

Electricity Industry Participation Code Amendment (Requirements and Processes for Audits) 2016

Under section 38 of the Electricity Industry Act 2010, and having complied with section 39 of that Act, I make the following amendment to the Electricity Industry Participation Code 2010.

At Wellington on the 27th day of June 2016



Dr Thomas Brent Layton
Chairperson
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Certified in order for signature:



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24 June 2016

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Amendment

1 Title

This is the Electricity Industry Participation Code Amendment (Requirements and Processes for Audits) 2016.

2 Commencement

This amendment comes into force on 1 June 2017.

3 Code amended

This amendment amends the Electricity Industry Participation Code 2010.

4 Clause 1.1 amended (Interpretation)

(1) In clause 1.1, replace the definition of **auditor** with:

"**auditor** means,—

"(a) for the purposes of Parts 10, 11, 15 and 16A, a person—

"(i) approved or appointed by the **Authority** to carry out an **audit**; or

"(ii) the **Authority**, if the **Authority** carries out an **audit** itself; and

"(b) for all other Parts of this Code, a person carrying out an **audit**".

(2) In clause 1.1, revoke the definition of **relevant participant**.

5 Clause 10.1 amended (Contents of this Part)

Revoke clause 10.1(e).

6 Clause 10.17 revoked (Audits)

Revoke clause 10.17.

7 New clauses 10.17A and 10.17B inserted

After the revoked clause 10.17, insert:

"10.17A Metering equipment providers and ATHs to arrange for regular audits

Each **metering equipment provider** and each **ATH** must arrange to be **audited** regularly in accordance with Part 16A in respect of the **metering equipment provider's** or **ATH's** obligations under this Part.

"10.17B Authority and participant requested audits

"(1) The **Authority** may at any time carry out, or appoint an **auditor** to carry out, an **audit** of a **participant** in respect of the **participant's** obligations under this Part.

"(2) If a **participant** considers that another **participant** may not have complied with this Part, the **participant** may request that the **Authority** carry out, or appoint an **auditor** to carry out, an **audit** of the other **participant**.

"(3) Part 16A applies to an **audit** carried out under this clause."

8 Clause 10.20 amended (Obligations of metering equipment provider)

Revoke clause 10.20(a).

9 Clause 10.40 amended (General requirements for approval as ATH)

In clause 10.40(2)(b), replace "Schedule 10.3" with "Part 16A".

10 Schedule 10.2 revoked

Revoke Schedule 10.2.

11 Schedule 10.3, clause 1 amended

(1) In Schedule 10.3, clause 1(2)(a)(i), replace "clause 2" with "Part 16A".

(2) In Schedule 10.3, revoke clause 1(4)(c).

- 12 Schedule 10.3, clause 2 revoked**
In Schedule 10.3, revoke clause 2.
- 13 Schedule 10.3, clause 3 amended**
In Schedule 10.3, clause 3, replace "AS/NZS ISO 9001:2000" with "AS/NZS ISO 9001:2008 or AS/NZS ISO 9001:2016" in each place.
- 14 Schedule 10.3, clause 4 amended**
In Schedule 10.3, clause 4, replace "AS/NZS ISO 9001:2000" with "AS/NZS ISO 9001:2008 or AS/NZS ISO 9001:2016" in each place.
- 15 New clause 4A of Schedule 10.3 inserted**
In Schedule 10.3, after clause 4, insert:
"4A Incorporation of AS/NZS ISO 9001:2008 and AS/NZS ISO 9001:2016 by reference
"(1) The New Zealand Standards AS/NZS ISO 9001:2008 and AS/NZS ISO 9001:2016 are incorporated by reference in this Code in accordance with section 32 of the Act.
"(2) Subclause (1) is subject to Schedule 1 of the Act, which includes a requirement that the Authority must give notice in the *Gazette* before an amended AS/NZS ISO 9001:2008 or AS/NZS ISO 9001:2016 becomes incorporated by reference in this Code.
"(3) Clause 10.10 does not apply in relation to the incorporation by reference of AS/NZS ISO 9001:2008 or AS/NZS ISO 9001:2016."
- 16 Schedule 10.4, clause 17 amended**
In Schedule 10.4, clause 17, replace "AS/NZS ISO 9001:2000" with "AS/NZS ISO 9001:2008 or AS/NZS ISO 9001:2016".
- 17 Schedule 10.5 revoked**
Revoke Schedule 10.5.
- 18 Clause 11.8B replaced (Metering equipment provider audits)**
Replace clause 11.8B with:
"11.8B Metering equipment providers to arrange for regular audits
Each **metering equipment provider** must arrange to be **audited** regularly in accordance with Part 16A in respect of the **metering equipment provider's** obligations under this Part."
- 19 Clause 11.10 replaced (Distributors' processes to be audited)**
Replace clause 11.10 with:
"11.10 Distributors to arrange for regular audits
Each **distributor** must arrange to be **audited** regularly in accordance with Part 16A in respect of the **distributor's** obligations under this Part."
- 20 Clause 11.11 replaced (Audits requested by Authority or participant)**
Replace clause 11.11 with:
"11.11 Authority and participant requested audits
"(1) The **Authority** may at any time carry out, or appoint an **auditor** to carry out, an **audit** of a **participant** in respect of the **participant's** obligations under this Part.

- "(2) If a **participant** considers that another **participant** may not have complied with this Part, the **participant** may request that the **Authority** carry out, or appoint an **auditor** to carry out, an **audit** of the other **participant**.
- "(3) Part 16A applies to an **audit** carried out under this clause."

21 Clause 11.12 revoked (Audits)

Revoke clause 11.12.

22 Clause 11.13 revoked (Audit reports provided to Authority)

Revoke clause 11.13.

23 Clause 15.1 amended (Contents of this Part)

In clause 15.1(i), delete "**auditors**".

24 Clause 15.37 revoked (Audits)

Revoke clause 15.37.

25 New clauses 15.37A, 15.37B, and 15.37C inserted

After the revoked clause 15.37, insert:

"15.37A Reconciliation participants and dispatchable load purchasers to arrange for regular audits

Each **reconciliation participant** and each **dispatchable load purchaser** must arrange to be **audited** regularly in accordance with Part 16A in respect of the **reconciliation participant's** or **dispatchable load purchaser's** obligations under this Part.

"15.37B Retailers to arrange for audits in respect of distributed unmetered load

Each **retailer** that is responsible for **distributed unmetered load** must arrange for an **audit** to be carried out in accordance with Part 16A in respect of the **distributed unmetered load** that verifies that—

- "(a) the **retailer's distributed unmetered load** database complies with clause 11 of Schedule 15.3; and
- "(b) the information recorded in the **retailer's distributed unmetered load** database is complete and accurate; and
- "(c) **volume information** for the **distributed unmetered load** is being calculated accurately and **profiles** have been correctly applied.

"15.37C Authority and participant requested audits

- "(1) The **Authority** may at any time carry out, or appoint an **auditor** to carry out, an **audit** of a **participant** in respect of the **participant's** obligations under this Part.
- "(2) If a **participant** considers that another **participant** may not have complied with this Part, the **participant** may request that the **Authority** carry out, or appoint an **auditor** to carry out, an **audit** of the other **participant**.
- "(3) Part 16A applies to an **audit** carried out under this clause."

26 Clause 15.38 amended (Functions requiring certification)

- (1) In clause 15.38(1), replace "A **reconciliation participant**" with "Subject to clauses 2A and 2B of Schedule 15.1, a **reconciliation participant**".
- (2) Revoke clause 15.38(2).

27 Heading to Schedule 15.1 amended

In the heading to Schedule 15.1, replace "**Audit and certification**" with "**Certification**".

28 Schedule 15.1, clause 1 amended

- (1) In Schedule 15.1, clause 1, revoke paragraphs (a) and (c).
- (2) In Schedule 15.1, clause 1(b), replace "; and" with "."

29 New clauses 2A and 2B of Schedule 15.1 inserted

In Schedule 15.1, after the revoked clause 2, insert:

"2A Requirement for certification

- "(1) Despite clause 15.38(1), a **reconciliation participant** that is required to obtain **certification** under clause 15.38 must obtain **certification** no later than,—
 - "(a) in the case of a **reconciliation participant** that is recorded in the **registry** as being responsible for fewer than 100 **ICPs** of the kind described in subclause (2), 12 months after the **reconciliation participant** first performs a function specified in clause 15.38(1); or
 - "(b) in every other case, the later of—
 - "(i) 6 months after the date on which the **reconciliation participant** first performs a function specified in clause 15.38(1); or
 - "(ii) the date on which the **reconciliation participant** is recorded in the **registry** as being responsible for 100 or more **ICPs** of the kind described in subclause (2).
- "(2) The kind of **ICP** referred to in subclause (1) is an **ICP** at which there is—
 - "(a) 1 or more **category 1 metering installations** and no other kind of **metering installation**; and
 - "(b) no **unmetered load**.

"2B Reconciliation participants to obtain Authority approval before performing certain functions

- "(1) A **reconciliation participant** that proposes to perform a function listed in clause 15.38(1) without obtaining **certification** (in reliance on clause 2A) must obtain the **Authority's** prior approval.
- "(2) The **Authority** must give its approval if it is satisfied, on the basis of information provided to it by the **reconciliation participant**, that the **reconciliation participant** complies with such of the requirements specified in subclause (3) as are relevant to the **reconciliation participant**.
- "(3) The requirements are that the **reconciliation participant** must—
 - "(a) be capable of producing **submission information** accurately;
 - "(b) be capable of performing the functions described in clause 15.38(1)(d);
 - "(c) be capable of switching an **ICP** in accordance with Schedule 11.3;
 - "(d) be capable of managing an **ICP** in accordance with Schedule 11.1;
 - "(e) understand its obligations under this Code."

30 Schedule 15.1, clause 5 amended

- (1) In Schedule 15.1, in clause 5(1)(a),—
 - (a) replace "clause 11" with "Part 16A"; and
 - (b) replace "; and" with "."
- (2) In Schedule 15.1, revoke clause 5(1)(b).
- (3) In Schedule 15.1, revoke clause 5(3).

31 Schedule 15.1, clause 6 amended

In Schedule 15.1, clause 6, replace "publish" with "**publicise**".

32 Schedule 15.1, clause 7 amended

- (1) In Schedule 15.1, clause 7, replace "12 calendar months" with "24 months" in each place.
- (2) In Schedule 15.1, clause 7(2), replace "clause 11" with "Part 16A".

33 Schedule 15.1, clause 8 amended

- (1) In Schedule 15.1, revoke clause 8(1).
- (2) In Schedule 15.1, in clause 8, after the revoked subclause (1), insert:
"(1A) If there is a material change to a **reconciliation participant's** systems or processes such that an **audit** is required under clause 16A.11, the **Authority** must, on receiving the **audit** report required by that clause, decide whether to continue the **reconciliation participant's certification.**"
- (3) In Schedule 15.1, clause 8(2), replace "continue a" with "continue the".
- (4) In Schedule 15.1, clause 8(3),—
 - (a) delete "deemed to be"; and
 - (b) in paragraph (a), replace "give the notice required by subclause (1)" with "provide an **audit** report to the **Authority** in accordance with clause 16A.11".

34 Schedule 15.1, clauses 8A to 19 revoked

In Schedule 15.1, revoke clauses 8A to 19.

35 Schedule 15.3, clause 11 amended

- (1) In Schedule 15.3, in clause 11(2),—
 - (a) replace paragraph (a) with:
"(a) each **ICP identifier** for which the **retailer** is responsible, and to which **distributed unmetered load** is **connected**; and
"(aa) the item or items of **distributed unmetered load** associated with each **ICP identifier**; and"; and
 - (b) in paragraph (b), delete "of load"; and
 - (c) in paragraph (c), replace "for each item of load" with "for each item,"; and
 - (d) in paragraph (d), replace "of load in kW" with "in watts".
- (2) In Schedule 15.3, after clause 11(2), insert:
"(2A) Each **retailer** must ensure that each item of **distributed unmetered load** for which the **retailer** is responsible is recorded in the database in accordance with this clause."
- (3) In Schedule 15.3, revoke clause 11(5).

36 New Part 16A inserted (Audits)

After the revoked Part 16 of the Electricity Industry Participation Code 2010, insert the new Part 16A set out in the Schedule of this amendment.

37 New cross heading and clauses 17.295A to 17.295F inserted

After the revoked clause 17.295, insert:

"Transitional provisions relating to Part 16A

"17.295A Metering equipment provider audits

- "(1) If, on the date that the Electricity Industry Participation Code Amendment (Requirements and Processes for Audits) 2016 comes into force, the **Authority** has

specified a date under clause 1(1)(b) of Schedule 10.5 by which a **metering equipment provider** must ensure that an **audit** is carried out, the **metering equipment provider** must ensure that an **audit** is completed in accordance with Part 16A by the later of—

- "(a) the date that the **Authority** has specified; or
 - "(b) the date that is 1 month after the date that the Electricity Industry Participation Code Amendment (Requirements and Processes for Audits) 2016 comes into force.
- "(2) If, on the date that the Electricity Industry Participation Code Amendment (Requirements and Processes for Audits) 2016 comes into force, the **Authority** has not specified a date under clause 1(1)(b) of Schedule 10.5 by which a **metering equipment provider** must ensure that an **audit** is carried out,—
- "(a) the **Authority** must, no later than 1 month after the date that the Electricity Industry Participation Code Amendment (Requirements and Processes for Audits) 2016 comes into force, specify a date by which the **metering equipment provider** must ensure that an **audit** is carried out in accordance with Part 16A; and
 - "(b) the **metering equipment provider** must comply with that requirement.
- "(3) Clause 16A.17 applies to a **metering equipment provider** to which subclauses (1) or (2) apply as if the **audit** completed under those subclauses were the initial **audit** required under clause 16A.17(a).

"17.295B ATH audits

- "(1) If, on the date that the Electricity Industry Participation Code Amendment (Requirements and Processes for Audits) 2016 comes into force, the **Authority** has specified a date under clause 1(4)(c) of Schedule 10.3 by which an **ATH** must ensure that an **audit** is carried out, the **ATH** must ensure that an **audit** is completed in accordance with Part 16A by the later of—
- "(a) the date that the **Authority** has specified; or
 - "(b) the date that is 1 month after the date that the Electricity Industry Participation Code Amendment (Requirements and Processes for Audits) 2016 comes into force.
- "(2) If, on the date that the Electricity Industry Participation Code Amendment (Requirements and Processes for Audits) 2016 comes into force, the **Authority** has not specified a date under clause 1(4)(c) of Schedule 10.3 by which an **ATH** must ensure that an **audit** is carried out,—
- "(a) the **Authority** must, no later than 1 month after the date that the Electricity Industry Participation Code Amendment (Requirements and Processes for Audits) 2016 comes into force, specify a date by which the **ATH** must ensure that an **audit** is carried out in accordance with Part 16A; and
 - "(b) the **ATH** must comply with that requirement.
- "(3) Clause 16A.19 applies to an **ATH** to which subclauses (1) or (2) apply as if the **audit** completed under those subclauses were the initial **audit** required under clause 16A.19(a).

"17.295C Distributor audits

- "(1) If, immediately before the Electricity Industry Participation Code Amendment (Requirements and Processes for Audits) 2016 comes into force, a **distributor** was required to arrange for an **audit** to be completed by a date determined in accordance with clause 11.10(1)(b), the **distributor** must ensure that an **audit** is completed in accordance with Part 16A by the later of—

- "(a) the date determined in accordance with clause 11.10(1)(b); or
 - "(b) the date that is 1 month after the date that the Electricity Industry Participation Code Amendment (Requirements and Processes for Audits) 2016 comes into force.
- "(2) Clause 16A.22 applies to a **distributor** to which subclause (1) applies as if the **audit** completed under that subclause were the initial **audit** required under clause 16A.22(a).

"17.295D Reconciliation participant audits

- "(1) If, immediately before the Electricity Industry Participation Code Amendment (Requirements and Processes for Audits) 2016 comes into force, a **reconciliation participant** was required to provide a final **audit** report to the **Authority** by a date determined in accordance with clause 11(1) of Schedule 15.1, the **reconciliation participant** must ensure that an **audit** is completed in accordance with Part 16A by the later of—
- "(a) the date determined in accordance with clause 11(1) of Schedule 15.1; or
 - "(b) the date that is 1 month after the date that the Electricity Industry Participation Code Amendment (Requirements and Processes for Audits) 2016 comes into force.
- "(2) Clause 16A.24 applies to a **reconciliation participant** to which subclause (1) applies as if the **audit** completed under that subclause were the initial **audit** required under clause 16A.24(a).

"17.295E Dispatchable load purchaser audits

- "(1) If, immediately before the Electricity Industry Participation Code Amendment (Requirements and Processes for Audits) 2016 comes into force, a **dispatchable load purchaser** was required to provide a final **audit** report to the **Authority** by a date determined in accordance with clause 11(1) of Schedule 15.1, the **dispatchable load purchaser** must ensure that an **audit** is completed in accordance with Part 16A by the later of—
- "(a) the date determined in accordance with clause 11(1) of Schedule 15.1; or
 - "(b) the date that is 1 month after the date that the Electricity Industry Participation Code Amendment (Requirements and Processes for Audits) 2016 comes into force.
- "(2) Clause 16A.25 applies to a **dispatchable load purchaser** to which subclause (1) applies as if the **audit** completed under that subclause were the initial **audit** required under clause 16A.25(a).

"17.295F Distributed unmetered load audits

- "(1) A retailer that is responsible for **distributed unmetered load** on the date that Electricity Industry Participation Code Amendment (Requirements and Processes for Audits) 2016 comes into force must ensure that an **audit** is completed in accordance with Part 16A no later than 12 months after that date.
- "(2) Clause 16A.26(1) applies to a **retailer** to which subclause (1) applies as if the **audit** completed under that subclause were the initial **audit** required under clause 16A.26(1)(a)."

Schedule
New Part 16A inserted

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Electricity Industry Participation Code 2010

Part 16A
Audits

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Subpart 7—Distributed unmetered load audits

16A.26 Time frame for distributed unmetered load audits

16A.1 Contents of this Part

This Part specifies obligations on **participants** that perform functions under Parts 10, 11, and 15 in respect of **audits** required under the following clauses:

- (a) 10.17A (Metering equipment providers and ATHs to arrange for regular audits):
- (b) 10.17B (Authority and participant requested audits):
- (c) 11.8B (Metering equipment providers to arrange for regular audits):
- (d) 11.10 (Distributors to arrange for regular audits):
- (e) 11.11 (Authority and participant requested audits):
- (f) 15.37A (Reconciliation participants and dispatchable load purchasers to arrange for regular audits):
- (g) 15.37B (Retailers to arrange for audits in respect of distributed unmetered load):
- (h) 15.37C (Authority and participant requested audits).

16A.2 Purpose of this Part

The purpose of this Part is to require the performance of **audits** to support the accurate settlement and operation of the wholesale **electricity** market.

Subpart 1—Conduct of audits generally

16A.3 Auditors

- (1) An **audit** must be undertaken by—
 - (a) the **Authority**; or
 - (b) an **auditor** appointed by the **participant** that is the subject of the proposed **audit**, from the list of **auditors publicised** by the **Authority** under clause 16A.5(6).
- (2) Despite subclause (1)(b), if an **audit** is carried out under clause 10.17B, 11.11, or 15.37C,—
 - (a) the **Authority** must carry out the **audit** or appoint an **auditor** to carry out the **audit**; and
 - (b) an **auditor** appointed by the **Authority** need not be an **auditor** from the list of **auditors publicised** by the **Authority** under clause 16A.5(6).

16A.4 Participants to give access

- (1) A **participant** must give the **Authority** or an **auditor** full access to all information that may be required for the purposes of carrying out an **audit**.
- (2) The **participant** must provide the information—
 - (a) at no charge; and
 - (b) no later than 15 **business days** after receiving a request for the information from the **Authority** or an **auditor**, as the case may be.

16A.5 Approval of auditors by the Authority

- (1) The **Authority**—
 - (a) may approve a person to be an **auditor**; and

- (b) must specify the types of **audits** for which each such person is approved.
- (2) An applicant for approval as an **auditor**, or renewal of an existing approval, must apply to the **Authority** using the **prescribed form**.
- (3) The **Authority** may require an applicant to do any or all of the following:
 - (a) provide additional information or clarify any information provided:
 - (b) attend an interview:
 - (c) undertake an examination.
- (4) The **Authority** must, no later than 2 months after receiving an application and, if applicable, the applicant has complied with subclause (3)—
 - (a) make a decision in relation to the application; and
 - (b) advise the applicant of the decision.
- (5) If the **Authority** approves an application, the **Authority** must specify the date on which the approval expires in its advice to the applicant under subclause (4)(b), which must not be more than 36 months after the date of the approval.
- (6) The **Authority** must **publicise**, and keep updated, a list of the **auditors** that the **Authority** has approved, and the types of **audits** for which each **auditor** is approved.

16A.6 Expiry and cancellation of approval

- (1) An **auditor's** approval expires on the date specified for its expiry under clause 16A.5(5).
- (2) The **Authority** may cancel an **auditor's** approval at any time by advising the **auditor** in writing.
- (3) The cancellation or expiry of an **auditor's** approval does not invalidate an **audit** previously completed by the **auditor**, but an **audit** completed after the date on which the **Authority** cancelled the **auditor's** approval, or after the date on which the **auditor's** approval expired, is not a valid **audit** for the purposes of this Code.

16A.7 Requirement to appoint new auditor

- (1) Unless otherwise agreed with the **Authority**, a **participant** must appoint a new **auditor** to perform a type of **audit** at the later of—
 - (a) 24 months after an **auditor** first performs an **audit** of that type in respect of the **participant**; or
 - (b) after an **auditor** has performed 2 consecutive **audits** of that type in respect of the **participant**.
- (2) A new **auditor** is an **auditor** that did not perform the last **audit** of the relevant type in respect of the **participant**.
- (3) For the purposes of subclause (1),—
 - (a) an **audit** completed under clause 16A.11 must be disregarded in determining the number of **audits** that an **auditor** has performed; and
 - (b) a type of **audit** refers to an **audit** under any 1 of paragraphs (a), (c), (d), (f) or (g) of clause 16A.1.

16A.8 Combined audits

- (1) A **participant** that is required to carry out an **audit** in accordance with this Part under more than 1 clause of this Code must arrange for a single **audit** report to be completed in respect of all of its obligations that relate to its role as a single type of industry **participant** or industry service provider.

- (2) A **participant** that is required to carry out an **audit** in accordance with this Part in relation to more than 1 of its roles as an industry **participant** or industry service provider must arrange for a separate **audit** report to be completed in respect of its obligations for each of those roles.
- (3) For example, a **participant** that is both a **metering equipment provider** and a **reconciliation participant**—
 - (a) must arrange for a single **audit** report to be completed that relates to all of its obligations as a **metering equipment provider**; and
 - (b) must arrange for a separate **audit** report to be completed that relates to its obligations as a **reconciliation participant**.
- (4) Despite subclauses (1) and (2), a **retailer** that is responsible for **distributed unmeasured load** must ensure that a separate **audit** report is completed in respect of the **distributed unmeasured load** from any other **audit** report required under this Code.

16A.9 Authority may specify emphasis or scope of audit

- (1) If the **Authority** advises a **participant** that it requires an **audit** to give emphasis to any aspect of the **participant's** systems or processes, the **participant** must instruct the **auditor** to give emphasis to that aspect in the **audit** report.
- (2) If an **audit** is carried out under clause 10.17B, 11.11, or 15.37C, the **Authority** may specify the scope of the **audit**.
- (3) If the **Authority** advises a **participant** under subclause (1), or specifies the scope of an **audit** under subclause (2), the **Authority** must give the **participant** concerned its reasons for doing so.

16A.10 Agent audits

If a **participant** appoints an agent to perform any of the **participant's** obligations under this Code in respect of which an **audit** is required under the any of the clauses specified in clause 16A.1, the **participant** must ensure that—

- (a) the agent has been **audited** to a standard that would have been required if the **participant** had performed the obligations itself; and
- (b) the information produced as a result of the **audit** of the agent is included in the **auditor's audit** report produced under clause 16A.12.

16A.11 Audit required if participant makes material change

- (1) If there is a material change to any of a **participant's** systems or processes that are the subject of regular **audits** under clause 10.17A, 11.8B, 11.10, 15.37A or 15.37B, the **participant** must arrange for an additional **audit**, which must be completed in accordance with this Part no later than 5 **business days** before the change is implemented.
- (2) For the purposes of subclause (1), a material change to a system or process is a change that is likely to affect the ability of the **participant** to comply with any relevant provision of this Code.

16A.12 Process for completion of audits

- (1) Subject to subclause (2), a **participant** that is the subject of an **audit** must ensure that the **auditor** carrying out the **audit** complies with the following requirements:
 - (a) the **audit** report must be in the **prescribed form**:

- (b) the **auditor** must send a draft of the **audit** report, setting out the provisional findings of the **audit**, to the **participant** that is the subject of the **audit**;
- (c) the **auditor** must consider any comments it receives from the **participant** about the draft **audit** report;
- (d) the **auditor** must produce a final **audit** report and give the report to the **participant** after considering any comments under paragraph (c);
- (e) the final **audit** report must—
 - (i) list each agent engaged by the **participant** to perform any of the **participant's** activities under the relevant provisions of this Code, and details of the obligations that the agent performs; and
 - (ii) identify, in relation to the relevant period, the extent to which the **participant** has failed to comply with the provisions of this Code to which the **audit** relates; and
 - (iii) identify any areas for improvement; and
 - (iv) specify any conditions that the **auditor** considers the **participant** must satisfy in order to comply with the provisions of this Code to which the **audit** relates, and any action that the **participant** has taken in respect of those conditions; and
 - (v) include a recommendation as to the date by which the **auditor** considers that the **participant** should complete its next **audit**; and
 - (vi) include any of the **participant's** comments on the draft **audit** report that the **auditor** considers relevant.
- (2) If the **Authority** carries out the **audit**, or appoints an **auditor** to carry out the **audit**, the **Authority** must ensure that the requirements specified in subclause (1) are complied with.

16A.13 Participants to give final audit report and compliance plan to the Authority

- (1) A **participant** must give the final **audit** report to the **Authority** no later than the date by which the **audit** is due to be completed.
- (2) Each **participant** must submit a compliance plan to the **Authority** when it gives a final **audit** report to the **Authority** under subclause (1).
- (3) Each compliance plan and **audit** report must be in the **prescribed form**.
- (4) Each compliance plan must specify—
 - (a) the actions that the **participant** intends to take to address any breaches or potential breaches of this Code identified in the **audit** report; and
 - (b) the time frames within which the **participant** intends to complete those actions.
- (5) Subclause (2) does not apply if the relevant **audit** report in relation to a **participant** identifies no breaches or potential breaches of this Code.

16A.14 Authority to make determination as to next audit date

- (1) The **Authority** must, after receiving a final **audit** report and compliance plan (if any) from a **participant**, advise the **participant** of the date by which the next **audit** of the **participant** must be completed, which must be—
 - (a) no earlier than 3 months after the date on which the **Authority** advises the **participant** under this subclause; and
 - (b) no later than 36 months after the date of the last **audit**.
- (2) For the purposes of subclause (1) and clauses 16A.17, 16A.19, 16A.22, 16A.24, 16A.25, and 16A.26, an **audit** is complete when the **participant** that is the subject of the **audit**

gives the **Authority** the final **audit** report and a compliance plan (if any) under clause 16A.13.

- (3) This clause does not apply to **audits** carried out under clause 10.17B, 11.11, 15.37C, or 16A.11.

16A.15 Authority to publicise information

- (1) The **Authority** must **publicise** the following information:
- (a) each final **audit** report received under clause 16A.13:
 - (b) the compliance plan (if any) that the relevant **participant** submitted in relation to each final **audit** report:
 - (c) the date by which the next **audit** of the **participant** must be completed, as determined under clause 16A.14.
- (2) The **Authority** must **publicise** the information no later than 20 **business days** after advising the relevant **participant** of the date by which the next **audit** of the **participant** must be completed under clause 16A.14.
- (3) The **Authority** is not required to **publicise** the information if doing so—
- (a) would disclose a trade secret; or
 - (b) would be likely unreasonably to prejudice the commercial position of the person who supplied or is the subject of the information.

16A.16 Costs of audits

- (1) The cost of an **audit** carried out under clause 10.17A, 11.8B, 11.10, 15.37A, 15.37B, or 16A.11 must be met by the **participant** that is the subject of the **audit**.
- (2) The cost of an **audit** carried out under clause 10.17B, 11.11, or 15.37C must be met in accordance with subclauses (3) to (5).
- (3) If an **audit** establishes that the **participant** that was the subject of the **audit** has breached the relevant provisions of this Code, the cost of the **audit** must be met by,—
- (a) in respect of an **audit** carried out as a result of the **Authority** initiating the **audit**, the **participant** that was the subject of the **audit** and the **Authority**, in proportions to be determined by the **Authority**;
 - (b) in respect of an **audit** carried out in response to a request to the **Authority** under clause 10.17B(2), 11.11(2), or 15.37C(2), the **participant** that was the subject of the **audit** and the **participant** that requested the **audit**, in proportions to be determined by the **Authority**.
- (4) If the **audit** establishes that the **participant** that was the subject of the **audit** has not breached the relevant provisions of this Code, or if there was a breach but the **Authority** considers it to be minor, the cost of the **audit** must be met by,—
- (a) in respect of an **audit** carried out as a result of the **Authority** initiating the **audit**, the **Authority**;
 - (b) in respect of an **audit** carried out in response to a request to the **Authority** under clause 10.17B(2), 11.11(2), or 15.37C(2), the **participant** that was the subject of the **audit** and the **participant** that requested the **audit**, in proportions to be determined by the **Authority**.
- (5) The costs under subclauses (3) and (4)(b) must be paid by the **participants** no later than 10 **business days** after being advised of the amount owing.

Subpart 2—Metering equipment provider audits

16A.17 Time frame for metering equipment provider audits

In relation to **audits** required under clauses 10.17A and 11.8B, a **metering equipment provider** must ensure that—

- (a) an initial **audit** is completed no later than 3 months after the date on which the **metering equipment provider's** obligations under Part 10 commence in accordance with clause 10.19; and
- (b) further **audits** are completed as specified by the **Authority** under clause 16A.14.

16A.18 Additional requirements for metering equipment provider audits

In addition to the requirements specified in clauses 16A.3 to 16A.16, a **metering equipment provider** must ensure that an **auditor** carrying out an **audit** required under clause 10.17A or 11.8B **audits**—

- (a) the management and maintenance of each **metering installation** for which the **metering equipment provider** is responsible, including—
 - (i) maintenance of **metering records**; and
 - (ii) maintenance of **metering components**; and
 - (iii) **certification** of **metering components** and **metering installations**; and
 - (iv) **metering installations** that have been **certified** at a lower category under clause 6 of Schedule 10.7; and
 - (v) inspections of **metering installations** in accordance with this Code; and
 - (vi) investigations under clause 10.43(4); and
- (b) the **metering equipment provider's** provision of **metering records** to—
 - (i) the **registry**; and
 - (ii) the **reconciliation manager**; and
- (c) the **metering equipment provider's** provision of access under Part 10 to—
 - (i) **raw meter data**;
 - (ii) **metering records**;
 - (iii) the **metering installation**; and
- (d) the security of—
 - (i) each **metering installation** for which the **metering equipment provider** is responsible; and
 - (ii) if relevant, the **metering equipment provider's back office**; and
 - (iii) if relevant, the **communication** between the **metering equipment provider's back office** and the **metering installation**.

Subpart 3—ATH audits

16A.19 Time frame for ATH audits

In relation to **audits** required under clause 10.17A, an **ATH** (or an applicant for approval as an **ATH**) must ensure that—

- (a) an initial **audit** is completed no later than 2 months before the date on which the **ATH** (or the applicant for approval as an **ATH**) intends to be approved as an **ATH** under clause 1 of Schedule 10.3; and
- (b) further **audits** are completed as specified by the **Authority** under clause 16A.14.

16A.20 Additional requirements for class B ATH audits

In addition to the requirements specified in clauses 16A.3 to 16A.16, a **class B ATH** (or an applicant for approval as a **class B ATH**) must ensure that the **auditor** carrying out an **audit audits** the **class B ATH** (or the applicant) in respect of the requirements of NZ/AS ISO 17025 for **calibration** that apply to the performance of the functions for which the **class B ATH** (or the applicant) is being **audited**.

16A.21 Incorporation of NZ/AS ISO 17025 by reference

- (1) The New Zealand Standard NZ/AS ISO 17025 is incorporated by reference in this Code in accordance with section 32 of the **Act**.
- (2) Subclause (1) is subject to Schedule 1 of the **Act**, which includes a requirement that the **Authority** must give notice in the *Gazette* before an amended or substituted NZ/AS ISO 17025 becomes incorporated by reference in this Code.

Subpart 4—Distributor audits

16A.22 Time frame for distributor audits

In relation to **audits** required under clause 11.10, a **distributor** must ensure that—

- (a) an initial **audit** is completed no later than 3 months after the date on which the **distributor** has the first **NSP identifier** or **ICP identifier** recorded on the **registry** as being part of the **distributor's network**; and
- (b) further **audits** are completed as specified by the **Authority** under clause 16A.14.

16A.23 Additional requirements for distributor audits

In addition to the requirements specified in clauses 16A.3 to 16A.16, a **distributor** must ensure that the **auditor** carrying out an **audit audits** the **distributor's** processes and procedures in relation to—

- (a) the creation of **ICP identifiers** for **ICPs**; and
- (b) the provision of **ICP** information to the **registry** and the maintenance of that information; and
- (c) the creation and maintenance of **loss factors**.

Subpart 5—Reconciliation participant audits

16A.24 Time frame for reconciliation participant audits

In relation to **audits** required under clause 15.37A, a **reconciliation participant** (or an applicant for **certification** as a **reconciliation participant**) must ensure that—

- (a) an initial **audit** is completed no later than 2 months before the date on which the **reconciliation participant** (or the applicant for **certification** as a **reconciliation participant**) is required to be **certified** as a **reconciliation participant** under clause 2A of Schedule 15.1; and
- (b) further **audits** are completed as specified by the **Authority** under clause 16A.14.

Subpart 6—Dispatchable load purchaser audits

16A.25 Time frame for dispatchable load purchaser audits

In relation to **audits** required under clause 15.37A, a **dispatchable load purchaser** must ensure that—

- (a) an initial **audit** is completed no later than 4 months after the date on which the **system operator** approves the first device or group of devices in respect of the **purchaser** to be a **dispatch-capable load station** under clause 13.3A; and
- (b) further **audits** are completed as specified by the **Authority** under clause 16A.14.

Subpart 7—Distributed unmetered load audits

16A.26 Time frame for distributed unmetered load audits

- (1) In relation to **audits** required under clause 15.37B, a **retailer** that is responsible for **distributed unmetered load** must ensure that—
 - (a) an initial **audit** is carried out in respect of the **distributed unmetered load** no later than 3 months after the date on which information about an **ICP** associated with the **distributed unmetered load** is first provided by the **retailer** to the **reconciliation manager** as **submission information** under clause 15.4; and
 - (b) further **audits** are completed as specified by the **Authority** under clause 16A.14.
- (2) If responsibility for **distributed unmetered load** switches from one **retailer** to another, the **retailer** to which the responsibility switches must ensure that **audits** are completed in respect of the **distributed unmetered load** on the dates that would apply if the switch had not occurred.

Explanatory Note

This note is not part of the amendment, but is intended to indicate its general effect.

This amendment to the Electricity Industry Participation Code 2010 ("Code") comes into force on 1 June 2017.

The amendment inserts a new Part 16A into the Code and makes changes to Parts 1, 10, 11, 15 and 17 of the Code. The amendment clarifies the purpose of the participant audit regime. It improves the governance of the audit regime in order to better align it with international audit best practice. The amendment also improves the operational efficiency of the audit regime in order to better align it with the Electricity Authority's statutory objective.

Date of notification in the *Gazette*: 30 June 2016