

16 November 2011

VTC CHANGE REQUEST INVOICING



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*), Vector wishes to amend the Code in accordance with this Change Request, for the reasons explained below.
2. A restated version of the Code with the affected provisions marked up is appended to this Change Request.

Reasons for the amendments

3. The amendments to section 8.13 reflect the fact that because Delivery Quantities are not generally determined on an hourly basis, Vector does not have the ability to determine whether or not a Shipper caused or contributed to a Peaking Limit being exceeded at a TP Welded Point. Therefore, as a matter of practice, Vector has found that it needs to allocate peaking charges to all Shippers at the relevant Welded Point, and the procedures in sections 8.13(b)(i) and (ii) are redundant.
4. The amendments to section 8.21 are to give effect to the requests from Shippers that new Delivery Quantities (following interim, final, special allocations and metering corrections) become effective after they are notified. As a result, Shippers will have more visibility of any changes to their Delivery Quantities, and will be able to calculate the effect on their mismatch before the changes become effective. Shippers have advised that this will assist them with managing their mismatch position and therefore reduce their exposure to balancing costs.
5. The amendments to sections 6, 14, 16 and the new section 8.36 are a consequence of two recent events – the liquidation of E-Gas in late 2010, and a self reported breach of the Downstream Reconciliation Rules by Contact. Following a review of the Code in the context of those events, we have identified a number of clarification and tidy up changes to the prudential and invoicing sections of the Code to better reflect current practice, clarify the intent and to properly allocate responsibility for BPP charges in the event of Shipper insolvency. We have also:

- (a) adjusted the process for disputed invoices in section 16.17 to encourage prompt payment of invoices and better dispute practices;
 - (b) extended the period for re-opening Transmission Charges invoices where there has been a Special Allocation.
6. The amendments to the definitions section and remaining sections are consequential and/or self explanatory tidy up changes.

Nature, intended impact and effect of amendments

7. The overall effect of this Change Request is the Code will be more reflective of Vector’s current practice and intent in a number of areas related to invoicing, prudential requirements and the allocation of peaking charges.
8. The other effects of this Change Request are:
- (a) Shippers will have advance notice of changes to Delivery Quantities, providing them with an opportunity to manage their mismatch positions ahead of any changes becoming effective;
 - (b) Shipper’s Transmission Charges invoices will be reopened (where appropriate) for up to 30 months to give effect to Special Allocations. This may reduce the size of any financial settlement required by the Investigator under the Compliance Regulations and may make the settlement process under the Compliance Regulations more efficient for parties to a breach.

Effective date of change request

9. The Change Request will take effect on the first Day of the Month following the date on which the Change Request is approved in accordance with the Code.

General

10. Unless the context requires otherwise, all capitalised terms in this Change Request shall have the same meaning given to them in the Code.
11. 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