

MEMORANDUM OF UNDERSTANDING

11 December 2013

This memorandum of understanding dated ~~June~~ 2013 is made between:

Vector Gas Limited (*Vector*)

Maui Development Limited (*MDL*)

The Parties agree as follows:

Vector and MDL, as parties to this memorandum, agree to proceed with a programme of work to evolve towards a compatible set of access and capacity pricing arrangements across both pipeline systems, broadly in line with the recommendations set out in the document "Advice from the Panel of Expert Advisors" dated July 2013, annexed to this memorandum as attachment "A" (*PEA Paper*).

How we will work together and with the industry:

This programme of work will be subject to the following principles:

1. All measures agreed as part of this programme are subject to the approval of the parties' respective Boards of Directors, or persons delegated by them.
2. Agreements on individual measures will have regard to the objective and the guiding principles set out in the PEA Paper.
3. The parties will consult with their contracted shippers and welded parties and, where appropriate, other interested parties.
4. Where they deem it appropriate, the parties may take advice on measures from a working group convened for this purpose.
5. Agreements on individual measures may comprise changes to the respective pipeline operating codes, contracts, agreements, standing procedures or other policies of one or both of the parties. It is acknowledged that to be finalised these may require external consultation at different stages and/or approval by the Gas Industry Company Limited (*GIC*).
6. Where reasonably practicable the parties will coordinate the implementation of operating code changes and other policies and procedures arising from this programme.
7. The initial scope of the programme of work is set out in Schedule 1. Schedule 1 will be reviewed every 3 months and amended and added to as necessary.
8. The parties will update the GIC on progress quarterly, but may report more or less frequently as the circumstances dictate.
9. This memorandum does not prevent either party deciding to proceed with other changes to its operating code, standing procedures or policies. However it is expected that any changes that affect the objective of this programme will be discussed by both parties before being implemented.

TG. BT

10. The parties record their intention that this memorandum is not legally binding on them, and neither party will be liable to the other in relation to this memorandum or any failure to comply with this memorandum. Either party may terminate this memorandum at any time after 30 June 2014 by notice in writing to the other.

Signed for and on behalf of Vector Gas Limited
by:

Brenda Talacek

Signature

Brenda Ann Talacek

Name

11 December 2013

Date

Signed for and on behalf of Maui Development
Limited by:

[Signature]

Signature

Donald Frederick Gray

Name

10 December 2013

Date

Schedule 1 – Programme of Work

1. Items where the parties will work together to agree coordinated code or other changes include:
 - a. Metering;
 - b. Gas Quality; and
 - c. Dispute Resolution.
2. Items where MDL will lead the work to agree and propose code or other changes include:
 - a. The AQ pricing; and
 - b. The distribution arrangements for AQ.
3. Items where Vector will lead the work to agree and propose code or other changes include:
 - a. The VTC amendment process;
 - b. Transition from grandfathering and supplementary agreements;
 - c. Transparency of relevant information; and
 - d. Peak rationing mechanisms.
4. This list is as at 3 December 2013 and is in no particular order. It will be reviewed and amended or added to as the programme of work advances.

Attachment "A"

Advice from Panel of Expert Advisers

Report to Gas Industry Company

**Prepared by the Panel of Expert Advisers
July 2018**

