

Reference number(s)	009 - ISO 9001 Sync with Class B ATH Application Period
Relevant clause(s)	Clause 4(1)(a) of Schedule 10.3 – Approval of class B ATHs
Problem definition	<p>Clause 4(1)(a) of Schedule 10.3 of the Code requires an applicant applying for approval, or renewal of approval, as a Class B ATH to hold, and comply with, ISO 9001 certification for at least the requested term of approval.</p> <p>ISO 9001 certification is normally granted for a period of three years.</p> <p>The Authority’s approval of a class B ATH is granted for a term of one year.</p> <p>Someone reapplying to be a class B ATH for a third consecutive year may not, at the time of reapplying for ATH approval, hold ISO 9001 certification for the entire ATH approval period. This mismatch comes about because:</p> <ol style="list-style-type: none"> a) the applicant must have ISO 9001 certification in place before it applies to the Authority for approval as an ATH, and b) the Authority grants approval for one year periods—meaning the ATH’s three-year ISO 9001 accreditation will expire before the ATH completes the third approval period. <p>Take the example of a class B ATH with ISO 9001 certification from 30 June 2016 to 30 June 2019, and which applies for ATH approval on 30 August each year.</p> <ul style="list-style-type: none"> • On 30 August 2016 it can confirm it will hold ISO certification until 30 August 2017 • On 30 August 2017 it can confirm it will hold ISO certification until 30 August 2018 • On 30 August 2018 it cannot confirm it will hold ISO certification until 30 August 2019, as its ISO certification expires on 30 June 2019. However, the ATH has full ISO processes in place and is very likely to gain ISO 9001 certification as part of its ISO recertification audit (held in May each third year). <p>In reality, an auditor reviewing the class B ATH as part of the Authority’s annual approval would, in examples like this, confirm the Class B ATH:</p> <ol style="list-style-type: none"> a) intended to hold ISO 9001 certification beyond 30 June 2019, and b) had audits, etc. planned so as to continue to hold ISO certification beyond this time. <p>This would provide the auditor with sufficient confidence that the ATH would remain fully compliant with the conditions of its approval, and would pose no risk to the accurate measurement of electricity for the duration of the approval period.</p> <p>However, the current drafting of the Code does not provide for the Authority to approve the applicant as a class B ATH, even when the applicant satisfies the Authority that it should be approved.</p> <p>The Authority considers that shortening the third approval period, to avoid an ATH breaching the requirement to hold ISO 9001 would be inefficient. It would require ATHs to reapply more frequently than is necessary, thereby</p>

	<p>incurring additional audit costs unnecessarily.</p> <p>Furthermore, this shortening would compound over time since ISO 9001 accreditation is always completed prior to the expiry of the current ISO 9001 accreditation—to ensure the ATH approval does not automatically cancel.</p>
Proposal	<p>The Authority proposes:</p> <ul style="list-style-type: none"> a) to remove the requirement for a class B ATH to hold ISO 9001 certification for the full term of its approval by the Authority b) to require a class B ATH to confirm, at the time of the audit that is undertaken as part of the Authority’s approval, that the class B ATH: <ul style="list-style-type: none"> i) holds ISO 9001 certification at the time of the audit, and ii) has appropriate plans in place to ensure that ISO 9001 certification continues to the end of the Authority’s 12 month approval period. <p>The ISO 9001 standard is a generic quality management standard. It focuses on the holder’s commitment to quality and customer satisfaction, as well as on continuous improvement. A deterioration in a class B ATH’s processes, to the point where ISO certification would not be granted at the next ISO review, would be apparent in the ATH’s work and would be identified in the audit undertaken as part of the Authority’s annual approval of the ATH.</p> <p>Also, clause 6 of Schedule 10.3 requires an ATH to advise the Authority of a reduction in the scope of the ATH’s ISO accreditation, which includes a loss of accreditation entirely. An ATH’s approval is automatically cancelled from the date of the reduction in scope, if the ATH fails to advise the Authority of the reduction.¹</p> <p>Therefore, we consider the requirement for an applicant class B ATH to prove it holds ISO 9001 certification for the entire period of its approval as a class B ATH is unnecessary. A class B ATH that is planning to renew its ISO 9001 certification, at the current scope, will have in place the appropriate controls and certifications throughout the Authority’s one year approval period, even if the existing ISO certification is only valid for some of the coming year. Any risk associated with the loss of ISO 9001 certification is managed through the requirements of clause 6 of Schedule 10.3 of the Code.</p> <p>We also propose to amend clause 4(1) of Schedule 10.3 to clarify that an applicant is requesting approval as a category B ATH for a pre-determined time period, rather than requesting the term of approval, which they cannot do since the Authority determines the term of approval.</p>
Proposed Code	We propose to amend clause 4 of Schedule 10.3 as follows:

¹ An ATH has an incentive to advise the Authority of any such reduction in scope. Doing so avoids situations where the ATH’s customers pay twice to have metering components and/or metering installations certified:

- 1) First, by the ATH whose reduced ISO accreditation means it has issued an invalid certification; and
- 2) Second, by an approved ATH whose ISO accreditation permits it to certify the metering component or metering installation.

<p>amendment</p>	<p>Schedule 10.3</p> <p>4 Approval of class B ATH</p> <p>(1) An applicant applying for approval, or renewal of approval, as a class B ATH must, as part of its application to the Authority, confirm that—</p> <p>(a) it holds and complies with AS/NZS ISO 9001:2008 or AS/NZS ISO 9001:2016 certification for at least the requested-term of the <u>requested approval</u>; and</p> <p>(b) the scope of its AS/NZS ISO 9001:2008 or AS/NZS ISO 9001:2016 certification covers the activities that it undertakes, or proposes to undertake; and</p> <p>(c) it will develop and at all times during the requested-term of the <u>requested approval</u> maintain a conflict of interest policy in compliance with AS/NZS ISO 17025.</p> <p><u>(1A) Despite subclause (1), an applicant may apply to the Authority for approval as a class B ATH without confirming that it holds and complies with AS/NZS ISO 9001:2008 or AS/NZS ISO 9001:2016 certification for at least the term of the requested approval, provided the applicant confirms as part of its application that—</u></p> <p><u>(a) it holds and complies with AS/NZS ISO 9001:2008 or AS/NZS ISO 9001:2016 certification at the time of the application and that certification expires during the approval period; and</u></p> <p><u>(b) it has in place appropriate plans to ensure that it renews its AS/NZS ISO 9001:2008 or AS/NZS ISO 9001:2016 certification for the term of the requested approval, so that its AS/NZS ISO 9001:2008 or AS/NZS ISO 9001:2016 certification remains in place continuously throughout the approval period.</u></p> <p>...</p>
<p>Assessment of proposed Code amendment against section 32(1) of the Act</p>	<p>The proposed Code amendment is consistent with the Authority’s objective, and section 32(1) of the Act, because it would contribute to the efficient operation of the electricity industry.</p> <p>It would do this by enabling a class B ATH to obtain approval for the maximum available term. This would reduce a Class B ATH’s audit and compliance costs every third year.</p> <p>The proposed amendment is expected to have no effect on competition or reliability of supply.</p>
<p>Assessment against Code amendment principles</p>	<p>The Authority is satisfied the proposed Code amendment is consistent with the Code amendment principles, to the extent they are relevant.</p>
<p>Principle 1: Lawfulness.</p>	<p>The proposed Code amendment is consistent with the Act, as discussed above in relation to the Authority’s statutory objective, and the requirements set out in section 32(1) of the Act.</p>
<p>Principle 2: Clearly Identified Efficiency</p>	<p>The proposed Code amendment is consistent with principle 2 because it addresses an identified efficiency gain, which requires a Code amendment</p>

Gain or Market or Regulatory Failure	to resolve.
Principle 3: Quantitative Assessment	Please refer to the assessment of costs and benefits in section 3 of the consultation paper.
Regulatory statement	
Objectives of the proposed amendment	The objective of the proposal is to ensure ATHs are able to obtain approval for the maximum available term, and the approval term is not artificially constrained by the timing of the ISO 9001 accreditation.
Evaluation of the costs and benefits of the proposed amendment	Please refer to the assessment of costs and benefits in section 3 of the consultation paper.
Evaluation of alternative means of achieving the objectives of the proposed amendment	The Authority has not identified an alternative means of achieving the objectives of the proposed Code amendment.