Assessment Report

Assessment of Vector Limited (June 2024)
Use of System Agreement for Gas Network
against
Gas Distribution Contracts Oversight Scheme

3 August 2026

GreenwoodRoche
PROJECT LAWYERS

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EXECUTIVE SUMMARY

Greenwood Roche has been engaged as an independent advisor to assess the alignment of the Vector June 2024 Use of System Agreement for Gas Network (the Agreement) against the Gas Industry Company Limited (Gas Industry Co) the Gas Distribution Contracts Oversight Scheme (the *Scheme*).

For efficiency, our assessment has included, but is not limited to, a comparison of the Agreement against the First Gas Use of System Agreement from June 2023 (*First Gas Agreement*).

Our overall assessment of Vector's Agreement against the principles under the Scheme (the *Principles*) is that its alignment is "Substantial". This means that it meets the intention of the various principles in most respects, and that only a handful of minor amendments would be required to achieve full compliance.

There are some respects in which the Vector Agreement does not align with the principles in quite the same way the First Gas Agreement did, but we have heard and considered Vector's reasons for that and in many cases can appreciate the need to take a different approach. In almost all instances, the departure from the Principles is mitigated by some other change or is not particularly material given the underlying factors.

There remains, however, a small number of specific topics on which we consider the Vector Agreement could better align with the Principles. Notably, the key issues appear to be:

- Pricing changes;
- Which retailer bears decommissioning costs; and
- Practicality of being able to provide information on time-of-use metering.

Vector has indicated that it is open to engagement with individual retailers on these issues. We perceive there to be room for some compromise to the issues on which an industry majority, if not consensus agreement is needed and we see a role for Gas Industry Co there.

The alignment of the Agreement against each Principle is summarised in the following table:

Principle		**Agreement**
1	Similar access terms	Full
2	Parties' interests reasonably represented	Substantial
3	Arrangements current	Full
4	Clear and comprehensive	Full
5	Services and service standards described	Full
6	Services include all aspects under distributor's control	Full
7	Pricing changes subject to consultation and transparency	Full
8	Information to accompany price changes	Full
9	> 40 business days' notice of price changes	Full

10	Line charges and cessation policy described	Full
11	Clear disconnection and reconnection	Full
12	Information exchange protocols	Substantial
13	Information requests limited to distribution purposes	Substantial
14	Information used only for purpose provided	Substantial
15	Planned interruption policy	Full
16	Timely provision of interruption information	Full
17	Effective contingency management	Substantial
18	Publicly available standard contract	Full
Overall		**Substantial**

1: INTRODUCTION

1.1 The Scheme

On 3 September 2012, the Minister of Energy and Resources endorsed Gas Industry Co's recommendation for a voluntary, industry-agreed, Gas Distribution Contracts Oversight Scheme. The Scheme aims to:

- Ensure the core terms and conditions in distribution contracts are clear and reasonable,
- promote market efficiency, and
- ultimately enhance consumer outcomes.

The Scheme established the Principles against which standard gas distribution service agreements would be measured. The Scheme does not assess negotiated agreements.

The Principles are not intended as a model contract for distribution services. Rather, they operate to provide a high-level context for commercial negotiations between distributors and retailers. They also recognise that parties to distribution arrangements are significant commercial entities able to negotiate mutually acceptable terms, as distinct from small retail consumers that depend on the more prescriptive benchmarks of the Gas Retail Contracts Scheme.

1.2 Our assessment

Greenwood Roche was appointed by Gas Industry Co to perform an independent assessment of the alignment of the Agreement with the Principles. We were previously engaged to conduct an independent assessment on the November 2023 First Gas Agreement.

The Agreement we reviewed was that provided to us by Gas Industry Co. We have independently verified that it is the same as that published on Vector's website.

This report is the work of Greenwood Roche and does not bind Gas Industry Co.

A draft of this report was reviewed by Gas Industry Co, and Gas Industry Co provided us with some useful contextual background information on certain discrete topics, which assisted us to refine our comments.

Capitalised terms used in this assessment report have the meanings given to them in the Vector Agreement, unless otherwise defined in this report.

2: METHODOLOGY

2.1 Distribution Principles

Our report is based on the Principles specified in the Scheme. For ease of reference, these Principles are detailed in Attachment 1.

The only distributor we are assessing in respect of the Agreement is Vector, and the only Agreement we are assessing is Vector's template Agreement, not any individual contracts entered into with any retailer on the basis of it. We are aware, however, that some retailers have already signed Vector's template agreement. We understand that to date the Agreement's terms have not been negotiated.

2.2 Assessment methodology

The Scheme requires that the Agreement be assessed against each Principle using the following qualitative scores.

Score	**Description**
Full	Meets the intention of the Principle in all respects.
Substantial	Meets the intention of the Principle in most respects. Only minor changes are needed to meet 'full' ranking.
Moderate	Meets the intention of the Principle in some respects. More substantive changes are needed to improve the ranking.
Low	Little alignment with the intention of the Principle and substantial changes are needed to improve the ranking.
Nil	No alignment with the intention of the Principle.

We agreed an assessment methodology with Gas Industry Co which was targeted at achieving a cost-effective assessment. The agreed methodology recognised that it may be inappropriately time consuming to assess comprehensively every clause in the Agreement against each of the Principles. Rather, our assessment should focus on the clauses and issues of most commercial and industry importance, any problematic clauses, any areas of misalignment identified by industry participants and identify any other issues with the alignment of clauses against the Principles.

In addition, having assessed the First Gas Agreement in July 2024, it is efficient to consider that assessment when reviewing the substantially similar Vector Agreement.

It is worth noting that "Full" and "Nil" are essentially absolute measures. A very high bar exists to achieve a "full" assessment.

Any failure to meet a Principle means that an arrangement won't be assessed as having "Full" alignment and an arrangement won't be assessed as "Nil" unless there is no alignment with the intention of the Principle at all.

In comparison, "Substantial", "Moderate" and "Low" are more subjective and broad measures. For example, it may be that only a minor drafting change is required on a matter in order to achieve full alignment, but that minor wording change may be commercially significant. Essentially, application of the "Substantial", "Moderate" and "Low" categories is a matter of judgment, exercised not only against the words of the contract but also the industry context and indeed other industry agreements, measures and regulation.

Broadly speaking, our approach was to assess an arrangement which is "pretty much there" as "Substantial", "half way there" as "Moderate", "barely there" as "Low", and "doesn't align with the Principle at all" as "Nil".

2.3 Draft report and industry feedback

Gas Industry Co has provided us with a draft table summarising its own findings and considerations in assessing Vector's Agreement against the First Gas Agreement and the Gas Industry Contracts Oversight Scheme. That table was helpful in our independent assessment but we verified and tested its findings ourselves.

From an objective standpoint, the two Agreements are substantially similar in construction, with Vector largely emulating the First Gas terms, however, narrowing the timeframes and providing the distributor with wider discretion over certain areas. Overall, we carefully considered this in compiling this report.

There were several practical considerations in the methodology of this independent assessment – this was especially pertinent in considering the feedback from retailers. It was agreed that a protracted feedback period as had occurred in 2024 for the First Gas Agreement would risk "revisiting" the same or similar contentious matters. This would be cost inefficient and largely ineffective given that Vector had ample opportunity to integrate this feedback into its own Agreement with retailers. In our assessment of the Vector Agreement's alignment with the Principles, we considered prior feedback if the clauses are substantially similar to those in the First Gas Agreement.

A secondary concern identified by us in this assessment was the low level of meaningful retailer feedback, but we have been informed by some that this is simply because they are reasonably comfortable with the Agreement or have already signed up. Considering such concerns, Gas Industry Co proposed the use of an industry workshop for retailers to provide direct feedback on Vector's Agreement.

The expected focus areas for such feedback were key differences identified between the Agreements. These are around billing/invoicing, communication with consumers, and obligations regarding disconnection of consumers.

Such differences can have some impact on retailers, as amendments have given distributors improved cashflow and provide tighter timelines for unplanned outage communications. We believe the clauses, whilst similar, form a reasonably balanced contract and largely ensure a higher degree of consumer protection in cases of outages and pricing certainty.

3: CONTEXT

3.1 Vector Agreement is based on the First Gas Agreement

We understand that the base document used for the Vector Agreement (June 2024) was the First Gas Agreement (November 2023). The two have some significant similarities in design and implementation.

Prior to the First Gas Agreement, the default version was based on the predecessor Electricity Use of System Agreement (EUoSA). Given a functional and fully implemented gas agreement, we see limited need to revisit EUoSAs and the initial Elwood Law assessment of the framework.

3.2 Differences between Vector and First Gas Agreements

Whilst the Vector Agreement is largely consistent with the First Gas Agreement, the differences appear to represent a preference by Vector to follow its own existing contractual approach, that suits its established systems, over that espoused by First Gas.

These differences between Vector's electricity and gas UoSAs are identified in three key areas:

- Billing and invoicing processes
- Communication to consumers, and
- Obligations regarding disconnection of consumers.

3.2.1 Billing and Invoicing Processes

Vector proposes that billing and invoicing be one through a two phased process, with a first pro-forma invoice at the start of the month followed by a replacement revision invoice. The practical implication of such changes is that Distribution Service Charges (*DSC*s) are based on estimated usage data and adjusted once the data is made available. The Vector Agreement also includes a "wash-up period" which limits the DSCs to be retrospectively charged in a 14-month time-period. This significantly differs from the First Gas Agreement which requires billing to be conducted after month-end rather than during the month. This reflects differences in billing practices within the gas industry under GIEP1, being:

- as-billed normalised where the distributor treats the initial month reported data as incremental (as for as-billed) including where prior period dates are included, and only overwrites previous data if a replacement file is provided; and

- allocation agent normalised where the distributor charges based on a calendar month consumption data submitted under the Downstream Reconciliation Rules.

We note that that the Vector Agreement falls under the first category, whilst the First Gas Agreement falls under the second. The lack of industry standardisation seems to us regrettable, but it is what it is (and we note other gas distributors equally differ in their choice of billing methodology). The use of pro-forma invoicing (clause 9.6) borrows from Vector's practice in its Default Distributor Agreement (version 3). It provides a binding indication of consumption over a given month. The previous First Gas Agreement had not made use of pro-forma and scaling invoicing; it required DSCs to be paid during the month following consumption by the retailer. We outline Vector's new invoicing regime for DSCs with the following in chronological order.

- A pro forma invoice (within five working days);
- A full credit note reversing the pro forma invoice;
- An initial replacement invoice;
- A scaling invoice or credit adjusting that initial invoice.

The practical effect of such measures for a retailer is that they will be invoiced for DSCs within the first five working days of a given month, and will be required to make payment against that. From Vector's standpoint, it provides a degree of cashflow certainty for consumption months. But for a retailer it adds a degree of complexity to invoicing. We note that clause 9.6 provides for a Credit Note to be issued at the end of a consumption month that reverses the pro-forma invoicing. It does not, however, provide clarity for a retailer on the net amount payable in one document.

In practice these changes could create a corresponding lack of certainty for the retailer, but the integration of a "wash-up" period limiting billing to 14 months following consumption mitigates such concern.

3.2.2 Communication to consumers regarding planned or unplanned outages

Material changes have been made around consumer communication requirements about planned or unplanned outages. The Agreement has amended the timeframes to inform retailers on unplanned outages, especially in emergency situations. The change to allow communication just as soon as "reasonably practicable", rather than within the previously specified timeframes (e.g. 30-40 minutes) of an unplanned outage,[1] gives Vector far greater flexibility around when outages are communicated to customers.

We also note that there is a new Distributor's obligation to inform customers of planned outages, this falls under Schedule 5, S5.18 which by design reduces the burden on the Retailer to communicate with customers.

We finally note that the Distributor is no longer required to inform the Retailer about planned interruptions that impact 20 or fewer customers.

[1] The changes are observable in clause 2.2(c), 2.3(e), 4.4, 4.6 and 4.10.

3.2.3 Obligations regarding disconnection of clients

The final part of our independent assessment considers changes to the obligations relating to disconnection of clients. The Vector Agreement makes a series of amendments to the connection policies in Schedule 6 of the June 2024 Agreement, affecting both permanent and temporary disconnections of ICPs.

In relation to Permanent Disconnections, the Vector Agreement provides that only Vector can undertake such disconnections and removes any requirement to ensure that the Retailer's operational requirements (including obtaining a final meter read or removal of the GMS) are met prior to disconnection. This includes arranging a Warranted Person to cap and plug and fit status flags at the CIV. This position differs from the First Gas Agreement, under which Retailers were permitted to undertake Permanent Disconnections, with decommissioning remaining the responsibility of the Distributor.

The Vector Agreement further provides that the costs of Permanent Disconnections may be passed through to the Retailer recorded in the Registry (or the last Retailer so recorded for the ICP). This represents a material reallocation of financial responsibility, as Retailers may incur costs associated with Permanent Disconnections over which they have limited visibility or control, including where disconnections are initiated by the Distributor for safety, network reliability, or inactivity reasons.

In respect of Temporary and Transitional Disconnections, the Vector Agreement also restructures responsibilities when compared to the First Gas Agreement. Retailers retain responsibility for Transitional Disconnections (such as capping and plugging at the customer isolation valve), while the Distributor assumes sole responsibility for Permanent Disconnections and subsequent decommissioning of the service line. Several mechanisms available under the First Gas Agreement—allowing Retailers to escalate responsibility to the Distributor in certain circumstances (for example, where access could not be obtained or no isolation device was present)—have been removed.

The Vector Agreement also amends notice periods and the conditions under which Temporary Disconnections may be undertaken, including reduced procedural requirements in certain safety-related circumstances or where there is interference with the Distributor's Equipment or Network. Taken together, these changes operate to consolidate disconnection authority and control with the Distributor, and more closely align the gas arrangements with Vector's electricity use-of-system framework.

3.3 Vector Gas Agreements is ultimately based on the electricity agreements

The base document for both the First Gas and Vector Agreements is the electricity industry's Default Distributor Agreement (*DDA*). Earlier versions of the Gas Use of System Agreements assessed in the previous Elwood Law assessments were based to varying degrees on the predecessor model Electricity Use of System Agreement (*MEUoSA*).

The provisions in the DDA and, before that, the MEUoSA went through substantial consultation and took many years to prepare and confirm. Under the Electricity Industry Participation Code 2010, the DDA is now the default set of terms that can be varied by mutual agreement between each distributor and retailers on that network.

This assessment takes the DDA as a given, noting that the relevant Electricity Authority consultation occurred in July 2024 and the resulting changes were incorporated into electricity DDAs in November 2024.

We do not propose to assess compliance of the Agreement against the electricity industry's DDA – that subject was largely covered in the negotiations between First Gas and retailers; and it would be excessive to revisit those discussions given the similarities in design the agreements share.

An assessment against the DDA is beyond the scope of this report. It is also important to bear in mind key differences flowing from the different fuel types and how their distribution works, and the industry context and regulation. There are also a number of gas specific requirements (such as odorisation, pressure, quality and contingency arrangements).

Although the DDA may have been aimed at achieving better industry balance between distributors and other electricity retailers, the question of balance is not necessarily the same as regards the gas industry. We therefore assess the Agreement on its merits.

3.4 Other documents and understandings

There are a host of documents, policies and industry understandings (documented or otherwise) which are relevant to the obligations in distribution contracts. Some of these documents could be relevant to interpreting contractual obligations in the Agreement.

For example, Vector is required to publish an Asset Management Plan (AMP) under the Commerce Act. The current AMP runs from July 2025 to June 2035. These Asset Management Plans provide retailers with increased visibility of each distributor's plans and targets for its network. The service targets described in the Asset Management Plan do not expressly form part of the contractual clauses in the Agreement. However, they do form part of the commercial context and may be relevant to the interpretation of certain clauses.

We have not considered all of these other documents and understandings in this assessment process. As a result, it is possible that we have identified aspects of the Agreement that don't appear to align with a Principle where the practice may, on further analysis, align with a Principle if all contextually relevant material was considered. A broader review of industry practices is beyond the scope of this assessment.

3.5 Vector distribution arrangements: the process to here

We understand that Vector has contracted with a small number of retailers on the terms of the Agreement and that when Vector released the Agreement in June 2024 it received a limited number of questions from existing retailers. Vector's legal advisor was also present during the industry workshop held in May 2026. During the workshop, Vector had the opportunity to answer questions and provide its reasoning for certain differences compared to the First Gas Agreement.

We are advised that Vector published GUoSA v1 in June 2024 and offered it to all existing gas retailers trading on its networks. Vector did not adopt the same "line in the sand" position as did First Gas. Vector has advised that of the ten gas retailers trading on Vector's network, five have signed up to the Vector GUoSA, and five have not yet seriously engaged with Vector on the GUoSA, instead remaining for now on their legacy Use of Networks Agreement arrangements.

It seems to us from an overview perspective that, despite the desirability of having a published industry template Agreement, some retailers are inclined instead to do nothing, which means effectively insisting on perpetuation of their legacy arrangements with Vector. This may recognise the diversity of different concerns but also illustrates the difficulty for a network owner in achieving a change of terms. The result is not ideal for such a tightly contained industry.

Both the First Gas and Vector Agreements essentially contain (see clause 5) a "most favoured nation" clause, such that a retailer can, if it wishes, elect to take up an alternative agreement negotiated with another retailer.

4: KEY FINDINGS

4.1 Overall alignment

In our assessment, the Vector Agreement has "Substantial" alignment with the Principles. That alignment is close to "Full". We are unable to accord the Agreement a score that denotes 100% alignment because in our view there are a few instances where Vector has taken a view on an on-going industry debate (for example, responsibility for disconnection costs) and drafted accordingly, but not all retailers are in agreement.

We also note that the Service Levels for each Service Standard are generally only on a reasonable endeavours basis. This is not a concern that any retailer expressed to us and it may reflect the reality that a distributor cannot commit to 100% performance, all the time. But it does strike us as just a little soft for Service Levels and Service Standards that are key to the operation of the distribution system to need only be met on a reasonable endeavours basis, noting at the same time that under clause 2.4 Vector is under an obligation to maintain and operate the Network in accordance with Good Gas Industry Practice and in compliance with Law. Service guarantee payments may be claimable in the event Service Levels are not met, but these all appear to be set at nil.

4.2 Alignment with each Principle

Our assessment of the alignment of the Agreement with each Principle can be summarised as follows:

Principle		Agreement
1	Similar access terms	Full
2	Parties' interests reasonably represented	Substantial
3	Arrangements current	Full
4	Clear and comprehensive	Full
5	Services and service standards described	Full
6	Services include all aspects under distributor's control	Full
7	Pricing changes subject to consultation and transparency	Full
8	Information to accompany price changes	Full

9	> 40 business days' notice of price changes	Full
10	Line charges and cessation policy described	Full
11	Clear disconnection and reconnection	Full
12	Information exchange protocols	Substantial
13	Information requests limited to distribution purposes	Substantial
14	Information used only for purpose provided	Substantial
15	Planned interruption policy	Full
16	Timely provision of interruption information	Full
17	Effective contingency management	Substantial
18	Publicly available standard contract	Full

Our analysis to support this assessment is provided in Attachment 2.

4.3 Matters for Gas Industry Co to consider

We have included a few notes in Attachment 2 of Principles which Gas Industry Co may wish to further consider in light of the industry feedback and assessment results. However, the main findings of our independent assessment are considered in this section. These findings are based off the industry feedback we were provided during the workshop facilitated by Gas Industry Co on 11 May 2026. That meeting was attended by key retailers: Contact Energy Nova, Genesis and Mercury. It also attended by Vector.

In addition to this we have considered Vector's reasoning and responses to the retailer feedback and conducted our own research to corroborate some of the industry feedback against the wider industry context.

In departure from our previous independent assessment conducted on the First Gas Agreement, we have limited the discussion in Attachment 2 to areas that proved contentious during the industry workshop; and where a significant deviation from the First Gas Agreement was identified. In doing so we considered the written feedback provided by Vector. Attachment 2 to this report also contains some areas where further clarification from Gas Industry Co would assist with future assessments.

4.3.1 Time of Use Metering

- The Vector Agreement contained some amendments to time of use (TOU) metering at clauses 12.10 and 12.15. Under the Vector Agreement, TOU meters must record and communicate interval data (telemetry). The requirement affects approximately 305 ICPs in the time of use sector and is only triggered for consumers over 10TJ. At least one retailer raised an issue with this and asked Vector for clarification on its reasoning. The response provided indicates that Vector wants to shift the onus onto retailers to ensure TOU meters are installed and operational on sites that require it; and for any maintenance issues to be communicated with Vector. The underlying intention of such changes is to ensure that Vector has consistent and accurate data, without significant gaps. This is critical for network optimisation, managing capacity constraints with a reducing gas supply, and ensuring efficient cost recovery. We note that Vector does not intend for stringent TOU requirements to be passed down on ICPs with less than 10TJ output and internalises the risk of gaps in their data pertaining to those.

- Our assessment of the amended TOU clauses is that they exceed the requirements set by the Gas (Downstream Reconciliation) Rules 2008, which do not require meters to have telemetry that enables communication to retailers or network owners in near real time. The Rules assign a TOU meter to different allocation groups depending on whether or not it has telemetry (allocation group 1 if it has telemetry, and allocation group 2 if it does not). We consider the Vector requirement for telemetry TOUs to risk increasing the cost of metering for retailers, and hence consumers. This clause may well result in bilateral negotiation and resort to an "Alternative Agreement" under clause 5.2.

4.3.2 Disconnection and reconnection of ICPs

- The Vector Agreement revisits controversial issues around disconnection and reconnection, which we identified in our prior independent assessment on the First Gas Agreement. Such concerns were raised during Gas Industry Co's consultation with retailers and Vector in May 2026, especially around liability for ICP disconnection and the associated costs contemplated in Schedule 6 and Clause 17. We acknowledge these are industry-wide issues driven by external factors such as electrification, changes in government policy, and ageing infrastructure. In our view, the clauses remain comprehensive and detailed. Despite this several retailers raised concerns around potential cost recovery for disconnecting ICPs – especially in situations where retailers cannot claw back costs from customers due to temporal distance or other factors.

- This was particularly the situation with clause S6.34 and clause 17 which Vector extended to permit charging to the previous responsible retailer on the registry where the customer is no longer using gas. One retailer expressed concern that this would unfairly weigh in Vector's favour, and that potential Commerce Act regulations on pricing could jeopardise retailers' ability to pass on disconnection costs to consumers. At the time of writing such measures are not in place, and with current settings we do not see this as a concern. In our view, it does not seem that unreasonable for the last incumbent retailer to pay for ICP disconnection costs where they are the last party to gather revenue, and benefit, from the gas connection.

4.3.3 Information Disclosure and Confidentiality

- One retailer raised concerns with clauses 20.2 and 20.6 regarding confidentiality. This revisited an issue we discussed in our previous assessment in September 2024 regarding First Gas' ability to use aggregated and anonymised data. At the time the retailer discussed the possibility of First Gas becoming a retailer and forming insights based on this information to gain a competitive advantage in a market that is seen by the Commerce Commission as not being sufficiently competitive. We do not see that any real competitive advantage stands to be gained. The issue was also framed in terms of compliance with Principle 1 (same distribution service for all), but we do not see the issue with that Principle as it only requires sameness of service in terms of the Distribution Services offered.

- The limb in clause 20.2(e) permitting disclosure to employees, directors, contractors, agents and advisers on a "need to know" basis remains broadly orthodox, but it no longer includes the additional safeguard that appeared in the

First Gas Agreement requiring, where retailer Confidential Information included personal or ICP-level data, that recipients be subject to a written confidentiality agreement restricting use to service provision for the distributor; a retailer raised this directly during Gas Industry Co's May 2026 consultation, noting that the removal of that requirement weakens control over how information is used once disclosed. In its current form, the clause relies on recipients being made aware of confidentiality obligations rather than being subject to enforceable, purpose limited use restrictions, which creates a gap between permitted disclosure and permitted use and leaves the position less clearly aligned with Principle 14. Vector has clarified the removal of the 20.2(e)(iv) wording was made to match the obligations enunciated under its electricity DDA.

4.3.4 Pricing changes and structure

- Several retailers raised concerns around clauses 7.3–7.4, which permit Vector to implement up to two standard price changes within a 12-month period (compared with a single annual adjustment under the First Gas model). Noting that while any changes remain subject to Part 4 of the Commerce Act 1986 and the notification requirements in clause 7.5, the increased frequency was thought to introduce potential for pricing volatility, particularly where a temporary price reduction may be followed by a subsequent increase within the same period. This was seen as sitting somewhat in tension with the weighted average price cap framework, under which Vector is intended to bear within-period demand risk rather than passing variability through to consumers. Vector has indicated that this flexibility is intended to interact with the force majeure regime, enabling price adjustments (particularly reductions) in circumstances where maintaining existing pricing would be inappropriate or inequitable. This rationale is broadly accepted in principle, however retailers noted that the drafting is currently broad and would benefit from clearer parameters as to when a price change may be triggered, including linkage to defined events or objective thresholds. Without this the mechanism risks operating as a general pricing lever rather than a targeted relief tool. While we consider that the precise scope of any pricing flexibility remains capable of bilateral agreement between Vector and individual retailers, greater clarity would assist in demonstrating consistency with the underlying Part 4 pricing framework.

- Gas Industry Co should also consider the amendments to the Commerce Commission's Default Price-Quality Path (set to expire on 30 September 2026) with a new scheme, DDP4 (coming into force from 1 October 2026). Several retailers discussed its potential relevance to price settings, and the need to integrate it within the Vector Agreement. Based on the Commerce Commission's draft decision released in November 2025, modelling shows that revenue for gas businesses (including Vector) is expected to fall over the 2026 to 2031 period, driven primarily by reduced household consumption and electrification. To counter the unexpected price pressures, the Commission has established a reopener mechanism for Gas Pipeline Businesses (GPBs) where actual demand causes total revenue to vary by more than or less than 15% from forecasts. In such situations, GPBs can apply to reopen and amend their price path. The measure seeks to distribute risk between the retailer/network owner and end consumers.

4.3.5 Operational obligations and communication of outages

- One retailer raised issues with the communication of unplanned outages under the Vector Agreement. We have already covered the substance of these changes at paragraph 3.2.2, which relate to amendments made by Vector to Schedule 5 of the

Agreement. As noted by Gas Industry Co, there has been an adjustment to the timeframes for responding to unplanned outages, including the removal of specified timeframes. This was not a material issue for retailers and reflects Vector's operational circumstances, which differ from those of First Gas. Vector's written feedback indicated that it does not have a 24/7 control room for its gas network, which makes committing to fixed timeframes unrealistic without significant additional resourcing. Given this, and the lack of apparent retailer concern, we are satisfied that the shift to a "reasonably practicable" framework is defensible and does not materially affect the alignment of Schedule 5, S5.5 with the principles.

- Vector has amended the Agreement to enable direct communication with customers in the event of planned and unplanned outages under Schedule 5, with Vector retaining discretion as to whether to exercise this power. As one retailer raised, this creates potential confusion as to responsibility for communication, and whether the approach is beneficial from a retailer perspective, particularly when weighed against the breadth of Vector's discretion. We agree with this view. Vector clarified that it would communicate directly with customers in planned interruptions impacting fewer than 20 customers, as this is typically the scale of interruptions on its gas network.

- In circumstances where more than 20 customers are affected by a planned interruption, Vector has outlined two approaches. For smaller-scale interruptions, it said it will lean toward communicating directly with customers after consulting with the relevant retailer. For larger-scale interruptions, it would advise retailers of the affected ICPs, outline the relevant details, and ask the retailer to communicate with customers. We note that Vector's explanation is framed as an "expectation" only. In our view, reliance should not be placed on that explanation by either retailers or Gas Industry Co, given the uncertainty as to how the relevant discretion will be exercised in practice.

4.3.6 Default, breach, and termination framework

- At least one retailer raised concerns with the revised termination framework under Part IV. This was not a live issue in the First Gas assessment. The feedback was directed at proportionality — specifically, that the definition of "Event of Default" lacks clear boundaries and is capable of capturing a wide range of conduct. In practice, this creates uncertainty as to when escalation into a termination pathway may be engaged. The concern is not that termination rights exist, but that the threshold for accessing those rights is not sufficiently delineated, creating a risk of over-escalation.

- Vector explained that the framework it intended to operate as a two-tier regime. More serious breaches (Serious Financial Breach, material breach, repeated breach) are intended to fall within clause 18.4, trigger senior executive escalation, and potentially lead to disconnection or termination. Less serious breaches are intended to be managed operationally without escalation. At a policy level, this reflects a proportionate enforcement structure and addresses the risk of minor issues being elevated unnecessarily.

- The retailer concern, however, goes to whether the drafting actually delivers that outcome. As currently framed, the definition of "Event of Default" and its interaction with clauses 18.3 and 19 do not clearly confine that concept to the serious breach categories identified by Vector. This creates a disconnect between the intended two-tier structure and the operative drafting. The practical effect is that conduct outside the intended "serious breach" category could still be characterised as an Event of Default and trigger escalation or termination consequences.

- We believe there is indeed an issue with this clause, with the intention not quite displayed in the words used. It is easily fixed with clearer drafting though, as Vector has acknowledged.

5: NOTES ON PRINCIPLE ALIGNMENT ANALYSIS

5.1 Before proceeding with the analysis of principle alignment in Attachment 2, we note that the Vector Agreement is substantially similar in structure and content to the First Gas Agreement. Given that similarity, and the depth of the September 2024 independent assessment, we have adopted an exceptions-based approach to avoid duplication. We therefore comment only on provisions that appear misaligned with the principles, or that differ materially from the First Gas Agreement.

ATTACHMENT 1 – THE PRINCIPLES

Term	Meaning	Gas Industry Co's Explanation (where applicable)
Consumer	A person who uses gas supplied from a gas distribution system.	The definition includes Consumers who are a party to a Distribution Service Arrangement with a retailer.
Distributor	Has the same meaning as 'Gas Distributor' as set out in s 2(1) of the Gas Act 1992.	That is, any person that provides Line Function Services to another. At this time, in line with the decision of the Rulings Panel[2], this definition does not include a participant that provides Line Function Services only to itself.
Distribution Services	Includes Line Function Services	Includes the distribution of gas quantities and may include other services the Distributor agrees to provide to the Retailer.
Distribution Service Arrangement	Includes all documents relevant to the agreed relationship between a Distributor and a Retailer for the provision of Distribution Services over a distribution system.	Contractual arrangements are often the sum of the main written agreement along with other documentation that is referred to in the main agreement. For example, policies and procedures, or other information. This term seeks to encompass all information relevant to the relationship.
Line Function Services	Has the same meaning as set out in s 2(1) of the Gas Act 1992: **line function services** means - (a) the provision and maintenance of pipelines for the conveyance of gas: (b) the operation of such pipelines, including the assumption of responsibility for losses of gas	
Line Charges	Refers to any charges imposed by a Distributor for the provision of Line Function Services.	
Retailer	Any person who supplies gas and associated services to a Consumer or Consumers.	

[2] Gas Industry Co's recommendation included the following Note: "Decision of the Rulings Panel in the matter of alleged breach notice 2009-104, 130, 138 etc. (Nova Bypass). See the Gas Industry Co website for more information: http://www.gasindustry.co.nz/sites/default/files/u24/Nova_Bypass_Rulings_Panel_Decision_2.pdf." However, the definition of "gas distributor" in the Gas Act 1992 was replaced on 12 December 2012, such that Nova Energy is now a gas distributor. The new definition is "gas distributor means any person who supplies line function services to any gas retailer or other person by means of a distribution system and includes a gas distributor who is also a gas retailer providing line function services to itself".

General principles

Principle 1	**Gas Industry Co's Explanation**
All Retailers should receive access to a distribution system on substantially similar terms. **Note:** As far as possible, and without inhibiting innovation and the need to reflect special circumstances, distribution terms of access should be standardised across all distribution systems and Retailers.	This principle recognises that the nature of the market means Distributors do have a degree of market power. As such, it requires that the terms offered to one Retailer should be substantially similar to those offered to other Retailers. However, Gas Industry Co recognises that some aspects of Distribution Service Arrangements may need to be negotiated between the Retailer and Distributor. To the extent possible, we would like to see standardised terms of access.

Principle 2	**Gas Industry Co's Explanation**
The Distribution Service Arrangement should reasonably represent the interests of the Retailer and the Distributor (as parties to the agreement).	This principle recognises the tendency towards imbalance in leverage between the parties. It seeks to prevent asymmetrical contractual arrangements.

Principle 3	**Gas Industry Co's Explanation**
The Distribution Service Arrangement should be current and comprehensive; this can be achieved by establishing a process for regular review of the arrangement.	As industry arrangements change, it is important that these changes are reflected in contractual arrangements to provide protection to both parties. Regularly reviewing contracts will help to ensure any necessary changes are identified and made.

Obligations and rights of the parties

Principle 4	**Gas Industry Co's Explanation**
The obligations and rights of the parties should be clearly and comprehensively set out in the Distribution Service Arrangement. The Distribution Service Arrangement should be consistent with, and the parties should act in accordance with, the requirements of all relevant legislation, regulations, and rules. Where a Retailer is legally responsible for matters that are physically or practically under the control of the Distributor, or one of the Distributor's service providers, the Distribution Service Arrangement should acknowledge those matters and describe how the Distributor will assist the Retailer to meet the relevant legal responsibilities. **Note:** An example of this is under *NZS 5442: 2008 Specification for reticulated natural gas*, where the Retailer is legally responsible – but not physically in control of – the gas specification. In this case the Distribution Service Arrangement should include a 'description' of this responsibility. It may be as simple as noting that the Distributor has an agreement with the TSO regarding the management of the quality of gas entering the distribution system, or something similar. The process for amending or varying the Distribution Service Arrangement should be described. There should be not less than 30 days' notice of the changes. The procedures for dispute resolution regarding the Distribution Service Arrangement, including the levels of escalation for discussion of issues arising out of the contractual relationship, should be clearly set out.	Contracts should be clear, especially in relation to the obligations and rights of parties. We consider this is critical for ensuring that arrangements function as intended. Contracts should be up-to-date with respect to relevant legislation. Gas Industry Co considers that clear identification of legal responsibilities is very important because the consequences of non-compliance can extend beyond the distribution contract. If either party wishes to amend the Distribution Service Arrangements, the contract should specify a process for doing so. The notice period for any such changes should be of a reasonable length to allow both parties to fully consider the proposed changes. Where possible, any such changes should be mutually agreed. A process for resolving disputes is a necessary element of any contract. We consider this process should be clearly set out and accessible to both parties.

Distribution services provided

Principle 5	Gas Industry Co's Explanation
The Distribution Service Arrangement should describe the Distribution Services to be provided by the Distributor and the service standards for those services.	This principle does not name the specific Distribution Services that should be provided. However, it recognises the expectation that the Distributor will clearly identify all of the services it will provide to a Retailer. This principle also provides that the service standards for those services are identified in the contract.

Principle 6	Gas Industry Co's Explanation
The Distribution Services and service standards should include all those aspects that are under the reasonable control of the Distributor, or a service provider to the Distributor.	This principle ensures that the services and service standards required in principle 5 are under the control of the Distributor, or a service provider to the Distributor. For example, it would be unreasonable to set out services for which the TSO is responsible.

Pricing including pricing changes[3]

Principle 7	Gas Industry Co's Explanation
Changes to pricing structures and/or methodology should be subject to meaningful consultation and transparency such that the intention and impact of the proposed changes are easily understood, and responses to Retailers' written comments, including decisions on final structure are transparent and clear to all prior to notification of final prices.	We consider it fair that the Distributor consult with the Retailer on the proposed pricing change.

[3] This principle recognises that First Gas, Vector, Powerco and GasNet are regulated by the Commerce Commission under Part 4 of the Commerce Act 1986. Therefore this principle focuses on how pricing is consulted on and final prices notified, leaving pricing per se to be dealt with under Part 4 of the Commerce Act.

Principle 8	Gas Industry Co's Explanation
A Distributor's notification of price changes to a Retailer should be accompanied by all of the information required to enable the effective implementation of the price changes by the Retailer.	To ensure the proposed pricing change is fully understood by the Retailer, all supporting documentation should be provided to the Retailer on notification.

Principle 9	Gas Industry Co's Explanation
The notice period given by a Distributor for changes in pricing structures or levels should take into account the notice period that Retailers must provide to Consumers for consequential changes in retail prices and the time for preparation of that notice. This period should be no less than 40 business days.	Changes should be notified within a reasonable timeframe. The timeframe is consistent with the Retail Benchmarks.

Commencement and cessation of line charges

Principle 10	Gas Industry Co's Explanation
The Distribution Service Arrangement should clearly describe the Distributor's policy with respect to the commencement and cessation of line charges for the supply of gas.	The contract should be transparent by providing clear indication of when the Distributor will begin charging line charges and end line charges.

Disconnection and reconnection

Principle 11	Gas Industry Co's Explanation
The Distribution Service Arrangement should clearly describe the Distributor's policy with respect to the disconnection and reconnection of a supply point on its system.	Gas Industry Co is aware of previous issues in relation to disconnection and reconnection between Retailers and Distributors. We consider that the contract should be clear and set out what the expectations are in terms of a Distributor's policy on disconnection and reconnection.

Information exchange and use

Principle 12	Gas Industry Co's Explanation
The Distribution Service Arrangement should set out the amount, type, and format of information required to be exchanged between the parties. Formats should be, as far as possible, standardised and in line with any industry-agreed standard information exchange protocols.	To ensure information is exchanged in the most efficient way, parties should have clearly defined arrangements.

Principle 13	Gas Industry Co's Explanation
Information will only be requested under the Distribution Service Arrangement for the purposes of enabling efficient and effective gas distribution.	Information requested must be reasonable and relate to promoting efficiency in the distribution of gas.

Principle 14	Gas Industry Co's Explanation
Information will only be used for the purpose for which it is provided.	If information is provided to a party for a specific purpose it should not be used for another purpose. This includes confidential and non-confidential information.

Service interruptions

Principle 15	Gas Industry Co's Explanation
The Distribution Service Arrangement should explain, or refer the Retailer to, the Distributor's policy for planned interruptions to Distribution Services. It is expected that the policy would take account of the costs of notification for the retailer and whether other lower-cost alternatives can be adopted. The minimum notice period of a planned shutdown should be no less than 10 business days unless agreed otherwise with the Retailer.	The Distribution Service Arrangement should clearly identify how and when it will interrupt a Retailer's service. This will help to minimise risks to the Retailer and Consumer.

Principle 16	Gas Industry Co's Explanation
The Distribution Service Arrangement should describe how the Distributor will provide the Retailer with timely information when an unplanned service interruption occurs. The information to the Retailer is expected to include the cause(s) of the interruption and progress towards reinstatement of line function services.	The Distribution Service Arrangement should clearly identify how and when it will interrupt a Retailer's service. This will help to minimise risks to the Retailer and Consumer.

Managing critical contingencies

Principle 17	Gas Industry Co's Explanation
Contracts should provide for the effective management of emergencies on the network in accordance with the Gas Governance (Critical Contingency Management) Regulations 2008 where load curtailment is instructed, and coordination of the isolation and restoration of supplies to consumers (and relighting of pilots) to ensure network security and consumer safety is not compromised.	To ensure parties understand their respective roles and responsibilities when a critical contingency event occurs, it is important that contracts align with the Gas Governance (Critical Contingency Management) Regulations 2008. Effective management of critical contingencies could include, where a Retailer contracts a Distributor to perform Consumer usage monitoring and/or disconnection services during a critical contingency, details of these services being specified.

Publication of the standard distribution agreement

Principle 18	Gas Industry Co's Explanation
The Distributor's most recent standard Distribution Service Agreement should be publicly available on the Distributor's website.	Transparency is an important part of providing for efficient arrangements.

ATTACHMENT 2 – FURTHER ANALYSIS

Principles of the Scheme

Principle 1: All Retailers should receive access to a distribution system on substantially similar terms. Note: As far as possible, and without inhibiting innovation and the need to reflect special circumstances, distribution terms of access should be standardised across all distribution systems and Retailers.

Our assessment is that Principle 1 is fully met.

Principle 2: The Distribution Service Arrangement should reasonably represent the interests of the Retailer and the Distributor (as parties to the agreement).

Our assessment is that Principle 2 is substantially met.

Principle 3: The Distribution Service Arrangement should be current and comprehensive; this can be achieved by establishing a process for regular review of the arrangement.

Our assessment is that Principle 3 is fully met.

Principle 4: The obligations and rights of the parties should be clearly and comprehensively set out in the Distribution Service Arrangement. The Distribution Service Arrangement should be consistent with, and the parties should act in accordance with, the requirements of all relevant legislation, regulations, and rules. Where a Retailer is legally responsible for matters that are physically or practically under the control of the Distributor, or one of the Distributor's service providers, the Distribution Service Arrangement should acknowledge those matters and describe how the Distributor will assist the Retailer to meet the relevant legal responsibilities. (Note omitted)

Our assessment is that Principle 4 is fully met.

Principle 5: The Distribution Service Arrangement should describe the Distribution Services to be provided by the Distributor and the service standards for those services.

Our assessment is that Principle 5 is fully met.

Principle 6: The Distribution Services and service standards should include all those aspects that are under the reasonable control of the Distributor, or a service provider to the Distributor.

Our assessment is that Principle 6 is fully met.

Principle 7: Changes to pricing structures and/or methodology should be subject to meaningful consultation and transparency such that the intention and impact of the proposed changes are easily understood, and responses to Retailers' written comments, including decisions on final structure are transparent and clear to all prior to notification of final prices.

Our assessment is that Principle 7 is substantially met.

There is already considerable oversight of pricing structures and pricing methodology by the Commerce Commission under the Commerce Act. The Commerce Commission process allows for consultation and disclosure of key information.

Unlike the 2024 assessment, several retailers raised issues with us about the Agreement's approach to pricing and pricing adjustments.

The process for changing prices is set out in clause 7 of the Agreement. The Distributor has discretion to change Prices (in general not more than twice in any 12 month period), its Pricing Structure and its Price Categories. It is critical to note that Clause 7 price changes resulting from a Commerce Commission determination are exempt from the number of price changes per year allowable in the Vector Agreement.t.

Vector has made amendments to clause 7.4 regarding timeframes for retailers to provide written submissions on a change to the pricing structure that has a material effect on retailers or the customer. We note this consultation timeframe has been changed from a minimum period of 20 working days to a minimum period of 10 working days and have considered Vector's reasoning for this. Their reasoning for this reduction can be narrowed to extended consultation being excessive for rates-only changes when measured against the last structural change which occurred in October 2015. This is combined with often limited retailer feedback on such changes, hence such provisions becoming redundant.

Having regard to the Agreement's provisions and the Commerce Act regulatory context, we consider the Agreement meets this Principle very adequately. Ultimately prices can be changed unilaterally by Vector, but against the Commerce Act backdrop this does not concern us.

Principle 8: A Distributor's notification of price changes to a Retailer should be accompanied by all of the information required to enable the effective implementation of the price changes by the Retailer.

Our assessment is that Principle 8 is fully met.

In proposing a pricing change, Vector must provide details of it and the rationale for it in accordance with Schedule 7 – this must be published on the Distributor's website. Vector then has to consider in good faith all submissions made by Retailers, and these could include requests for more or better information to enable effective implementation. At least 40 Working Days' notice must be given of the price change, unless any Law requires it to be implemented sooner. If the price change results in a change in Price Categories, Vector must provide a mapping table showing how ICPs or groups of ICPs are affected. And if there is a change to Vector' Pricing Structure, it must provide a mark-up to ensure transparency for analysts when processing the changes and notifying Customers.

We note that the Vector Agreement enables prices to be changed up to twice per year, this is a shift from the limits placed in the First Gas Agreement which restricted changes to once per year. All in all and given the lack of any adverse Retailer comment and the changing commercial realities for Vector on the price change process, we see no issues with satisfaction of Principle 8. We think the information to be provided by Vector should give Retailers the information they need to effectively implement the price change.

Principle 9: The notice period given by a Distributor for changes in pricing structures or levels should take into account the notice period that Retailers must provide to Consumers for consequential changes in retail prices and the time for preparation of that notice. This period should be no less than 40 business days.

Our assessment is that Principle 9 is fully met.

Principle 10: The Distribution Service Arrangement should clearly describe the Distributor's policy with respect to the commencement and cessation of line charges for the supply of gas.

Our assessment is that Principle 10 is fully met.

Principle 11: The Distribution Service Arrangement should clearly describe the Distributor's policy with respect to the disconnection and reconnection of a supply point on its system.

Our assessment is that Principle 11 is fully met.

We understand that the Agreement borrows heavily from Vector's DDA-based electricity distributor agreements (which change periodically), with changes to reflect the specifics of the gas industry. As a result, the connection policies set out in Schedule 6 are clear and detailed. Whilst the First Gas Agreement and Vector Agreement share a significant degree of overlap in Schedule 6, we note some changes have been made about disconnection.

One such change is that no reference has been made to remote disconnection/reconnection related to Transitional Disconnections and Reconnections, this likely reflects the practical difficulty with such tasks, especially where it occurs at the service valve. We also note that Vector's Agreement has opted for the Distributor to undertake Permanent Disconnection, removing this power from Retailers and their agents.

We are aware there has in the past been debate about liability for network charges at a connection where the customer is not consuming gas. But no Retailer has raised further issues with us about the policies, and we do not pass a view on whether that is because they are satisfied with them or have given up on an impasse reached.

Principle 12: The Distribution Service Arrangement should set out the amount, type, and format of information required to be exchanged between the parties. Formats should be, as far as possible, standardised and in line with any industry-agreed standard information exchange protocols.

Our assessment is that Principle 12 is substantially met.

Principle 13: Information will only be requested under the Distribution Service Arrangement for the purposes of enabling efficient and effective gas distribution.

Our assessment is that this Principle is substantially met.

The Agreement contains multiple clauses enabling Vector to require information. For example, clause 31.2 requires the Retailer to provide Vector with such Customer Information as is reasonably available to the Retailer and necessary to enable Vector to fulfil its obligations under the Agreement (and Vector must keep that information confidential). We note that this assessment is being conducted at a time where Gas Industry Co is consulting on new GIEPs, which will include a GIEP4 as contemplated in Schedule 3 of Vector's Agreement. This is likely to include an expanded scope of information retailers need to share with distributors; and is modelled off the electricity industry's EIEP4. The practical effect of this (based on submissions and the EIEP4) will include amendments to file transport mechanisms, data synchronisation, and a wider scope on information exchange.

Vector can use this information to develop it pricing methodology and Price Categories and Prices, to plan and manage the Network, and otherwise perform its obligations and exercise its rights under the Agreement. Yet nothing in that says that the information will be used for the purposes of enabling efficient and effective distribution of gas. Whilst it is likely that information would only be required for efficiency or effectiveness purposes, this is not what the contract requires and accordingly we are unable to rate Principle 13 as having been fully met.

That said, Retailers have not raised any commercial concerns with the clauses in the Agreement relating to information provision (as distinct from those relating to use of information by First Gas). Considering this feedback, Gas Industry Co may wish to consider the framing of this Principle and its Explanation.

Principle 14: Information will only be used for the purpose for which it is provided.

Our assessment is that this Principle is substantially met.

The Agreement limits the use of confidential and consumer information provided by the Retailer. However, that restriction generally only applies to Confidential Information.

We note that this provision remains largely unchanged between the agreements and return to concerns raised during our September 2024 independent assessment where Retailers raised concerns about clauses 20.2 and 20.6. Our review of the Vector Agreement shows this provision remains unchanged and Vector has reserved itself the ability to use aggregated and anonymised information and does not preclude it being used for purposes beyond the Agreement.

Vector has also opted to expand the potential to disclose confidential information under clause 20.2(f) to include "bona fide" potential purchasers. This provision was also included in the First Gas Agreement, however, liability for information misuse was enforceable by the non-disclosing party. The Vector agreement has not provided for enforcing confidentiality breaches against potential purchasers. This requires a high degree of good faith on either side. We anticipate this may be problematic from a retailer standpoint.

We expect Vector would only use information for the broader purposes of the Agreement but given the wording of the Principle we do not think there is full alignment here. If Gas Industry Co thinks the differences are innocuous, it may want to look at the wording of the Principle and see if it can be better refined.

Principle 15: The Distribution Service Arrangement should explain, or refer the Retailer to, the Distributor's policy for planned interruptions to Distribution Services. It is expected that the policy would take account of the costs of notification for the Retailer and whether other lower-cost alternatives can be adopted. The minimum notice period of a planned shutdown should be no less than 10 business days unless agreed otherwise with the Retailer.

Our assessment is that this Principle is fully met.

The Agreement contains a policy for planned interruptions at Schedule 5. It largely emulates the approaches taken in the First Gas Agreement, however, alters them somewhat by enabling the distributor to elect to inform customers of a planned disruption. We note that the amendment at Schedule 5, S5.10 may give rise to additional cost for retailers.

Neither of the end consumer notification options given in the Vector Agreement requires a policy of considering whether lower cost options for notifications can be adopted. That said, we do not know whether the policy as enunciated in the First Gas Agreement consider lower cost options either. We note Retailers did not raise any concerns on this point and clarity beyond the explanation given by Vector as to exactly when the communication burden falls on retailers would increase certainty for Gas Industry Co and retailers.

Principle 16: The Distribution Service Arrangement should describe how the Distributor will provide the Retailer with timely information when an unplanned service interruption occurs. The information to the Retailer is expected to include the cause(s) of the interruption and progress towards reinstatement of line function services

Our assessment is that this Principle is substantially met.

The Agreement contains a detailed schedule on service interruption communication requirements. This largely emulates the approach taken in the First Gas Agreement. The schedule includes appropriate timeframes and details of the causes (if known) and progress towards reinstatement. There is a qualitative measure about how many consumers are affected but we think this is entirely appropriate. Schedule 5 appears to envisage prompt and regular update communications about key information.

We do, however, note that Vector Agreement has shifted away from the distributor's responsibility to inform retailers according to specific timeframes to a "reasonably practicable" standard. It is unclear whether retailers require additional certainty beyond that obligation – however, practical implications have been considered here including the extent of the impact it has on retailers.

Principle 17: Contracts should provide for the effective management of emergencies on the network in accordance with the Gas Governance (Critical Contingency Management) Regulations 2008 where load curtailment is instructed, and coordination of the isolation and restoration of supplies to consumers (and relighting of pilots) to ensure network security and consumer safety is not compromised.

Our assessment is that this Principle is substantially met.

Clause 4.3 of the Agreement requires each party to use reasonable endeavours in accordance with Good Gas Industry Practice to comply with Vector's Emergency Event management policy in Schedule 4 and the Critical Contingency Regulations. Despite the overall Agreement requirement to comply with Law, we are surprised that the Critical Contingency Regulations obligation is expressed only on a reasonable endeavours to comply basis; and does not constitute a breach of the Agreement.

Schedule 4 sets out the requirements in terms of system emergency event management and we have assessed how these requirements sit with the Critical Contingency Regulations. We note that there are some differences between the Vector and First Gas Agreements pertaining to Schedule 4 – this is particularly relevant at Schedule 4 S4.1 where the Regulations only apply if the cause of the emergency is due to a loss of pressure in the transmission systems. The effect of this narrows the scope of emergency event management.

We observe a reduction in the parties' responsibilities under the Vector Agreement, especially at Schedule 4, S4.3 which no longer requires the parties to outline their responses and actions likely to be taken when handling emergencies unless requested by the other party. Material changes to emergency management plans will also no longer need to be disclosed. The threshold for information sharing has also been reduced from a "copy" of the plan to a "summary", which we believe may have implications on the full extent of emergency management.

Principle 18: The Distributor’s most recent standard Distribution Service Agreement should be publicly available on the Distributor’s website.

Our assessment is that this Principle is fully met.