

6 May 2013

## **Vector Transmission Code (VTC) Amendment change request**

### Change Request

1. Pursuant to section 25 of the of the Vector Transmission Code posted on OATIS and effective as at 1 December 2010 (Code), Contact Energy Limited wishes to propose an amendment to the Code in accordance with this Change Request, for the reasons explained below.
2. A marked up version of section 25 of the Code with our proposed changes is attached as Schedule 1.

### Reasons for the amendment

3. Previous change requests have included multiple unrelated issues. Typically the unrelated issue in a change request has tended to be contentious or very unlikely to meet with shipper's approval.
4. Under the change request process, to be approved and implemented the request must gain 75% support from shippers and Vector. If this level of support is not granted then a shipper or Vector may lodge an appeal with the GIC.
5. The GIC and Vector have entered into a Memorandum of Understanding (MOU) with respect to the principles and process with which the GIC will perform its role as appeals body under section 25 of the Code.
6. The GIC believes that where an appeal deals with multiple issues it must make its recommendation of supporting or not supporting the change request on the basis of the request as a whole.
7. The process as set out above has in the past led to change requests containing issues that if presented individually would not have gained support.

### Nature, intended impact and effect of amendment

8. This change request is intended to avoid contentious issues being included with other unrelated issues in order to create a fast track approval where the issue may not otherwise gain approval.
9. The change request will provide a more efficient decision process by dealing with only one issue or related issues at a time.

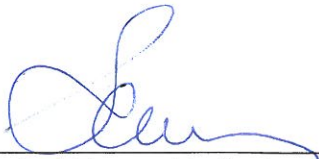
### Effective date of change request

10. It is proposed that the effective date shall be 1 June 2013.

General

11. Unless the context requires otherwise, all capitalised terms in this Change Request shall have the same meaning given to them in the Code.
12. By signing below, each person gives its consent to the amendment of the Code, as outlined in paragraph 1 above. This document may be executed in counterparts, with all copies to be read and construed as one document.

\_\_\_\_\_  
Vector Gas Limited

  
\_\_\_\_\_  
Contact Energy Limited

\_\_\_\_\_  
Energy Direct New Zealand  
Limited

\_\_\_\_\_  
Genesis Power Limited

\_\_\_\_\_  
Greymouth Gas New Zealand  
Limited

\_\_\_\_\_  
Mighty River Power Limited

\_\_\_\_\_  
Nova Gas Limited

\_\_\_\_\_  
OnGas Limited

\_\_\_\_\_  
Vector Gas Contracts Limited

## Schedule 1.

### 25. AMENDMENT / NOTIFICATIONS

25.1 Except as expressly set out in *sections **Error! Reference source not found.*** and 25.2, no variation, modification or waiver of any provision of this Code (but not including any document incorporated by reference into this Code) shall be of any force or effect unless it is in writing and signed by Vector and all Shippers.

25.2 Notwithstanding any provision of this Code, Vector may, immediately and without consultation or prior notice, make any changes to this Code that are required by law, including any applicable regulation or the order of a Court of competent jurisdiction.

25.3 To the extent that a change to this Code is required by law or an applicable regulation, and there is sufficient time for the procedure in *section 25.5* to be followed before that requirement takes effect, and the requirement is not prescriptive, then such change may be treated as a Change Request under *section 25.4*.

25.4 If any Shipper or Vector wishes to amend this Code and each affected TSA, it shall submit to the other a written request specifying the reasons for the amendment and the nature, intended impact, effect of that amendment and the date on which the amendment will take effect (a *Change Request*) provided that;

(a) the Change Request must relate only to a single issue or related series of issues (and the basis of such relationship must be stated in the Change Request);

(b) If a Shipper has notified Vector of a Change Request, within 5 Business Days after receiving that Shipper's written Change Request, Vector must provide to each other Shipper a copy of the Change Request; and

(c) Vector or any Shipper may request that the party making a Change Request provide additional, relevant detail about that Change Request, and if that request is reasonable, the requesting party must provide that detail to every other party as soon as practical following that request.

25.4 For the avoidance of any doubt, for the purposes of paragraph (a), nothing prevents any Shipper or Vector from submitting more than one Change Request at the same or any time so long as that the issue (or related series of issues) covered by each of them is discrete and each can be independently considered and accepted or rejected (as applicable).

25.5 Subject to *section 25.8*, Vector shall amend this Code (and each Shipper agrees to amend its TSA accordingly) in a timely manner after implementing the following procedure:

(a) within 15 Business Days of all Shippers receiving a copy of the Change Request:

(i) Vector shall notify each Shipper in writing whether or not it consents to the Change Request; and

- (ii) each Shipper shall notify Vector in writing whether or not it consents to the Change Request;
- (b) Vector's consent under *section 25.5(a)(i)* shall not be unreasonably withheld or delayed, and without limiting the previous part of this *section 25.5(b)*, it will not be considered unreasonable for Vector to withhold its consent where the Change Request would:
  - (i) require Vector to incur capital expenditure that Vector does not wish to incur or considers that expenditure to not be economically viable to incur;
  - (ii) require Vector to incur operating expenses or costs that it cannot reasonably expect to recover; or
  - (iii) be likely to adversely affect:
    - (A) the structure of Vector's transmission services, business structure or the structure or magnitude of Vector's transmission revenues; or
    - (B) the compatibility of Vector's Transmission System open access regime and the open access regime on the Maui Pipeline; and
- (c) if, and only if:
  - (i) Vector and at least 75% of all Shippers who respond pursuant to *section 25.5(a)* consent to the Change Request; or
  - (ii) Vector or a Shipper has appealed to the Gas Industry Company in accordance with *section 25.6* and the Gas Industry Company has given a written recommendation in accordance with *section 25.6* in support of the Change Request,

shall the relevant change be made to this Code, to have effect on the date specified in the Change Request.

25.6 If, acting reasonably:

- (a) a Shipper who considers that Vector has invalidly withheld consent under *section 25.5(b)* for that Change Request;
- (b) a Shipper who responded but did not give consent, under *section 25.5(a)(ii)*;
- (c) a Shipper who did give consent under *section 25.5(a)(ii)* to a Change Request where the relevant change was not made; or
- (d) Vector, wishes to lodge an appeal to the Gas Industry Company (or any entity granted formal jurisdiction in place of the Gas Industry Company) to seek to have the relevant Change Request allowed or not allowed (as the case may be), then it

must do so within 5 Business Days of the expiry of the 15 Business Day period in *section 25.5(a)* and must provide full particulars as to its reasons.

25.7 The Gas Industry Company (or any entity granted formal jurisdiction in place of the Gas Industry Company) shall consider the matter and, following appropriate consultation, shall make a written recommendation supporting or not supporting the Change Request or finding that Vector has or has not validly withheld consent under *section 25.5(b)*. The Gas Industry Company:

- (a) shall not be involved in the amendment process in this *section 25* except to the extent set out in this *section 25.7*; and
- (b) may recommend that an appeal not be considered valid on the grounds that it is vexatious,

and any recommendation given by it shall be final and binding.

To avoid doubt, a change made to the Code shall continue in full force and effect until otherwise notified by the Gas Industry Company (or any entity granted formal jurisdiction in place of the Gas Industry Company) and then in accordance with that notice.

25.8 Where:

- (a) Vector has withheld consent under *section 25.5(b)*; and
- (b) the relevant Change Request would require Vector to incur a cost as described in *sections 25.5(b)(i)* and/or *(ii)*,

Vector shall only be obliged to make a change to this Code in accordance with *section 25.5(a)(i)* as a result of the operation of *section 25.5(c)(ii)* if the Gas Industry Company has regulated that Vector or another party shall bear that cost, or the Shipper seeking the Change Request has agreed with Vector in writing that such Shipper or another party (not being Vector) will bear that cost.

25.9 For the purposes of this *section 25*, each Shipper and its related companies shall only be entitled to receive one notification of a Change Request, and to give one notification of whether or not it consents under *section 25.5(a)(ii)* in relation to a Change Request, regardless of how many TSAs that Shipper and its related companies are a party to, provided that each SOE shall each have the right to receive and give such notifications.

25.10 Vector shall not withhold its consent to a proposed amendment to the MPOC made in accordance with the process in *section 29.4* of the MPOC where:

- (a) all parties with whom Vector has an agreement who would or might be affected by the proposed amendment, including all Shippers, any Interconnected Party and any party with whom Vector has a standing contractual arrangement for Gas, agree in writing to such proposed amendment;
- (b) such proposed amendment would not:
  - (i) require Vector to incur capital expenditure;

- (ii) require Vector to incur operating expenses or costs that cannot be recovered;
  - (iii) adversely affect Vector's transmission pipeline business or any part of it;
  - (iv) cause Vector to breach the provisions of any agreement to which it is a party;
  - (v) in Vector's reasonable opinion, require a change to the rules for participating in an industry-wide market (as described in *section 2.11*); and/or
  - (vi) in Vector's reasonable opinion, adversely affect the compatibility of Vector's open access regime on the Transmission System, or operation of its Transmission System, with any Distribution System; and
- (c) any of the circumstances in *sections 25.10(a)* and/or *(b)(iv)* apply and each such affected counterparty agrees to amend its agreement with Vector in the manner that Vector, acting reasonably, determines is necessary.