

24 November 2011

Steve Ilkovics
Critical Contingency Operator
Vector Limited
Private Bag 2020
New Plymouth Central
New Plymouth 4342

Dear Steve

Variation to the Service Provider Agreement – Critical Contingency Operator (“SPACCO”)

On 28 November 2008 Gas Industry Co entered into a service provider agreement (SPACCO) with Vector Gas Limited (Vector) in which Vector will fulfil the role of Critical Contingency Operator (CCO) under the Gas Governance (Critical Contingency Management) Regulations 2008 (the Regulations).

This side letter sets out an amendment to the base fee provisions at clause 3 of Schedule 3 of the SPACCO.

Clause 3 of Schedule 3 of the SPACCO provides for a fixed base fee of \$340,000.00 per annum, paid in monthly instalments in arrears. Vector now considers its original estimate of the base fee was too conservative, and accordingly the fixed base fee has been set at a level that does not accurately reflect Vector’s actual costs in providing the services.

Vector has sought an amendment to the base fee provisions in the SPACCO so that the base fee represents its actual expenditure each financial year. The process amendments are as follows:

1. Three months prior to the start of each financial year, Vector will provide an estimate of its expenditure for that financial year for those services covered by the base fee.
2. Gas Industry Co will pay one-twelfth of that estimate each month throughout the financial year.
3. Vector will include in its quarterly reports a table comparing actual expenditure against the estimate for that financial year with explanations for any significant variances.

4. Vector and Gas Industry Co agree that where Gas Industry Co has concerns over variances or information provided, the parties will meet in an attempt to resolve any issues. Where concerns cannot be resolved between the parties the Dispute Resolution mechanism at clause 15 of the Critical Contingency Operator Service Provider Agreement will apply.
5. As soon as possible after the-end of the financial year, Vector will provide Gas Industry Co with the actual outturn for the financial year and that outturn (subject to 4 above) will be the base fee for the financial year just completed. Vector will either invoice Gas Industry Co for any shortfall between the estimate and the base fee or provide a refund for any over-recovery ("the wash-up").

This change will be effective from the 2011/2012 financial year with the first wash-up taking place following the end of that financial year. An existing over-recovery of \$135,834.38 (covering the period from February 2010 through May 2011) will be rebated by Vector in equal instalments against its monthly invoices for the 2011/2012 financial year. For the avoidance of doubt, the calculation of the first wash-up will exclude the amounts rebated by Vector against the 2011/2012 invoices.

If Vector agrees to the proposed change set out above, please counter-sign this letter and return to Gas Industry Co.

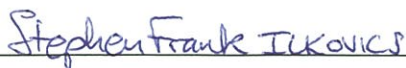
Yours sincerely



Ian Dempster

General Manager Operations

Agreed by Vector Gas Limited



Full name of director/authorised signatory



Signature of director/authorised signatory