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SUBMISSION ON RECONCILIATION PARTICIPANT AND DISTRIBUTOR AUDIT GUIDELINES

- 1 Orion welcomes the opportunity to submit on the paper recently released by the Electricity Commission (the *Commission*) – the *reconciliation participant and distributor audit guidelines discussion paper* (the *paper*) and the associated guidelines.
- 2 This letter comprises Orion's submission.

General comments

- 3 We consider that the guidelines provide a useful check list of the large number of obligations spread across multiple parts of the rules that participants need to comply with.
- 4 The reconciliation participants guidelines apply to a wide range of participant categories as indicated in paragraph 3.2 of the paper. The guideline for reconciliation participants audits V 1.0 is therefore very wide ranging and many of the rules included will not apply to all classes of participant. We consider it could be useful if the guidelines contained a column that indicated the classes of participant that a particular rule applies to.
- 5 Clause 11 of the guideline for reconciliation participants audits V 1.0 states that the audit report must comment on all matters raised in these guidelines. Clearly as indicated above not all rules in this guideline will apply to all participants and codifying the class of participant against the rules will allow just those rules pertaining to the particular participant class to be considered.
- 6 We consider that under clause 10 of the guideline for reconciliation participants audits V 1.0 the Audit report should identify the class of reconciliation participant that the audit applies to, for example Orion is both a reconciliation participant that sells

electricity to the clearing manager and a distributor. Audits of these separate functions could occur at different times and by a different auditor.

- 7 We consider that the scope of clause 11c of the guideline for reconciliation participants audits V 1.0 and the equivalent clause 12c in the Guidelines for Distributor audits v1.0 is inappropriate. As these clauses are drafted the audit report must comment on all matters raised in these guidelines including *“any matters the auditor considers relevant”* we consider that this does not provide any guidance to an auditor and potentially allows the auditor to consider anything. This clause should at the most relate to matters *which are relevant to the reconciliation process* as provided for in Rule 6.5 of Part J – schedule 1.
- 8 Clause 13b of the Guideline for Reconciliation Participants audits V 1.0 and the equivalent clause 14b in the Guideline for Distributor audits v 1.0 provide that the distributor has a reasonable opportunity to respond to the final draft audit. We consider that it would be useful if the guideline provided some guidance on what may constitute a reasonable time frame. We would suggest that initially a reasonable period could be [4] working weeks, this figure could be adjusted in the future once participants and auditors gain more experience with the process.
- 9 As the guidelines are not mandatory we consider that the column headed “Mandatory or Optional” in the appendices of both guidelines is unnecessary.

Concluding remarks

- 10 Thank you for the opportunity to make this submission. If you have any questions, please contact Dennis Jones (Industry Developments Manager) DDI 03 363 9526, email dennis.jones@oriongroup.co.nz.

Yours sincerely



Dennis Jones
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