the audit period.

#### **Audit outcome**

Compliant

## 6. CREATION AND MAINTENANCE OF NSPS (INCLUDING DECOMMISSIONING OF NSPS AND TRANSFER OF ICPS)

### 6.1. Creation and decommissioning of NSPs (Clause 11.8 and Clause 25 Schedule 11.1)

#### Code reference

*Clause 11.8 and Clause 25 Schedule 11.1*

#### Code related audit information

*If the distributor is creating or decommissioning an NSP that is an interconnection point between two local networks, the distributor must give written notice to the reconciliation manager of the creation or decommissioning.*

*If the embedded network owner is creating or decommissioning an NSP that is an interconnection point between two embedded networks, the embedded network owner must give written notice to the reconciliation manager of the creation or decommissioning.*

*If the distributor is creating or decommissioning an NSP that is a point of connection between an embedded network and another network, the distributor must give written notice to the reconciliation manager of the creation or decommissioning.*

*The notice provided to the reconciliation manager must be provided no later than 30 days prior to the intended date of creation or decommissioning.*

*If the intended date of creation or decommissioning changes the distributor must provide an updated notice as soon as possible.*

*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, the distributor must:*

- give written notice to the reconciliation manager,*
- give written notice to the Authority,*
- give written notice to each affected reconciliation participant,*
- comply with Schedule 11.2.*

#### Audit observation

The NSP table was reviewed.

#### Audit commentary

NEL has not created or decommissioned any NSPs during the audit period.

#### Audit outcome

Compliant

### 6.2. Provision of NSP information (Clause 26(1) and (2) Schedule 11.1)

#### Code reference

*Clause 26(1) and (2) Schedule 11.1*

#### Code related audit information

*If the distributor wishes to create an NSP or transfer an ICP as described above, the distributor must request that the reconciliation manager create a unique NSP identifier for the relevant NSP.*

*The request must be made at least 10 business days before the NSP is electrically connected, in respect of an NSP that is an interconnection point between two local networks. In all other cases, the request must be made at least one month before the NSP is electrically connected or the ICP is transferred.*

#### **Audit observation**

The NSP table was reviewed.

#### **Audit commentary**

No NSPs have been created or decommissioned during the audit period.

#### **Audit outcome**

Compliant

### 6.3. Notice of balancing areas (Clause 24(1) and Clause 26(3) Schedule 11.1)

#### **Code reference**

*Clause 24(1) and Clause 26(3) Schedule 11.1*

#### **Code related audit information**

*If a participant has notified the creation of an NSP on the distributor's network, the distributor must give written notice to the reconciliation manager of the following:*

- *if the NSP is to be located in a new balancing area, all relevant details necessary for the new balancing area to be created and notification that the NSP to be created is to be assigned to the new balancing area,*
- *in all other cases, notification of the balancing area in which the NSP is located.*

#### **Audit observation**

The NSP table was reviewed.

#### **Audit commentary**

No balancing area changes have occurred during the audit period.

#### **Audit outcome**

Compliant

### 6.4. Notice of supporting embedded network NSP information (Clause 26(4) Schedule 11.1)

#### **Code reference**

*Clause 26(4) Schedule 11.1*

#### **Code related audit information**

*If a participant notifies the creation of an NSP, or the transfer of an ICP to an NSP that is a point of connection between a network and an embedded network owned by the distributor, the distributor must give notice to the reconciliation manager at least one month before the creation or transfer of:*

- *the network on which the NSP will be located after the creation or transfer (Clause 26(4)(a))*
- *the ICP identifier for the ICP that connects the network and the embedded network (Clause 26(4)(b))*
- *the date on which the creation or transfer will take effect (Clause 26(4)(c)).*

#### **Audit observation**

The NSP table was reviewed.

### **Audit commentary**

NEL has not created any new embedded networks during the audit period.

### **Audit outcome**

Compliant

## **6.5. Maintenance of balancing area information (Clause 24(2) and (3) Schedule 11.1)**

### **Code reference**

*Clause 24(2) and (3) Schedule 11.1*

### **Code related audit information**

*The distributor must give written notice to the reconciliation manager of any change to balancing areas associated with an NSP supplying the distributor's network. The notification must specify the date and trading period from which the change takes effect and be given no later than three business days after the change takes effect.*

### **Audit observation**

The NSP table was reviewed.

### **Audit commentary**

No balancing area changes have occurred during the audit period.

### **Audit outcome**

Compliant

## **6.6. Notice when an ICP becomes an NSP (Clause 27 Schedule 11.1)**

### **Code reference**

*Clause 27 Schedule 11.1*

### **Code related audit information**

*If a transfer of an ICP results in an ICP becoming an NSP at which an embedded network connects to a network, or in an ICP becoming an NSP that is an interconnection point, in respect of the distributor's network, the distributor must give written notice to any trader trading at the ICP of the transfer at least one month before the transfer.*

### **Audit observation**

The NSP table was reviewed.

### **Audit commentary**

No existing ICPs became NSPs during the audit period.

### **Audit outcome**

Compliant

## **6.7. Notification of transfer of ICPs (Clause 1 to 4 Schedule 11.2)**

### **Code reference**

*Clause 1 to 4 Schedule 11.2*

### Code related audit information

If the distributor wishes to transfer an ICP, the distributor must give written notice to the Authority in the prescribed form, no later than three business days before the transfer takes effect.

### Audit observation

The NSP table was reviewed.

### Audit commentary

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

### Audit outcome

Compliant

## 6.8. Responsibility for metering information for NSP that is not a POC to the grid (Clause 10.25(1) and 10.25(3))

### Code reference

Clause 10.25(1) and 10.25(3)

### Code related audit information

A network owner must, for each NSP that is not a point of connection to the grid for which it is responsible, ensure that:

- there is one or more metering installations (Clause 10.25(1)(a)); and
- the electricity is conveyed and quantified in accordance with the Code (Clause 10.25(1)(b))

For each NSP covered in 10.25(1) the network owner must, no later than 20 business days after a metering installation at the NSP is recertified advise the reconciliation manager of:

- the reconciliation participant for the NSP
- the participant identifier of the metering equipment provider for the metering installation
- the certification expiry date of the metering installation.

### Audit observation

The NSP supply point table was examined, and evidence of all updates made to the Reconciliation Manager via the portal.

### Audit commentary

NEL have responsibility for two interconnection points. The NSP table supply point table was reviewed:

Distributor	NSP POC	Description	MEP	Certification Expiry
NELS	FND0112	Founders		Exemption was in place but has expired.
NELS	HVN0331	HAVEN RD	FCLM	6 June 2022
NELS	STK0331	Stoke	TPNZ	21 August 2023

As detailed in **section 1.1**, NEL had an exemption to not have the FND0112 NSP metered. This exempts NEL from having a metering installation for the network supply point FND0112. It is available for use in an emergency only and reconciliation is managed. The exemption expired on 3 July 2020. NEL stated they will ensure it is not used until the exemption is in place again.



HVN0331 certification expired 6 June 2022, the reason for this is being investigated. This is recorded as a non-compliance.

### Audit outcome

Non-compliant

Non-compliance	Description		
Audit Ref: 6.8 With: Clause 10.25(1) and 10.25(3) From: 01-Jun-21 To: 31-Dec-22	Meter certification expired on HVN0331. Potential impact: High Actual impact: Low Audit history: None Controls: Moderate Breach risk rating:2		
Audit risk rating	Rationale for audit risk rating		
Low	The controls are moderate, because it was not known that the meter certification had expired. The impact is low because there no known impact on reconciliation.		
Actions taken to resolve the issue		Completion date	Remedial action status
Investigated error through MEP service provider.		13 March 2023	Identified
Preventative actions taken to ensure no further issues will occur		Completion date	
MEP service provider and NEL to monitor and ensure compliance		28 March 2023	

6.9. Responsibility for metering information when creating an NSP that is not a POC to the grid (Clause 10.25(2))

### Code reference

Clause 10.25(2)

### Code related audit information

If the network owner proposes the creation of a new NSP which is not a point of connection to the grid it must:

- assume responsibility for being the metering equipment provider (Clause 10.25(2)(a)(i)); or
- contract with a metering equipment provider to be the MEP (Clause 10.25(2)(a)(ii)); and
- no later than 20 business days after identifying the MEP advise the reconciliation manager in the prescribed form of:
  - the reconciliation participant for the NSP (Clause 10.25(2)(b)); and
  - no later than 5 business days after the date of certification of each metering installation, advise the reconciliation manager of
    - a) the MEP for the NSP (Clause 10.25(2)(c)(i)); and
    - b) the NSP of the certification expiry date (Clause 10.25(2)(c)(ii)).

### **Audit observation**

The NSP supply point table was reviewed.

### **Audit commentary**

NEL have not connected any new NSPs during the audit period.

### **Audit outcome**

Compliant

## **6.10. Obligations concerning change in network owner (Clause 29 Schedule 11.1)**

### **Code reference**

*Clause 29 Schedule 11.1*

### **Code related audit information**

*If a network owner acquires all or part of a network, the network owner must give written notice to:*

- *the previous network owner (Clause 29(1)(a) of Schedule 11.1)*
- *the reconciliation manager (Clause 29(1)(b) of Schedule 11.1)*
- *the Authority (Clause 29(1)(c) of Schedule 11.1)*
- *every reconciliation participant who trades at an ICP connected to the acquired network or part of the network acquired (Clause 29(1)(d) of Schedule 11.1)*

*at least one month's notification is required before the acquisition (Clause 29(2) of Schedule 11.1).*

*The notification must specify the ICPs to be amended to reflect the acquisition and the effective date of the acquisition (Clause 29(3) of Schedule 11.1).*

### **Audit observation**

The NSP supply point table was reviewed.

### **Audit commentary**

NEL have not initiated any changes of network owner.

### **Audit outcome**

Compliant

## **6.11. Change of MEP for embedded network gate meter (Clause 10.22(1)(b))**

### **Code reference**

*Clause 10.22(1)(b)*

### **Code related audit information**

*If the MEP for an ICP which is also an NSP changes the participant responsible for the provision of the metering installation under Clause 10.25, the participant must advise the reconciliation manager and the gaining MEP.*

### **Audit observation**

The NSP supply point table was reviewed.

### **Audit commentary**

There have been no MEP changes to the NEL interconnection points.

### **Audit outcome**

Compliant

## 6.12. Confirmation of consent for transfer of ICPs (Clauses 5 and 8 Schedule 11.2)

### **Code reference**

*Clauses 5 and 8 Schedule 11.2*

### **Code related audit information**

*The distributor must give the Authority confirmation that it has received written consent to the proposed transfer from:*

- *the distributor whose network is associated with the NSP to which the ICP is recorded as being connected immediately before the notification (unless the notification relates to the creation of an embedded network) (Clause 5(a) of Schedule 11.2)*
- *every trader trading at an ICP being supplied from the NSP to which the notification relates (Clause 5(b) of Schedule 11.2).*

*The notification must include any information requested by the Authority (Clause 8 of Schedule 11.2).*

### **Audit observation**

The NSP supply point table was reviewed.

### **Audit commentary**

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

### **Audit outcome**

Compliant

## 6.13. Transfer of ICPs for embedded network (Clause 6 Schedule 11.2)

### **Code reference**

*Clause 6 Schedule 11.2*

### **Code related audit information**

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

### **Audit observation**

The NSP supply point table was reviewed.

### **Audit commentary**

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

### **Audit outcome**

Compliant

## 7. MAINTENANCE OF SHARED UNMETERED LOAD

### 7.1. Notification of shared unmetered load ICP list (Clause 11.14(2) and (4))

#### Code reference

*Clause 11.14(2) and (4)*

#### Code related audit information

*The distributor must give written notice to the registry manager and each trader responsible for the ICPs across which the unmetered load is shared of the ICP identifiers of those ICPs.*

*A distributor who receives notification from a trader relating to a change under Clause 11.14(3) must give written notice to the registry manager and each trader responsible for any of the ICPs across which the unmetered load is shared of the addition or omission of the ICP.*

#### Audit observation

The registry list was reviewed to identify any ICPs with shared unmetered load connected.

#### Audit commentary

NEL does not have any shared unmetered load connections.

#### Audit outcome

Compliant

### 7.2. Changes to shared unmetered load (Clause 11.14(5))

#### Code reference

*Clause 11.14(5)*

#### Code related audit information

*If the distributor becomes aware of a change to the capacity of a shared unmetered load ICP or if a shared unmetered load ICP is decommissioned, it must give written notice to all traders affected by that change or decommissioning as soon as practicable after the change or decommissioning.*

#### Audit observation

The registry list was reviewed to identify any ICPs with shared unmetered load connected.

#### Audit commentary

NEL does not have any shared unmetered load connections.

#### Audit outcome

Compliant

## 8. CALCULATION OF LOSS FACTORS

### 8.1. Creation of loss factors (Clause 11.2)

#### Code reference

Clause 11.2

#### Code related audit information

A participant must take all practicable steps to ensure that information that the participant is required to provide to any person under Part 11 is:

- a) complete and accurate
- b) not misleading or deceptive
- c) not likely to mislead or deceive.

#### Audit observation

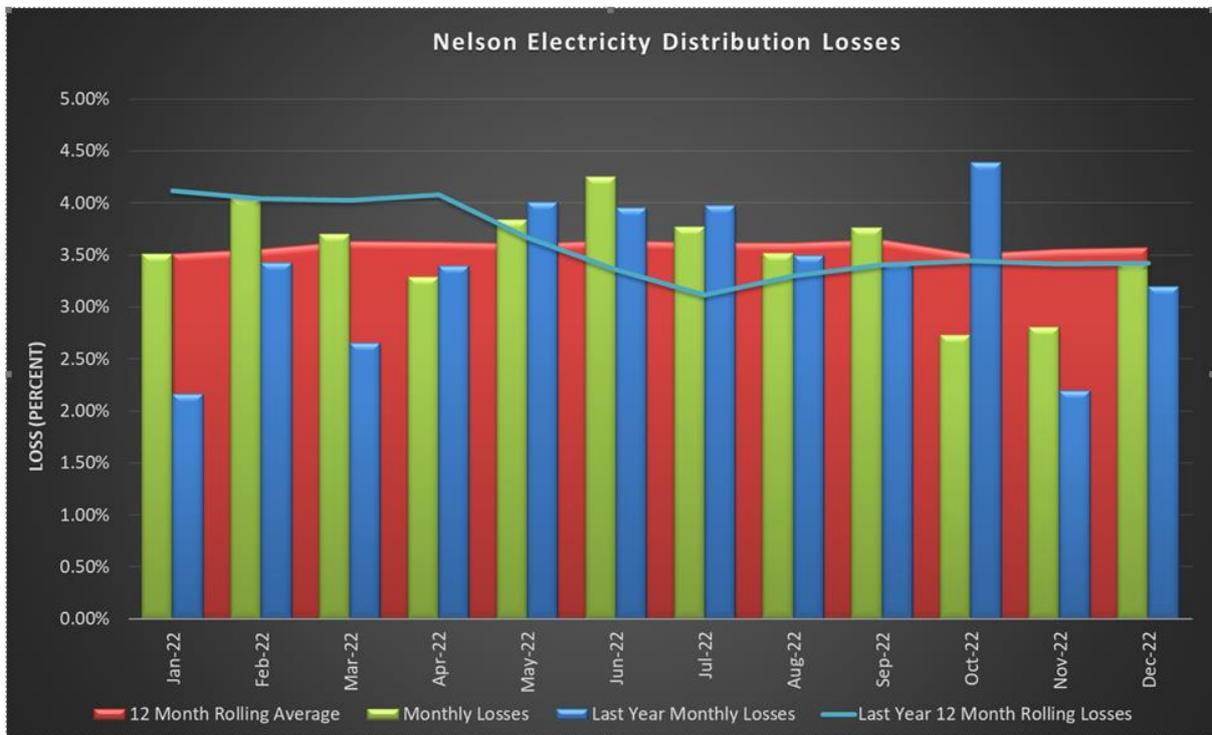
The “Guidelines on the calculation and the use of loss factors for reconciliation purposes” was published on 26 June 2018. I have assessed NEL’s process and compliance against the guideline’s recommended thresholds.

I reviewed correspondence and documentation relating to the loss factor review.

#### Audit commentary

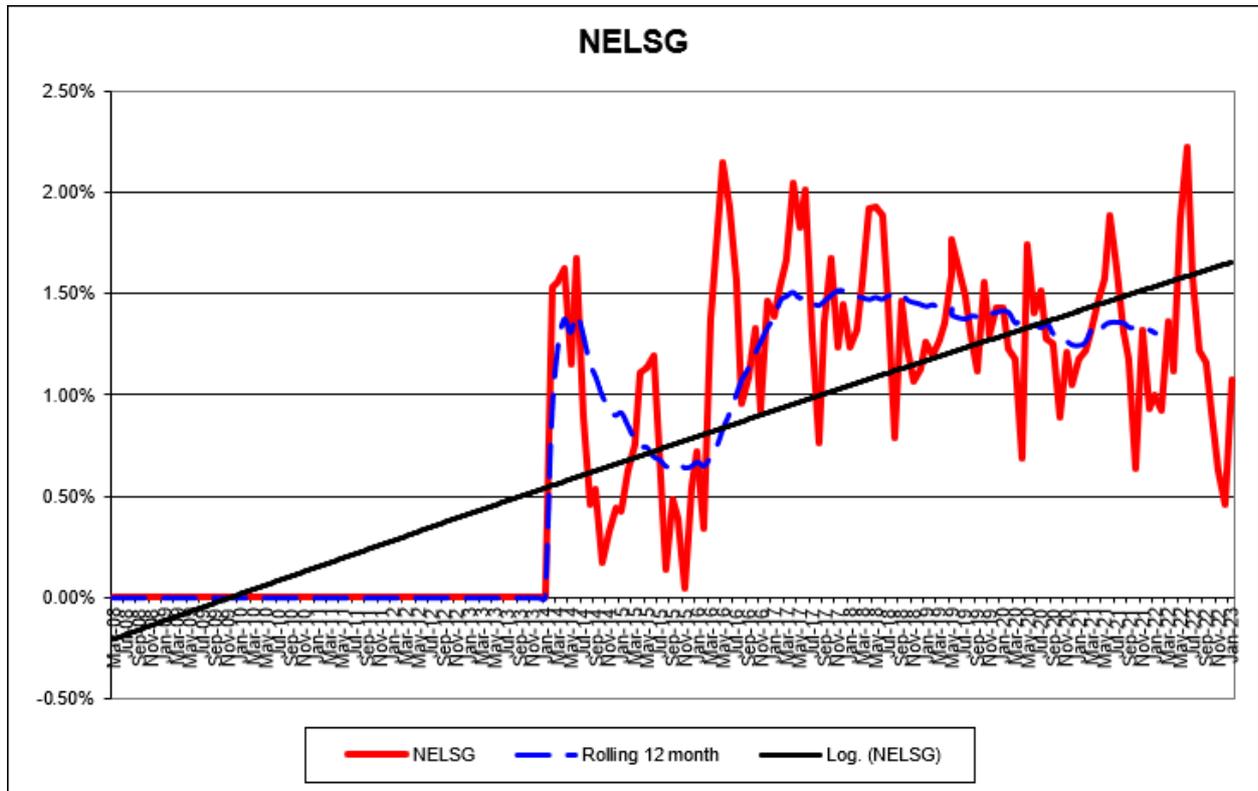
NEL reviews the loss factors at least annually and the process is in alignment with the EA Guidelines.

NEL also complete a monthly review of losses using NEL billed information, and this is reported to the NEL Board. The table below indicates that the losses are stable at 3.5% +/-0.5%.



NEL also undertake an annual reconciliation loss assessment prior to each pricing reset.

I was provided by the Electricity Authority the UFE graph, which indicate that losses are potentially too low by 1%. This is detailed in the graph below.



As previously reported the UFE for Network Tasman also appear to be running outside of the +/- 1% expected threshold. This was investigated by Bernie Cross (Contact Energy) and Steve Woods (Electricity Authority approved auditor). They came to the conclusion that the Network Tasman loss calculations appeared to be correct and that potentially the losses being calculated by the Reconciliation Manager’s system needed to be reviewed. As reported in the Network Tasman audit, the Reconciliation Manager indicated in an email dated December 17, 2018, to Network Tasman, that this was going to be investigated in conjunction with Ron Beatty from the Electricity Authority. That Reconciliation Manager has since left and there has been no further communication in relation to this. I raised this as an issue to be investigated in the Network Tasman Distributor audit in 2022 and raise it again here too. The UFE appears to track outside of the expected thresholds for both networks since the grid connection for NEL was established in 2014.

Issue	Description	Remedial action
Loss factors	Investigation required into the UFE calculations used by the Reconciliation Manager system.	

**Audit outcome**

Compliant

## CONCLUSION

The audit was conducted in accordance with the Guideline for Distributor Audits V7.2, which was produced by the Electricity Authority.

NEL have robust processes in place and complete regular checks to identify any discrepancies between the Access ICP management database and the registry. The processes are manual, and for the small volume of changes this is manageable. Any discrepancies are quickly identified and resolved.

Overall, the level of compliance is high, and controls generally found to be strong. The audit found five non-compliances and makes no recommendations. The audit risk rating is six, and the next audit frequency table indicates that the next audit be due in 18 months. I have considered this in conjunction with NEL's responses and I recommend that the next audit is in 24 months.

## PARTICIPANT RESPONSE

NELS has reviewed this report and their comments are contained within the report.