

INFORMATION MEMORANDUM

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1 INTRODUCTION

This Information Memorandum has been developed to assist persons considering or requesting access to any one of the six Distribution Systems owned and operated by Wanganui Gas Limited (WGL).

The business interests of WGL include, as a Distributor, the transportation of natural gas through its six Distribution Systems; as a Gas Retailer, the provision of bundled gas services to its End Users; and as an Appliance Retailer, the sale of natural gas appliances.

As a consequence of its mix of business interests and having embraced the opportunity to assist in the development of a truly competitive natural gas market within New Zealand, WGL is committed to providing Neutral and Non-Discriminatory access to its Distribution Systems. The Company ethos has rapidly evolved and will continue to do so as the both the Company and market continue to develop and mature in the new competitive environment.

With the objective of promoting the development of competitive gas markets in New Zealand, "Gas House", a voluntary group of companies representing gas suppliers, pipeline owners and gas users, has published a voluntary code of conduct, the "New Zealand Gas Pipeline Access Code". The Code establishes the minimum standards of conduct and disclosure of information by owners of gas transportation systems, to encourage Neutral and Non-Discriminatory access to these systems. A copy of the Code can be obtained from:

The Chairman
Gas House
PO Box 24102
Wellington
Tel/Fax (06) 364 6787

As a founder member of Gas House and a signatory to the Code, WGL has adopted the Code as a minimum standard and will abide by the terms and spirit of the Code at all times. WGL does not require any User, or potential User, of its Distribution Systems to be either members of Gas House or signatories to the Code.

This Information Memorandum describes the policies, principles and procedures adopted by WGL in providing access to its Distribution Systems, including but not limited to the following;

- a description of the Services offered; and
- the terms and conditions of the Services offered; and
- pricing for the Services offered; and
- the procedures to access the Services offered.

WGL undertakes to treat all parties including its own Gas Retailing business, on a Neutral and Non-Discriminatory basis, and shall not disclose to any other party any information which is supplied to WGL, except that which is publicly available or required by the Code.

The information provided within this document has, wherever possible, been written to assist those not necessarily familiar with industry terminology or processes within the gas industry. Other than words which are normally capitalised, words or phrases in capitals are explained under the section "Definitions".

Information which WGL has made publicly available in accordance with the requirements of the Gas (Information Disclosure) Regulations 1997 has not been duplicated but is available should it be requested. A copy of this information can be obtained from our Distribution Division.

WGL welcomes any comments on the contents of this Information Memorandum or its business practices or ethics, and will wherever possible, assist in providing information which is publicly available or which should be made publicly available where it is in the interest of assisting the development of a competitive gas market .

For enquiries regarding any matter contained within please contact:

The Distribution Manager
Wanganui Gas Limited
PO Box 32
Wanganui

Phone: (06) 349 0131
Fax: (06) 349 0135
Email: distribution@wangas.co.nz



Trevor Goodwin
General Manager

2 DEFINITIONS

The following list of definitions are provided to assist readers in the interpretation of this document, in particular those persons unfamiliar with natural gas industry terminology.

Applicant

A person who has applied for a Distribution Service.

Billing Period

The period from 8.00am on the last Business Day in one Month up to 8.00am on the last Business Day in the next Month with the exception of the month of September when the Billing Period ends at 8.00am on the 1st of October regardless of whether that Day is a Business Day.

Business Day

A day, other than a Saturday or Sunday, when registered banks are open for business.

Calorific Value or CV

A gas property which represents the amount of energy generated by complete combustion of one standard cubic metre of gas, measured in Megajoules per standard cubic metre.

Capacity

The ability of a pipeline to transport Gas between two locations under a particular set of operating conditions.

Compressed Natural Gas or CNG

CNG is used in automobiles as an alternative fuel. These automobiles refuel at service stations with CNG dispensing facilities. Such sites are classified as CNG Delivery Points or CNG Sites.

Contract Year

The period from 8:00am on 1 October of one year to 8:00am on 1 October of the next year.

Day

The period beginning and ending at 8.00 am. When referring to a particular Day the date of the Day is the date on which that Day begins.

Delivery Point or DP

The point where gas exits the distribution system and where the System User nominates to have gas delivered.

Distribution Service

The service that WGL offers.

Distribution Services Agreement or DSA

The agreement signed by WGL and the System User which specifies the respective rights and obligations in respect of the transportation of the System User's gas through WGL's Distribution System.

Distribution System

The gas transportation system owned and operated by WGL.

Emergency

An unplanned interruption to supply or an unplanned event, which presents, or has the potential to present, a hazard to life and/or property and/or the environment.

End User

The ultimate consumer of gas supplied through a Delivery Point.

Fixed Factor

A factor applied to the volume of Gas measured by the meter at actual conditions to convert to volume of Gas at Standard Conditions of pressure and temperature.

Gas

Natural gas which meets the “New Zealand Specification For reticulated Natural Gas, New Zealand Standard 5442: 1990”.

Gas Measurement System

The equipment installed at a Delivery Point used to measure the quantity of Gas delivered.

Gigajoule or GJ

Equivalent to 10^9 Joules. The energy unit in which contracted gas flows are measured. Note that 1 Terajoule (TJ) equals 1,000 GJ and 1 Petajoule (PJ) equals 1,000,000 GJ.

Maximum Hourly Quantity or MHQ

The maximum quantity of Gas, measured in cubic metres, delivered in any hour of any Day.

Maximum Instantaneous Quantity or MIQ

The instantaneous quantity of Gas measured in cubic metres, delivered at any point in time.

Month

The period beginning at 8.00 am on the last Day of a calendar month and ending at 8.00 am on the last Day of the next calendar month.

Negotiated Service

The terms, conditions and price agreed by WGL and the System User for a service (other than Posted Price Service), using the pricing principles in this Information Memorandum.

Neutral and Non-Discriminatory

To act impartially and not to distinguish between System Users or to favour one System User over another in the terms and conditions and price for services offered or provided.

Nominated Annual Quantity or NAQ

The quantity of Gas which WGL will deliver in any Year to at a Delivery Point.

Nominated Monthly Quantity or NMQ

The quantity of Gas which WGL will deliver in any Month to a Delivery Point.

Non-Specification Gas

Natural gas which does not meet the “New Zealand Specification For reticulated Natural Gas, New Zealand Standard 5442: 1990”.

Party

WGL and the System User individually and Parties means them collectively.

Posted Price Service

The price, terms and conditions for Distribution Services (other than Negotiated Services) specified in this Information Memorandum. Appendix A contains the Posted Prices for these services.

Receipt Point

The point where gas enters the Distribution system.

Reconciliator

The person responsible for allocating the proportions of Gas received by, or delivered to, the System User in circumstances where the System User shares a Receipt Point or Delivery Point with other System Users.

Standard Conditions

A temperature of 15°C and an absolute pressure of 101.325 kPa.

Time of Use Device

Equipment used for the purpose of providing Gas flow information at predetermined moments in time.

Unaccounted for Gas or UFG

The difference between metered Gas entering and exiting a Distribution System in a given period.

Unbilled Gas

The estimated quantity of Gas which has been delivered to each Delivery Point since the last meter reading.

Usage Profile

The annual usage profile anticipated at a Delivery Point, for each hour and Day of the Year.

Year

The period commencing at 8.00 am on the 1st day of October in each year and ending at 8.00 am on the 1st day of October in the following year.

WGL

Wanganui Gas Limited.

WGL - Distribution

The Distribution Division of Wanganui Gas Limited.

WGL - Retail

The Retail Division of Wanganui Gas Limited.

3 REFERENCES

In this Information Memorandum, unless the context suggests otherwise references to:

- a clause or appendix is to a clause or appendix in this document;
- the singular includes the plural and vice versa;
- any statute, regulations, New Zealand standard, or other such statutory document is to the most recent document.

4 DISTRIBUTION SERVICES

4.1 Contractual Arrangements

The supply of gas to an End User will generally require the following contractual arrangements:

- An agreement with a wholesaler for the supply of gas; and
- An agreement with the owner of the transmission system to transport the gas from the wholesaler to the appropriate Receipt Point on WGL's distribution system; and
- An agreement with WGL, (the Distribution Services Agreement), to transport the gas from its Receipt Point, through its distribution system to the Delivery Point, typically located at an End User; and
- An agreement with the End User.

4.2 Criteria for Provision of Distribution Services

Although typically the other party in each of the agreements outlined in 4.1 above would be a gas retailer, WGL will provide distribution services, ie access to transport gas through its distribution system, to any party where the following criteria have been achieved:

- a) A Distribution Services Agreement has been agreed and signed by both parties; and
- b) suitable arrangements have been made for the supply of gas for WGL to transport through the distribution system; and
- c) suitable commercial and technical arrangements have been made to supply the End User; and
- d) an appropriate performance bond has been posted or security provided; and
- e) where the annual quantity is greater than or equal to 10 TJ, Time of Use Data is available; or
- f) where the annual quantity is less than 10 TJ, a Usage Profile has been agreed for the gas being transported through the distribution system.

4.3 Receipt, Transportation and Delivery

WGL receives gas at various sales gates (Receipt Points), transports the gas through the distribution system and delivers it to System Users at Delivery Points.

While the System Users continue to own the gas, WGL takes control, possession and responsibility for the gas at the Receipt Point through to the Delivery Point at which stage control, possession and responsibility reverts back to the System User.

Due to the design and operation of the distribution systems it is neither possible nor feasible to deliver to the System User the precise gas which the system User supplied to WGL at its Receipt Point. WGL therefore contracts with System Users to receive energy from the System User at a Receipt Point and to deliver it to the System User at a nominated Delivery Point on the distribution system.

4.3.1 Ownership

WGL owns all equipment between the Receipt Point and the Delivery Point.

4.3.2 Access

The System User must ensure that WGL is allowed access at all times and free of charge to any premises of the System User and End User to install, inspect, maintain, repair or operate any equipment forming part of the Distribution System including check metering and telemetry equipment, and also for the purpose of reading or testing any meter installed at a Delivery Point.

4.3.3 New Receipt Points

Where either WGL or a System User requires a new Receipt Point to be constructed, the party requesting the new Receipt Point will advise the other party in order to discuss the reasons for the request and the implications resulting from its construction. As the result of the re-routing of gas it is likely that there will be financial implications on the System User from the upstream transporter and for this reason it is important that all System Users must be involved.

4.3.4 New Delivery Points

System Users may request WGL to construct a new Delivery Point. The process for requesting new Delivery Points is specified in Section 5.

4.3.5 Shared Receipt Points and Delivery Points

Where more than one System User is provided with Distribution Services on the same Distribution System, there will be a need to allocate the quantities of gas through the Receipt Point on that Distribution System to the appropriate System User. Monthly and annual quantities are quantified from the total metered volumes at all Delivery Points for each System User and hourly and

instantaneous hourly flow rates from either Time of Use Devices or Flow Profiles.

Where the Delivery Point is shared by more than one System User, there will need to be an agreed method of allocating the metered volumes to the appropriate System User. Unless there is an agreement on how the quantities are to be allocated, WGL will facilitate negotiation between all affected System users.

4.4 Quantity

4.4.1 Agreed Quantities

The quantities to be received, transported and delivered by WGL will be agreed and specified in the Distribution Services Agreement. Quantities must be specified for the Maximum Hourly Quantity (MHQ) and Maximum Instantaneous Quantity (MIQ) for each Delivery Point, and where the pricing includes a variable component which is subject to volume throughput, the Nominated Monthly Quantity (NMQ) and/or the Nominated Annual Quantity (NAQ).

4.4.2 Units

Other than the MHQ and MIQ which are both quantified in cubic metres of gas at standard conditions (scmh), all other volumes are quantified in energy terms such as Gigajoules (GJ).

4.4.3 Energy Conversion

To determine the energy value for a given quantity of gas, the quantity of gas (in cubic metres at standard conditions) is multiplied by the calorific value (in Megajoules per cubic metre).

4.4.4 Maximum Hourly Quantity

The ability of the distribution system to supply gas to a specific Delivery Point is determined by the maximum quantity of gas which can be taken by the System User at the Delivery Point in any one hour, the MHQ. Through its obligations under the Distribution Services Agreement, WGL undertakes to receive at the Receipt Point, transport through its Distribution System, and deliver to the System User at the Delivery Point a quantity of gas up to the contracted MHQ.

This quantity is available to be taken by the System User on a 24-hour basis, subject to any specific provisions in the Distribution Services Agreement. The quantity is specifically reserved for a given Delivery Point which due to the complexity and design of Distribution Systems, cannot be transferred to another Delivery Point, either on the same or an alternative system. Where the System

User requires a change to the MHQ at a specific Delivery Point, the System User is required to advise WGL in writing, of its request. Where the request is for an increase, WGL will determine its ability to receive, transport and deliver the new quantity and advise whether the change can be accommodated and of any additional cost to the System User where WGL is required to commit capital expenditure in order to satisfy the request.

4.4.5 Daily Quantity

To enable the party providing transportation services upstream of the Receipt Point to reconcile the quantities delivered to the Receipt Point for each System User, WGL will determine the Daily Quantity of gas delivered to each Delivery Point. Where this can be determined from monitoring equipment which can determine quantities delivered at any point in time, known as Time of Use, this precise method will be adopted. Otherwise, in agreement with all System Users, WGL will apply agreed flow profiles, known as Usage Profiles.

4.4.6 Usage Profile

At Delivery Points where the Annual Quantity is less than 10 TJ and where Time of Use Device is not installed, a Usage Profile, agreed between WGL and all System Users, will be applied across the total quantity of gas delivered to a Delivery Point in a given period to determine the quantity of gas delivered to the Delivery Point on each Day.

WGL recognises that the application of Usage Profiles requires substantial effort by interested parties and the co-operation and constructive contribution by all involved parties to resolve the issues. Accepting this, WGL is committed to facilitating access to its distribution system and will assist and be proactive toward resolving the issues.

4.4.7 Time of Use Metering

At Delivery points where the Annual Quantity is greater than or equal to 10 TJ, or less than 10 TJ where a Usage Profile has not been agreed, a Time of Use Device will be installed at the Delivery Point.

4.4.8 Unaccounted for Gas

Unaccounted for Gas, or UFG, is the difference between the metered quantities of gas entering the Distribution System at the Receipt Points and the metered quantities of gas exiting the Distribution System at the Delivery Points.

The reasons for variations in the quantities of gas entering and exiting the system include;

- a) Metering accuracy
- b) System leakage

- c) Unbilled gas accruals based upon estimated meter readings
- d) Theft
- e) Gas purged during commissioning of new pipes and maintenance activities

By definition, it is not possible to precisely define the contribution the various factors make toward UFG.

4.5 Disconnection

WGL will perform all disconnections of Delivery Points whether resulting from a request from the System User or where required by WGL as a result of an issue of safety or failure by the System User to meet the terms and conditions of the Distribution Services Agreement.

The System User may isolate a Delivery Point if required by the System User by turning and locking off the service valve located immediately upstream of the meter. This is the favoured method of isolating gas supplies to End Users for the purpose of non payment of accounts and does not incur a charge from WGL as a result. The cost of disconnecting and reconnecting Delivery Points is specified in Appendix A.

4.6 Interruption of Distribution Services

In situations where for reasons of safety, emergency or in the normal course of operating the Distribution System there is a need for WGL to interrupt supply to one or more Delivery Points, WGL will notify the affected System Users as soon as is reasonably practical.

4.7 Quality

4.7.1 Specification Gas

To ensure consistency of gas quality received from and delivered to System Users, WGL offers distribution services for Specification Gas; that is gas which meets NZS 5442: 1990.

In the event that the System User wishes WGL to deliver Non-Specification Gas, the System User is required to:

- a) give WGL written notice of its wishes for WGL to receive, transport and deliver Non-Specification Gas; and
- b) be able to demonstrate that the Non-Specification Gas will not cause safety or operational problems within WGL's distribution system; and
- c) obtain written consent from all other System Users WGL is contracted with to provide distribution services on the specific distribution system. Subject to WGL's satisfaction that a) and b) have been achieved, WGL can provide assistance if required.

4.7.2 Odourisation

Gas is required to be readily detectable at concentrations greater than 1/5th of the concentration at which it will burn in air, which equates approximately to a concentration of approximately 1% gas in air. As natural gas is odourless, an odour is added to enable its detection and as there are a number of factors which can influence the level of odorant in the gas, it is important that the amount of odorant in the gas and the concentration of gas at the stage at which it can be readily detected are monitored.

In providing distribution services, WGL requires that Gas delivered to a Receipt Point be odourised in compliance with the “New Zealand Code of Practise for Odourisation of Gas: NZGCP 3”. Having received Gas which complies with this code, WGL then undertakes to ensure the gas within its distribution system and delivered to the System user at a Delivery Point continues to meet the requirements of the code.

In instances where either WGL or a System User becomes aware that a situation may exist where gas could be over or under odorised it is important that the other party be made aware of such instances as soon as practically possible in order that the appropriate response can be taken. Over odorised gas can result in an increase in the incidence of reported gas leaks which by their sheer numbers could result in a significant leak not being attended to as quickly as it would normally be and under odorised gas can result in significant leaks going undetected.

4.8 Capacity Management

The capacity of a notional pipeline can be defined in terms of the rate at which gas is received at one end and delivered at the other end. However WGL’s Distribution systems are much more complex, typically having one Receipt Point and many Delivery Points.

The Capacity of WGL’s system is therefore defined as the Maximum Instantaneous Quantity (MIQ) at each Delivery Point, this being the combined total potential offtake of all the installed gas plant receiving gas from the Delivery Point. The units used for design purposes are standard cubic metres per hour (scmh) and meters are sized on this basis.

WGL’s Distribution System is physically controlled to maintain constant pressures, with the result that the rate of gas input into the system is determined by the rate at which it is being drawn from all the Delivery Points connected to the System. Due to this there is no significant linepack storage available.

The System User’s obligations as set out in the DSA, include not drawing gas at a greater rate than the agreed Delivery Point Capacity as this could result in damage to the Distribution System and prevent WGL from meeting its contractual obligations to other System Users.

The right of a System User to be able to draw gas at a specific Delivery Point at an agreed MIQ is part of the Distribution Services package. As such, it is not a tradeable commodity in its own right and therefore WGL does not facilitate a tradeable Capacity market.

4.9 Investment Criteria for Developable Capacity

Upon receipt of a request from a System User, a design and costing analysis will be completed to establish the cost of the facilities required to supply the nominated Delivery Point within the requested parameters.

If the Distribution System does not have sufficient Capacity to meet the specific parameters of the request, the design and costing analysis will incorporate the reinforcement of the existing system, sometimes referred to as “Developable Capacity”.

In carrying out this analysis, the future revenue stream that will be generated from the Delivery Point is determined, based upon the applicable Posted Price. A financial analysis is then carried out based upon receiving an appropriate return on the proposed capital expenditure, recovering the relevant operating costs and comparing it with the predicted future revenue stream.

This analysis also takes into account, an assessment of the risk of the project not returning the predicted revenue stream to establish whether the revenue expected to be generated from the Posted Price is sufficient to compensate WGL for the risks of the proposed investment. If it is then the offer from WGL to the System User will be based on the applicable Posted Price, otherwise the offer will be based on a Negotiated Service.

WGL will own all Capacity constructed as a result of a request by an Applicant or System User, whether or not the Applicant or System User has incurred any cost whatsoever in the process.

4.10 Measurement

4.10.1 Receipt Point Measurement

At each of the six Receipt Points at the Sales Gates, the quantity of energy received is determined by measurement equipment installed immediately upstream. This equipment is presently owned and operated by Natural Gas Corporation.

Check metering facilities are installed at the Wanganui Sales Gate only although WGL has the right to install such equipment at the other Receipt Points if WGL considers it necessary.

4.10.2 Delivery Point Measurement

The quantity of energy received, transported and delivered by WGL to the Delivery Point is determined by measurement equipment owned and operated by WGL at the Delivery Point, unless otherwise agreed between the System

User and WGL. The System User has the right to have equipment installed to check WGL's measurement equipment should it so wish.

4.10.3 Meter Reading

WGL reads all meters with a Nominated Annual Quantity of greater than or equal to 1200 GJ on a monthly basis and all others on a two monthly basis, in addition to providing daily meter readings where a Time of Use Device is installed.

The meter readings are then forwarded to the System User for conversion to energy and for subsequent billing of their customers as appropriate. Such readings will be supplied on a weekly basis stating the meters that have been read in the preceding week, the meter reading, the Fixed Factor, and the date of each reading.

Where a System User wishes to cease Distribution services to a Delivery point, WGL will read the meter at that Delivery Point. This reading will be used as the final account for that Delivery Point for the exiting System User, and where another User is to commence Distribution Services to the same Delivery Point at the same time, the reading will also be used as the initial reading for the incoming System User.

4.10.4 Unbilled Gas

Where a Delivery Point meter is not read on the last Day of the Billing Period, the System User will be required to estimate the Quantity of gas which has been delivered by WGL to the Delivery Point and provide this information to WGL.

4.10.5 Accuracy of Measurement Equipment

The accuracy of either the Receipt Point or Delivery Point measurement equipment may be verified following a request from either the System User or WGL but at periods no more frequently than one year, unless the party requesting the verification is prepared to meet the costs.

4.11 Fees and Charges

4.11.1 Posted Prices

The current Fees and Charges are stated in Appendix A.

4.11.2 Non-Specification Gas

In instances where Non-Specification Gas is accepted at a Receipt Point for transportation and delivery to a Delivery Point, the Fees and Charges which are applicable are the same as if it were Specification Gas.

4.11.3 Bond/Deposit

WGL may request a System User to either post a bond, or pay a deposit, equivalent to the total fees and charges payable for two Billing Periods.

4.11.4 Redetermination and Adjustment of Fees

WGL may redetermine the fees on an annual basis with effect from 1 October in each year.

In order to achieve this, the System User must notify WGL by 1 July in each year, of the Quantities for delivery during the following contract year commencing 1 October.

WGL will then advise the System User by 1 September of the new fees. In the event that the System User does not accept the new fees and WGL has been unable to resolve the matter to the satisfaction of the System User, the System User may then initiate the dispute resolution process, as outlined in Section 7.3 and Appendix F.

4.11.5 Negotiated Prices

WGL recognises that there are likely to be requests by System Users for Negotiated Prices which varies from the Posted Prices. Where the System User requests a Negotiated Price WGL will consider the request providing the following conditions are met:

- a) The System User must provide WGL with evidence that demonstrates the reasons for the request;
- b) All other parties involved in the supply of gas to the System User agree to lower their rates (where the request from the System User to WGL is for a reduction in rates);
- c) The Negotiated Price is for a specified period;
- d) The Negotiated Price is not likely to have a destabilising effect on other market prices;
- e) The Negotiated Price, if accepted by the System User, will be made contemporaneously available to all System Users.

A request for a Negotiated Service may be for a variation to an existing service, provision of a new service or based purely on price. Such instances include, but are not necessarily limited to:

4.11.5.1 Bypass

This occurs when it is economically viable for the System User to construct its own pipeline or distribution system from the transport

system upstream of the Receipt Point through to the Delivery Point location.

WGL considers the duplication of assets to be an inefficient use of resources and will therefore undertake to resolve any issues relating to bypass such that duplication does not occur. Consideration will be given to offering a Negotiated Service where it can be demonstrated that bypass is economically viable and where there is benefit to other System Users.

4.11.5.2 Inter-fuel Competition

This occurs when, through competition from other fuels, it is economically viable for the End User to change to an alternative fuel. In such instances where it can be shown by the System User that this could occur and where it does not disadvantage other System Users, WGL may offer a Negotiated Service.

4.11.5.3 Fixed Term

There are a number of reasons why downstream contracts extend for terms greater than one year and price redeterminations do not in all instances mirror upstream contracts such as the Distribution Services Agreement.

WGL offers distribution services on a pricing basis which will result in lower average prices as system use increases. There is a risk however that with a reduction in system usage the average prices may increase.

WGL is sympathetic to the downstream market needs and will consider offering a Negotiated Service which is based upon acceptable levels of risk sharing and which is beneficial to other System Users.

4.12 Allocation and Reconciliation

Where WGL is providing distribution services to more than one System User on the same Distribution System, allocation and reconciliation of metered quantities is necessary. The Reconciliator, as the person or organisation acting on behalf of the System Users, must be acceptable to all System Users prior to the commencement of a new Distribution Services Agreement. As this may potentially offer a barrier to entry for a new System User, WGL undertakes to provide whatever reasonable assistance is required to resolve any differences.

To facilitate trading on the Distribution System, WGL - Distribution can offer allocation and reconciliation services to any existing or prospective System User, with the complexity of the process customised to suit the needs of the System Users. However WGL recognises that the issue of reconciliation can in many instances be open to debate

and dispute and for this reason offers as guidance, the industry agreement which is presently in preparation.

4.13 Payment

4.13.1 Invoicing

On a monthly basis WGL will invoice the System User for Distribution Services provided by WGL based upon meter readings and any accruals for meters not read at the end of the Month.

4.13.2 Payment

Payment for services invoiced are to be made by direct credit to WGL's bank account no later than the 20th day of the month or within 10 days of receiving the invoice, whichever is the later.

4.13.3 Disputed Invoices

In the event of a dispute concerning an invoice, the System User must notify WGL of the details within 10 days of receipt of the invoice. WGL and the System User will then resolve the dispute in accordance with Section 7.3 and Appendix F.

4.14 Ceasing Distribution Services at a Delivery Point

4.14.1 Supply No Longer Required

Where a System User wishes to cease Distribution Services to a specific Delivery Point where the supply is no longer required, that is where the provision of Distribution Services to the specific Delivery Point will cease, the System User is required to advise WGL, in writing, a minimum of 30 days in advance. The request must specify the Delivery Point details and the date and time at which the service is to cease.

WGL will isolate the Delivery Point from the system and initiate amendment to the Distribution Services Agreement.

The details of the cessation of services to the specific Delivery Point will be included with the monthly invoice for Distribution Services which will include any Exit Fee charges as specified in Appendix A.

4.14.2 Transfer to Another System User

Where a System User wishes to cease Distribution Services to a specific Delivery Point and another System User enters into an agreement with WGL for the provision of services to the same Delivery Point, WGL will require notice from both exiting and incoming System Users a minimum of 10 Business Days in advance of the date of transfer. At which time WGL will initiate the process to amend the Distribution Services Agreement.

In this instance the Exit Fee will be waived.

On the transfer date and at the appropriate time, WGL will read the meter at the Delivery Point at which point the Distribution Services will be deemed to have ceased for the exiting System User and commenced for the incoming System User.

4.14.3 Termination

The System User may give 30 days notice to terminate the Distribution Services Agreement in addition to termination resulting from a default by either WGL or the System User.

5 REQUESTING DISTRIBUTION SERVICES

5.1 Information Required

The information required by WGL from a System User for a request for distribution services includes the following:

- a) details of the System User
- b) the type of Distribution Service requested
- c) the proposed Receipt and Delivery Points
- d) details of the Delivery Point supply
- e) the proposed commencement date
- f) the proposed termination date (if any)

5.2 Application

The Application Form included in Appendix B specifies the information WGL requires for a specific Delivery Point request. Applications need not necessarily be made on this form providing the alternative incorporates all the required information and that it is signed by the Applicant or by its authorised agent.

5.3 Confirmation of Application Receipt

Within two Business Days of receipt of the Application, WGL will forward confirmation of its receipt to the Applicant and at the same time, provide details of any part of the application which is either incomplete or deficient.

In the event that a revised Application is resubmitted within two Business Days of receipt of WGL's confirmation, the date and time of the original request will remain valid for the purpose of determining any priority order. If a subsequent Application is not submitted within this timeframe, the date of any new application will replace that of the previous request.

5.4 Queuing

Every request for Distribution Service is treated equally and in the order of the receipt of the application. Where more than one request is received for the same Delivery Point, applications are queued in order of receipt of the applications.

5.5 WGL Offer for Distribution Services

Upon receipt of a request for Distribution Service, WGL will need to assess its capability to provide the services requested. This will typically include a technical assessment of the feasibility of supply, a site visit and detailed financial analysis.

Unless otherwise advised by WGL, an offer for distribution services will be forwarded to the Applicant within 10 Business Days of receipt of the conforming Application and in the format included in Appendix C.

Where an offer cannot be forwarded within 10 Business Days, WGL will advise the Applicant as soon as practically possible of the reason for the delay and indicate when the offer will be provided.

It should be noted that different volumes, terms, demand, growth presumptions or other factors quoted by the System User in a delivery point request may impact on the pricing and/or the terms and conditions offered by WGL.

An Applicant who requests an offer will be required to provide WGL with sufficient prudential information to allow WGL to determine whether the Applicant has the resources and commercial status to enter into and abide by a Distribution Services Agreement.

This information may include the most recent audited financial statements and, at WGL's discretion in the case of smaller companies, credit references.

WGL reserves the right to request further information should the above prove insufficient in confirming an Applicant's ability to enter into and abide by the Distribution Services Agreement.

5.6 Offer Acceptance

Offers for Distribution Services are valid for a period of one month from date of issue. If the Applicant accepts the offer during this period, WGL will proceed with the required modifications or additions to the Distribution System and agree with the Applicant on the date from which supply will commence.

Offers will be automatically extended to three months providing that another request for an alternative Delivery Point has not been received which itself could affect the ability of WGL to meet the terms of the offer. In this instance WGL will give the Applicant five Business Days notice to either accept or decline the offer. After this period the Offer is automatically withdrawn. WGL will not action the new request until the end of this five day notice period.

6 PRICING

6.1 Annual Revenue Requirement

The pricing methodology adopted by WGL in its determination of the fees and charges for Distribution Services is based upon the Annual Revenue Requirement (ARR). The ARR in any one year is determined from the sum of the operating costs, UFG, a reasonable return on the value of WGL's Distribution System (Return on Asset or ROA) and the depreciation costs associated with these assets.

6.2 Delivery Point Categories

The Delivery Points have been categorised as follows:

- 6.2.1 **Large Sites** – where the Annual Quantity is greater than 10 TJ;
- 6.2.2 **CNG Sites** – where the End User is supplied directly from the Delivery Point and compresses the gas and resells it as CNG for vehicle refuelling purposes; and
- 6.2.3 **Other Sites** – which are neither Large Sites nor CNG Sites.

6.3 Revenue Requirement

6.3.1 Large Sites and CNG Sites

The asset value of the system from the Receipt Point to each individual Large Site and CNG Site is based upon the actual assets used and allocated proportionally to each site based on the Maximum Hourly Quantity for each site.

From this the appropriate financial return for the value of the asset used to supply each Site can be determined and the corresponding depreciation of that asset. Together with an allocation of the operating costs these three components make up the Total Revenue Requirement (TRR) for each Site.

In recognition of the state of the CNG market and that its future is vulnerable to price, the TRR for CNG Sites has been capped at an appropriate market level.

6.3.2 Other Sites

The asset value of the system supplying the Other Sites is the residual value after deducting the asset values for all the Large Sites and CNG Sites from the value of the entire Distribution System.

The TRR for Other Sites is then determined as the sum of the financial return on these assets, the depreciation of these assets and the remainder of the operating costs.

6.4 Service Charge

The Service Charge is a fixed charge for each Delivery Point which is based upon the portion of the asset unique to each site, that is the service pipe and metering installation up to the Delivery Point. The charge is based on the installed meter capacity and incorporates a return on the asset, depreciation and a share of the cost of operating the Distribution System, each based upon the asset value.

6.5 Supply Charge

The Supply Charge is a variable charge per Delivery Point which is based upon the portion of the shared or dedicated asset for each Delivery Point from the Receipt Point through to the service connection. The charge incorporates a return on the asset, depreciation and a share of the cost of operating the Distribution System, all based upon the asset value, which is then used to determine a variable rate per GJ based upon the forecast throughput for that Delivery Point. An allowance for (UFG) is then added to the variable rate.

For Large Sites and CNG Sites the asset value for each is based upon the actual asset used as outlined in Clause 6.3.1. For Other Sites the asset value is the residual asset amount as outlined in Clause 6.3.2.

Using this method of price determination where throughput to a Delivery Point either does not meet forecast or exceeds it, the total Supply Charge for the year can vary substantially. Due to the variations experienced for some Large Sites in the year ending 30 September 1998, it is proposed that the charges for the year commencing 1 October 1999 will be fixed for each Large Site.

6.6 Miscellaneous Charges

6.6.1 Long Service Connection - Residential

This charge is applicable for residential services extending beyond the first 25 metres from the property boundary.

6.6.2 Disconnection Fee

This fee is applicable when WGL temporarily discontinues supply to a specific Delivery Point at the System User request. In this instance all other charges for Distribution Services still apply.

6.6.3 Reconnection Fee

This fee is applicable when WGL reinstates supply to a specific delivery Point which had been disconnected at the System Users request (see Clause 6.6.2).

6.6.4 Exit Fee

WGL reserves the right to charge a fee where the System User requires the cessation of Distribution Services to a specific Delivery Point. The right to

apply this fee is intended to discourage System Users from gaming the system to minimise costs during periods of nil usage at Delivery Points. Until such time that WGL decides otherwise, an Exit Fee will not be applicable.

6.6.5 Special Meter Reading Fee

This fee is applicable where WGL, at the request of the System User, reads the meter at a Delivery Point at a time when the meter would not usually be read.

6.6.6 Meter Test Fee

This fee is applicable where WGL, at the request of the System User, replaces the meter at the Delivery Point and arranges for the removed meter to be tested.

6.6.7 Meter or Service Pipe Relocation

This is applicable where WGL, at the request of the System User, relocates the meter and/or service pipe.

6.6.8 Time of Use Data Charge

This is applicable where a Time of Use Device is required at a Delivery Point where the Nominated Annual Quantity is less than 10 TJ and a Usage Profile has not been agreed.

At Delivery Points where the Nominated Annual Quantity exceeds or equals 10 TJ the charge is included in the Service Charge.

6.6.9 Monthly Summary of Daily Data Charge

This is applicable where a monthly summary of daily data is required for a Delivery Point where the Nominated Annual Quantity is less than 10 TJ and a Usage Profile has not been agreed. A prerequisite to this charge is the Time of Use Data Charge specified in Clause 6.6.8 above.

At Delivery Points where the Nominated Annual Quantity exceeds or equals 10 TJ the charge is included in the Service Charge.

6.6.10 Daily Summary of Daily Data Charge

This is applicable where daily data is required on a daily basis. A prerequisite to this charge is the Time of Use Data Charge specified in Clause 6.6.8 above.

7 POLICIES

7.1 Confidentiality

WGL will honour and protect the confidentiality of information made available to it by any party seeking access to its Distribution System.

Such information;

7.1.1 will not be released to any other party, including its own retailing business, without the consent of the party providing the information, and

7.1.2 will only be used for the purpose for which it was provided.

Subject to instances where WGL is required to disclose such information:

7.1.3 by law, and

7.1.4 by order of a court, and

7.1.5 to resolve a dispute as specified in Section 7.3 and Appendix F of this Information Memorandum.

A copy of WGL's Confidentiality Policy is included in Appendix E.

7.2 Ring Fencing

WGL is committed to providing neutral and Non-Discriminatory access to its Distribution System and will;

7.2.1 provide all services to any party on the same terms as it would its own retailing business, and

7.2.2 ensure that the same information relating to Distribution services is made available to all parties, including its own retailing business, on request, and

7.2.3 establish policies and procedures to ensure that the intent of Clauses 7.2.1 and 7.2.2 are not compromised where the separation of functions within the company are not practical or economical.

In order to achieve this objective, WGL has;

7.2.4 Relocated its entire Distribution Section to a building separate from the Corporate, Administration and Retail Sections.

7.2.5 Installed a new telephone system with Direct Dial numbers to key Distribution personnel and a dedicated facsimile in the Distribution Section.

7.2.6 Installed a new computer network server with the appropriate system and file security which prevents access to distribution information by retail and administration personnel. In addition, all computers with access to Distribution data have passwords on screen savers.

7.2.7 Established email addresses which enable direct communication with the appropriate section of WGL.

7.2.8 Relocated confidential Distribution files to the Distribution Manager's Office in a locked file cabinet within a locked wardrobe.

7.2.9 Restricted key access to the Distribution Manager's Office to the Distribution Manager and General Manager.

- 7.2.10 Separate confidential reporting to the Board on matters relating to Distribution Access.
- 7.2.11 Separated metering, billing and financial information on the main computer system relating to non incumbent retailers.

7.3 Dispute Resolution and Arbitration

WGL promotes the resolution of any dispute through negotiation and subject to reasonableness of the parties concerned, is confident that it can resolve most disputes to the satisfaction of the parties. However in the event that the dispute cannot be resolved, WGL proposes an alternative dispute resolution process to enable further negotiation, mediation or independent expert determination. Should this prove unsuccessful, the dispute may then be referred to arbitration in accordance with the Arbitration Act 1996.

The dispute resolution and arbitration process as set out in Section 7.3 and Appendix F is consistent with the Access Code.

7.3.1 Dispute Resolution

Where there is a dispute or difference on any of the following matters it shall be determined by an independent expert.

- 7.3.1.1 Invoices rendered; and
- 7.3.1.2 Metering equipment; and
- 7.3.1.3 Multiple user Delivery Points and Receipt Points; and
- 7.3.1.4 Any other matters that the Parties may agree to in writing.

If any dispute or any difference arises between the Parties concerning any matter set out above, either Party may give written notice to the other Party. If such dispute or difference is not resolved by negotiation between the Parties within a period of 10 Business Days from the date of notice being given under this Clause, either Party may refer the matter in dispute to an independent expert nominated in writing by both Parties jointly (or, in default of agreement within 2 Business Days thereafter as to the nominee, by the President for the time being of the Institute of Professional Engineers New Zealand (“IPENZ”)). The determination in writing of the independent expert or the nominee of the President of IPENZ on the matter in dispute will be conclusive and binding on the Parties and will be deemed to have been given as an expert and not an arbitrator. The costs of the independent expert or the nominee of the President of IPENZ (as the case may be) will be borne equally by the Parties. For the avoidance of doubt, the provisions of the Arbitration Act 1996 shall not apply to such determination.

7.4 Allocation and Reconciliation

Allocation and reconciliation is required by System Users only when there is more than one System User supplying gas to sites on the same Distribution System from the same Receipt Point.

In this situation, System Users are required to agree on and nominate a Reconciliator. Where requested, WGL will agree to become involved in the negotiation in an advisory role.

WGL does not presently offer reconciliation services nor are terms and conditions for this service contained within this Information Memorandum. However WGL does provide an allocation service which comprises the provision of metered volumes.

In the event that WGL is requested, and agrees, to provide reconciliation services, terms and conditions will be introduced into this Information Memorandum.

8 DISTRIBUTION SERVICES AGREEMENT

The Distribution Services Agreement governs the contractual rights and obligations of both System Users and WGL and as such takes precedence over any of the information contained within this Information Memorandum. A pro forma of the standard Distribution Services Agreement is attached as Appendix I of this Information Memorandum.

APPENDIX A
POSTED PRICES FOR 1998/99

1. DISTRIBUTION SERVICES

Note that the following prices are exclusive of GST.

1.1 Service Charges

Meter Type	Meter Capacity m3/hour	Daily Service Charge (\$/day)
M6	0-6	0.293
M12	6.01-12	1.236
M23	12.01-23	1.789
M43	23.01-43	2.173
M85	43.01-85	3.373
M142	85.01-142	5.033
M200	142.01-200	8.060
M300	200.01-300	10.819
M450	300.01-450	13.350
M1080	450.01-1080	10.781

1.2 Supply Charges

Site Category	Daily Supply Charge (\$/GJ)
Large Sites (greater than 10 TJ)	*
CNG Sites	4.82
Other Sites	3.785

* The Supply Charge for a specific Large Site is available on request

1.3 Miscellaneous Charges

1.3.1 Long Service Connection - Residential

Individually priced for services extending beyond the first 25 metres from the property boundary.

Note that this applies only to residential properties.

1.3.2 Disconnection Fee

Wanganui & Kaitoke: \$30.00

Elsewhere: \$85.00

1.3.3 Reconnection Fee

Wanganui & Kaitoke: \$30.00

Elsewhere: \$85.00

1.3.4 Exit Fee

Nil

1.3.5 Special Meter Reading Fee

Wanganui & Kaitoke: \$20.00

Elsewhere: \$85.00

1.3.6 Meter Test Fee

M6 Meter category \$80.00

All others Individually priced

1.3.7 Meter or Service Pipe Relocations

Individually priced.

1.3.8 Time of Use Data Charge

Individually priced for each Delivery Point where the Nominated Annual Quantity is less than 10 TJ and a Usage Profile has not been agreed.

1.3.9 Monthly Summary of Daily Data Charge

Individually priced for each Delivery Point where the Nominated Annual Quantity is less than 10 TJ and a Usage Profile has not been agreed.

Where this charge is applicable, the Time of use Data Charge, Clause 1.3.8 above, will also apply.

1.3.10 Daily Summary of daily Data Charge

Individually priced for each Delivery Point.

Where this charge is applicable, the Time of use Data Charge, Clause 1.3.8 above, will also apply.

1.4 Market Maintenance Incentive

The Market Maintenance Incentive is targeted at sustaining the existing connections. The System User must demonstrate that they have undertaken activities to promote gas usage and gas applications, through promotions and advertising, in areas where WGL has Distribution Systems.

This incentive is payable on application and is credited on a monthly basis, at a rate of \$11.00 exclusive of GST, per connection per year, based on the number of connections at the end of each month.

APPENDIX B

DISTRIBUTION SERVICES REQUEST FORM

Please complete the following details and refer to the WGL Information Memorandum for details of our service and definitions of terms.

<i>SYSTEM USER DETAILS</i>		
Name:	Contact Name:	
Address:	Phone:	
	Fax:	
	Email:	
<i>SITE DETAILS</i>		
<i>RECEIPT POINT</i>		
Name:		
<i>DELIVERY POINT</i>		
Name of End User:	WGL Identification No. (if known):	
Street Address:	Date Supply Required:	
<i>SUPPLY DETAILS</i>		
<i>PRESSURE</i>		
Nominal:	Maximum:	Minimum:
<i>QUANTITIES</i>		
Maximum Hourly (MHQ):	Maximum Instantaneous (MIQ):	
Nominated Annual (NAQ):	Nominated Monthly (NMQ):	
<i>METERING</i>		
Meter Location: <i>Please attach plan showing meter and service pipe location details</i>		
Outlet Pipework Size:		
Any Non Standard Requirements:		
<i>LOAD MANAGEMENT</i>		
ANZIC Classification:	Loadshedding Category:	
<i>OTHER</i>		
Trench to be Provided (<i>specify length & location</i>):		
Letters of consent from landowners attached: Yes / No / Not applicable		
Signed _____	Name _____	Date _____

APPENDIX C
SAMPLE OFFER

November 1998

The Manager
Another Energy Retailer Co Ltd
Private Bag
Somewhere

Attention: Contact Person

Dear []

RE: OFFER FOR DISTRIBUTION SERVICES – [DELIVERY POINT LOCATION]

Further to your request of [] and our subsequent letter of confirmation dated [], I am pleased to offer distribution services on the following terms.

1. The duration of the Distribution Services is for no less than [] years from the Commencement Date.
2. The charge for modifications to the Distribution System is [] and is based upon [].
3. The Transportation charges for receipt, transportation and delivery are as follows:
 - 3.1. Service charge \$..... per annum
 - 3.2. Supply charge \$..... per GJ
4. The Transport charges will be *fixed for the term specified in 1 above subject to an annual adjustment for PPI/ subject to annual review in accordance with the methodology (delete one)*.
5. The Commencement Date will be [] from receipt of offer acceptance.
6. This offer and any acceptance of it are subject to the terms of the Distribution Services Agreement between the System User and WGL. Where such an agreement already exists then, upon acceptance of this offer, that agreement shall automatically be deemed amended accordingly, with effect from the Commencement Date referred to above without the need for further amending documentation.
7. This Offer is valid for one month from the date of issue.

If this offer meets with your approval please sign and return the attached copy as accepting the terms stated herein.

Alternatively should you wish to discuss this further please do not hesitate to contact the undersigned by phone (06) 349 0131, fax (06)349 0135 or email distribution@wagas.co.nz

Yours faithfully

Distribution Manager

APPENDIX D
RECEIPT POINTS

The Receipt Points for the six Distribution Systems are as follows.

<u>System</u>	<u>Location</u>	<u>Pressure (kPa)</u>		
		<u>Nominal</u>	<u>Maximum</u>	<u>Minimum</u>
Wanganui	Karoro Road, Wanganui	1050	1150	1000
Kaitoke	Pauri Road, Kaitoke	1000	1100	950
Marion	Wings Line, Marion	1700	1800	1650
Lake Alice/Bulls	Lake Alice Road, Lake Alice	210	230	200
Flockhouse	Parewanui Road	210	230	200
Waitotara	Waiinui Beach Road, Waitotara	330	350	310

APPENDIX E

CONFIDENTIALITY POLICY

1. POLICY STATEMENT

Wanganui Gas Limited (WGL) is committed to providing Neutral and Non-Discriminatory access to its Distribution System and, to that end, honouring and protecting the confidentiality of information made available to it by those seeking access.

To achieve this, WGL will:

- ensure that WGL-Distribution has detailed procedures in place to protect all confidential information and, in particular:
 - requests for access and related services
 - metering data and information directly related to a specific System User
 - any other confidential information specific to a System User which, in the course of applying for or negotiating access, the System User specifies is confidential;
- ensure all staff are aware of the principles and spirit of this policy; and
- train relevant staff to understand their specific obligations under this policy and the consequences of breaching it.

Nothing in this policy will prevent:

- the exchange of information necessary to maintain the safety and reliability of WGL's Distribution System; and
- WGL complying with any court order or statutory or regulatory disclosure requirement (including any requirement of the Gas Pipeline Access Code).

2. CONFIDENTIALITY OBLIGATIONS

Users of WGL's Distribution System expect that confidential information they make available to WGL-Distribution will remain confidential to that division. In particular, they expect that confidential information will not be passed on from personnel in WGL-Distribution to WGL-Retail or to any other person.

In addition, there are also a number of legislative obligations which WGL must meet, including:

2.1 **The Commerce Act 1986**

This is generic legislation prohibiting anti-competitive behaviour. In particular, WGL may be affected by Section 36, which prohibits the use of a dominant position in a market for anti-competitive purposes.

2.2 **The Gas (Information Disclosure) Regulations 1997**

This is industry specific legislation containing obligations on distribution and retail businesses to disclose certain information on an annual basis. In addition, where a company has a distribution business, and undertakes related activities, further information disclosure requirements apply.

WGL's obligations include disclosing:

- separate financial statements for WGL's distribution and retailing activities (Regulation 6);
- the prescribed terms and conditions between WGL-Distribution and its customers (System Users), and WGL-Retail and its customers (End Users) (Regulation 9);
- non-standard terms and conditions between WGL-Distribution and its customers (System Users) (Regulation 14);
- financial and performance measures (Regulation 15);
- energy delivery performance measures and statistics (Regulation 17);
- reliability performance measures (Regulation 18);
- pricing methodology (Regulation 20);
- the methodology used to allocate costs, revenues, assets and liabilities between the two divisions (Regulation 21);
- the terms and conditions of all transactions between the two divisions (Regulation 22);
- pipeline capacity, including system maps, offtake point data and system throughputs & peak flow data (Regulation 23);
- transmission and distribution costs to WGL-Retailers' customers (End Users) (Regulation 25); and
- transmission charging methodology (Regulation 27).

2.3 The Gas Pipeline Access Code

This is an industry-specific voluntary code developed by Gas House detailing how transmission and distribution companies will behave in providing Neutral and Non-Discriminatory access for all users of their pipeline systems.

Where such companies also undertake related activities, further behavioural obligations apply and these relate to protecting confidential information and providing services to any System User on the same terms as it would to its own Retailer.

Under the Code, WGL is required to publish an Information Memorandum detailing, among other things:

- the policies and procedures WGL has in place to ensure compliance with the above obligations;

- the procedures established to ensure that no confidential information is released to its own Retailer; and
- the procedures established to ensure that its own Retailer receives no better terms for access and related services than other Retailers.

3.0 **TERMINOLOGY**

In this policy;

- “**System User**” is a party contracting with WGL-Distribution for transportation of their gas, that is WGL – Distribution’s customer (see note 1), and
- “**End User**” is a party contracting with WGL-Retail for supply of gas for their own use (the consumer), that is WGL-Retail’s customer, and
- “**Retailer**” is a party contracted to supply gas to an End User, and
- “**WGL-Distribution**” is the Distribution Division of Wanganui Gas Limited, and
- “**WGL-Retail**” is the Marketing Division of Wanganui Gas Limited.

As detailed in this Policy, “**confidential information**” includes:

- requests for access and related services;
- metering data and information directly related to a specific System User;
- any other confidential information specific to a System User which, in the course of applying for or negotiating access, the System User specifies is confidential.

Note 1: The Gas (Information Disclosure) Regulations 1997 use the term “Gas Customer” to describe the party being supplied distribution services, while the Access Code uses the term “User” to describe the same party.

4.0 **PROCEDURES TO MEET WGL’s OBLIGATIONS**

4.1 **Protection of Confidential Information**

Confidential information which has been provided by a System User (who may or may not be WGL-Retail) should not be disclosed without the approval of the System User who provided the information (unless required by law).

The following will apply:

- staff will be informed of their obligations with respect to confidential information through this procedure and through specific training;
- confidential documents should be treated appropriately, by being stamped “Confidential”, and should be securely stored and/or disposed of so as to preserve their confidentiality;
- access to billing systems should be controlled through access rights specific to each person using the billing system;

- WGL-Retail staff will be unable to access confidential information being supplied by other System Users and vice versa;
- WGL-Retail staff will not have access to file archives containing confidential data;
- staff will be entitled to receive only the information necessary for the operation of their position; and
- all computers shall have screen saver passwords installed with the screen saver mode being activated after no more than 10 minutes.

4.2 Separation of Financial Statements

WGL is required to comply with the accounting separation requirements of the Gas (Information Disclosure) Regulations 1997.

In particular, WGL discloses:

- separate financial statements for its distribution and retailing activities;
- the methodology used to allocate costs, revenues, assets and liabilities between these two activities; and
- the terms and conditions of all transactions between these two activities.

4.3 Separation of Staff

Staff directly involved in WGL-Retail should not also be employed or engaged simultaneously by WGL-Distribution . In addition, steps are required to be taken to protect confidential information in the event of staff transfers between WGL-Distribution and WGL-Retail.

5.0 IMPLEMENTING THIS POLICY

5.1 Responsibilities and Accountabilities

The General Manager is responsible for:

- ensuring compliance with this policy;
- facilitating ready access to the Independent Assessor to any party who suspects that there has been a breach of confidentiality relating to their confidential information. The Independent Assessor's contact details will be available from the GM's Secretary;
- immediately advising the Independent Assessor and the Board of any complaints and possible breaches;
- maintaining registers for recording suggested improvements, complaints, breaches, investigations and the resulting outcomes.

WGL's Independent Assessor is responsible for:

- investigating any complaints and possible breaches;

- advising the complainant, in consultation with the General Manager, of the outcomes of the investigation;
- reviewing and reporting to the General Manager annually on the performance of this policy; and
- recommending changes to the policy where it is not achieving its objectives.

All staff:

- are responsible for ensuring they fully understand and comply with their obligations and responsibilities under this policy, including attendance at any training or briefing sessions;
- must not circulate or pass on memoranda, e-mail, reports or other documents to WGL-Retail staff unless that person is certain that they do not contain confidential information;
- must seek advice from their supervisor or manager if they are unsure;
- must store documents containing confidential information in a locked filing cabinet or similar;
- must ensure computer access codes and passwords are kept secret;
- must be conscious of not discussing confidential information in public or inadvertently disclose confidential information during lunch breaks, social functions, etc;
- will respect the need to show care and sensitivity when entering other work areas, particularly those where confidential information is known to, or likely to, be held;
- must advise their supervisor or manager of any complaints or possible breaches; and
- are encouraged to recommend possible improvements to this procedure to increase its effectiveness.

A staff member who does not comply with this policy will be subject to possible disciplinary action, including dismissal.

The contract for all consultants, independent contractors or agents who provide services to WGL should include an obligation that the contractor will, where relevant, comply fully with this procedure. Termination of their contract may result if any breach occurs. Those who provide services on an on-going basis should be required to acknowledge this obligation annually.

5.2 Training

- all staff will be trained such that they are made aware of their obligations and responsibilities, and understand this policy and the need to adhere to it;
- such training will be utilised as part of the induction process for new and transferred staff;

- revisions and improvements to this procedure will be formally notified through internal memoranda and/or training; and
- regular ‘review’ training will be held so that relevant staff remain fully aware of their obligations and responsibilities.

5.3 **Complaints and Breaches**

All complaints/possible breaches are to be notified to the General Manager, who in turn, will advise the Independent Assessor as soon as possible.

The Independent Assessor will, in turn:

- invite the complainant to submit the complaint in writing, if this has not already been done;
- investigate the complaint/possible breach;
- in consultation with the General Manager, advise the complainant of the results and any actions to be taken; and
- ensure all documentation is sent to the General Manager for retention in the relevant register.

6.0 **QUESTIONS AND ANSWERS**

These Questions and Answers are provided to assist and may not cover some situations. If you are in any doubt, seek advice from your supervisor or manager.

6.1 **Confidential Information**

Q. What is Confidential Information?

Information to be defined and treated as “Confidential Information” shall include;

- requests for access and related services provided by WGL-Distribution
- metering data and information directly related to a specific System User
- any other Confidential Information specific to a System User that, in the course of applying for or negotiating access, the System User specifies is confidential.

Q. When can Confidential Information be disclosed to a third party?

Confidential Information may be disclosed under the following circumstances:

- if the information is officially in the public domain; or
- if it is required to comply with any law, court order etc; or
- if prior approval has been granted by the System User who provided the information
- if the request relates to historical consumption data, or site-specific transportation charges, and prior approval of the End User has been granted.

Disclosure under any other circumstances would be a breach of the obligations.

Q. If a third party gives us information regarding the business of a Retailer or of an End User, can WGL-Distribution pass on this information to WGL-Retail?

If the information is Confidential Information, WGL-Distribution cannot pass it on to any third party without the consent of the Retailer or, where the information relates to an End User, the consent of the End User's Retailer.

Q. If a third party seeks Confidential Information about a System User or a System User's client, can WGL-Distribution provide this information?

Only if WGL-Distribution first receives the consent of the System User.

Q. If someone from WGL-Distribution is questioned on an End User's site about various issues, what should they do?

If this is related to Confidential Information, do not disclose it. Check the definition of Confidential Information before any disclosure.

Q. Whose consent must be obtained before Confidential Information can be released, the Retailer or the End User?

Consent must be obtained from the relevant System User, i.e. the person who has, or is seeking, the contract with WGL-Distribution to transport gas to the End User.

As noted above, this will most likely be the Retailer who supplies the End User. However, in some cases the End User may obtain gas directly rather than go through a Retailer. In those circumstances the System User and the End User would be the same person.

Q. No matter how good the restrictions of access to Confidential Information, there will always be gossip/exchange of information by individuals, as in "tearoom discussions". How will we prevent this?

All employees will be given specific training so that they understand the extent of our Confidentiality obligations, and the possible consequences on the employee and WGL-Distribution if there is a breach of these obligations. Access to Confidential Information will be limited to persons who need access to perform their duties.

Q. Do we have to worry about non-WGL Retailers' Confidential Information when that information comes to us?

Yes. We must not misuse or disclose to any third party any Retailers' Confidential Information, whether that Retailer be WGL-Retail or another Retailer.

Q. How do we restrict access to information stored on computer?

Access is limited by the profile attached to each individual's password.

Q. Where will Confidential Information be specified? How will we protect Confidential Information?

Confidential Information is specified in the Confidentiality Policy. Confidential Information will be protected by a series of controls;

- access to any information, including Confidential Information will be on a need to know basis;
- access to Confidential Information on both computer systems will be restricted by the access protocol attached to a user's password; and
- access to confidential information will be restricted through storage in locked filing systems.

Q. Do we need to ringfence End User information in computer systems in order to avoid disclosure of Confidential Information? Will Confidential Information about existing End Users be safeguarded?

Yes. While both WGL-Retail and WGL-Distribution use one billing system, all sites have an individual installation number, with the relevant Retailer associated with it. WGL-Retail personnel will only have access to information on the billing system relating to sites currently supplied by WGL-Retail.

Q. What happens to the previous site data when a site transfers to a new retailer?

WGL-Retail will still be able to access the old site data on the billing system, but the data will only run up to the date at which the site has been transferred. The new site data will not be accessible by WGL-Retail.

Q. How is Confidential Information concerning new connections to be safeguarded by WGL-Distribution?

At present new connections are initiated, approved and managed through the Request for New Gas Connections system. Confidential Information is identified and treated appropriately.

Q. Can WGL-Distribution provide a Retailer with information regarding the total volume of natural gas put through its Sales Gates?

No. The Retailer can only know its own usage, determined by an allocation agreement. The reason for not disclosing the total volume of gas passing through the Distribution System is to prevent the Retailer from estimating the amount of gas provided to other Retailers.

Q. What happens when WGL-Distribution is negotiating with two or more Retailers for the same site and the Retailers are providing different information that will materially affect WGL-Distributions' decision making process?

WGL-Distribution will negotiate with each on the information provided by each Retailer.

Q. Are obligations on the treatment of Confidential Information new for WGL's employees?

The current terms and conditions of WGL's employment include a general policy guide on Confidential Information. This policy adds detail specifically covering Confidential Information relating to our Distribution business.

Q. Who do I go to if I am uncertain about disclosing information?

Check the definition of Confidential Information to see if the data you have been asked to disclose is confidential. If you are still uncertain, talk to your supervisor or manager.

6.2 Accounting Separation

Q. How do we account for services provided to WGL-Distribution by other WGL entities?

In assessing proposed transportation prices, the Regulations require us to allocate shared costs between WGL-Retail and WGL-Distribution, and to disclose the allocation methodology.

6.3 Separation of Staff

Q. Do we need to have any controls in place for personnel who move from WGL-Distribution to a Retailer or to an external marketing agent?

We will put controls in place so that personnel who move from WGL-Distribution to a Retailer do not divulge Confidential Information.

Q. What sales and marketing services can be shared by WGL-Distribution and WGL-Retail?

WGL-Distribution and WGL-Retail can only share sales and marketing services that do not involve direct sales. For example, WGL-Distribution and WGL-Retail could share market research.

Q. Who are employees directly involved in WGL-Retail?

These are employees who undertake discussions and/or negotiations with:

- End Users on gas supply contracts; and/or
- producers, transporters or retailers on gas purchase and delivery contracts.

They do not include employees involved in strategic planning/decision making, technical, administrative, accounting or service functions.

Q. Can WGL-Distribution and WGL-Retail share employees, consultants, or agents to do things other than direct sales? Can WGL-Distribution provide technical or other services to WGL-Retail? Can WGL-Retail provide technical or other services to WGL-Distribution?

The answer to all three questions is yes. However, WGL-Distribution would need to ensure that such relationships or transactions did not put it at risk of breaching any of its Confidential obligations.

Q. Can persons employed by WGL entities other than WGL-Distribution provide services to WGL-Distribution?

Yes, provided that if a person is employed by WGL-Retail, that person will not be employed on projects of a confidential nature or have access to confidential information.

Q. What should WGL-Distribution staff do when we come across a potential End User requiring supply of gas?

WGL-Distribution does not supply gas in its own right. You can refer to the fact that WGL has a gas supply business – WGL-Retail, which may be able to meet their gas supply requirements. However, it must not be implied that WGL-Distribution will only work with WGL-Retail, nor should any comparison be made between WGL-Retail, and any other Retailer.

Q. What should WGL-Distribution staff do if it is evident following a service call, that an End User has problems after the meter?

You should advise the End User to contact a plumber, or an appliance repair contractor.

Q. Can WGL-Distribution leverage its marketing effort by, for example, offering incentives to Retailers to connect new End Users, thereby increasing utilisation of distribution assets?

Yes. Such incentive schemes may well be an effective marketing tool for WGL-Distribution. There is nothing that prohibits WGL-Distribution from setting up an incentive scheme where a Retailer (including WGL-Retail) would receive a benefit in respect of each new End User connected to the WGL-Distribution System. As described in Clause 2.1 of the Confidentiality Policy, any incentive scheme we offer must be available to all Retailers on equal terms.

Q. Does Confidentiality only apply to the contract market?

No. Confidentiality applies to the whole market, ie. Residential, Industrial & Commercial, Contract and even CNG.

6.4 Responsibilities & Accountabilities

Q. How do I know if something I have observed is a Confidentiality issue and worth reporting?

Talk to your supervisor or manager.

Q. How do I report a Confidentiality issue?

In writing, to your supervisor or manager, who will forward the issue on to the General Manager.

Q. What do I do if I receive a complaint?

If the complaint is in writing, pass it on to your supervisor or manager immediately. If the complaint is received by telephone, ask for information to be sent in writing, specifying all known details.

Q. How do I know if something I have observed is a potential breach and therefore requires reporting?

Talk to your supervisor or manager, who will evaluate the issue to determine if it is a potential breach or another Confidentiality issue requiring further action.

APPENDIX F
DISPUTE RESOLUTION

1 Initiating Resolution

If a dispute arises out of or in connection with the Distribution Services Agreement or this Information Memorandum, it is expected that the Parties, using the procedures set out in this Appendix, will make a genuine effort to resolve the dispute without resorting to litigation. Either Party may initiate these resolution procedures by giving written notice to the other Party.

2 Negotiations

The Party who initiates the resolution procedures must name its representative in the negotiations when giving written notice to the other Party within three Business Days. The Party receiving such written notice must then give written notice to the other Party naming its representative in the negotiations. Each representative must have authority to settle the dispute. As soon as possible after both Parties have been so advised of each others' representatives, the representatives must enter into negotiations to try to resolve the dispute.

3 Alternative Dispute Resolution

3.1 If the dispute is not resolved within 5 Business Days of both Parties being advised of each other's representatives under Clause 2 of this Appendix, then within a further 5 Business Days, the Parties must either:

3.1.1 initiate any available standard industry dispute resolution procedure if such a procedure has been agreed to by both Parties in writing with respect to the particular dispute; or

3.1.2 in the event that Clause 3.1.1 of this Appendix does not apply, attempt to agree on a process for resolving the dispute, such as further negotiations, mediation, or independent expert determination, but not arbitration or litigation. Agreement on a process is to include agreement on:

3.1.2.1 the procedure and timetable for any exchange of documents and other information relating to the dispute;

3.1.2.2 procedural rules and a timetable for the conduct of the selected method of proceeding;

3.1.2.3 a procedure for selection and compensation of any neutral person who may be employed by the Parties in dispute;

3.1.2.4 whether or not the decision of any mediator or independent expert, or other decision reached as a result of further negotiation or other dispute resolution process, will be final and binding on the Parties.

- 3.2 The Parties must maintain the confidentiality of any documents or other information made available to, or coming to the knowledge of, any Party in the course of negotiations or other dispute resolution process established under this Clause 3 of this Appendix. The Parties may use such information in settling the dispute, but not for any other purpose. They may not rely on, or introduce as evidence in any arbitral, judicial or other proceeding:
- 3.2.1 views expressed or suggestions made by either Party or another party on a possible settlement of the dispute;
 - 3.2.2 any admission or concession made by either Party or another party in the course of negotiations or any other agreed process to resolve the dispute;
 - 3.2.3 proposals made or views expressed by a neutral person employed by the Parties to the dispute; or
 - 3.2.4 the fact that either Party had or had not indicated willingness to accept a proposal for settlement.
- 3.3 Where a time limit is set in these alternative dispute resolution provisions for doing something the Parties' representatives may agree to extend that time limit.

4 Arbitration

If:

- 4.1 the Parties fail to agree on a dispute resolution process within the applicable time limit; or
- 4.2 using an agreed dispute resolution process (including any dispute resolution process initiated under Clause 3.1.1 of this Appendix) the Parties fail to settle the dispute within a further 20 Business Days, subject to any agreement made pursuant to Clause 3.1.2 of this Appendix;

the Parties shall refer the dispute to arbitration in accordance with the Arbitration Act 1996 except that clauses 4 and 5 of Schedule Two to the Arbitration Act 1996 shall not apply.

Either Party may refer a matter to arbitration by giving to the other Party notice in writing stating the subject matter and details of the dispute and that Party's desire to have the matter referred to arbitration.

The arbitration shall be by one arbitrator to be agreed upon by the Parties or, in the event that a single arbitrator cannot be agreed, then before two arbitrators one to be appointed by each Party and their umpire to be appointed by the arbitrators before any arbitration proceedings commence.

If the identity of the arbitrator, or two arbitrators and umpire, remains unsettled 30 days after the giving of notice, then an arbitrator for the matter in dispute shall be appointed by the President for the time being of the Arbitrators' and Mediators' Institute of New Zealand Inc.

APPENDIX G TECHNICAL STANDARDS AND SPECIFICATIONS

1 GENERAL

This Appendix outlines the current technical policies and standards that WGL uses when designing, constructing, operating and maintaining its Distribution System. Where any of this information conflicts with any provision of a current Distribution Services Agreement, then the Distribution Services Agreement will take precedence.

1.1 Engineering Practice

The design, installation, operation and maintenance of WGL's Distribution System will be to a standard not less than the appropriate New Zealand Standard or where no standard exists, in accordance with good gas engineering practice.

WGL will be responsible for the interpretation of any Standard adopted or used for the design, installation, operation and maintenance of its system. WGL will take the needs of a System User into consideration but without compromising the safety of the Distribution System or the rights of other System Users.

2 RECEIPT POINTS

2.1 Ownership

The System User is responsible for arranging the construction, operation and maintenance of new Receipt Points.

2.2 Design and Construction

The location, design and construction of a Receipt Point for a Distribution System must comply with Appendix Two of the Distribution Services Agreement "Technical Requirements". The design and construction must not adversely affect the integrity or operational capabilities of WGL's Distribution System. Adequate pressure regulation and over/under-pressure protection equipment will need to be installed.

The Receipt Point must also contain equipment to prevent dust, oil, condensed hydrocarbons or other deleterious substances from affecting the custody transfer metering equipment or from reaching WGL's Distribution System.

The Receipt Point must contain equipment to electrically isolate WGL's Distribution System from the Receipt Point. A suitable surge diverter shall be installed across the isolating device. Pipework within the Receipt Point shall be suitably bonded so as to be electrically continuous and must be connected to an earth bed.

2.3 Measurement

Custody transfer metering will be in accordance with NZS 5259:1997 "Gas Measurement".

2.4 Receipt Point Pressures

System Users must have arrangements in place to ensure that gas pressures at Receipt Points are maintained within the maximum and minimum limits specified in Appendix D.

2.5 Receipt Point Standard Temperatures

System Users must have arrangements in place to ensure that gas temperatures at Receipt Points are maintained within the maximum and minimum limits specified below.

Maximum temperature +30 degrees C

Minimum temperature 0 degrees C

3 DELIVERY POINTS

3.1 Ownership

WGL will own, operate and maintain all Delivery Points as they are an integral part of the Distribution System, particularly with respect to safety and operational efficiency.

3.2 Design and Construction

The location, design and construction of a Delivery Point, including the Gas Measurement System, will conform with good gas engineering practise and, in particular, comply with the WGL's standard practise and the requirements of relevant Acts, Standards and Codes.

WGL will arrange for the construction of the Delivery Point and the supply to each Delivery Point will be metered.

The System User must apply in writing to WGL whenever there is a requirement to change the characteristics of the nominated existing Delivery Point, that is, the pressure, the Maximum Instantaneous Quantity (MIQ) or the Maximum Hourly Quantity (MHQ).

The Delivery Point will contain the appropriate pressure regulation and over-pressure protection equipment to an approved standard.

3.3 Metering

Metering and the conversion of measured volume to the standard value of energy will be in accordance with NZS 5259:1997 "Gas Measurement".

WGL will supply and own the metering equipment at all Delivery Points.

In addition to those instances specified in Clause 4.4.7 WGL may install correctors and Time of Use Devices at all Gas Measurement Systems where;

- the delivery pressure is non standard; or
- the load pattern may cause inaccurate metering; or
- the load pattern may have a significant effect on the operation of the Distribution System.

Where the System User or an End user wishes to install check metering, then this must be installed downstream of the last valve or connection point of the Delivery Point facility. The design and installation of this metering equipment must be such that it does not interfere with WGL's Gas Measurement System.

3.4 Metering pressure

The maximum metering pressures (at the meter outlet), available from each Distribution System pressure regime are set out below:

<u>Distribution System Pressure Regime</u>	<u>Standard Maximum Metering Pressure</u>
Low Pressure < 2 kPa	1.25 kPa
Medium Pressure < 210 kPa	35 kPa
Intermediate Pressure < 1700 kPa	350 kPa

WGL will consider requests for the standard maximum metering pressure to non-domestic Delivery Points to be raised above the pressures specified above. In considering a request to elevate the delivery pressure, WGL will need to be satisfied that there is no adverse impact on existing System Users' contractual rights. WGL also reserves the right to reduce the pressure to standard maximum metering pressure to allow Distribution Services to be offered at any future Delivery Point on the affected system.

WGL will perform any necessary field checks and will take any necessary actions to ensure that delivery pressures and /or flow rates are maintained within the measurement tolerance of the contractual quantities. WGL reserves the right to install any necessary flow-limiting devices, at the System User's expense, to maintain nominated gas flows.

The System User must not alter or adjust any Gas measurement System settings.

3.5 Safety of Installations

The System User will ensure that the End user's installations and operations do not jeopardise the integrity and safety of WGL's Distribution System.

3.6 Disconnection of Supply

WGL will isolate the Delivery Point when requested by the System User. The isolation procedure will conform to NZS 5258:1995 "Gas Distribution" including the tagging of the service pipe and/or Gas Measurement System.

If WGL has not been advised of any change in status of any inactive service pipes within 12 months of the initial request for isolation, WGL will take such further action as is required under NZS 5258:1995 "Gas Distribution".

3.7 Remote Data Collection

System Users can apply to WGL to install equipment to WGL's Gas Measurement System to effect the remote transfer and collection of data relating to gas volumes, flow, pressure and temperature, where a Time of Use Device is already installed.

The fee for this service is available on request from WGL.

WGL reserves the right to install equipment at any Delivery Point to effect the remote transfer and collection of data in order to meet any of its obligations as set out in the Distribution Services Agreement or this Information Memorandum. WGL will be responsible for all costs associated with such installations.

3.8 Meter Reading Frequency

WGL will be responsible for all meter reading (subject to an alternative arrangement).

The frequency of meter reading will be:

- (i) bimonthly for Delivery Points with a Nominated Annual Quantity of less than 1200 GJ.
- (ii) monthly for Delivery Points with a Nominated Annual Quantity of greater than or equal to 1200 GJ.

4 DISTRIBUTION SYSTEMS

4.1 Ownership and Operation

WGL will retain ownership and control of the Distribution System at all times and will operate and maintain it in accordance with NZS 5258:1995 "Gas Distribution".

4.2 Accidents, Incidents, Callouts and Emergencies

WGL will notify an affected System User as soon as possible of any incident that will, or has the potential to, directly affect End Users supplied by the System User.

WGL will also report to the System User on the investigation of any accident or incident that interrupts or curtails gas deliveries from the Distribution System.

In accordance with the Gas Act 1992, a System User must notify WGL of all incidents occurring at an End User's installation. Such notification should be given orally or by fax as soon as practicable and, where given orally, must be confirmed in writing within three business days of occurrence.

If a System User is made aware of any signs of damage, gas escapes, loss of supply, or other abnormalities, including near misses, on the Distribution System, then it must report this to WGL. Such notification should be given orally or by fax as soon as practicable and, where given orally, must be confirmed in writing within three business days of occurrence.

The System User must also notify WGL of all incidents occurring on an End User's installation that are likely to;

- (i) have been caused by a Distribution System fault, or

- (ii) to have affected the normal operation of the Distribution System.

Unless alternative arrangements are made, WGL will be the principal contact for the public and End Users in relation to gas supply and delivery issues to the outlet of the Gas Measurement System. The System User may wish to make arrangements to respond to its End User's calls relating to the gas supply downstream of the Gas Measurement System. WGL will accommodate these arrangements provided that all safety matters are adequately addressed.

Where the System User has an agreement with WGL to respond to End User's calls relating to the supply of Gas, then the System User will furnish WGL with ongoing and current 24 hour call out rosters and will have agreed procedures for handling calls and for communicating with WGL.

WGL will have procedures for handling calls relating to the Distribution System and will maintain rosters for responding to out of hour calls. Copies of ongoing and current rosters must be provided to the System User.

4.3 Load Management

WGL will be solely responsible for the management of Distribution System emergencies. Emergency management will include the actions necessary to:

- (i) assess and make safe any situation;
- (ii) control the flow of gas into and out of the Distribution System;
- (iii) make temporary or permanent repairs to any part of the Distribution System;
- (iv) restore the Distribution System back to its previous operational condition;
- (v) Keep System Users and others informed of developments.

WGL will maintain a written plan outlining the resources available and the actions likely to be taken when handling any foreseeable emergency involving the Distribution System. The plan shall include loadshedding principles and loadshedding schedules provided by the System User(s).

WGL will nominate a person who will act as a Civil Defence Liaison Officer and who will liaise with the System User in the event of a Civil Defence or system emergency and will notify the System User of the name of the person. The System User will also nominate a person who will liaise with WGL in the event of a Civil Defence or system emergency and will notify WGL of the name of the person.

The System user must take no action during the course of a Distribution System emergency to compromise the ability of WGL to manage the emergency.

Once the Distribution System has been returned to its normal operating condition, WGL will advise the System User(s), who will then be responsible for the safe re-introduction of gas to affected End Users downstream of the affected Delivery Points.

4.4 Load management during Emergencies

Should WGL determine or anticipate that it may be necessary to limit gas deliveries on the grounds of safety, then it reserves the right to take what it considers the appropriate action to protect the interests of System Users, End Users and the wider public generally.

WGL's current classification of End Users for load shedding purposes is:

- A - End Users on interruptible supply contracts.
- B - Other non-domestic End Users with dual fuel facilities and CNG stations.
- C - Non-domestic customers where loss of supply will not affect plant or product.
- D - Non-domestic customers where loss of supply could cause product loss.
- E - Non-domestic customers where loss of supply could cause plant damage.
- F - Hospitals, schools and other "essential supplies".
- G - Domestic and small non-domestic customers.

"A" category End Users are shed first, "G" category End Users last.

In the event that there is disagreement over any End user classification, discussions will be held with the System User but WGL reserves the right to make the final determination to preserve consistency amongst all System users.

Where gas deliveries are interrupted, WGL will be responsible for isolating and tagging the Delivery Points and will, as soon as practicable, advise the System User(s) of the action taken.

4.5 Expansion, Modifications and Renewal

WGL will plan, design and construct the Distribution System to satisfy the requirements set out above and to meet the requirements of any System User(s). The design and construction will conform with the appropriate New Zealand Standard or where no standard exists, in accordance with good gas engineering practice.

If as a consequence of expansion, modification or renewal of the Distribution System, it is necessary to temporarily interrupt a System User's ability to offtake gas, then WGL will establish the most convenient time for the work in discussion with the System user. In the event that agreement is not reached, WGL will establish a programme taking into account the known requirements of the System User and will advise the System User accordingly. The System User will then be responsible for informing End Users of this planned interruption to gas supply.

4.6 Planned Maintenance

As part of normal operations to maintain a safe and efficient gas transportation system, WGL carries out periodic planned maintenance activities, which may involve visiting Delivery Points on End User's properties, and could result in a temporary interruption to the System user's ability to offtake gas.

WGL will endeavour to notify each System User, as early as possible, of any planned maintenance that will result in any interruption to the System User's customer. If requested by a System User, WGL will liaise directly with any affected End Users.

5 ACTS, STANDARDS AND CODES

The following Acts, Standards and Codes, as amended from time to time, are to be read in conjunction with this Information Memorandum:

- Gas Act 1992
- Gas Industry Regulations 1993
- Gas (Information Disclosure) Regulations 1997
- Commerce Act 1986
- Fair Trading Act 1986
- Consumer Guarantees Act 1993
- Hazardous Substances and New Organisms Act 1996
- Health and Safety in Employment Act 1992
- Ministry of Energy Abolition Act 1989
- Resource Management Act 1991
- Transit New Zealand Act 1991
- New Zealand Railways Act 1981
- New Zealand Gas Pipeline Access Code
- NZS 5258: 1995 "Code of Practice for Gas Distribution"
- NZS 5259: 1997 "Gas Measurement"
- NZS 5261: 1996 "Code of Practice for the Installation of Gas Burning Appliances and Equipment"
- NZS 5442: 1990 "Specification for Reticulated Natural Gas"
- NZ GCP 3: 1993 "Code of Practice for Odourisation of Gas"
- AS/NZS 2430.3.4: 1997 "Classification of Hazardous Areas - Part 3.4: Examples of area Classification - Flammable Gases"

