

# On-Going Service Description

For the Allocation Agent Service Provider Agreement

Gas Industry Company Limited

Transpower New Zealand Limited

Dated 4 October 2013

## VERSION CONTROL

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## **PARTIES**

**Gas Industry Company Limited** a company whose registered office is at Wellington (*the Industry Body*)

**Transpower New Zealand Limited** a company whose registered office is at Wellington (*the Service Provider*)

## **BACKGROUND**

- A. This Service Description is entered into under the General Terms for the Allocation the Service Provider Agreement, that were executed by the parties on or about the date of this Service Description.
- B. This Service Description describes the following services provided by the Service Provider:
  - (a) The provision, operation and development of the Allocation System.
  - (b) Performing the role of allocation agent under the Rules.
  - (c) Additional Services as agreed between the parties.
  - (d) Management of the above Services.

## **AGREEMENT**

### **1 DEFINITIONS**

#### **1.1 Existing Definitions**

A word or expression that is defined in the Rules or the General Terms has the same meaning in this Service Description, unless the context requires otherwise. So that this Service Description may be read without cross-reference to the Rules or the General Terms, words and expressions that the documents have in common may have their definition replicated in clause 1.2 (Additional Definitions).

#### **1.2 Additional Definitions**

The following words or expressions have the following meaning in this Service Description, unless the context requires otherwise:

**Additional Services** means the Services described in clause 5 (Additional Services).

**Agreed Maintenance Window** means any period agreed between the parties on a case by case basis (such agreement not to be unreasonably withheld) for the Service Provider to perform planned maintenance on any part of the Allocation System, provided:

- (a) the Service Provider must request each Agreed Maintenance Window on reasonable advance notice to the Industry Body to give, where reasonably possible, at least 5 Business Days' notice of the Agreed Maintenance Window to affected Allocation Participants; and
- (b) the Agreed Maintenance Window must be no longer than 10 hours, outside Business Hours.

**Agreement** means the General Terms together with any document executed by the parties that is expressed to be entered into under the General Terms, including:

- (a) the Establishment Service Description; and
- (b) this Service Description,

and their Schedules.

**Allocation Participant** has the meaning given to it in the Rules. At the Commencement Date, Allocation Participant means a retailer, distributor, meter owner, or transmission system owner (all as defined in the Rules).

**Allocation System** means the Application and the Website, together with all hardware, software, networks, facilities and other IT infrastructure used to make the Application and Website available to Users on the internet, up to the exit of the internet facing port on any internet gateway firewalls/routers used by the Service Provider's internet service provider (ISP) to interface with the internet.

**Applicable Gas Governance Arrangements** means the Rules and any other gas governance rules or regulations that place duties, functions or obligations on the Allocation Agent (as amended or replaced from time to time). At the Commencement Date, Gas Governance Arrangements includes:

- (a) the Rules;
- (b) the Gas Governance (Compliance) Regulations 2008;
- (c) the Gas Governance (Switching Arrangements) Rules 2008; and
- (d) the Gas Governance (Critical Contingency Management) Regulations 2008

**Application** means the software developed to meet the requirements of the System Specification as:

- (e) initially provided by the Industry Body under clause 3.1 (Infrastructure Provisions); and
- (f) subsequently modified by the Service Provider under this Service Description.

**Application Data** means all data within the Allocation System that is available to the Application, including all data:

- (a) uploaded via the Website by any User, for so long as that data remains in the Allocation System; and
- (b) generated by the Application or Website, for so long as that data remains in the Allocation System.

**Business Day** has the meaning given to it in the Rules. At the Commencement Date, Business Day means any day of the week except:

- (a) Saturday and Sunday; and
- (b) any day that Good Friday, Easter Monday, ANZAC Day, the Sovereign's Birthday, Labour Day, Christmas Day, Boxing Day, New Year's Day, the day after New Year's Day, and Waitangi Day are observed for statutory holiday purposes; and
- (c) any other day which the Industry Body has determined not to be a business day as published by the Industry Body.

**Business Hours** means between the hours of 8 am to 5 pm on a Business Day.

**Change:**

- (a) means the addition, modification or removal of anything that could have an effect on the Services; but

(b) excludes any Service Request.

**Commencement Date** means the date the General Terms were executed by both parties.

**Complete** means to ensure a Service Request is Completed.

**Completed or Completion** in relation to a Service Request means that all steps required to establish the relevant Service have been completed, including:

- (a) testing that the applicable Service is available and properly functioning;
- (b) providing all training or documentation necessary for the User to implement or use the Service; and
- (c) closing the Service Request in the Service Provider's systems, which will not be done until the earlier of:
  - (i) the Service Provider's systems have automatically completed the Service Request and the User has been notified accordingly;
  - (ii) the User (acting reasonably) has confirmed that the Service Request has been Completed; or
  - (iii) the Service Provider can demonstrate that two legitimate attempts to confirm closure with the User have failed.

**Contract Variation Process** means the process set out in clause 18 (Contract Variations) of the General Terms.

**Deliverable** means any and all tangible or intangible property, including Intellectual Property, hardware, software, equipment and documentation, that is supplied (or is to be supplied) by the Service Provider under the Agreement.

**Establishment Service Description** means the Service Description of that name that was entered into by the parties on or about the date of the General Terms, as modified in accordance with the Contract Variation Process.

**Expert Determination** means a determination in accordance with clause 15.4 (Option for Expert Determination) of the General Terms.

**Final Resolution** in relation to an Incident means:

- (a) a solution to the Incident has been implemented; and
- (b) the Allocation System has been restored to normal operation, including meeting its Service Levels.

**Financial Year** means the Gas Industry Co financial year, 1 July to 30 June.

**Gas Year** has the meaning given to it in the Rules. At the Commencement Date, Gas Year means the period from 1 October to 30 September.

**General Terms** means the General Terms referred to in Background A, as modified in accordance with the Contract Variation Process.

**Go Live Date** means the date, notified in writing by the Industry Body to the Service Provider in accordance with Milestone 7 of the Establishment Service Description, on which the Allocation System will go live.

**Good Practice** means the exercise of that degree of skill, diligence, prudence, foresight and economic management that would reasonably be expected from a skilled and experienced provider of the Services and Deliverables (as defined in the General Terms).

**Incident** means:

- (a) any unplanned interruption, or threat of unplanned interruption, to the Allocation System;
- (b) the Allocation System is not meeting the requirements of this Service Description, including its Service Levels; or
- (c) any failure of a configuration item that has not yet affected the Allocation System.

**Living Document**, in relation to any document agreed between the parties, means that the document may be amended by written agreement between the parties, without following the Contract Variation Process.

**Personnel:**

- (a) means, in respect of an entity, any director, officer, employee, contracted staff member or other worker of that entity, or of that entity's agents or contractors involved in the provision of the Services and Deliverables; and
- (b) excludes, in respect of the Industry Body, all Personnel of the Service Provider.

**Priority Level** for any Incident:

- (a) means the highest priority (from "P1" being highest to "P4" being lowest) that is applicable to the Incident, determined by reference to the impacts and examples in the following table:

Priority Level	Allocation Participant Impact
P1	Entire Allocation System unusable.
P2	Reduced system functionality/performance for Users at multiple sites.
P3	Reduced system functionality/performance impact for Users at a single site.
P4	Reduced system functionality/performance impact for a single User.

- (b) will be initially assessed in good faith by the Service Desk, based on the information it has available;
- (c) will be reassessed in good faith by the Service Desk as reasonably required from time to time, including following the implementation of any Workaround or the receipt of any additional relevant information. For Service Level purposes, if the Priority Level of an Incident is:
  - (i) increased, then the Incident will be deemed to have been notified to the Service Provider at the time of the Priority Level was increased; and
  - (ii) decreased, then the notification time will remain unchanged.
- (d) may be referred to Expert Determination for determination, following Resolution of the Incident, if there is any dispute between the parties as to whether the Service Provider's assessment met the above requirements.

**Resolve** means to ensure an Incident is Resolved.

**Resolved or Resolution** in relation to an Incident means a Final Resolution or Workaround for the Incident, including:

- (a) correcting all data corrupted by the Incident or its Resolution;
- (b) testing the Final Resolution or Workaround;
- (c) providing all training or documentation necessary for the User to implement or use the Final Resolution or Workaround; and
- (d) closing the Incident in the Service Provider's system, which will not be done until the earlier of:
  - (i) the relevant Allocation Participant (acting reasonably) having confirmed that the Incident has been Resolved; or
  - (ii) the Service Provider demonstrating that two legitimate attempts to confirm closure with the Allocation Participant's contact have failed.

**Rules** means the Gas (Downstream Reconciliation) Rules 2008 (as amended from time to time), and any replacement rules.

**Service** means any service provided (or that is to be provided) by the Service Provider under the Agreement.

**Service Desk** means the single point of contact for Users to make Service Requests and report Incidents.

**Service Level** means any obligation of the Service Provider that is specified in this Service Description as a "Service Level".

**Service Request** means a request from a User that the Industry Body has agreed will be a Service Request, including:

- (a) setting up new Users;
- (b) resetting passwords;
- (c) updating allocation participant contact details pursuant to rule 23.2;
- (d) updating reference information supplied by industry body as set out in System Specification GAS010;
- (e) updating allocation participant notifications as set out in System Specification GAS020;
- (f) considering, approving (or rejecting) and registering deemed profiles pursuant to rules 54 to 56; and
- (g) reviewing and amending registered deemed profiles pursuant to rule 59.

**System Specification:**

- (a) means the specification recorded in the following documents, as amended from time to time by agreement in accordance with the Contract Variation Process:
  - (i) the Gas Industry Company Limited, Allocation Agent Functional Specification *version 2.6 dated 16 August 2013*; and
  - (ii) any separate non-functional specification document that may be agreed in writing between the parties, in accordance with the Contract Variation Process; and

- (b) includes, until a separate non-functional specification document is agreed, the following non-functional specifications:
- (i) the Allocation System must perform in a way that is fit for purpose and facilitates efficient and effective allocation and reconciliation;
  - (ii) the Allocation System must be able to accommodate the provision of information from Allocation Participants, through the Website, involving up to 50 concurrent online Users;
  - (iii) the Allocation System must have the capacity to support all of the calculation requirements for the implementation of operations within the set time frames, as set out in the Rules and in this Service Description, with this involving:
    - (A) Up to 200 gas gates associated with up to 300,000 ICPs; and
    - (B) Up to 15 separate retailers, 5 different distributors and 4 different transmission system owners;
  - (iv) the Allocation System must have the capability to be readily expanded in capacity to accommodate growth in the quantity of consumption information provided by Allocation Participants, in excess of that set out in (iii)(A) and (B) above;
  - (v) the Allocation System must readily accommodate changes to functions requested as a result of:
    - (A) changes to the Rules; and
    - (B) the provision of Additional Services;
  - (vi) the Allocation System must provide counter measures for security threats appropriate to the level of system risk;
  - (vii) the Allocation System must provide for:
    - (A) maintenance of the data environment and reversal of material errors;
    - (B) recovery of database integrity and corruption that might occur because of the Allocation System incorrectly processing information; and
    - (C) daily backup and storage of data and current software, in storage facilities that meet Best Industry Practice;
  - (viii) the Allocation System must provide logs of user interactions with the system, and include alerts of repeated unsuccessful logons;
  - (ix) the Allocation System must retain allocation information and results for immediate access, indefinitely. For other recorded information, the minimum retention periods are:
    - (A) 30 days for batch files received from and delivered to Allocation Participants; and
    - (B) 48 months for information, acknowledgements, notifications and reports.

After these retention times, the information shall be archived (onto DVD or other such media) and available for retrieval on request;

- (x) the Allocation System must have an audit trail of all data accepted, and all acknowledgements, notifications, reports and other information delivered to Allocation Participants and the Industry Body. Audit information shall include time, party, method and any other pertinent information to allow for full tracking from source to destination;
- (c) the non-functional specifications in (b) will only apply:
  - (i) after the Allocation System's performance against those non-functional specifications has been tested by the Service Provider by way of Additional Services after the Go-Live Date (requested by the Industry Body if and when it requires). The non-functional specifications to be tested will be agreed by the parties as part of the Additional Services, but the Service Provider will not refuse to test any of the non-functional requirements in subclause (b) above); and
  - (ii) after all material failures of the Allocation System to meet non-functional specifications that were identified as a result of the above testing have been rectified:
    - (A) by way of Additional Services, to the extent the failures relate to the Application or Website as (as initially provided to the Service Provider by the Industry Body under the Agreement) provided that the Industry Body may reduce the tested non-functional specifications rather than request those Additional Services; and
    - (B) at the Service Provider's cost, to the extent the failures relate to the remainder of the Allocation System. The Service Provider will rectify such failures as soon as is reasonably practical.

Any disagreement between the parties concerning the cause or materiality of such failure may be referred by either party to Expert Determination:

**Source Code**, in relation to any software, means instructions for the software written in a human-readable programming language, including all documentation reasonably required by a software programmer experienced in that language to efficiently operate and modify the software.

**T&M Rates** means the rates described in clause 8.2 (T&M Charges).

**User** means any person authorised by the Industry Body or an Allocation Participant to access the Allocation System or any Services.

**Variation Request** means a request for a variation to the Agreement, which request:

- (a) is provided in writing by one party to the other party; and
- (b) includes a reference number to uniquely identify that Variation Request.

**Website** means the Gas Allocation Portal available at [www.gasreconciliation.co.nz](http://www.gasreconciliation.co.nz) or at any backup or replacement URL, as modified by the Service Provider under this Service Description.

**Workaround** in relation to an Incident means that:

- (a) a temporary solution to the Incident has been implemented; and
- (b) the temporary solution has restored the Allocation System to normal operation, including meeting its Service Levels.

## 2 **GENERAL**

### 2.1 **Service Term**

The Services in this Service Description will commence on the Go Live Date and, unless the Agreement is terminated earlier, will continue for the Term specified in the General Terms.

### 2.2 **Good Practice Standards**

The Service Provider will:

- (a) provide all Services in accordance with Good Practice; and
- (b) ensure all Deliverables meet Good Practice.

### 2.3 **Industry Body Guidelines**

The Service Provider will use all reasonable endeavours to comply with all guidelines on the Rules that may be published by the Industry Body from time to time.

## 3 **INFRASTRUCTURE SERVICES**

### 3.1 **Infrastructure Provision**

The Industry Body will provide the Service Provider with the initial versions of the Application and Website. The Service Provider will:

- (a) provide all other IT infrastructure that is from time to time required to:
  - (i) make the Allocation System available to Users via the internet; and
  - (ii) comply with the System Specification;
- (b) provide all backup IT infrastructure (including a remote disaster recovery site) capable of making the Allocation System available to Users via the internet should any component of the primary infrastructure fail.

### 3.2 **Infrastructure Operation**

The Service Provider will operate, maintain, enhance, and support the Allocation System:

- (a) so that it continues to comply with the System Specification; and
- (b) including performing nightly back-ups to tape (or other appropriate device) of the Application, Website and Application Data, and storing those back-ups off site.

### 3.3 **Application Development and Support**

The Service Provider will:

- (a) carry out all modifications to the Application and Website that are either:
  - (i) reasonably required for the Application and Website to keep operating:
    - (A) together with the remainder of the Allocation System; and
    - (B) in accordance with the System Specification; or
  - (ii) agreed with the Industry Body as Additional Services; and
- (b) when carrying out such modifications, ensure that:

- (i) the Allocation System and Website comply with the System Specification at all times; and
- (ii) the Source Code for the Application and Website is developed, versioned and maintained in accordance with generally accepted practices.

### 3.4 Data and Code Provision

The Service Provider will promptly provide the Industry Body with copies of:

- (a) such releases of the Application and/or Website (in object and Source Code format); and
- (b) the Application Data and back-ups of the Application Data (in an open format reasonably required by the Industry Body),

as the Industry Body requests from the Service Provider from time to time.

### 3.5 Service Levels

The Service Provider will meet the following Service Levels:

	Definition	Calculation	Level
<b>Availability</b>	The period of time during which the Allocation System is fully functioning and available with the Application Data to all Users at the boundary of the Allocation System. An <b>Outage</b> is the period of time that the Allocation System fails to achieve that standard.	Per calendar month (excluding Agreed Maintenance Windows in accordance with clause 7.7).	No more than one Outage, and that Outage must last for less than 2 hours.
<b>Reliability</b>	The number of Outages, of any duration.	Per calendar month (excluding Agreed Maintenance Windows in accordance with clause 7.7).	No more than: 1 Outage a calendar month;
<b>Recovery Point</b>	The maximum amount of data that may be lost when the Allocation System is restored (measured as a length of time before the failure).	Per Outage.	1 hour

## 4 ALLOCATION AGENT SERVICES

### 4.1 Regulatory Functions

The Service Provider will:

- (a) have the functions, duties, rights, powers, and obligations of the Allocation Agent as set out in the Rules; and
- (b) comply with all duties, functions and obligations of the Allocation Agent set out in any other Applicable Gas Governance Arrangement.

To the extent this Service Description is inconsistent with the functions, rights, powers, and obligations of the Allocation Agent under any Applicable Gas Governance Arrangement, the Applicable Gas Governance Arrangement will prevail.

### 4.2 Additional Obligations

The Service Provider will perform the following Services:

- (a) Where the retailer concerned consents, the Service Provider will make available to the distributors at a gas gate, the allocation results and reports provided to the retailer for that gas gate under rules 48, 49 and 50 of the Rules. The allocation results and reports must be provided in the information exchange file formats notified in writing to the Service Provider by the Industry Body, provided that the Industry Body has consulted with the Service Provider before giving such notice.
- (b) The Service Provider will provide the Industry Body with a report in respect of any alleged breach of the Rules and, to the extent possible, within 5 Business Days of the Service Provider becoming aware of the alleged breach.

#### 4.3 Allocation Operations Manual

The Allocation Agent's obligations under this clause 4 (Allocation Agent Services) will be clarified in an operations manual, to be agreed between the parties in accordance with the Contract Variation Process (the **Allocation Operations Manual**). The Allocation Operations Manual is a Living Document. The Service Provider will comply with the agreed Allocation Operations Manual at all times.

#### 4.4 Service Levels

The Service Provider will meet the following Service Levels:

	Definition	Calculation	Level
<b>Allocation Timeframes</b>	Extent to which the timeframes for Allocation Agent actions as set out in the Rules have been performed on time.	Number of met timeframes / number of timed actions required. Calculated per calendar month.	100% on time.
<b>Website Updates</b>	Time taken for information on the Website to be updated, after it has become inaccurate or invalid for any reason.	Number of met timeframes / number of times changes to the Website were required. Calculated per calendar month.	100% within one Business Day.
<b>Calculation Accuracy</b>	Extent to which allocations are correctly calculated (i.e. in accordance with the Rules).	Number of allocations correctly calculated / number of allocations. Calculated per calendar month.	100% correct.
<b>Allocation Participant Reports</b>	Extent to which reports to Allocation Participants contain the required information and are securely directed to the right participant.	Number of correct reports / number of reports. Calculated per calendar month.	100% correct.
<b>Public Reports</b>	Extent to which reports required to be publically available contain the right information and are publicly available on the Website.	Number of correct reports / number of reports. Calculated per calendar month.	100% correct.

### 5 ADDITIONAL SERVICES

#### 5.1 Informal Services

From time to time the Industry Body may ask the Service Provider to provide, in accordance with the following provisions, services relating to the Allocation System or Services that are not specified in this Service Description, but that the Industry Body would like performed at the T&M Rates (each an **Informal Service**):

- (a) Informal Services are appropriate for low value, low risk services and should (but do not have to) be agreed in writing.

- (b) Before providing any Informal Services, the Service Provider will agree an estimate of the Charges with the Industry Body in accordance with clause 8.2 (T&M Charges).
- (c) The Informal Services will be provided on the terms of the Agreement, and otherwise as agreed between the parties.

5.2 **Formal Services**

From time to time the Industry Body may ask the Service Provider to provide, in accordance with the following provisions, services relating to the Allocation System or Services that are not specified in this Service Description, but that the Industry Body would like recorded in a statement of work (each a **Formal Service**):

- (a) Each Formal Service will be recorded in a written statement of work (a **SOW**). A SOW may take any form, but must be in writing, signed by both parties, and include:
  - (i) the Services to be provided; and
  - (ii) the Charges payable (which may be on a “time and materials” or “fixed price” basis).
- (b) If required by the Industry Body, the content of any SOW will be determined in accordance with the Contract Variation Process.
- (c) Until both parties have signed a SOW for a Formal Service, the Service Provider will not commence the Formal Service and the Industry Body is under no obligation to proceed with the Formal Service or pay any Charges in relation to the Formal Service. Once a SOW has been signed by the parties, the SOW will be deemed to be part of the Agreement.
- (d) The SOW will have a level of priority with the rest of the Agreement as stated in clause 1.3 (Order of Priority) of the General Terms. No standard form agreement of the Service Provider will form part of any SOW, even if the SOW purports to incorporate one.

6 **FUTURE SERVICES**

Under the Contract Variation Process, the parties may negotiate future Services with the features specified in the following table. The Service Provider acknowledges it would be unreasonable for it to refuse to accept any Variation Request or sign any Contract Variation for a future Service with those features.

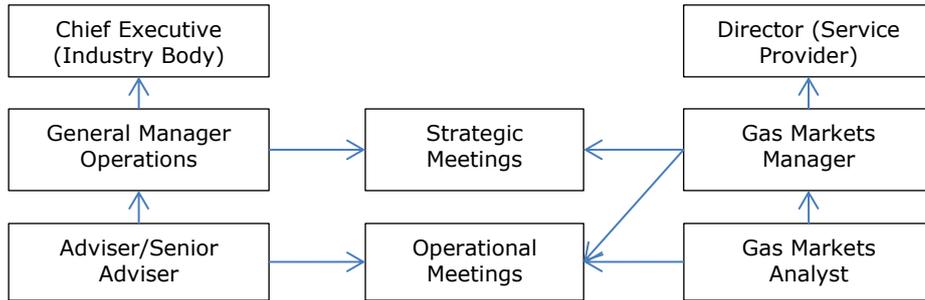
Future Service	Features
<b>Additional Applications</b>	The Industry Body may (if technically possible) require new functionality for the Allocation System to be developed in a distinct application or applications, rather than as part of the Application or Website. All Intellectual Property developed by the Service Provider under the Agreement in any such distinct application will be owned by the Industry Body. Otherwise, the Agreement would be amended so it has the same effect it would have had the distinct application been part of the Application or Website.

7 **SERVICE MANAGEMENT**

This clause 7 (Service Management) describes Services that support the other Services under this Service Description.

7.1 **Governance**

The Services will be governed in accordance with the following model. Either party may change its governance appointees on written notice to the other party.



The Service Provider will:

- (a) meet with the Industry Body in relation to the Services as reasonably required by the Industry Body from time to time, including the following meetings:

Meeting	Frequency / Agenda	Attendees
<b>Annual Meeting</b>	No more than 20 Business Days after each Financial Year (convened by the Service Provider). (a) Relationship Objectives. (b) Year in Review. (c) Future Influences. (e) Agreed Actions.	The Industry Body's General Manager Operations, Adviser/Senior Adviser and invitees. The Service Provider's Gas Markets Manager, Gas Market Analyst and invitees (eg Commercial and Finance Manager).
<b>Monthly Operations Meeting</b>	No more than 10 Business Days after each calendar month or otherwise as agreed by the Industry Body (convened by the Service Provider). (a) Activity. (b) Issues. (c) Risks. (d) Agreed Actions	The Industry Body's Adviser/ Senior Adviser and invitees. The Service Provider's Gas Markets Manager, Gas Markets Analyst and invitees. .

- (b) report to the Industry Body in relation to the Services as reasonably required by the Industry Body from time to time, including the following reports:

Report	Content	Audience / Frequency
<b>Annual Report</b>	<b>Relationship Objectives</b> A description of the Service Provider's objectives for its relationship with the Industry Body. <b>Year in Review</b> An assessment of the Service Provider's performance over the period, including a summary of: - the Service Provider's key activities under the Agreement; - the Service Levels achieved this period, and compared with previous periods; and	The Industry Body's Business Owner. At least 5 Business Days before the Annual Meeting.

Report	Content	Audience / Frequency
	<p>- all breaches of the Agreement by the Service Provider, including an explanation for each breach.</p> <p>Details of the Charges over the period, and a summary for all previous periods.</p> <p><b>Future Influences</b></p> <p>An assessment of all factors relevant to the Services in the next period and beyond, including issues, risks and opportunities, and whether arising from each party's plans or external factors.</p> <p><b>Recommendations</b></p> <p>Any suggested actions for either party, including any suggested amendments to the Agreement or the Rules.</p>	
<p><b>Monthly Operations Report</b></p>	<p><b>Service Levels</b></p> <p>Service Level achievement in the period, and trends across all periods.</p> <p><b>Operations</b></p> <p>(a) System threshold breaches during the period.</p> <p>(b) Changes that occurred during the period, with a focus on highlights and issues encountered.</p> <p>(c) Changes planned over the next 12 months.</p> <p>(d) Status of all incomplete Changes.</p> <p>(e) Assessment of all issues and risks affecting the Allocation System or Services.</p> <p>(f) For the periods and on a summary basis for all previous periods:</p> <ul style="list-style-type: none"> <li>- number of security related Incidents during the period</li> <li>- number of security patches not implemented at the end of the period</li> </ul> <p><b>Service Desk</b></p> <p>For the period by Priority Level, and on a summary basis for all previous periods:</p> <p>(a) number of new Incidents/Service Requests.</p> <p>(b) number of Incidents/Service Requests remaining open at the end of the period</p> <p>(c) number of Incidents/Service Requests escalated beyond the Service Desk.</p> <p>(d) number and % of Incidents/Service Requests incorrectly assigned to the Service Desk</p> <p>(e) number of Incidents Resolved by the Service Desk without being notified by a User.</p>	<p>The Industry Body's Service Contact.</p> <p>At least 1 Business Day before each Operational Meeting.</p>
<p><b>Contract Breach Report</b></p>	<p>A report in respect of any breach by the Service Provider of its obligations under the Agreement.</p>	<p>Within 2 Business Days of the Service Provider becoming aware of that breach</p>

## 7.2 Operational Documents

The Service Provider will:

- (a) maintain the following documents:
  - (i) **User and Administrator Guide.** A guide for Allocation Participants and the Industry Body to enable effective interaction with the Allocation Agent, the Allocation System and the Website, in regard to provision of required information, identifying and dealing with faults and problems, and using any other Services available to Users.

- (ii) **Training Materials.** Materials to support the training of Users in how to use the Allocation System, which are of a standard that could reasonably be expected to facilitate the required training and assist attending trainees in retaining what they have learnt.
- (iii) **Operations Manual.** A guide to the Service Provider’s Personnel on how to perform the Services.

The Industry Body will procure that initial versions of each document will be provided by NZX to the Service Provider under the Establishment Service Description.

- (b) ensure each document is up to date (modifying them at least annually or whenever significant changes are made to the Allocation System, the Services or the operations requirements set by the Rules), clear, correct, consistent with this Service Description, and contain all relevant information; and
- (c) provide a copy of any such document to the Industry Body, promptly on request by the Industry Body from time to time.

### 7.3 Service Desk

The Service Provider will:

- (a) provide the Service Desk as the single point of contact for Users to make Service Requests and report Incidents;
- (b) ensure the Service Desk:
  - (i) is available at all times during Business Hours;
  - (ii) provides facilities for the receipt and acknowledgement of Incidents and Service Requests by voice, email and online, as well as other forms of electronic communication agreed by the parties;
  - (i) is accountable for:
    - (A) managing the Resolution of all Incidents in accordance with the applicable Service Levels; and
    - (B) the prompt Completion of all Service Requests;
  - (iii) provides management, progress monitoring and reporting of Incidents until Resolved and Service Requests until Completed, confirming Resolution and Completion before they are closed;
  - (iv) logs and categorises all Incidents and Service Requests and captures all relevant information about them; and
  - (v) does not “close” an Incident or Service Request until it has been Resolved or Completed; and
- (c) meet the following Service Levels:

	Definition	Calculation	Level
<b>Service Desk Response Times</b>	The elapsed time between a User calling the Service Desk and a Service Desk operator answering that call in person.	Calculated per calendar month.	No complaints from Users or Allocation Participants about Service Desk response times.

#### 7.4 **Incident Management**

The Service Provider will manage the Resolution of Incidents in order to restore normal service operation as quickly as possible and minimize any impact on the Allocation System. In particular, the Service Provider will:

- (a) **Event Monitoring.** Provide, maintain, update and administer proactive monitoring services, methodologies and processes on a 24 x 7 basis to facilitate the prevention, identification, and Resolution of Incidents.
- (b) **Incident Initiation.** Initiate its Incident management process and use monitoring tools to generate Incident tickets when:
  - (i) an Incident is detected by the Service Provider;
  - (ii) an Allocation System capacity or performance threshold is exceeded; or
  - (iii) an Incident is logged.
- (c) **Incident Resolution.** Investigate, analyse and Resolve all Incidents and threshold alerts according to the Priority Level of the Incident.
- (d) **Grey Area Analysis.** If it is not immediately apparent whether the Incident is caused by the Allocation System, work with the Industry Body and Allocation Participants to identify the cause of the Incident as reasonably requested by the Industry Body or the Allocation Participant. Costs of Resolution will be apportioned once the Incident has been Resolved. To the extent the Incident was not within the Allocation System, the Service Provider may charge the Industry Body the Service Provider's reasonable costs of meeting the Industry Body's or the Allocation Participant's requests for assistance.
- (e) **Workarounds.** Provide Workarounds as appropriate. If the Service Provider implements a Workaround to Resolve an Incident it will, promptly following implementation of the Workaround, implement a Final Resolution for the Incident.
- (f) **Information.**
  - (i) ensure all detected and reported Incidents are logged and classified, including the identification of any relevant configuration information, as appropriate;
  - (ii) update all information in relation to each Incident and its Resolution in a timely manner;
  - (iii) not close an Incident until it has been Resolved;
  - (iv) ensure that, when an Incident is closed, appropriate standard Resolution data is recorded against the Incident record; and
  - (v) provide the Industry Body with such information as it requests from time to time.
- (g) **P1 Incidents.**
  - (i) provide hourly updates to the Industry Body for the duration of any P1 Incident. The updates will advise of the status of the investigation into the Incident, and the expected time for restoration of service, so that the Industry Body can advise Allocation Participants.
  - (ii) 5 Business Days after the Resolution of a P1 Incident, provide the Industry Body with a report outlining detailed remedial strategies and a detailed written plan setting out how the Service Provider intends to prevent further like

occurrences and the timeframes for each step involved (a **Resolution Plan**) and seek the Industry Body's approval of that Resolution Plan.

- (A) The Industry Body will not unreasonably withhold approval of any Resolution Plan (with "unreasonable" in this context being determined by reference to the impact of the Incident on Allocation Participants).
- (B) Once a proposed Resolution Plan has been approved by the Industry Body, the Service Provider will promptly:
  - implement the approved Resolution Plan in accordance with its terms; and
  - monitor the effectiveness of the approved Resolution Plan in preventing any further failures to ensure the satisfaction of the relevant Service Level, and report the results to the Industry Body as often as may be reasonably desirable in the circumstances.
- (h) **Escalation.** Promptly escalate if any Incident is not Resolved within the "Time to Resolve" Service Level.
- (i) **Service Levels.** Meet the following Service Levels:

	<b>Definition</b>	<b>Calculation</b>	<b>Level</b>
<b>Response Time</b>	The time period within which a User who has reported an Incident is advised of the expected time to resolve the Incident.	Calculated per calendar month.	No more than: P1 – 1 Business Hour P2 – 4 Business Hours P3 – 8 Business Hours P4 – 2 Business Days
<b>Target Resolution Time</b>	Time from a when an Incident is logged in the Service Provider's Service Management System to when the Incident is Resolved.	Calculated per calendar month.	No more than: P1 – 5 Business Hours P2 – 1 Business Day P3 – 5 Business Days P4 – 10 Business Days

## 7.5 Change Management

The Service Provider will use standardised methods and procedures for efficient and prompt handling of all Changes, in order to minimise the number and impact of any related Incidents. In particular, the Service Provider will:

- (a) develop, document, and maintain procedures for recording, tracking and escalating Change;
- (b) implement Change, including planning, co-ordinating, testing, implementing, managing and monitoring, in accordance with those procedures;
- (c) provide post-Change implementation review and reporting, where requested by the Industry Body, including such information as the Industry Body reasonably requires to determine if a Change has been successful;
- (d) implement all updates to software in the Allocation System or used to provide or support the Services;
- (e) for each Change, promptly update its asset and configuration management system and all relevant operational documentation with details of the Change; and

- (f) manage the authorisation and notification of all planned Change.
- (g) where reasonably possible, give the Industry Body and Allocation Participants at least 5 Business Days' notice of all planned outages.

#### 7.6 **Security Management**

The Service Provider must maintain systems and processes to ensure the security of the Allocation System and all Application Data and back-ups of the Application Data. This Service does not limit the Service Provider's other obligations regarding confidentiality, availability or integrity set out elsewhere in the Agreement. In particular, the Service Provider will:

- (a) unless specifically authorised in writing by the Industry Body:
  - (i) not modify any Application Data or back-ups of the Application Data; and
  - (ii) not destroy any Application Data or back-ups of the Application Data.
- (b) store, backup and archive the Application Data in accordance with Good Practice and in a manner which reasonably ensures their continued confidentiality, integrity and availability.
- (c) maintain systems and processes to identify, contain, eradicate and recover from network based security threats and events. The types of security threat include:
  - (i) malware;
  - (ii) denial of service;
  - (iii) inappropriate usage; and
  - (iv) unauthorised access.
- (d) establish a security Incident response, escalation and reporting security standard, setting out the action to be taken on receipt of a report of a security breach event. This includes:
  - (i) liaising with the Industry Body's security representative to manage and mitigate security threats;
  - (ii) notifying the Industry Body immediately upon becoming aware of any potential, threatened or actual misuse or unauthorised disclosure of or access to Application Data or back-ups of the Application Data; and
  - (iii) co-operating with the Industry Body in preventing or limiting any such misuse or unauthorised disclosure or access.
- (e) if the Service Provider becomes aware or suspects that any unauthorised person has obtained, attempted to obtain, or may obtain access to the Allocation System or any Application Data or back-up of the Application Data or has used or attempted to use the Allocation System or any Application Data or back-up of the Application Data for purposes not authorised or permitted by the terms of the Agreement:
  - (i) the Service Provider will take such steps as are available to it to identify that unauthorised person and to comply with the Industry Body's and the relevant Allocation Participant's directions; and
  - (ii) the Service Provider will, after consultation with the Industry Body and relevant Allocation Participant, make such changes to its operations that are necessary to prevent, as far as is practicable, the occurrence of the same or similar breaches of security in the future.

## 7.7 **Service Level Management**

The Service Provider will:

- (a) implement appropriate measurement, monitoring and management tools and procedures designed to enable it to:
  - (i) measure and report on the Service Levels;
  - (ii) detect and prevent any potential failure to meet the Service Levels; and
  - (iii) minimise and promptly rectify the impact of any failure to meet the Service Level;
- (b) not be responsible for any Service Level failure to the extent the Service Provider can demonstrate the failure:
  - (i) occurred during the Agreed Maintenance Window as a result of the maintenance planned for that Agreed Maintenance Window; or
  - (ii) is excused under clause 14 (Force Majeure) of the General Terms.
- (c) continually evaluate its Service Level performance and take all steps reasonably required in order to rectify any under-performance; and
- (d) subject to subclause (b), report Service Level performance in accordance with clause 7.1 (Governance).

## 7.8 **Service Continuity Management**

The Service Provider will:

- (a) develop a service continuity plan that enables the Service Provider to avoid or minimise the impact on the Services of:
  - (i) any component of the Allocation System; or
  - (ii) any of the Service Provider's Personnel,  
failing or becoming unavailable;
- (b) provide the Industry Body with a copy of the plan on request from time to time;
- (c) test the plan at least annually, review the results of the test and provide the Industry Body with a test review report;
- (d) update the plan as reasonably required and at least annually, including as a result of testing;
- (e) implement the plan in accordance with its terms.

## 8 **CHARGES**

### 8.1 **Monthly Charges**

#### (a) **Initial Monthly Charges**

\$42,916.67 (plus GST) per month, invoiced monthly in advance from the Go Live Date.

(b) **Adjusting the Monthly Charges**

- (i) **Reasonable Profit.** The Monthly Charges may only be adjusted in accordance with this subclause to ensure that the Monthly Charges continue to provide the Service Provider with a reasonable, but not excessive, profit from providing those Services that relate to the Monthly Charges, taking into account only the following (a **Reasonable Profit**):
- (A) Any change, for any reason, in the Services and/or the Service Provider's costs; and
  - (B) The need for each of the Services to remain competitive against the best price available for similar services provided in New Zealand (whether provided separately or together with other services).

To avoid doubt, the Monthly Charges may be reduced under this subclause.

- (ii) **Material Rule Change.** Adjustments to the Monthly Charges may only be requested under paragraph (iii) below if a change, or accumulation of changes, to the Applicable Gas Governance Arrangements after the Commencement Date has had, or will have, a material effect on the Service Provider's costs of providing the Services (a **Material Rule Change**).

- (iii) **Adjustment Requests.** Where there has been a Material Rule Change, either party may request an adjustment to the Monthly Charges by providing written notice of the request to the other party (each an **Adjustment Request**), provided that:

- (A) all Adjustment Requests resulting from a Material Rule Change must be given within 3 months after that change (or the last such change where there has been an accumulation of them); and
- (B) each Adjustment Request must describe:
  - the Material Rule Change which is the subject of the Adjustment Request;
  - the proposed variation(s) to the Monthly Charges that will provide a Reasonable Profit, together with reasonable information supporting the proposed variation(s) including, in the case of the Service Provider, the information required under paragraph (vi) below; and
  - the proposed date(s) on which the variation should take effect.
- (C) all variations to the Monthly Charges that result from a Material Rule Change, will have effect as and when required to give effect to a Reasonable Profit but no earlier than when the applicable Adjustment Request was made.

- (iv) **Initial Response.** Within 20 Business Days of receiving an Adjustment Request, the party receiving the request (the **Recipient**) will respond to the party that made the request with a written notice advising whether the Recipient agrees to the request. If the Recipient agrees in that notice, the Monthly Charges will be varied as set out in the Adjustment Request.

- (v) **Final Process.** If the Recipient does not agree to the proposed Adjustment Request (or does not give notice under subparagraph (iv)) the following process will apply:

- (A) In the first instance the parties shall meet to discuss the matter in good faith to see whether they can agree in writing whether a Material Rule

Change has occurred and how much the Monthly Charges should be varied.

(B) If the parties cannot reach agreement within 30 Business Days of receiving the Adjustment Request, the party that gave the Adjustment Request may require the matter to be referred to Expert Determination, provided that the scope of the determination will solely be to resolve:

- whether a Material Rule Change has occurred;
- the amount (if any) by which the Monthly Charges should be varied to achieve a Reasonable Profit; and
- the date on which the Monthly Charges should take effect,

provided that, if the parties have agreed any of the matters above, the scope of the determination will be limited to the matters that have not been agreed.

(vi) **Profit Information.** So that the Industry Body can assess the extent to which the Service Provider is obtaining a Reasonable Profit, the Service Provider will provide the Industry Body with sufficient information to enable the Industry Body to be made aware of all of the Service Provider’s actual costs, expenses and profits in providing each element of the Services to the Industry Body during the relevant period, including:

- (A) all capital expenditure incurred by the Service Provider in providing the Services; and
- (B) the actual operating expenditure incurred by the Service Provider in connection with the provision of the Services, including an analysis of all costs of staff, labour, consumables, subcontracted services, interest and overhead,

with all such information to be disaggregated by Service element and provided with each Adjustment Request from the Service Provider and otherwise within 20 Business Days following receipt of the Industry Body’s written notice requiring the information.

## 8.2 T&M Charges

(a) **Initial T&M Rates.** Where this Service Description allows the Service Provider to charge on a time basis, it will charge the time at no more than the applicable rate(s) below (the **T&M Rates**).

Grade	T&M Rate (plus GST)
Developer	\$165 per hour
Database Administrator	\$180 per hour
IT technical support	\$175 per hour
Operations Manager	\$200 per hour
Business Analyst	\$130 per hour
Test Analyst	\$120 per hour
Project Manager	\$165 per hour

(b) **Estimates.** Except in emergencies, or where the Industry Body explicitly instructs the Service Provider to proceed without an estimate, the Service Provider will:

- (i) agree with the Industry Body an estimate of the T&M Rates Charges before providing any T&M Rates Services;
  - (ii) advise the Industry Body as soon as it becomes reasonably apparent that the agreed estimate will be exceeded; and
  - (iii) not exceed the agreed estimate without the Industry Body's prior written consent.
- (c) **Efficiency.** The Service Provider will complete all T&M Rates Services in as economical and efficient manner as is reasonably possible, given the Service Provider's other obligations under the Agreement, so as to minimise the Charges for those Services.
- (d) **Supporting Information.** The Service Provider will provide the Industry Body with all information the Industry Body may reasonably require to check the time spent, the rate charged and the overall computation of the T&M Rates Charges. The Industry Body is not required to pay any T&M Rates Charges for which the Service Provider is unable to provide such information.
- (e) **Inflation Adjustment.** The Service Provider may vary the T&M Rates, provided that any increase must:
- (i) not apply in the first 12 months of the Agreement and be limited to once each subsequent 12 months;
  - (ii) be notified to the Industry Body in writing at least three months prior to the increase taking effect; and
  - (iii) not exceed the percentage increase in the New Zealand Labour Cost Index (All Labour Costs) over the 12 months for which that index was most recently published prior to such variation.

**SIGNATURES**

**Gas Industry Company Limited** by:

  
 \_\_\_\_\_  
 Signature  
 Name: Stephen Dierks  
 Title: Chief Executive  
 Date: 04.10.13

**Transpower New Zealand Limited** by:

  
 \_\_\_\_\_  
 Signature  
 Name: KIERAN DEVINE  
 Title: G.M. System Ops.  
 Date: 04/10/13.