

JADE SOFTWARE CORPORATION (NZ) LIMITED ("JADE")

Reporting entity

E-GAS 2000 LIMITED AND E-GAS LIMITED

Participants allegedly in breach

THE AUCKLAND GAS COMPANY LIMITED

Party to some of the alleged breaches

NOVA GAS LIMITED

Party to some of the alleged breaches

Breach notice 2009-94

**Record of partial settlement of alleged breaches of Rule 69.2 and Rule 78.1 of
the Gas (Switching Arrangements) Rules 2008**

18 September 2009

Record of partial settlement of alleged breaches of Rules 69.2 and 78.1 of the Gas (Switching Arrangements) Rules 2008

Breach notice:

2009-94

Between:

Reporting entity:	Jade Software Corporation (NZ) Limited ("Jade")
Participant allegedly in breach:	E-Gas 2000 Limited and E-Gas Limited (together, "E-Gas")
Party to some of the alleged breaches:	The Auckland Gas Company Limited ("Akld Gas")
Party to some of the alleged breaches:	Nova Gas Limited ("Nova")

Background:

- A. On 1 July 2009, Jade notified the Market Administrator of alleged breaches (contained in breach notice 2009-94) of Rules 69.2 and 78.1 of the Gas (Switching Arrangements) Rules 2008 (the "Switching Rules") by E-Gas, namely that E-Gas was not complying with various timeframes prescribed by the Switching Rules.
- B. The Market Administrator referred 2009-94 to an investigator, Jacquie Kean, for investigation, on 24 July 2009. The investigator extended the time for investigation to 18 September 2009.
- C. As a result of the investigation, the following emerged (in summary):
 - a. E-Gas is not in breach of Rule 69.2 as alleged in S-EGLT-06009, 06010, or 06021, as in each case E-Gas had taken a step within the 23 business day period, in that it filed GNWs (gas switching withdrawal notices);
 - b. Otherwise, E-Gas admits that it breached Rule 69.2 as alleged. In some cases, having given a GAN (gas acceptance notice), it did not give a GTN (gas transfer notices) within 23 business days after receiving the GNT from the Registry (sometimes it did not do so for two months or so). In other cases, it engaged in a "ping-pong" of GNWs and GAWs (gas switching withdrawal responses) (a practice that appears to be in breach of Rule 78.5) for a prolonged period, frustrating switches for several months in some cases;
 - c. E-Gas admits that it breached Rule 78.1 as alleged in that it did not give GAWs within 5 business days of receiving GNWs;
 - d. On 22 July 2009, E-Gas gave an undertaking to change its approach and comply (as it is obliged to by law) with the timeframes in the Switching Rules. The breaches that are the subject of this record of settlement pre-date that undertaking.
- D. The parties have agreed to resolve 27 of the 44 alleged breaches in 2009-94 as set out in this record of partial settlement. The following alleged breaches are the subject of this record of partial settlement:
 - a. Alleged breaches of Rule 69.2 to which Nova is a party: S-EGAS-06003, 06006, 06008, 06009, 06010, 06015, 06016, and 06021;

- b. An alleged breach of Rule 69.2 to which Akld Gas is a party: S-EGLT-06028;
 - c. Other alleged breaches of Rule 69.2: S-EGAS-06005, and S-EGLT-06014, 06019, 06025 and 06027;
 - d. Alleged breaches of Rule 78.1 to which Akld Gas is a party: S-EGLT-06030 to 06035, 06037 to 06039, and 06041;
 - e. Other alleged breaches of Rule 78.1: S-EGAS-06011, and S-EGLT-06036 and 06040.
- E. The following 17 alleged breaches have not been settled and are not part of this partial settlement:
- a. Alleged breaches of Rule 69.2 to which Nova is a party: S-EGAS-06001, 06002, 06004, 06007, and 06009, and S-EGLT-06007, 06008, 06011, 06013, 06017 and 06018, 06020, and 06022 to 06024; and
 - b. Alleged breaches of Rule 69.2 to which Akld Gas is a party: S-EGLT-06012 and 06026.

Settlement:

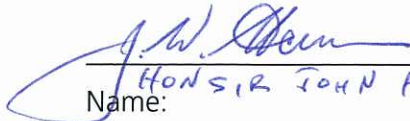
- 1) It has been agreed that the breaches outlined in paragraph D above should not be referred to the Rulings Panel for determination, for the following reasons:
 - a) E-Gas has taken steps to ensure compliance with the timeframes in the Switching Rules from 22 July 2009 onwards, namely a Chief Executive-driven undertaking (of that date) to comply with those timeframes, and the provision of one-on-one training for its staff on the regulatory requirements;
 - b) The switches that are the subject of this partial settlement have been resolved.
- 2) This partial settlement of breach notice 2009-94 is subject to the approval of the Rulings Panel pursuant to regulation 34 of the Gas Governance (Compliance) Regulations 2008. If the Rulings Panel approves this settlement, this settlement will be final and binding on the parties to the breaches outlined above in paragraph D and contained in 2009-94, on all participants, and on the Rulings Panel.

Acceptance of parties to settlement:

- Jade notified its acceptance of the terms of settlement in writing to the investigator on 15 September 2009
- The E-Gas companies notified their acceptance of the terms of settlement in writing to the investigator on 18 September 2009.
- Akld Gas and Nova notified their acceptance of the terms of settlement in writing to the investigator on 17 September 2009.

Rulings Panel:

I approve this partial settlement pursuant to regulation 34 of the Gas Governance (Compliance) Regulations 2008.


Name: HON SIR JOHN HANSEN KNZM
Date: 21.9.09.

Jacquie Kean

From: Gas Registry Administrator [gas.registry@jadeworld.com]
Sent: Tuesday, 15 September 2009 11:42 a.m.
To: Jacquie Kean
Cc: 'Gas Registry Administrator'
Subject: RE: Breach notice 2009-94 - E-Gas - draft record of partial settlement attached

Hi Jacquie

I can confirm that Jade has no objection to the terms of the proposed settlement.

Thanks

Greg Hay
Gas Registry Administrator
JADE Software Corporation Limited

Gas Registry Helpdesk 0800 652266
www.jadeworld.com

From: Jacquie Kean [mailto:Jacquie.Kean@gasindustry.co.nz]
Sent: Tuesday, 15 September 2009 11:24 a.m.
To: Gas Registry Administrator
Subject: Breach notice 2009-94 - E-Gas - draft record of partial settlement attached

Dear Greg,

Would Jade have any objection to the terms of settlement contained in the attached draft record of partial settlement?

Many thanks
Jacquie

Jacquie Kean
Investigator
Gas Industry Company Limited

www.gasindustry.co.nz

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Jacquie Kean

From: Charles Teichert [cteichert@novaenergy.co.nz]
Sent: Thursday, 17 September 2009 11:32 p.m.
To: Jacquie Kean
Cc: John Palmer
Subject: RE: Breach notice 2009-94

Hi Jacquie,

Nova and AGCL accept the terms of the settlement without prejudice to our rights regarding breaches by Egas of other rules or the same rules regarding these or any other switch events.

Regards

Charles

From: Jacquie Kean [mailto:Jacquie.Kean@gasindustry.co.nz]
Sent: Thu 17/09/2009 6:21 p.m.
To: Charles Teichert
Cc: John Palmer
Subject: Breach notice 2009-94

Dear Charles,

Could you please confirm that Nova and Akld Gas accept the terms of the attached record of partial settlement.

Regards
Jacquie

Jacquie Kean
Investigator
Gas Industry Company Limited

www.gasindustry.co.nz



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Jacquie Kean

From: Rodney Moore [rodneym@e-gas.co.nz]
Sent: Friday, 18 September 2009 12:35 p.m.
To: Jacquie Kean
Cc: Ron Rosenberg; Syd Hunt
Subject: RE: Breach notice 2009-94

Hi Jacquie

E-Gas accepts the partial settlement of breach notice 2009-94.

Regards

Rodney Moore
Sales Support Manager

DDI: (04) 477 7389
Mob: 027 221 3432
Fax: (04) 499 4965
Freephone: 0800 432 876

From: Jacquie Kean [mailto:Jacquie.Kean@gasindustry.co.nz]
Sent: Thursday, September 17, 2009 6:20 PM
To: Rodney Moore; Ron Rosenberg; Syd Hunt
Subject: Breach notice 2009-94

Dear Rodney,

Please confirm that E-Gas accepts the terms of the partial settlement of the attached breach notice.

Regards
Jacquie

Jacquie Kean
Investigator
Gas Industry Company Limited

www.gasindustry.co.nz



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