



Prescribed contract disclosure

Gas transmission business: new prescribed contract under the Vector Transmission Code



Introduction

First Gas operates 2,500km of gas transmission pipelines (including the Maui pipeline), and more than 4,800km of gas distribution pipelines across the North Island. These gas infrastructure assets transport gas from Taranaki to major industrial gas users, electricity generators, businesses and homes, and transport around 20 percent of New Zealand's primary energy supply.

For further information on First Gas, please visit our website www.firstgas.co.nz.

Disclosure requirements

The *Gas Transmission Information Disclosure Determination 2012* consolidating all amendments as of 24 March 2015 ("the Determination") sets out the pricing and related information that gas transmission businesses (GTBs) are required to publicly disclose. Section 2.4.9 of the Determination states that:

"Every GTB must, not later than 20 working days after entering into a prescribed contract that is a standard contract, publicly disclose the prescribed terms and conditions of the prescribed contract."

On 23 February 2018, First Gas Limited entered into a Vector Transmission Code (VTC) Transmission Services Agreement (TSA) with First Gas Limited. First Gas Limited (as owner of the Non-Maui transmission pipeline) entered into a TSA with First Gas Limited (as owner of the Maui transmission pipeline).

This agreement was required to meet the terms of s.2.14 of the Maui Pipeline Operating Code (MPOC). Under the MPOC, the Transmission Services Operator is required to ensure that if gas is shipped to a connecting transmission pipeline, the parties receiving gas in that pipeline have a valid Transmission Services Arrangement with that pipeline. As First Gas receives gas at Maui welded points, in order to perform balancing actions, a TSA is required to comply with this provision of the MPOC.

The details of this agreement are disclosed on the following pages.

A copy of the standard TSA, which incorporates the Vector Transmission Code (VTC), is available on the First Gas website here <http://firstgas.co.nz/about-us/regulatory/transmission/>.

Further information

For further information regarding this disclosure, please contact:

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| 1. New Standard Agreement – Contract Identifier 201712:1 | |
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| <p>Prescribed term (a)</p> <p>Describe the goods or services to be supplied under the contract</p> | <p>See VTC Section 2.1. First Gas provides gas transmission services for the conveyance of gas from Receipt Point(s) to Delivery Point(s). At the Delivery Point(s) the gas is injected into:</p> <ul style="list-style-type: none"> A gas distribution system; or A site or system dedicated to a single consumer of gas; or Another gas transmission system. |
| <p>Prescribed term (b)</p> <p>Determine, or provide the determination of the quantity or amount of those goods or services</p> | <p>VTC Section 1.1: Definition of "Delivery Quantity", this is the quantity that First Gas is deemed to have delivered from Receipt Point(s) to Delivery Point(s).</p> <p>VTC Section 1.1: Definition of "Reserved Capacity", First Gas is required to be able to deliver up to a quantity of gas equal to the Reserved Capacity from defined Receipt Point(s) to defined Delivery Point(s).</p> <p>VTC Section 1.1: Definition of "Authorised Overrun Quantity", this is any delivered quantity from a Receipt Point(s) to Delivery Point(s) in excess of the relevant Reserved Capacity where First Gas has given prior approval.</p> <p>VTC Section 1.1: Definition of "Unauthorised Overrun Quantity", this is any delivered quantity from a Receipt Point(s) to Delivery Point(s) in excess of the relevant Reserved Capacity where First Gas has not given prior approval.</p> <p>VTC Section 4: Capacity Reservation, this section describes the process under which the customer requests Reserved Capacity and which First Gas accepts in full, accepts in part or declines the request.</p> <p>VTC Section 6.5: Determination of the Delivery Quantity, this section describes how the Delivery Quantity is determined.</p> |
| <p>Prescribed term (c)(i)</p> <p>Specify, determine, or provide for the determination of the price at which those goods or services are to be supplied</p> | <p>TSA section 7, describes how prices are applied.</p> <p>VTC Section 15.6 - 15.8: Redetermination and Adjustment of Fees, describes how prices are changed.</p> <p>The schedule of Confirmed Standard Transmission Fees (available on www.oatis.co.nz by clicking on "First Gas VTC Information Exchange" and "Publications") details the prices for gas transmission services between defined Receipt Points and Delivery Points.</p> |

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| <p>Prescribed term (c)(ii)</p> <p>Specify, determine, or provide for the determination of the timing of payment for those goods or services</p> | <p>VTC Section 16.14: "Payment by the Shipper", details the determination and timing of payments for the services provided.</p> |
| <p>Prescribed term (c)(iii)</p> <p>Specify, determine, or provide for the determination of the security for payment for those goods or services</p> | <p>VTC Section 14.2 - 14.6: Prudential Requirements, details the required security First Gas requires for the services provided.</p> |
| <p>Prescribed term (c)(iv)</p> <p>Specify, determine, or provide for the determination of the GTB's obligations and responsibilities (if any) to consumers in the event that the supply of gas transmission services to consumers is interrupted</p> | <p>VTC Section 10.1, (f), (g) and (j): Curtailment and Shutdown, details First Gas' obligations in the event of an interruption to services.</p> <p>VTC Section 10.4: Rebate of Charges; details First Gas' obligation to provide a rebate to the customer in the event of an interruption to the services provided.</p> |