

4 August 2011

## **Commitments by Northern Pipeline Shippers and Vector Transmission**

From:

- Vector Gas Limited
- Contact Energy Limited
- Energy Direct NZ Limited
- Genesis Power Limited
- Mighty River Power Limited
- Nova Gas Limited
- On Gas Limited

We each agree:

1. as a Shipper supplying a large end user (end user) who obtains gas from the Northern Pipeline, where the end user tenders for future supply to:
  - a. ensure that transmission capacity (capacity) is available to the preferred retailer of the end user of gas, at a price that reasonably reflects the value of that existing capacity to the Shipper, and at a quantity that will reflect the end user's demand, to the extent practicable;
  - b. provide that capacity price and quantity information, at the end user's or another Shipper's request, within five business days, to allow competing bidders to incorporate it into their supply proposals; and
  - c. provide the information in paragraph 1(b) to the Gas Industry Company Limited (GIC), together with the name of the end user, relevant ICP number and any other material terms of the capacity transfer offer at the time they are made to assist the GIC in assessing the efficacy of the arrangement set out in this paragraph.
2. to ensure that within ten business days after the completion of the tender process initiated by the end user or Shipper, the information in paragraph 1(b) will be disclosed on the public version of the Vector Transmission Open Access Transmission Information System (OATIS).
3. to negotiate, and where practicable agree on a set of reasonable commercial terms to govern the transfer of capacity under Supplementary Agreements and Non-Code Shipper transmission services agreements (including where relevant reasonable amendments to Supplementary Agreements and Non-Code Shipper transmission services agreements), by a target date of 1 December 2011.

4. to disclose to the GIC such information as the GIC reasonably requires to enable it to understand and assess the extent of the Northern Pipeline capacity constraint, the efficiency of the current capacity allocation mechanism and the need for asset investment, provided the GIC only uses the information for the purposes set out in this paragraph and keeps confidential any information identified by a discloser as confidential (including not disclosing that information to any competitor).
5. to work with GIC on a review of the Northern Pipeline capacity constraint, with the results made public and presented in an open forum by a target date of 1 December 2011.
6. to work together to develop a platform (known as a Bulletin Board) to facilitate the open and transparent trading of capacity between willing buyers and sellers, by a target date of 1 December 2011.
7. to participate in a project with the objective of developing longer term market solutions; establishing the current need for gas transmission investment; and developing an effective pathway for gas transmission investment to take place, including correctly signalling the price of gas transmission capacity.