



USE OF SYSTEM AGREEMENT

BETWEEN

ALPINE ENERGY LTD

AND

.....

1 APRIL 1998
with June 2001 Charges

TABLE OF CONTENTS

	<u>PAGES</u>
1	DEFINITIONS AND INTERPRETATION.....4
2	CONDITIONS PRECEDENT7
3	AGREEMENT TO USE OF DISTRIBUTION NETWORK7
4	CUSTOMERS' POINTS OF SUPPLY8
5	TERM OF THE AGREEMENT9
6	RENEWAL OF THE AGREEMENT.....9
7	PAYMENT OF CHARGES.....9
8	METERING.....10
9	EQUIPMENT PROTECTION AND ACCESS.....11
10	CONNECTION SERVICES BY RETAILER'S AGENT12
11	DISCONNECTION OF CUSTOMER.....13
12	LINE FUNCTION SERVICES13
13	INTERRUPTION OF LINE FUNCTION SERVICES.....14
14	PRICES AND PRICE VARIATIONS14
15	RECONCILIATION15
16	DEFAULT AND TERMINATION15
17	FORCE MAJEURE16
18	LIMITATION OF LIABILITY16
19	DISPUTE RESOLUTION18
20	INFORMATION REQUIREMENTS.....18
21	CONFIDENTIALITY19
22	ASSIGNMENT AND AGENTS20
23	NON-WAIVER.....20
24	ENTIRE AGREEMENT.....20
25	SAVINGS CLAUSE20
26	GOVERNING LAW.....21
27	NOTICES.....21
28	VARIATIONS.....21
29	COSTS.....21

SCHEDULE 1	
Charges	23
SCHEDULE 2	
Load Control Service	26
SCHEDULE 3	
Dates of Commencement, Expiry; Addresses for Notices	27
SCHEDULE 4	
Metering and Metering Standards	28
SCHEDULE 5	
Customer's Installations Conditions for Connection.....	30
SCHEDULE 6	
Line Function Service Standards	32
SCHEDULE 7	
Customers' Points of Supply	34
SCHEDULE 8	
Information Provided By Retailer	35
SCHEDULE 9	
Information Provided by Distributor	37

USE OF SYSTEM AGREEMENT

AGREEMENT dated 200 _____

BETWEEN Alpine Energy Limited (hereinafter called the "Distributor") and
_____ (hereinafter called the "Retailer")

INTRODUCTION

- A. The Distributor owns and operates the Distribution Network and has an agreement with Trans Power New Zealand Limited to receive electricity delivered from Generators over the TPNZ Network.
- B. The Retailer wishes to use the Distribution Network and the TPNZ Network to convey electricity purchased for its own use or for use by its Customers.
- C. The Distributor agrees to provide the Line Function Services to, and allow use of the Distribution Network by, the Retailer on the terms and conditions set out in this Agreement.

THE PARTIES AGREE

1 Definitions and Interpretation

1.1 In this Agreement, unless the context otherwise requires:

"Agreement" means this Use of System Agreement as signed by the Distributor and the Retailer.

"Bank Base Rate" means the 10.30 am Base Rate interest rate published by the Distributor's bank.

"Charges" means the charges set out in Schedule 1 in respect of Line Function Services and Metering Services provided by the Distributor.

"Charging Period" means a period of one calendar month.

"Confidential Information" means all data and other information of whatever nature, specified as being confidential at the time it is provided by one Party to the other party under this Agreement.

"Connection Services" means those functions that form part of the Retailer's services to Customers but which relate to physical connection to the Distribution Network and may require conformance to the Distributor's requirements.

"Customer" means a purchaser for use or resale, of electricity from the Retailer where the supply is by means of the Distribution Network.

"Customer's Point of Supply" means each point of connection at which a supply of electricity may flow between the Distribution Network and the Customer's Installation as defined by the Distributor.

"Customer's Installation" means any Fittings owned or used by a Customer (except Distributor's Equipment) and that form part of a system for conveying electricity from the Customer's Point of Supply to where the electricity may be consumed.

"Customer Load Control Equipment" means equipment installed on the Customer's Premises for the purpose of enabling the Distributor to provide a load Control Service or to enable the Retailer to provide a range of customer services.

"Date of Commencement" means the date specified in Schedule 3.

"Date of Expiry" means the date specified in Schedule 3.

"Distribution Code" means the code based upon Good Industry Practice issued or adopted by the Distributor, and as amended from time to time by the Distributor in consultation with the Retailer.

"Distribution Network" means the Distributor's system for the conveyance of electricity including all Fittings comprising that system and which terminates at the Customer's Point of Supply.

"Distributor's Agent" means a person or organisation with whom the Distributor has or proposes to enter into an agreement to provide services for or on behalf of the Distributor.

"Distributor's Equipment" means the Fittings and Metering Equipment belonging to the Distributor or the Distributor's Agent which is from time to time installed in, over or upon a Customer's premises.

"Early Disconnection Charge" means the charge due in respect of the early disconnection of any of the Major Customers notified in accordance with Clause 4.6.

"Energy Supply Contract" means the Agreement between a Generator and a Retailer relating to the sale and purchase of electricity.

"Fittings" means everything used, or designed or intended for use in, or in connection with the conversion, transformation, conveyance or use of electricity.

"Force Majeure" means any event or circumstance which is beyond the reasonable control of either Party and which results in or causes the failure of that Party to perform any of its obligations under this Agreement including, but not limited to acts of god, strike, lock-out or other industrial disturbance, act of a public enemy, or declared or undeclared war, threat of war, terrorist act, blockade, revolution, riot, insurrection, civil commotion, public demonstration, sabotage, act of vandalism, lightning, fire, storm, flood, earthquake, accumulation of snow or ice, lack of water arising from weather or environmental problems, lack of adequate fuel resources, explosion, fault or failure of any plant, apparatus or equipment which could not have been prevented by Good Industry Practice, governmental restraint, act of parliament, other legislation, bylaw, or the failure or deficiency of any Generator, TPNZ or the Distributor to supply electricity to the Customer's Point of Supply to the extent that such failure or deficiency or the consequences thereof could not have been prevented by Good Industry Practice by the Distributor and the discontinuance or deficiency of supply or failure to convey electricity or to do so in the required quantity which occurs as a result of the Distributor selecting at its discretion Customer's Point of Supply for discontinuance or deficiency of supply in response to any event or occurrence referred to in this definition provided that lack of funds shall not be interpreted as a cause beyond the reasonable control of that Party.

"Generator" means any person or organisation that generates or wholesales electricity supplied to the Retailer.

"Good Industry Practice" means the exercise of that degree of skill, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced operator engaged in the same type of undertaking under the same or similar circumstances and includes adherence to the principles laid out in any code of practice generally adopted by the electrical industry.

"Incumbent Retailer" means the Retailer where the Retailer is also the Distributor or has been nominated by the Distributor as being the Distributor's associated Retailer.

"Line Function Services" means the provision, operation and maintenance of electric lines, substations, related equipment and all other services necessary for the conveyance of electricity from Generators to Customers' Points of Supply including the procuring of contracts with TPNZ, the provision of a Load Control Service and the allocation of Losses.

"Load Control Service" means the function of reducing or interrupting a part of a Customer's supply of electricity on the basis defined in this Agreement.

"Losses" means electricity unaccounted for on the Distribution Network, being the difference between the sum of the electricity delivered to the Distributor measured at the Network's Points of Supply and the sum of the electricity delivered to all Customers' Points of Supply.

"Loss Factor" means the factor by which electricity metered at the Customer's Point of Supply is increased to determine the electricity for which the Retailer is responsible to purchase within the Distribution Network.

"Major Customer" means a Customer notified by the Distributor to the Retailer in accordance with Clause 4.6.

"Metering Equipment" means any apparatus for the purpose of measuring and/or controlling the quantity of electricity conveyed through a Customer's Point of Supply and shall include current and voltage transformers. Control equipment must be compatible with the Distributors ripple injection plants.

"Metering Services" means all those functions required to maintain the integrity of the Metering Equipment and the information extracted. The services include installation, maintenance, testing, replacement and removal of meters, and exclude meter reading.

"Network's Point of Supply" means the point of connection between the Distribution Network and TPNZ's Network or any Generator or any other distribution network through which the Distributor receives a supply of electricity.

"Network Connection Requirements" means Alpine Energy Ltd's Network Standard Requirements issued by the Distributor and as amended from time to time by the Distributor.

"NZEM" means the New Zealand Electricity Market operated in New Zealand in relation to the wholesale trading of electricity.

"NZEM Rules" means the rules of the NZEM updated from time to time.

"Other Retailer" means a retailer, other than the Incumbent Retailer, who uses or wishes to use the Distribution Network to convey electricity for its own use or for use by its customers.

"Party, Parties, or Other Party" means each or either of the Distributor or the Retailer, or both the Distributor and the Retailer.

"Period of Inaccuracy" means the period between the most recent prior test conducted on the Metering Equipment when it was accurate and the time at which it is determined that the Metering Equipment cannot measure or measures inaccurately and is deemed to be the period during which the Metering Equipment has become incapable of any measurement or any accurate measurement.

"Premises" means the land and buildings owned or occupied by a Customer, any land over which the Customer has an easement or right to pass electrical fittings and any electrical fittings used by the Customer to convey electricity from the Customer's Point of Supply to the locations at which electricity is consumed.

"Reconciliation Agreement" means the rules of the Metering and Reconciliation Information Agreement (MARIA) established pursuant to a Deed of Establishment of Metering and Reconciliation Information Agreement between Electricity Market Company Limited and Trans Power New Zealand dated 21 March 1994.

"Reconciliation Function" means the function of reconciling flow of electricity into, within and out of the Distributor's Network for the purposes of enabling financial settlements to take place.

"Reconciliator" means the person appointed from time to time as the National Reconciliation Manager pursuant to the Reconciliation Agreement or such other person from time to time to whom metering information is to be sent pursuant to the Reconciliation Agreement.

"Remote Signalling Service" means the function of providing a signal through the Distribution Network for the purposes of operating equipment on the Customer's Premises, as agreed between the Parties.

"Retailer's Agent" means a person or organisation with whom the Retailer has or proposes to enter into an agreement to provide services for or on behalf of the Retailer.

"Retailer's Equipment" means any equipment owned, leased or otherwise provided by the Retailer, or the Retailer's Agent, and which is from time to time installed in, over or upon a Customer's premises.

"Service Standards" means the levels of performance to which the Distributor will use its best endeavours to achieve in providing Line Function Services.

"TPNZ" means Trans Power New Zealand Limited its successors and permitted assigns.

"TPNZ Network" means the electricity transmission system owned and operated by TPNZ.

1.2 Clause and other headings are for ease of reference only.

- 1.3 Any reference in this Agreement to any gender includes all genders and a reference to the singular includes the plural and vice versa.
- 1.4 References to clauses and schedules are references to clauses of and schedules to this Agreement.
- 1.5 Any reference in this Agreement to a statute, statutory instrument, regulation or order will be construed as a reference to such statute, statutory instrument, regulation or order as amended or re-enacted from time to time.

2 Conditions Precedent

- 2.1 Prior to the conveyance of electricity through the Network to a Customer's Point of Supply pursuant to this Agreement
- a) The Retailer shall have executed this agreement; and
 - b) The Retailer shall have satisfied the Distributor that:
 - (i) The Retailer has entered into an agreement to purchase electricity from a Generator;
 - (ii) The Retailer has entered into an agreement to supply electricity to the Customer; and
 - c) The Retailer shall have completed and provided to the Distributor a Customer information schedule, which shall include the Customer name and postal address, the physical address of the Customer's Point of Supply and Alpine Energy's property installation number (if known).
 - d) The Retailer shall have confirmed in writing its agreement to be bound by and comply with the Reconciliation Agreement, or is a Purchaser Class Participant under the NZEM Rules.
 - e) Metering Equipment to the standard required under Schedule 4 has been installed in relation to the relevant Customer's Point of Supply; and
 - f) The Retailer shall have given the Distributor an executed performance bond or security required under clause 7.8, if the Retailer was notified that the Distributor requires a bond.

3 Agreement to Use of Distribution Network

- 3.1 The Distributor shall allow use of the Distribution Network by the Retailer and will provide Line Function Services in respect of that network.
- 3.2 The Retailer shall sell electricity together with the Distributors Line Function Services to Customers.
- 3.3 The parties acknowledge that electricity injected into the Distribution Network cannot be physically identified as the property of any Retailer.
- 3.4 For the purposes of this agreement electricity shall be deemed:
- a) To be the property of the Retailer; and
 - b) To have been taken by the Retailer
- at the time it is conveyed through a Customer's Point of Supply
- 3.5 The Retailer shall ensure that every agreement between it and its Customers contains conditions requiring compliance of the Customer and the Customer's Installation with all statutory requirements, Good Industry Practice, the Distribution Code, the Distributor's Network Connection

Requirements and the requirements of this Agreement, and shall ensure that such conditions will be expressed to be for the benefit of and enforceable by the Distributor in accordance with the Contracts (Privity) Act 1982.

4 Customers' Points of Supply

- 4.1** Where the Retailer is not an Incumbent Retailer the Customers' Points of Supply to which this Agreement relates are listed in Schedule 7 or updates thereof as advised to the Distributor in accordance with this Agreement.
- 4.2** For all Customer's Points of Supply (not previously listed on Schedule 7 or added thereto) through which the Retailer (including the Incumbent Retailer) intends to supply electricity the Retailer shall:
- a) give the Distributor reasonable notice of that intention including the name and address of the Premises, and meet the information requirements of Schedule 5
 - b) ensure that the Customer Installation complies in all respects with the Distributor's reasonable requirements
 - c) where the Customer Installation is a new installation procure from the Customer an undertaking to provide and maintain suitable space for the safe and secure housing of all Distributor's Equipment deemed necessary by the Distributor to be housed on the Customer's Premises
 - d) The distributor will arrange and effect connection of the Customer's Installation to the Distribution Network for an agreed Establishment Fee.
- 4.3** The Distributor shall not permit connection to the Distribution Network of any new or modified Customer's Installation unless it is reasonably satisfied that all of the requirements of this Agreement have been complied with.
- 4.4** The Retailer may, on giving at least two working days written notice to the Distributor, require the Distributor to delete any Customer's Point of Supply from Schedule 7 to this Agreement with effect from the date and time specified in that notice and thereupon the Distributor at its own expense shall disconnect the Customer's Installation from the Distribution Network and the Retailer shall incur no further charges for Line Function Services beyond the specified date.
- 4.5** The Distributor shall notify the Incumbent Retailer within 24 hours should the Distributor become aware of any installation on the Distribution Network to which a live electrical connection exists but which is not included in any agreement between the Distributor and an Other Retailer.
- 4.6** The Distributor shall notify the Retailer in writing, of the Major Customers to whom provision of the Line Function Service requires significant dedicated capital expenditure on plant and equipment by the Distributor. Should any of the Major Customers be disconnected from the Distribution Network prior to the Date of Expiry, the Distributor shall use all reasonable endeavours to find an alternative use for, or shall dispose of, that part of the Distribution Network that is utilised by or provided for the Major Customer, and thereafter if applicable the Retailer shall pay the Distributor the Early Disconnection Charge calculated in accordance with Schedule 1, Item 1.2.
- 4.7** If there is more than one Customer's Point of Supply at a Premises the Retailer shall procure that no interconnection is made at any time between those Customer's Point of Supply without the prior written consent of the Distributor.
- 4.8** The Incumbent Retailer shall from time to time as required by the Distributor provide the Distributor with a complete list of customer installations connected to the Network. Vacant installations shall be included as a separate list.
- This information is required to provide quality customer service and calculate line charges.
- 4.9** Existing customer records with installation details provided by the Distributor shall be maintained by the Retailer. The Distributor shall have ready access to this information.

- 4.10 The incumbent Retailer shall maintain information necessary to comply with the MARIA Meter Installation Register.

5 Term of the Agreement

- 5.1 The Agreement shall commence on the Date of Commencement and except in the case of any early termination agreed by the Parties in writing or in the case of termination pursuant to clauses 16 or 17, shall expire on the Date of Expiry indicated in Schedule 3. Where a date is not indicated in Schedule 3, the agreement shall continue in force until terminated by either party upon the giving of not less than 90 days notice in writing.
- 5.2 No later than 3 months prior to the Date of Expiry the Parties shall meet or otherwise correspond with each other to reach agreement on whether or not to extend the term of the Agreement with any amendments as may be agreed for a further period from the Date of Expiry. If the Distributor and the Retailer have failed to reach agreement by the Date of Expiry indicated on Schedule 3, the Agreement shall then expire.

6 Renewal of the Agreement

- 6.1 The Retailer may upon notice to the Distributor prior to the Date of Expiry, elect to:
- a) **not remain connected:** upon expiry, disconnect the Customer Installations from the Distribution Network (and upon such disconnection the Retailer shall be liable for all Charges which have accrued as due prior to and as result of the disconnection); or
 - b) **remain connected and enter into a new Agreement:** upon expiry of this Agreement, allow the Customer Installations to remain connected to the Distribution Network but on amended Charges notified in writing to the Retailer (and upon this election the Retailer agrees to be bound by the same).

If the Retailer does not exercise its rights of election as provided herein, the Retailer shall with effect from the expiry (for any reason) of the Agreement, be deemed to have elected that its Customer's Installation shall remain connected to the Distribution Network in accordance with the amended charges notified in writing to the Retailer.

7 Payment of Charges

- 7.1 In consideration for the Distributor providing Line Function Services to Customers' Points of Supply included in Schedule 7 and as amended from time to time or as otherwise agreed between the Parties, the Retailer shall pay the Charges due to the Distributor, as calculated in accordance with Schedule 1.
- 7.2 Where the Retailer is the Incumbent Retailer, charges are payable for all Customers' Points of Supply except those included in other agreements between the Distributor and Other Retailers for the provision of Line Function Services.
- The annual fee shall be that agreed in the "Provision of Use of System Agreement".
- 7.3 The Distributor shall invoice the Retailer monthly in advance for the charges due and payable by the Retailer.
- 7.4 The Retailer shall pay to the Distributor sums invoiced in accordance with 7.3 by the 20th day of the month in which the charges are incurred. If the invoice is not received by the 13th day of the month, such sums shall not be payable by the 20th of the month but shall be paid within 7 days of receipt of the invoice.
- 7.5 All Charges payable by the Retailer are stated exclusive of Goods and Services Tax (if any); the Distributor shall add to such amounts Goods and Services Tax or such other tax, charge or levy as may from time to time be required by virtue of any statute, statutory instrument or equivalent statutory provision by which the Distributor is bound.

- 7.6 The Distributor in subsequent monthly invoices shall adjust the sum charged in advance in accordance with 7.3 to correctly reflect charges for the Line Function Services utilised in the foregoing monthly periods.
- 7.7 If the Retailer fails to make payment by the due date specified on an invoice (ref clause 7.4) the Retailer shall pay the Distributor default interest on the amount unpaid at the rate of two percentage points over and above the Bank Base Rate for the period between the due date and the date of payment.
- 7.8 The Distributor may, as a condition of entering into this Agreement or otherwise at any time on giving 14 days written notice to the Retailer, require the Retailer to provide a performance bond or bank undertaking on such terms and conditions and by any financial institution that the Distributor may reasonably require to secure payment of the Charges by the Retailer.

8 Metering

- 8.1 Subject to clause 8.2 the quantity of electricity conveyed to any Customer's Point of Supply shall be measured by Metering Equipment provided, installed, maintained, tested and operated by the Retailer or the Retailer's Agent.
- 8.2 Alternatively the Metering Equipment may be provided, installed, maintained, tested and operated by the Distributor or the Distributor's Agent, and the Retailer shall then purchase the Metering Services from the Distributor. The Charges for these Metering Services shall be as stated in Schedule 1.
- 8.3 The Distributor, the Retailer and, where appropriate their respective agents shall:
- a) comply with and observe the requirements of the Reconciliation Agreement or the NZEM Rules and Good Industry Practice in all relevant procedures for the operation, maintenance and testing of the Metering Equipment
 - b) ensure that the Metering Equipment complies with the minimum Metering Equipment Standards indicated in Schedule 4 to this Agreement.
- 8.4 The Metering Equipment shall be deemed to be accurate and all measurements taken from the Metering Equipment shall be binding on the Parties unless either of the Parties disputes the accuracy of the Metering Equipment by giving written notice to the other Party. In the event such written notice is given:
- a) each Party shall provide the other with any available information relevant to the checking of the Metering Equipment; and
 - b) the Metering Equipment shall be checked for defective or inaccurate functioning or calibration in accordance with Good Industry Practice.
- 8.5 If it is discovered that any Metering Equipment used in the Determination of charges is not measuring accurately then the quantity of electricity conveyed or maximum demand during the Period of Inaccuracy shall be determined by the Parties:
- a) by using the measurements of any check metering equipment, if installed pursuant to Good Industry Practice; or
 - b) by calculation of a corrected quantity of electricity conveyed during the Period of Inaccuracy if the percentage of inaccuracy is ascertainable by calibration, recalibration, tests or mathematical calculation; or
 - c) by estimating the quantity of electricity conveyed using as a basis the quantity of electricity conveyed during periods of similar conditions when the Metering Equipment was measuring accurately; or
 - d) by such other method as is agreed between Parties.
- 8.6 Where the Retailer purchases Metering Services from the Distributor or the Distributor's Agent, the Distributor or the Distributor's Agent:
- a) shall not allow the Metering Equipment or the data it measures to be used for any purpose other than as specifically provided for by the Parties to this Agreement

- b) shall vest in the Retailer or Retailer's Agent the right to independently access information from the Metering Equipment as required at any time by the Retailer without further recourse to the Distributor.

9 Equipment Protection and Access

9.1 The Distributor, its employees, agents and invitees shall not interfere with the Retailer's Equipment without the prior written consent of the Retailer, except

- a) to obtain Customers' electricity consumption information from the Metering Equipment as provided in any Metering Services agreement; or
- b) to the extent that emergency action has to be taken to protect the health and safety of persons or to prevent serious damage to property. In the event of such interference the Distributor will immediately inform the Retailer of the occurrence and circumstances involved.

9.2 The Retailer its employees, agents invitees or Customers shall not interfere with the Distributor's Equipment without the prior written consent of the Distributor, except to the extent that emergency action has to be taken to protect the health and safety of persons or to prevent serious damage to property. In the event of such interference the Retailer will immediately inform the Distributor of the occurrence and circumstances involved.

9.3 Any agreement between the Retailer and a Customer relating to the supply of electricity by the Retailer to the Customer shall require the Customer to provide and be responsible for

- a) reasonable protection (at the expense of the Customer) of the Distributor's Equipment where located on the Customer's property, or from the boundary of the property up to the Customer's Point of Supply, against interference and damage
- b) customer liability for any damage caused to the Distributor's Equipment, by negligent or wilful act or omission of a Customer or through failure of the Customer to provide the protection referred to in (a) above .

The Retailer shall indemnify the Distributor against any costs incurred as a result of the Customer's failure to provide the protection referred to in (a) or through damage arising through (b) above.

9.4 The Retailer shall ensure that any agreement between the Retailer and its Customers contains terms identical in content to 9.2 and 9.3 that are expressed to be for the benefit of and enforceable by the Distributor pursuant to the Contracts (Privity) Act 1982.

9.5 Failure on the part of the Retailer to comply with clause 9.3 in any contract shall result in liability for any compensation for equipment damage to the Distributor's equipment passing to the Retailer for failing to provide the required protection.

9.6 The Retailer shall procure agreements between it and its Customers that shall give the Distributor's employees, agents, sub-contractors and invitees at all reasonable times safe and unobstructed access:

- a) to any of the Distributor's Equipment for the purpose of installing, testing, inspecting, maintaining, repairing, replacing, operating, reading or removing the same and for any other purpose related to this Agreement
- b) to any of the Retailer's Equipment, for the purpose only of verification of metering information as required to comply with any Reconciliation Function.
- c) onto the Customer's premises to ascertain the cause of any interference to the quality of Line Function Services being provided by the Distributor to the Retailer or any Other Retailer
- d) onto the Customer's premises for the purposes of protecting persons or property from electrical hazard, connecting or disconnecting the supply of electricity to any premises and ensuring the continuity, quality and safety of the supply of electricity.

9.7 The Distributor shall exercise its right of access by:

- a) wherever practicable, giving to the Retailer and Customer reasonable notice of its intention to and the purpose for which it will exercise its right of access
- b) causing as little inconvenience as practicable to the Retailer and Customer in carrying out such work
- c) observing Good Industry Practice at all times.

9.8 The rights of access conferred by this Agreement are in addition to any right of access the Distributor may have under any statute or regulation.

9.9 If a Customer fails to grant to the Distributor access as required under clause 9.6, the Distributor may disconnect the Customer's Installation from the Distribution Network, provided 2 working days notice in writing has been given to the Retailer.

9.10 Should the Distributor, the Retailer or their respective agents, discover evidence of interference with the Distributor's or Retailer's Equipment, broken seals to meters or of theft of electricity, the Party discovering the interference or theft shall notify the Other Party within 24 hours.

9.11 In the event of suspected interference with the Distributor's Equipment on a Customer's Installation the Distributor may carry out an investigation and, if in the reasonable opinion of the Distributor the Retailer is at fault, then the Retailer shall compensate the Distributor for the reasonable costs incurred in undertaking the investigation and for the cost of repairing any resulting damage.

10 Connection Services by Retailer's Agent

10.1 A Retailer's Agent may be accredited by the Distributor to carry out Connection Services on the Distribution Network once the Retailer has submitted to the Distributor sufficient details to satisfy the Distributor of the agent's capability, experience and qualifications to perform the Connection Services and meet the requirements of the Distributor.

10.2 The Retailer shall procure in agreements with its agents accredited to perform Connection Services that the services will be carried out in a manner that meets the Distributor's reasonable requirements.

10.3 The Retailer's Agents accreditation to perform Connection Services may be withdrawn by the Distributor in the event of a serious breach by the Retailer's Agent of its Agreement with the Retailer for the Connection Services.

10.4 Connection Services may include but are not limited to:

- a) connection, inspection and livening of the Customer's Installations
- b) disconnection and/or reconnection of the Customer's Installation
- c) installation and removal of Metering Equipment
- d) installation and removal of Customer Load Control Equipment.

10.5 The Distributor may refuse to allow connection of a Customer where the Retailer, the Retailer's Agent or the Customer fails to satisfy the conditions for connection contained in item 5.2 of Schedule 5 or otherwise fails to obtain the approval of the Distributor.

11 Disconnection of Customer

- 11.1** If a Customer's Installation does not comply with the requirements of this Agreement the Distributor or Retailer may disconnect the Customer's Installation until the Customer has taken all actions necessary for the installation to comply with such requirements.
- 11.2** If the Retailer fails to provide metering information required to be provided by Item 8.3 of Schedule 8, the Distributor may disconnect the Customer's Installation until the Retailer has provided the required information.
- 11.3** In exercising its right to disconnect under clause 11.1 or 11.2 the Distributor shall provide the Retailer:
- a) a minimum of 14 days written notice of its intention to disconnect, the reasons for disconnection, the Distributor's requirements in relation to the Customer's Installation to prevent disconnection and a reasonable time within which the Retailer or Customer must comply with the Distributor's requirements before disconnection is effected; or
 - b) if due to there being serious risk to life or property the Distributor determines not to give prior notice, as soon as practicable after disconnection, written notice of the reasons for disconnection and its requirements for reconnection of the Customer' Installation.
- 11.4** In the event of such disconnection, or any subsequent reconnection, the Distributor may charge the Retailer a reasonable charge for carrying out such service. The charge will be based upon actual costs.
- 11.5** The cost of disconnection and/or reconnection shall in all cases be borne by the Retailer.

12 Line Function Services

- 12.1** In providing the Line Function Services the Distributor shall:
- a) design, construct, operate and maintain the Distribution Network in accordance with all statutory requirements, and the requirements of the Distribution Code and take into consideration the requirements of the Retailer and Other Retailers
 - b) use its best endeavours to procure from TPNZ all reasonable safeguards to enable the Distributor to provide the Line Function Services to the degree specified by this Agreement
 - c) use all reasonable endeavours to enable a continuous supply of electricity and to maintain the Line Function Service Standards as defined in Schedule 6
 - d) at its discretion but with due regard to the wishes of the Retailer and Other Retailers, operate a Load Control Service and Remote Signalling Service as indicated in Schedule 2.
- 12.2** The quality of the Line Function Services provided by the Distributor shall be determined at the Customers' Points of Supply.
- 12.3** Where the Retailer has a requirement which does not and will not affect Other Retailers, the Retailer and the Distributor may reach an agreement with regard to that requirement subject only to the requirements that the Distributor shall, on request of Other Retailers, notify the Other Retailers of the principles on which the agreement is based, and shall, if thereafter requested, extend the principles of that agreement to the Other Retailers in the same or similar circumstances.
- 12.4** Where the Retailer has a requirement which affects, or will affect Other Retailers, the Distributor shall consult with all Other Retailers and thereafter may reach an agreement with the Retailer with regard to that requirement. The Distributor will thereupon advise all affected Other Retailers of the agreement on the requirement.

- 12.5** The Distributor reserves the right to accept or decline any request from the Retailer:
- a) to upgrade its Line Function Services to any Customer's Point of Supply beyond the standards required by this Agreement
 - b) to extend its Distribution Network for the purpose of supplying electricity to any existing or potential Customer of the Retailer.

Unless otherwise agreed between the Parties the Distributor shall convey its decision in writing to the Retailer on any such request and any additional considerations within 30 days of receipt of the Retailer's written request.

- 12.6** In the event the Distributor agrees to extend the Distribution Network to supply a customer or potential Customer the Distributor shall notify the Retailer of any additional charges and their payment terms in respect of such extension.

13 Interruption of Line Function Services

- 13.1** The Distributor may interrupt or reduce the conveyance of electricity to any Customer's Point of Supply at any time the Distributor considers it necessary to do so:
- a) to enable the Distributor to inspect, effect alterations, maintenance, repairs or additions to any part of the Distribution Network; or
 - b) to avoid danger or to avoid interference with the regularity or efficiency of the conveyance of electricity through the Distribution Network; or
 - c) in case of emergency to preserve and protect the proper working of the Distribution Network, TPNZ's Network or any other network through which the Distributor directly or indirectly takes a supply of electricity; or
 - d) if supply of electricity to a Network Point of Supply is or will be reduced, impaired or interrupted; or
 - e) in the event of an occurrence of Force Majeure.
 - f) to permit a third party to carry out activities with normal safety and operating precautions.

- 13.2** Where the Distributor interrupts the conveyance of electricity to any Customer pursuant to clause 13.1, the Distributor shall:
- a) give the Retailer reasonable prior written notice of its intention to interrupt the conveyance of electricity unless, in the reasonable opinion of the Distributor, the interruption must be effected immediately for operational or safety reasons. The notice will state the date, time, area affected and reasons for the interruption, and the expected duration of the interruption. This clause will apply only to notices which are published in the newspaper.
 - b) to use all reasonable endeavours to minimise the period of interruption and resume the conveyance of electricity to the relevant Customer's Point of Supply as soon as reasonably practicable; and
 - c) act in accordance with the Distribution Code and Good Industry Practice.

14 Prices and Price Variations

- 14.1** The Distributor shall provide the Retailer with a minimum of 90 days notice of any change in the Distributor's pricing strategy, policy or methodology, where that change may cause the Retailer to significantly vary the structure of its pricing to Customers.
- 14.2** Within the bounds of the pricing structure specified in Schedule 1, the Distributor may vary the pricing schedule during the term of this Agreement as follows:
- a) not more than once within any 6 months period.
 - b) at any time if the sole purpose of any variation is to pass on cost changes to the Distributor provided for under any contract or agreement relating to the use of TPNZ's network.

- 14.3** The Distributor shall provide the Retailer written notice of any proposed price variations a minimum of 45 days before the date the variations are to take effect. That notice must set out:
- a) the levels of the new prices and the effective date
 - b) the reason for the variations and
 - c) a statement of pricing strategy, policy and methodology where a change in any one of those accompanies the price variation.
- 14.4** Where the price variations are due to the conditions in clause 14.3 (b) in addition to the other requirements specified in Clause 14.4 the Distributor shall provide on request the Retailer with TPNZ's pricing structure to the Distributor before and after the variation.

15 Reconciliation

- 15.1** The Incumbent Retailer and Other Retailers shall become party to a Reconciliation Agreement or is a Purchaser Class Participant under the NZEM Rules which will specify the method of determining the electricity flows, into, within and out of the Distribution Network.
- 15.2** The electricity quantities and allocations determined by the Reconciliator shall provide the basis on which the Distributor shall charge for the elements of the Line Function services if they are priced on a per unit of electricity or demand basis.

16 Default and Termination

- 16.1** If an event of default has occurred and remains unremarked, the Distributor may give 24 hours notice in writing to the Retailer terminating this Agreement, without prejudice to any other rights and remedies of the Distributor. Upon the expiry of the notice the Retailer shall cease its use of the Distribution Network and the Distributor may disconnect the Customer's Installation from the Distribution Network and cease to provide Line Function Services.
- 16.2** The Retailer shall ensure that every agreement between the Retailer and a Customer provides for automatic termination of supply of electricity by the Retailer through the Distribution Network to the Customer's Points of Supply upon termination under clause 16.1.
- 16.3** Following such termination the Distributor may without further recourse to the Retailer access any Metering Equipment owned by the Retailer for the purpose of obtaining information to determine charges outstanding at the time of termination.
- 16.4** For the purposes of clause 16.1 an event of default occurs if:
- a) the Retailer fails to pay any amount due and owing from the Retailer under this Agreement and the default is unremedied at the expiry of ten working days immediately following receipt by the Retailer of written notice from the Distributor of such non-payment; or
 - b) the Retailer fails in any material respect to perform or comply with any of its obligations under this Agreement and (if it is capable of remedy) it is not in the process of being remedied to the reasonable satisfaction of the Distributor within 10 working days of receiving a written notice from the Distributor of the failure and requiring it to be remedied; or

- c) the Retailer:
- i) becomes subject to any distress, attachment, execution or other legal process levied, enforced, issued on or against any material part of its property and is not discharged or stayed within ten working days
 - ii) has a receiver appointed to the whole or any substantial part of its undertaking, property or assets
 - iii) is deemed or presumed to be unable to pay its debts within the meaning of the Companies Act 1955, becomes or is deemed to be insolvent, or is in fact unable to pay its debts as they fall due, or proposes or makes a consignment, or an arrangement or composition with or for the benefit of its creditors
 - iv) is removed from the register of companies or is subject to liquidation, either where an application for an order is made for or an effective resolution is passed for its liquidation; or
 - v) sells its business, or its undertaking, property or assets comprising the major part of its business without the prior consent of the Distributor, which consent shall not be unreasonably withheld.

16.5 Either the Distributor or Retailer may terminate this Agreement at 24 hours notice if it becomes unlawful for either to perform any provision of the Agreement to an extent that is material.

16.6 Termination of this Agreement in no way negates the rights and obligations of the parties up to the time of termination with respect to services and charges specified as part of the Agreement.

17 Force Majeure

17.1 If either Party is unable to carry out any of its obligations under this Agreement because of an event or circumstances of Force Majeure this Agreement shall remain in effect but except as otherwise provided, both Parties' obligations, other than any obligation as to payment of Charges accrued up to the date of the Force Majeure, shall be suspended without liability for a period equal to the circumstance of Force Majeure provided that:

- a) the non-performing Party gives the other Party prompt notice describing the circumstance of Force Majeure including the nature of the occurrence and its expected duration and, where reasonably practicable, continues to furnish regular reports with respect thereto during the period of Force Majeure
- b) the suspension of performance is of no greater scope and of no longer duration than is required by the Force Majeure
- c) no obligations of either Party that accrued before the Force Majeure caused the suspension of performance are excused as a result of the Force Majeure
- d) the non-performing Party uses all reasonable efforts to remedy its inability to perform as quickly as possible.

17.2 If the event or circumstance of Force Majeure is of such magnitude or will be of such duration that it is either impracticable or unreasonable for either Party to perform, comply with or observe clause 17.1 that Party may on not less than 14 days prior written notice terminate this Agreement.

18 Limitation of Liability

18.1 Neither Party shall be liable to the other for any failure of or defect in the supply or conveyance of electricity or other breach of this Agreement which is directly or indirectly caused by a circumstance of Force Majeure.

- 18.2** Except in the case of negligent act or negligent omission of the Distributor, and then subject always to the monetary limit stated in 18.4 below, the Distributor shall not be liable to the Retailer or a Customer for:
- a) momentary fluctuations in the voltage or frequency of electricity conveyed; or
 - b) any failure to convey electricity caused by the failure of any Customer or other person to observe or comply with any agreement to which it is a party, or with the Distribution Code, or with Good Industry Practice; or
 - c) any failure to convey electricity caused by no or reduced injection or supply of electricity into the Distribution Network; or
 - d) any failure to convey electricity or provide a Remote Signalling Service caused by any defect or abnormal conditions in or about any Customer's Premises; or
 - e) any failure to convey electricity as a result of action by the Distributor in accordance with clauses 11 or 13; or
 - f) any failure caused to the Distribution Network by a third party.
- 18.3** Except in the case of negligent act or negligent omission of the Distributor and then subject always to the monetary limit stated in clause 18.5 below, the Distributor shall not be liable to the Retailer or a Customer for momentary fluctuations in the voltage or frequency of electricity conveyed.
- 18.4** Neither Party shall be liable to the other Party for loss arising from any breach of this Agreement other than for loss directly resulting from such breach and which, at the date of this Agreement, was reasonably foreseeable as being likely to occur in the ordinary course of events from such breach and which resulted from:
- a) physical damage to the property of the other Party, and/or
 - b) the liability of such Other Party to any other person for loss arising from physical damage to the property of any person.
- 18.5** Any claims must be notified in writing to the Distributor within one month of an event or circumstances occurrence. The maximum total liability of the Distributor to all Retailers collectively in respect of any single event or circumstance shall not exceed \$10,000, and a series of such failure arising from the same event or circumstance shall be a single event or circumstance of failure. The maximum liability of the Distributor to all Retailers for events or circumstances occurring within one calendar year shall be \$50,000.
- 18.6** Neither Party nor any of its officers, employees or agents shall in any circumstances whatsoever be liable to the other Party for:
- a) any loss of profit, loss of revenue, loss of use, loss of contract or loss of goodwill of any person including a Customer; or
 - b) any indirect or consequential loss; or
 - c) any loss resulting from the liability of such other Party to any other person except as provided in clause 18.4; or
 - d) any loss resulting from loss or corruption of or damage to any computer or electronically stored data, software or hardware.
- 18.7** The benefit of clauses 18.2 and 18.3 shall be extended to the officers, employees and agents of the Distributor and may be enforced by them pursuant to the Contracts (Privity) Act 1982.
- 18.8** This clause 18 has specifically been brought to the attention of the Parties and has been the subject of discussions and is fair and reasonable having regard to the circumstances at the date of this Agreement.
- 18.9** The Retailer shall ensure that every agreement between it and its Customers contains a clause that limits the liability of the Distributor to the Customer to substantially the same effect as this Clause 18 and that such clause will be expressed to be intended for the benefit of and enforceable by the Distributor pursuant to the Contracts (Privity) Act 1982.

19 Dispute Resolution

- 19.1** The Distributor and the Retailer shall actively and in good faith negotiate with a view to the speedy resolution of any dispute or difference which may arise between them concerning any matter arising under this Agreement.
- 19.2** Every dispute or difference that is not resolved by amiable discussion between the Distributor and the Retailer may be referred by either Party for resolution by submission of a notice requiring arbitration in accordance with the following procedure.
- 19.3** The notice requiring arbitration may include a request for conciliation. If such a request is made and is acceded to by the Other Party then the Parties shall endeavour to agree on a conciliator and shall submit the matter in dispute to him. The conciliator shall discuss the matter with the Parties and endeavour to resolve it by their agreement. All discussions in conciliation shall be without prejudice, and shall not be referred to in any later proceedings. Failing agreement the conciliator may by written decision himself determine the matter. The conciliator's determination shall be binding on both Parties unless within fourteen days either Party notifies the other in writing that it rejects the conciliator's determination. The Parties shall each bear their own costs in the conciliation, and shall each pay half the costs of the conciliator.
- If
- a) conciliation has not been requested, or if requested has not been agreed upon within fourteen days of the request, or
 - b) the Parties have agreed upon conciliation but have been unable within fourteen days of such agreement to agree upon a conciliator, or
 - c) no agreement has been reached in conciliation and no determination has been issued by the conciliator within 30 days of the request for conciliation, or within such further time as the Parties may agree, or
 - d) either Party has within fourteen days of its issue rejected the conciliator's determination
- then the matter in dispute shall be referred to arbitration.
- 19.4** The dispute or difference shall be referred to a sole arbitrator for resolution if the Distributor and the Retailer agree on one, or if they cannot agree on the appointment of an arbitrator within 14 days an arbitrator will be appointed by the President for the time being of the New Zealand Law Society at the request of one of them.
- 19.5** Where the matter has previously been referred to conciliation, the conciliator shall not be called by either Party as a witness, and no reference shall be made to the determination, if any, issued by the conciliator in respect of the matter in dispute, during any subsequent arbitration on the matter in dispute.
- 19.6** Any difference or dispute referred to an arbitrator in accordance with this clause the Arbitration Act 1908 will apply and the decision of the arbitrator will be final and binding on the Parties.

20 Information Requirements

- 20.1** The Retailer at all times retains ownership of all data and information produced by, or obtained from the Metering Equipment, details of which may have been released to the Distributor in accordance with the following sub clauses.
- 20.2** The Retailer shall provide to the Distributor the Retailer Information Requirements called for in Schedule 8 and in addition at the Distributor's request as soon as reasonably practicable shall provide the following
- a) such details including estimates and projections of electricity sold (or to be sold) or purchased (or to be purchased) by the Retailer that is intended to be transported over the Distribution Network or any likely extension to that Network as the Distributor may reasonably request; and

- b) such other information as the Distributor may reasonably require for the performance of its obligations and the efficient, economic and safe operation of the Distribution Network as set out in the Distribution Code.
- 20.3** With prior agreement of the Retailer the Distributor may seek verifying, clarifying or other information from any customer or potential customer for the purpose of making an investment decision relating to the Distribution Network.
- 20.4** The Retailer and the Distributor shall agree on the information to be provided in respect of connections to and disconnections from the Distribution Network.
- 20.5** The Distributor shall provide to the Retailer the Distributor Information Requirements called for in Schedule 9 and in addition
- a) all information relating to the Distributor's Network and TPNZ Network as may be reasonably required by the Retailer for the purpose of providing a quality delivered electricity service to its Customers
 - b) the schedule of TPNZ pricing relating to the connection of the Distributor's Network to the TPNZ Network - this schedule will be provided within 7 working days of the Distributor being in receipt of a new or amended such schedule of charges (proposed or agreed) from TPNZ
 - c) TPNZ notices, financial statements and explanations provided by TPNZ to the Distributor in accordance with TPNZ's obligations in amending its charges to the Distributor.
- 20.6** The other information required by the Parties under clauses 20.2 (b) or 20.5 (a) shall only be provided to the extent that such request is reasonable, and does not breach the confidentiality requirements of this or any other Agreement relating to use or operation of the Distribution Network.
- 20.7** The information required under this clause 20 shall be provided free of charge by the Parties.

21 Confidentiality

- 21.1** Each Party undertakes with the other Party that it shall preserve the confidentiality and secrecy of and shall not directly or indirectly reveal, report, publish, transfer or disclose the existence of any Confidential Information except in the circumstances and to the extent set out in:
- a) any agreement with a Generator relating to the purchase of energy; or
 - b) any agreement with TPNZ relating to connection to the TPNZ Network; or
 - c) the Distribution Code; or
 - d) clause 21.2.
- 21.2** Either Party may disclose Confidential Information in the following circumstances:
- a) where at the time of receipt by either Party the Confidential Information is in the public domain
 - b) where after the time of receipt by either Party the Confidential Information enters the public domain except where it does so as a result of a breach by either Party of its obligations under clause 21.1 or a breach by any other person of their obligation of confidence and the Party is aware of such breach
 - c) where either Party is required -
 - i) by any statutory or regulatory obligation, body or authority
 - ii) any judicial or other arbitration process
 - iii) by the regulations of any stock exchange upon which the share capital of either Party or the Other Party is from time to time listed or dealt in
 - d) where the Confidential Information is released to the employees, directors, agents, consultants and professional advisers of either Party in each case on the basis set out in clause 21.3.

- 21.3** With effect from the Date of Commencement each Party shall adopt procedures within its organisation to ensure the confidentiality and secrecy of all Confidential Information which it is obliged to preserve as confidential and secret under this clause 21. These procedures are:
- a) the Confidential Information shall be disseminated within the organisation of each Party only on a 'need to know' basis
 - b) employees, directors, agents, consultants and professional advisers of each Party in receipt of Confidential Information shall be made fully aware of each Party's obligations of confidence in relation thereto; and
 - c) any copies of the Confidential Information whether in hard copy or computerised form shall clearly identify the Confidential Information as confidential and secret.
- 21.4** This confidentiality clause 21 shall apply to, but is not limited to all information recorded by Metering Equipment, save any information required for reconciliation. The Network company may also publish the total energy purchased and transported over the Network.

22 Assignment and Agents

- 22.1** Except as expressly provided for in this Agreement neither Party may assign, encumber, novate or otherwise dispose of its benefits or obligations under this Agreement to an agent without the prior written consent of the Other Party, which consent shall not be unreasonably withheld.
- 22.2** Any such consent shall not relieve the assignor from liability for performance of any obligations, responsibilities or duties so assigned.
- 22.3** Subject to the approval of the appointment of Retailers' agents in accordance with clause 10, the Parties may appoint agents to act on their behalf. Any such appointment shall not relieve the Parties making the appointment from responsibility for the acts, defaults, neglects or omissions of its agents.

23 Non-Waiver

- 23.1** None of the provisions of this Agreement shall be considered to be waived by either party except when such waiver is given in writing.
- 23.2** No delay by or omission of either Party in exercising any right, power, privilege or remedy under this Agreement shall operate to impair such right, power, privilege or remedy or be construed as a waiver thereof. Any single or partial exercise of any such right, power, privilege or remedy shall not preclude any other future exercise thereof or the exercise of any other right, power, privilege or remedy.

24 Entire Agreement

Subject to clause 28, this Agreement, including the Schedules, constitutes the entire agreement between the Parties with respect to its subject matter and supersedes all previous agreements and understandings between the Parties and each of the Parties acknowledges and confirms that it does not enter into this Agreement in reliance on any representation or warranty or other undertaking not fully reflected in the terms of this Agreement.

25 Savings Clause

If any provision of this Agreement is or becomes or is declared invalid, unenforceable or illegal by the courts of the jurisdiction to which it is subject such invalidity, unenforceability or illegality shall not prejudice or affect the remaining provisions of this Agreement which shall continue in full force and effect notwithstanding such invalidity, unenforceability or illegality.

26 Governing Law

This Agreement shall be governed by and construed in all respects in accordance with the law of New Zealand.

27 Notices

27.1 Any notice, demand, certificate or other communication required to be given or sent under this Agreement shall be in writing and delivered personally or by pre-paid post, by courier delivery, or by facsimile.

27.2 The required addresses, and facsimile numbers of the Parties for the purposes of this clause are set out in Schedule 3.

27.3 A notice or other form of communication shall be deemed to have been served as follows:

- a) if given or delivered personally or by courier delivery at the time when given or delivered
- b) if sent by pre-paid post at the expiration of 48 hours after the document was delivered into the custody of the postal authorities
- c) if sent by facsimile, on the time and day of sending if the sending machine confirms transmission is successful.

28 Variations

28.1 No variations or modifications to this Agreement shall be effective unless made in writing and signed by or on behalf of both Parties.

28.2 Either Party may at any time propose variations to this Agreement by notice in writing to the Other Party. The Parties shall thereupon negotiate in good faith the terms of any such variation.

29 Costs

Each party shall bear its own costs of and incidentals to the preparation of this Agreement.

EXECUTED as an Agreement.

SIGNED for and on behalf of
Alpine Energy Limited
as Distributor

)
)
)
)
)

.....
(Signature) (Name)
.....
(Signature) (Name)

Witnessed by:

Signature
Name
Occupation
Address

SIGNED for and on behalf of
.....
as Retailer

)
)
)
)
)

.....
(Signature) (Name)
.....
(Signature) (Name)

Witnessed by:

Signature
Name
Occupation
Address

SCHEDULE 1

Charges

This Schedule 1 is divided into two parts. Schedule 1.1 below specifies the Use-of-System charges for the Line Function and Metering Services of the Distributor which are effective from the Date of Commencement until amended or substituted charges are determined in accordance with Clause 14.

Schedule 1.2 below specifies the Early Disconnection Charge to apply in the event of disconnection of any of the Major Customers notified in writing by the Distributor in accordance with Clause 4.6.

1.1 Line Function Services Charges

1.1.1 General

- * The following annual charges are stated exclusive of Goods and Services Tax.
- * These charges are conditional on the application of Load Control to all appropriate end users as indicated in Clause 12.1 (d) of the Agreement and as further detailed in Schedule 2. Additionally the charges assume the current level of customer appliances not subject to load control (see Schedule 2.3).
- * No allowance is made for distribution losses.
- * Capacity is based on the minimum of the mains size, connected load, fuses or transformer size.
- * All charges are payable monthly in accordance with the requirements of Clause 7.

Where a customer disconnects then seeks reconnection at the same point of supply to the network for essentially the same electricity supply purpose within a 12 month period, all line charges associated with the normal capacity of the connection must be paid before the reconnection is made. This provision does not apply where the reconnecting customer is a different owner or operating entity to that at the time of the disconnection.”

The Retailer should note that the Distributor shall continue to develop the basis for establishing charges with the objective of making them more cost of supply related. This may lead to some customers being placed in charging groups different from their current ones.

The Retailer shall be kept informed of this process and reasonable notice will be given by the Distributor of its intention to change the grouping of individual customers.

Method of Derivation

The derivation of line charges has generally followed the guidelines of the SOLEC Guide (Guide to Derivation of Line Charges", SOLEC Working Party for the Electricity Supply Association of New Zealand, January 1992). In general line charges for non TOU customers are recovered on a (approximately) 50/50 fixed/variable basis.

1.1.2 Alpine Energy Network Charge Schedule

..... enter charges applying at the date of the agreement

1.1.3 Transmission Charge Schedule

..... enter charges applying at the date of the agreement

1.1.4 Loss Allocation Policy

..... enter losses applying at the date of the agreement

1.2 Early Disconnection Charge

- (i) In the event of disconnection for any reason of any of the Major Customers notified in writing by the Distributor to the Retailer in accordance with Clause 4.5, an Early Disconnection Charge shall be due for payment by the Retailer to the Distributor.

The Early Disconnection Charge shall compensate the Distributor in respect of dedicated and specific capital investment on the Distribution Network in respect of such Major Customers and for which reimbursement would not otherwise be received under the Agreement.

The Early Disconnection Charge shall be calculated by the Distributor (acting reasonably) pursuant to the following formula:

$$a + b + c - d$$

Where:

- a = the return on investment in that part of the Distributor's Network used by the Distributor for the purpose of calculating the Charges or any charges which are the subject of Posted Charges, Terms and Conditions pursuant to Clause 14 which would have been recovered over the period from the date of Early Disconnection to the Date of Expiry Indicated in Schedule 3, had the Agreement continued in full force and effect until the Date of Expiry indicated in Schedule 3.
- b = the cost of (or the Distributor's estimated cost of) items of work undertaken (or to be undertaken) by the Distributor in respect of the Distribution Network as a consequence of Early Disconnection.
- c = the cost of (or the Distributor's estimated cost of) compliance with, observance of or performance of Clause 4.5(a).
- d = the return on investment (or the Distributor's estimate thereof) on any part of the Distribution Network referred to in "a" above used (or to be used) for any alternative use, or, the proceeds of (or the Distributor's estimate thereof) the disposal of any part of the Distribution Network referred to in "a" above.
- (ii) The return on investment in a and d above all shall be calculated on the same basis as the Charges and, for the purpose of the formula, converted to a net present value at the date of early termination of the Agreement. The Distributor and the Retailer shall meet and in good faith endeavour to agree upon the discount rate used for the calculation and, failing agreement, such discount rate shall be determined pursuant to Clause 19.
- (iii) Where d above is equal to or greater than the sum of "a" + "b" + "c" above, the Early Disconnection Charge will be zero.
- (iv) If the Early Disconnection Charge is calculated by reference to any estimated cost, value or proceeds, the Charge shall be recalculated by the Distributor (acting reasonably) once the actual cost, value or proceeds is ascertainable by reference to the actual cost, value or proceeds and the Charge originally calculated shall be adjusted accordingly and any Party which has underpaid or been overpaid shall pay the amount of the balance yet to be paid or the balance comprising the overpayment (as the case may be) to the other Party as soon as reasonably practicable together with interest thereon at the Bank Base Rate, compounded on a daily basis, from the date of the underpayment or overpayment (as the case may be) to the date of payment.

SCHEDULE 2

Load Control Service

2.1 General

It is agreed that the economic safe and secure operation of the Distribution Network is dependent on a significant Load Control regime. This regime is necessary to maintain the level of charges specified in Schedule 1.

The charges specified in Schedule 1 are effectively discounted from the uncontrolled levels and any significant reduction of the Load Control service is likely to result in a reduction of this effective discount.

The Distributor encourages and supports the concept of load control to optimise network asset utilisation and reduce costs for end use customers. The Distributor's priorities for load control will be to meet the needs of the Network then transfer load for the Retailer as agreed with the Retailer.

2.2 Other Applications of Load Control

- * Load control may be used further to Clause 13.1 of this agreement to reduce the Network load in the event of emergencies occurring on the Network or on Trans Power's Network.
- * The Retailer should note that as a condition of its supply from Trans Power, the Distributor has agreed to the manual tripping of specified 11kV feeders in the event of generation failures or failure on the Trans Power Network. The Retailer is offered the opportunity to participate in the selection of the specified feeders.
- * The Retailer should note that the Distributor is willing to pursue developments of the Load Control Service which will enable it to offer the Retailer options to match its future tariff structure.

SCHEDULE 3

Dates of Commencement, Expiry; Addresses for Notices

Date of Commencement: 1 April 1998

Date of Expiry: 31 March 2002

Addresses for Notices:
(Clause 27)

Distributor:

Address	Alpine Energy Ltd, P O Box 530, Timaru
Attention	General Manager - Operations
Telephone	(03) 688-9079
Facsimile	(03) 684-8261

Retailer:

Address	
Attention	
Telephone	
Facsimile	

SCHEDULE 4

Metering and Metering Standards

4.1 Ownership

- 4.1.2** All the existing Metering Equipment utilised by the Incumbent Retailer is owned by the Distributor, although this may be reviewed by mutual agreement.
- 4.1.2** Ownership of the Metering Equipment for new Customer Points of Supply shall (subject to proviso of 4.1.3 below) be determined in accordance with clause 8.1 or 8.2 of the Agreement.
- 4.1.3** Regardless of Metering Equipment ownership, all existing and new voltage transformers, current transformers and any other equipment which is contained in or is part of the Distributor's equipment shall be provided, owned and maintained by the Distributor.
- 4.1.4** For all Retailers the standards for Metering Equipment at Customer Points of Supply are as described and set out in the Reconciliation Agreement.

4.2 Metering Services

- 4.2.1** Further to clause 8.1 of the agreement where new meters are owned and installed by the Retailer or its agent, the Distributor shall provide the following services in those situations where they are required by the Retailer:
- * meter potential supplies via Voltage Transformers of the accuracy classes quoted in 4.4 of Schedule 4
 - * current transformation via Current Transformers of the accuracy classes quoted in 4.4 of Schedule 4
 - * maintenance and testing to industry standards of Voltage Transformers and Current Transformers
 - * these services will be provided for a reasonable fee, payable monthly which shall be negotiated between the Parties.
- 4.2.2** Further to clause 8.2 of the agreement where, following agreement between Distributor and Retailer, the Distributor or its Agent is to own and install the meters and in the situations where the Distributor continues to own the meters and associated equipment, the Distributor shall provide the following services:
- * procurement, installation, maintenance, testing and operation of the metering installation including ancillary equipment such as voltage transformers, current transformers, time clocks wiring, etc, but it should be noted that this does not include any inspection of the customer installation
 - * all the services indicated in 4.2.1 above.
- 4.2.3** The Distributor shall ensure that the testing of Distributor-owned meters is carried out in accordance with the requirements of the Distribution code and of Good Industry Practice.

The Distributor shall provide to the Retailer an initial report on the results of requested testing within one working week of the request being made.

The Distributor shall carry out tests of Distributor-owned meters at the request of the Retailer. Should the results of such a test indicate that the meter performance is within the accuracy standards, the full cost of the testing will be charged to the Retailer. Otherwise the costs will be borne by the Distributor.

4.2.4 The Distributor offers to the Retailer the following services which will attract a reasonable level of fees:

- * provision of on-going information about new metering technologies
- * participation in trials of new metering devices

4.3 Inspection

It is the Distributor's current policy that all new customer loads will be checked by an Alpine Energy Inspector at the metering installation and at the point of connection before connection to the network.

4.4 Metering Standards

The minimum standards for new Metering Equipment shall be as follows:

Load Capacity	Voltage Transformer Accuracy Class	Voltage Transformer Connection Volt Drop Class (V)	Current Transformer Accuracy Class	Active Meter Accuracy Class	Reactive Meter Accuracy Class	Integrating Pulse Recorder Half Hour Error (sec)	Maximum Deviation from NZ Std time (sec)
Greater than 6MW	0.5	0.5	0.5	0.5	0.5	+1	+5
Between 0.25 & 6MW	1.0	0.5	1.0	2.0	2.0	+5	+5
Between 69 kVA & 250 kVA	-	-	1.0	2.0	-	-	+5
Below 69 kVA	-	-	-	2.0	-	-	+5

These standards may change by agreement between the Parties if the Reconciliation Agreement so requires. Existing meters will be progressively upgraded to the above standards.

SCHEDULE 5

Customer's Installations

Conditions for Connection

5.1 Preamble

The Electricity Act, 1992, its Regulations and Codes of Practice stipulate the conditions under which a customer's installation may be connected to the Distribution Network and under which supply can continue to be given.

Both the Distributor and the Retailer are bound by these statutory instruments.

The Distributor requires that the conditions for connection to the Distribution Network and those relating to continuing supply from it, detailed in the Distribution Code and Alpine Energy Ltd's Manual for Network Connections be complied with and places the following requirements on the Retailer.

5.2 Conditions for Connection

5.2.1 All Customer's installations existing at the Date of Commencement of this agreement are deemed to comply with the conditions of this schedule.

5.2.2 Further to clauses 4.2 and 10.5 of the Agreement the Retailer (or the Customer's electrical contractor on behalf of the Retailer) must give reasonable notice of its intention to connect new Customers via an **Application for Network Connection** which requires approval by the Distributor. Accompanying this notice must be details of:

- the name and address of the Customer's Premises
- the capacity of the connection that is to be made
- the estimated growth in the connected load over the five years following connection, for all loads expected to exceed 150 kVA during that period
- the estimated Power Factor and Load Factor of the load
- the size and length of the Service Main and, when underground, its location on any public road or public property
- the number of phases required
- any requirement for supply reliability above standard levels
- the nature of any Metering Service required of the Distributor
- the preferred position of connection to the Distributor's network
- the voltage at which the connection is to be made
- unusual loads such as, but not limited to, welding machinery or large motors the operation of which may affect the quality of supply to other customers
- the number and capacities of appliances of the nature of water heaters, space heaters, spa/swimming pools, saunas, kilns, etc.

5.2.3 The Power Factor of any customer load measured at the customer meters must be at least 0.95 lagging. The Retailer shall ensure that the customer takes whatever action is necessary to maintain this Power Factor or shall pay a power factor penalty fee of \$4.50/kW/month for motors over 10kW.

5.2.4 To facilitate connection design and other matters provision should be made for the Distributor to consult with prospective Major Customers either directly or in conjunction with the Retailer.

- 5.2.5** All cases, connections must be confirmed to the Distributor on the day of connection.
- 5.2.6** The Distributor's approval of the connection on a Customer's Installation is conditional on:
- (a) the agent or contractor nominated to carry out the Connection Services having been previously accredited by the Distributor in accordance with Clause 10.1 of the agreement
 - (b) a qualified Inspector signing the Certificate of Compliance for the Customer Installation previously approved by the Distributor as being capable of ensuring that Customer Installations meet the requirements of the Alpine Energy Ltd Manual for Network Connections.
- 5.2.7** In the event of the condition in 5.2.6 (c) not being met, the Distributor's nominated Inspector may inspect the installation and sign or countersign the Certificate of Compliance. A reasonable fee will be charged to the Retailer or Customer's Electrical Contractor for this service.

5.3 Requirements of the Retailer

Further to Clause 20 of the Agreement the Distributor requires the following of the Retailer:

- 5.3.1** A monthly listing of all connections and disconnections of Customers' categorised by the groupings specified in Section 1.1.1 of Schedule 1 and an indication of whether the disconnection is permanent or temporary.
- 5.3.2** The Retailer shall procure to the satisfaction of the Distributor a clear definition of the ownership, maintenance and operational boundaries between the Distributor's and the Customer's equipment
- 5.3.3** At major sites where for operational and convenience reasons the Customer's staff may operate the Distributor's Equipment, the Retailer shall ensure that the Distributor's requirements are met. These requirements will include:
- * a process by which the Distributor can safely and securely delegate to the Customer the control or operation of the Distributor's Equipment or of other equipment which can affect the security of the Distributor's Network
 - * a communications system and protocol which ensures secure and effective communication between the Distributor and the Customers during periods of emergency.

SCHEDULE 6

Line Function Service Standards

6.1 General

The Distributor undertakes to:

- (a) plan, design, maintain and operate its Network in accordance with the current version of the Distribution Code and Good Industry Practice
- (b) meet the standards of service and performance specified in this Schedule 6.

6.2 Quality Standards:

6.2.1 The Distributor shall:

- (i) use all reasonable endeavours to maintain the voltage at the Customers' Points of Supply to within range specified in The Electricity Regulations, 1993 or within the tolerance range agreed between the Retailer and Distributor - the Retailer acknowledges that maintenance of voltage within the tolerance range may depend in part on the maintenance of a high Power Factor in the demands placed on the Distribution Network by the Customers and other installations
- (ii) use all reasonable endeavours to ensure that the levels of harmonic voltages and currents passed into the Retailer's Customer Installations conform with the Limitation of Harmonic Levels Notice 1981, Electrical Code of Practice 36, or any other notice in substitution thereof insofar as the harmonic disturbance results from problems arising from cause within the control of the Distributor.

6.3 Performance Levels

The Distributor undertakes to effect a programme of continual improvement in the quality and reliability of Line Function Services. The performance targets for the year ended 30 March 1997 are:

- * average unplanned loss of supply per customer not to exceed 60 minutes per year except for major incidents or storms etc.
- * total number of justified customer voltage complaints not to exceed 40 per year.

6.4 Services and Standards

6.4.1 The Distributor undertakes to provide with best endeavours the following services to the Retailer:

- * provide a written acknowledgment to the Retailer of a Customer enquiry/complaint within 3 working days
- * complete a formal investigation relating to a Customer enquiry/complaint within 10 working days
- * provide a written report on the findings of an investigation within 5 working days of the completion of the investigation.

6.4.2 The Distributor undertakes to supply the following general services to the Retailer:

- * updated information concerning quality of supply
- * indications of maximum short circuit fault levels appearing on Customer's switchboards.

6.5 Planning

The Distributor undertakes to provide to the Retailer:

- * notification of individual planned shut-downs advertised via the newspaper

6.6 Reports

The Distributor shall supply the following reports to the Retailer:

- * overnight partial or complete feeder faults and general faults occurring to all installations identified in advance on a schedule to be prepared and submitted by the Retailer and approved by the Distributor, to be submitted to the Retailer by 0900 hours on business days
- * faults involving supply to those customers that have been separately scheduled by the Retailer and agreed by the Distributor to be submitted to the Retailer on a 24 hour basis as they occur
- * Network outages including Trans Power or ECNZ initiated outages to nominated Retailer staff during business hours
- * update reports during extended outages to nominated Retailer staff as frequently as appropriate
- * a general statement on duration and Customer coverage of Load Control on business days as requested.

6.7 Provision of Emergency Services

The Distributor shall provide an emergency communication service which will aim to:

- * answer customer's enquiries about Line Function Services
- * acknowledge customer's enquiries about the Retailer's Services and pass these on to the Retailer
- * deal with customer enquiries/complaints during distribution or transmission network emergencies out of normal working hours.

The Distributor shall provide a faults service which attends to customer call-outs on a 24 hour basis.

The cost of these emergency services are included within the Line Function Services prices listed in Schedule 1.

SCHEDULE 7

Customers' Points of Supply

As at 1/4/98 the Customers' Points of Supply connected to the Distribution Network are as follows, or recorded in a separate listing by agreement, or referred to on our March 1998 invoices.

SCHEDULE 8

Information Provided By Retailer

In accordance with this provision of the Agreement the following information is supplied by the Retailer to the Distributor:

Metering information shall be provided within 10 days of the end of the month.

8.1 Customer Points of Supply

- (a) Details of existing customers, and of new customers prior to connection.
- (b) Certificates of Compliance for new customers.
- (c) Details of deleted or disconnected customers.
- (d) A definition of the functional boundaries between the Distributor's and the Customer's equipment.
- (e) At major sites details of the Customer's operational staff and the communications protocol.
- (f) Where requested by the Distributor, such details of significant deteriorations in the financial positions of specified customers as may have come to the notice of the Retailer.
- (g) Where requested by the Distributor, such credit reference information in respect of specified Customers as may be in the possession of the Retailer.
- (h) Customer installation records at present on the customer billing computer.

8.2 Metering Equipment

- (a) Ordering information for the purchase of new metering equipment on behalf of the Retailer.
- (b) Any available information relevant to the checking of metering equipment.
- (c) Relevant information to assist in the estimation of quantities of electricity during periods when the metering equipment is known to be not functioning or inaccurate.
- (d) Information relevant to the possible interference with or damage to the Distributor's metering or load control equipment that comes to the notice of the Retailer.

8.3 Metered Information

- (a) In the case of all Customer's, the metered quantity of electricity delivered monthly, accumulated into the load charging groups and by day/night grouping, by Grid exit point and with and without the Loss Factor applied.
- (b) The monthly maximum demands experienced by each of the charging groups.
- (c) For each Customer Installation with maximum half hour demands greater than 95% of the line charge kVA capacity, the monthly maximum demands.

8.4 Load Information

- (a) Forecasts of maximum demand and electricity consumption quantities for each of the charging groups and on an individual Customer Installation basis for those with Chargeable Maximums of 150 kVA or more, every six months for the ensuing twelve month period.
- (b) Estimations of controllable load connected for each of the charging groups and on an individual Customer basis for those with chargeable maximum demand of 1000 kVA or more, every twelve months.
- (c) The location of unusual loads whose operation may affect the quality of supply to other customers.

8.5 Information for South Canterbury Power Trust

- (a) From time to time information is required to allow the South Canterbury Power Trust to hold elections for Trustees. A roll of all consumers connected to the Alpine Energy distribution network, at a date to be specified, is required in an electronic data file format capable of being merged with electoral roll software similar to that used by local bodies.

The roll must list the name and postal address of the consumer, and consist of three sub-rolls relating to the three District Council areas covered by Alpine Energy i.e. Timaru, Mackenzie and Waimate District consumers must be separately identified.

A consumer with more than one connection to the distribution network is to be recorded on the roll only once. In such a case the consumer should be recorded on the sub-roll for the District covering their principal residence or place of business.

- (b) Further information is required at least annually to allow the South Canterbury Power Trust to pay dividends to consumers connected to the Alpine Energy distribution network. A listing of all connected consumers, at a specified date, is required in an electronic data file format which will be determined after consultation with the Retailer.

The information to be listed is consumer name and postal address together with the annual line charge paid by the consumer in the previous 12 month period. The listing is to be split into the classes of consumers used for determining the network charge as shown on Schedule 1.

8.6 General

- (a) The Annual Report and Financial Statement of the Retailer.
- (b) Details of significant deterioration in the financial position of the Retailer likely to lead to the Retailer's insolvency or liquidation.
- (c) Such details of the Retailer's contract with the supplying Generator as may affect any condition of this Agreement.

SCHEDULE 9

Information Provided by Distributor

In accordance with the provisions of this Agreement the following information shall be supplied, on request, by the Distributor to the Retailer.

9.1 Major Customers

- (a) Details of the major customers to whom provision of the Line Function Service requires significant capital expenditure on plant and equipment by the Distributor in accordance with Clause 4.5.

9.2 Metering Equipment

- (a) Any available information relevant to the checking of Metering Equipment.
- (b) Relevant information to assist in the estimation of quantities of electricity during periods when the Metering Equipment is known to be not functioning or inaccurate.
- (c) Information relevant to the possible interference with or damage to the Retailer's Metering Equipment that comes to the notice of the Distributor.

9.3 Customers

- (a) Details of the location of Customers disconnected by the Distributor because of serious risk to life or property or because the Customer's Installation does not comply with the requirements of this Agreement.
- (b) To the Incumbent Retailer, details of installations connected to the Distribution Network but not the subject of any agreement between the Distributor and the Retailer or the Distributor and any Other Retailer.

9.4 Line Function Service

- (a) Annual reports on performance against Performance Levels.
- (b) Reports on failures to achieve the guaranteed Customer Service Standards.
- (c) Updated information concerning quality of supply.
- (d) Indication of maximum short-circuit fault levels appearing on Customer's switchboards.
- (e) Reports on failures to meet Quality Standards.
- (f) Notification of individual planned shutdowns.
- (g) Reports of faults involving supply interruptions involving 11kV feeders.
- (h) Reports on the duration and Customer coverage of Load Control.
- (i) All information relating to the Distributor's network as may be reasonably required by the Retailer.

9.5 Prices and Charges

- (a) The full schedule of TPNZ Charges relating to the Distributor's Connection to the TPNZ network.
- (b) Details of the Distributor's pricing strategies, policies and methodologies.
- (c) Written notice of any proposed price variations together with appropriate explanations.

9.6 General

- (a) The Annual Report and Financial Statements of the Distributor.
- (b) Such details of the Distributor's contract with TPNZ as may affect any condition of this agreement.