DISCLOSURE

under

Gas Transmission Information Disclosure Determination 2012

of

CAPACITY ALLOCATION METHODOLOGY *(clause 2.5.3)*

and

TRANSMISSION SYSTEM CAPACITY RESERVATIONS *(clause 2.5.4)*

for

2012-13 Disclosure Year

CLAUSE 2.5.3: CAPACITY ALLOCATION METHODOLOGY

(1)(a)

Vector currently provides three types of firm contractual capacity: Reserved Capacity, Supplementary Capacity and Legacy Capacity.

Reserved Capacity is Vector's standard capacity product. Vector allocates Reserved Capacity, in accordance with the relevant provisions of the Vector Transmission Code (the *Code*), to:

(i) all Shippers[1], prior to the start of a contract year[2]; and

(ii) individual Shippers, during a contract year,

in response to their specific requests and to the extent that sufficient uncommitted operational capacity[3] is available. The processes involved in (i) and (ii) above are separately described below. Reserved Capacity allocated to a Shipper remains the Shipper's "property" unless and until the Shipper relinquishes it[4].

Supplementary Capacity is firm capacity that Vector may provide under a Supplementary Agreement that complies with the specific requirements of the Code. Vector is not obliged to provide Supplementary Capacity, and any Supplementary Capacity that it does provide exists only for the life of the relevant Supplementary Agreement. Hence, the formal capacity allocation process prescribed in the Code for Reserved Capacity does not apply to Supplementary Capacity.

Legacy Capacity is firm capacity provided under a transmission contract pre-dating the Code. Only one such transmission contract now remains.

Reserved Capacity, Supplementary Capacity and Legacy Capacity are all equally "firm". Each type of firm capacity must therefore be taken into account in determining uncommitted operational capacity available.

Allocation of Reserved Capacity before the start of a contract year

(1) Under the Code, Shippers must notify Vector of their Confirmed Reservation Requirements[5] by 5 pm on the second Friday in September.

(2) A Shipper is entitled to reserve up to the amount of Reserved Capacity it holds at any Receipt-Delivery Point[6] (*RP-DP*) on the second Friday in September, though it may request more or less. A Shipper may also request Reserved Capacity where it has no current holding.

---

1 A Shipper is a person named in a transmission services agreement with Vector. Vector can only provide transmission services (capacity) to Shippers. The Determination refers to Shippers as "consumers".

2 Being the year commencing on 1 October in year "n" and ending on 30 September in year "n+1".

3 Uncommitted operational capacity is the amount of a pipeline's physical capacity that is available to be allocated to Shippers, and is equal to: operational capacity – aggregate contractual (firm) capacity. The determination of operational capacity is described in Vector's "Rotowaro-North Capacity Determination 28 November 2012" document, available at www.vector.co.nz\Gas\Pipeline capacity determination\documents.

4 Either by not reserving it again, transferring it to another Receipt-Delivery Point, trading it to another Shipper or having it cancelled in accordance with the Code.

5 Meaning Shippers' definite (as opposed to their earlier provisional) requests for Reserved Capacity for the forthcoming contract year.

6 In this disclosure, Code terms are used, ie: Receipt Point = intake point; Delivery Point = offtake point.

(3) Vector must notify Shippers of the extent to which it accepts their Confirmed Reservation Requirements by 5 pm on the third Friday in September. This requires Vector to determine whether there is sufficient operational capacity available to meet all Shippers' requests. In doing so, Vector considers:

(i) the amounts of Reserved Capacity requested compared with the current amounts at the various RP-DPs on a pipeline;

(ii) changes in the distribution of Reserved Capacity;

(iii) the extent to which requests for less Reserved Capacity balance requests for more;

(iv) changes in the levels of other forms of contractual firm capacity[7];

(v) levels of Reserved Capacity and other forms of firm contractual capacity allocated in previous years;

(vi) the most recent Capacity Determination[8], or other pipeline modelling information; and

(vii) the maximum capacity of individual Receipt[9] and Delivery Points.

(4) If Vector believes there is insufficient uncommitted operational capacity for it to approve all Shippers' requests for Reserved Capacity[10], Vector must apply the capacity allocation procedure set out in the Code. Briefly, that process would work as follows:

(i) any Shipper requesting the same amount of, or less Reserved Capacity than it currently holds at an RP-DP would be allocated that amount;

(ii) Vector would then determine the extent of uncommitted operational capacity available by referencing the Capacity Determination and any other relevant pipeline modelling information or, if necessary, undertaking additional modelling;

(iii) Vector would then allocate increased Reserved Capacity to the relevant Shippers in accordance with the following formula:

increase = (Shipper's requested increase for an RP-DP ÷ All Shippers' requested increases for all RP-DPs on the pipeline) × uncommitted operational capacity; and

(iv) Vector would then check that any allocated increases in Reserved Capacity could actually be delivered via the relevant Delivery Points[11]. If not, capacity

---

7 Supplementary Capacity (if any) and "legacy", or pre-Code firm capacity (if any).

8 The Vector report which sets out the operational capacity of Receipt–Delivery Points.

9 In particular, the capacity of Vector's compression (if any).

10 Where doing so would risk breaching Vector's Security Standard (eg pipeline pressures falling below the minima derived from the Gas (Critical Contingency) Regulations 2008.

11 This would be necessary because a Shipper might request a "disproportionate" amount of additional capacity at the far end of a pipeline. The first pass of the allocation formula could then produce an unsustainable outcome. This reflects the reality that it is unrealistic to represent the uncommitted operational capacity of a pipeline by a single number: where the capacity is required would change any such number.

above the maximum that could be delivered would be re-allocated to other RP-DPs by a further iteration of the above formula.

Allocation of Reserved Capacity during a year

(1) A Shipper may request additional Reserved Capacity during a Year, for example if it acquires new customers, or if existing customers increase their load.

(2) A Shipper must apply for additional Reserved Capacity in using the appropriate screen in OATIS[12]. Vector must also approve (or decline) any request using OATIS.

(3) Vector approves any such request (subject to the conditions set out in the Code) where it believes there is sufficient uncommitted operational capacity to do so. To ascertain that, Vector considers:

(i) the relevant matters listed in paragraph (3) of the previous section; and

(ii) any capacity transfer requests (into or out of the pipeline, and/or for the RP-DP in question) approved but not yet effective; and

(iii) existing queued requests for capacity (if any).

(4) Should it decline a request for additional capacity, Vector (subject to the Code and the wishes of the Shipper concerned) would place the request in the capacity queue for the relevant pipeline. Additional Reserved Capacity may later become available. For example, a Shipper may apply to cancel Reserved Capacity it no longer needs, or to transfer Reserved Capacity away from an RP-DP (including out of the pipeline altogether), thereby increasing the amount of uncommitted operational capacity. In that event, Vector would offer additional Reserved Capacity to Shippers in the capacity queue, in accordance with the Code.

(1)(b)

During the disclosure year there was **sufficient uncommitted operational capacity** to meet all Shippers' requests for Reserved Capacity, ie:

(i) Confirmed Reservation Requirements for 2012-13: **approved** in full;

(ii) requests received for additional Reserved Capacity: **92**;

(iii) requests for additional Reserved Capacity **approved in full**: **92**; and

(iv) requests for additional Reserved Capacity **approved in part**: **zero**.

(1)(c)

During the disclosure year there was **no unmet demand** for Reserved Capacity, ie:

(i) requests for Reserved Capacity **declined**: **zero**;

(ii) maximum daily quantities associated with requests **declined**: **zero**; and

(iii) reasons for requests not being approved in full: **not applicable**.

[12] Open Access Transmission System, at www.oatis.co.nz

CLAUSE 2.5.4: TRANSMISSION SYSTEM CAPACITY RESERVATIONS

(1) Tables 1 – 6 below set out the information required to be disclosed in accordance with clause 2.5.4 of the Determination, for each of Vector's pipeline systems.

(2) The named offtake points (= Delivery Points) for each pipeline system are those which, in the system peak flow period, satisfied the criteria set out in clause 2.5.4(3)(a) – (c); ie:

(i) throughput ≥ 2,000 GJ;

(ii) contractual firm capacity ≥ 10,000 GJ (per day); and

(iii) nominal delivery pressure > 20 bar gauge.

(3) Data for all offtake points on a pipeline system that did not satisfy the criteria set out in clause 2.5.4(3)(a) – (c) was aggregated, and appears on the line labelled "All Other Points" in the relevant table, as required by clause 2.5.4(3)(d) of the Determination.

(4) Data in each table is given for the three dates specified in clause 2.5.4(4), ie:

(i) the last day of the 2012-13 contract (= "pricing") year, ie which fell within the disclosure year;

(ii) the first day of the 2013-14 contract (= "pricing") year, ie which fell within the disclosure year; and

(iii) the first day of the system peak flow period for the relevant pipeline system.

(5) Firm contractual transmission capacity comprises Reserved Capacity, Supplementary Capacity (if any) and Legacy Capacity (if any).

(6) MDQ (maximum daily quantity) and MHQ (maximum hourly quantity) correspond to the aggregate amount of firm contractual transmission capacity for the relevant offtake point(s), on the dates in question. For all Reserved Capacity, MHQ is currently $1/16^{th}$ of MDQ. For Supplementary Capacity and Legacy Capacity however, MHQ can be a different fraction of MDQ, as defined in a particular contract.

(7) MDQ and MHQ values have been rounded up to the nearest GJ.

(8) "Vector" refers to On Gas and Vector Gas Contracts Limited; "All Others" refers to all other Shippers (including Non-Code Shippers).

TABLE 1: NORTH SYSTEM

Offtake Point			Aggregate Firm Contractual Transmission Capacity (GJ) Held by Vector and All Other Shippers on:						Nominal Delivery Pressure > 20 bar g
			30 Sept. 2013		1 Oct. 2013		24-Jun-13		
			Vector	All Others	Vector	All Others	Vector	All Others	
Harrisville	MDQ		1,850	16	1,600	16	1,850	16	
		MHQ	116	1	100	1	116	1	
Drury (1 & 2)	MDQ		950	490	950	499	950	490	
		MHQ	59	31	59	31	59	31	
Hunua (all)	MDQ		140	2,230	140	794	140	2,230	note 1
		MHQ	9	139	9	50	9	139	
Flat Bush	MDQ		-	1,942	-	1,942	-	1,942	
		MHQ	-	121	-	121	-	121	
Marsden 1	MDQ		-	-	-	-	-	-	
		MHQ	-	-	-	-	-	-	
Maungaturoto DF	MDQ		2,600	-	2,600	-	2,500	-	
		MHQ	130	-	130	-	125	-	
Waitoki	MDQ		12	785	2	712	2	655	
		MHQ	1	49	0	45	0	41	
Glenbrook	MDQ		7,410	-	7,010	-	7,510	-	
		MHQ	463	-	438	-	469	-	
Greater Auckland	MDQ		12,268	39,980	11,132	39,618	12,121	39,982	
		MHQ	767	2,499	696	2,476	758	2,499	
Warkworth	MDQ		1,750	84	1,750	85	1,750	84	
		MHQ	73	5	73	5	73	5	
Tuakau	MDQ		250	845	125	837	250	845	
		MHQ	16	53	8	52	16	53	
Whangarei	MDQ		170	435	65	490	170	433	
		MHQ	11	27	4	31	11	27	
Otahuhu	MDQ		-	50,000	-	45,000	-	50,000	48 bar g
		MHQ	-	2,273	-	2,045	-	2,273	
Southdown	MDQ		-	37,800	-	33,000	-	37,800	49 bar g
		MHQ	-	1,784	-	1,650	-	1,784	
Major Points	MDQ		**27,400**	**134,606**	**25,374**	**122,992**	**27,244**	**134,478**	
		MHQ	**1,644**	**6,982**	**1,517**	**6,507**	**1,635**	**6,974**	
All Other Points	MDQ		**2,685**	**327**	**2,695**	**311**	**285**	**272**	
		MHQ	**138**	**20**	**138**	**19**	**18**	**17**	
TOTAL SYSTEM	MDQ		**30,085**	**134,933**	**28,069**	**123,304**	**27,529**	**134,750**	
		MHQ	**1,781**	**7,003**	**1,655**	**6,526**	**1,653**	**6,991**	

note 1:	Hunua (all) comprises Hunua, Hunua (Nova) and Hunua 3. At Hunua 3, Vector delivers gas at pipeline pressure (ie unregulated)

TABLE 2: CENTRAL NORTH SYSTEM

Offtake Point			Aggregate Firm Contractual Transmission Capacity (GJ) Held by Vector and All Other Shippers on:						Nominal Delivery Pressure > 20 bar g
			30 Sept. 2013		1 Oct. 2013		2-Sep-13		
			Vector	All Others	Vector	All Others	Vector	All Others	
Greater Hamilton	MDQ		1,200	7,386	1,200	6,644	1,650	7,386	
		MHQ	75	462	75	415	103	462	
Morrinsville DF	MDQ		-	1,804	-	1,750	-	1,804	
		MHQ	-	113	-	109	-	113	
Tatuanui DF	MDQ		-	1,004	-	1,004	-	1,004	
		MHQ	-	63	-	63	-	63	
Waitoa	MDQ		90	1,502	105	1,460	105	1,502	
		MHQ	6	105	7	91	7	105	
Cambridge	MDQ		-	2,462	-	2,422	-	2,462	
		MHQ	-	154	-	151	-	154	
Kiwitahi 1 (Peroxide)	MDQ		-	1,025	-	950	-	1,025	
		MHQ	-	64	-	59	-	64	
Te Rapa Cogen	MDQ		-	25,500	-	25,500	-	25,500	22.5 bar g
		MHQ	-	1,200	-	1,200	-	1,200	
Major Points	MDQ		**1,290**	**40,683**	**1,305**	**39,730**	**1,755**	**40,683**	
		MHQ	**81**	**2,160**	**82**	**2,089**	**110**	**2,160**	
All Other Points	MDQ		**151**	**461**	**448**	**306**	**411**	**461**	
		MHQ	**9**	**29**	**28**	**19**	**26**	**29**	
TOTAL SYSTEM	MDQ		**1,440**	**41,144**	**1,753**	**40,037**	**2,165**	**41,144**	
		MHQ	**90**	**2,189**	**110**	**2,109**	**135**	**2,189**	

TABLE 3: CENTRAL SOUTH SYSTEM

Offtake Point			Aggregate Firm Contractual Transmission Capacity (GJ) Held by Vector and All Other Shippers on:						Nominal Delivery Pressure > 20 bar g
			30 Sept. 2013		1 Oct. 2013		8-Jul-13		
			Vector	All Others	Vector	All Others	Vector	All Others	
New Plymouth	MDQ		500	3,201	504	2,482	564	3,572	
		MHQ	31	200	32	155	35	223	
Eltham	MDQ		390	73	350	58	535	75	
		MHQ	24	5	22	4	33	5	
Pokuru	MDQ		-	-	-	-	-	-	
		MHQ	-	-	-	-	-	-	
Major Points	MDQ		**890**	**3,273**	**854**	**2,540**	**1,099**	**3,647**	
		MHQ	**56**	**205**	**53**	**159**	**69**	**228**	
All Other Points	MDQ		**70**	**755**	**77**	**722**	**100**	**767**	
		MHQ	**4**	**47**	**5**	**45**	**6**	**48**	
TOTAL SYSTEM	MDQ		**960**	**4,028**	**931**	**3,262**	**1,199**	**4,414**	
		MHQ	**60**	**252**	**58**	**204**	**75**	**276**	

TABLE 4: BAY OF PLENTY SYSTEM

Offtake Point			Aggregate Firm Contractual Transmission Capacity (GJ) Held by Vector and All Other Shippers on:						Nominal Delivery Pressure > 20 bar g
			30 Sept. 2013		1 Oct. 2013		16-Sep-13		
			Vector	All Others	Vector	All Others	Vector	All Others	
Lichfield DF	MDQ		-	2,052	-	2,015	-	2,052	
		MHQ	-	128	-	126	-	128	
Edgecumbe DF	MDQ		-	5,087	-	5,115	-	5,087	
		MHQ	-	318	-	320	-	318	
Reporoa	MDQ		-	2,344	-	2,245	-	2,344	
		MHQ	-	146	-	140	-	146	
Whakatane	MDQ		2,401	196	2,330	201	2,401	196	
		MHQ	150	12	146	13	150	12	
Tirau DF	MDQ		-	1,591	-	1,492	-	1,653	
		MHQ	-	99	-	93	-	103	
Kinleith (CHH mill)	MDQ		10,652	-	10,500	-	10,899	-	
		MHQ	666	-	656	-	681	-	
Kawerau (ex-Caxton)	MDQ		548	-	574	-	548	-	
		MHQ	34	-	36	-	34	-	
Kawerau (ex-Tasman)	MDQ		1,830	-	1,830	-	1,830	-	
		MHQ	114	-	114	-	114	-	
Greater Tauranga	MDQ		150	1,129	31	998	150	1,114	
		MHQ	9	71	2	62	9	70	
Gisborne	MDQ		1,500	1,199	100	1,054	1,500	1,191	
		MHQ	80	75	6	66	80	74	
Greater Mt Maunganui	MDQ		55	2,285	74	2,413	63	2,285	
		MHQ	3	143	5	151	4	143	
Rotorua	MDQ		330	1,448	325	1,357	330	1,448	
		MHQ	21	91	20	85	21	91	
Major Points	MDQ		**17,467**	**17,330**	**15,764**	**16,889**	**17,721**	**17,370**	
		MHQ	**1,078**	**1,083**	**986**	**1,056**	**1,094**	**1,086**	
All Other Points	MDQ		**1,926**	**2,246**	**1,864**	**1,587**	**1,981**	**2,250**	
		MHQ	**100**	**140**	**97**	**99**	**104**	**141**	
TOTAL SYSTEM	MDQ		**19,392**	**19,576**	**17,628**	**18,476**	**19,702**	**19,619**	
		MHQ	**1,179**	**1,224**	**1,082**	**1,155**	**1,198**	**1,226**	

TABLE 5: SOUTH SYSTEM

Offtake Point			Aggregate Firm Contractual Transmission Capacity (GJ) Held by Vector and All Other Shippers on:						Nominal Delivery Pressure > 20 bar g
			30 Sept. 2013		1 Oct. 2013		24-Jun-13		
			Vector	All Others	Vector	All Others	Vector	All Others	
Paraparaumu	MDQ		35	607	35	585	35	607	
		MHQ	2	38	2	37	2	38	
Hawera (all)	MDQ		1,837	863	1,656	892	348	1,147	note 1
		MHQ	115	54	104	56	22	72	
Wanganui	MDQ		1,750	2,153	1,800	1,727	1,289	2,395	
		MHQ	109	135	113	108	81	150	
Okaiawa	MDQ		-	1,680	-	1,680	-	1,680	
		MHQ	-	70	-	70	-	70	
Marton	MDQ		721	322	720	264	721	330	
		MHQ	45	20	45	16	45	21	
Palmerston North	MDQ		800	3,866	300	3,458	821	4,118	
		MHQ	50	242	19	216	51	257	
Longburn	MDQ		1,181	403	1,058	378	350	429	
		MHQ	74	25	66	24	22	27	
Levin	MDQ		200	840	300	772	380	937	
		MHQ	12	52	19	48	24	59	
Belmont	MDQ		570	6,101	500	5,080	678	6,074	
		MHQ	36	381	31	317	42	380	
Feilding	MDQ		100	611	82	672	110	833	
		MHQ	6	38	5	42	7	52	
Hastings (all)	MDQ		5,600	3,923	2,890	3,753	5,672	4,341	note 2
		MHQ	351	245	181	235	355	271	
Tawa (A + B)	MDQ		789	9,784	799	9,192	1,072	11,304	
		MHQ	49	612	50	574	67	707	
Greater Waitangirua	MDQ		65	1,878	60	1,444	100	1,817	
		MHQ	4	117	4	90	6	114	
Major Points	MDQ		**13,647**	**33,031**	**10,200**	**29,896**	**11,575**	**36,011**	
		MHQ	**853**	**2,030**	**637**	**1,834**	**724**	**2,216**	
All Other Points	MDQ		**2,059**	**2,708**	**1,938**	**2,211**	**1,344**	**2,998**	
		MHQ	**129**	**169**	**121**	**138**	**84**	**187**	
TOTAL SYSTEM	MDQ		**15,706**	**35,740**	**12,138**	**32,107**	**12,919**	**39,009**	
		MHQ	**982**	**2,199**	**759**	**1,972**	**808**	**2,403**	

note 1:	Hawera (all) comprises Hawera and Hawera (Nova)
note 2:	Hastings (all) comprises Hastings and Hastings (Nova)

TABLE 6: FRANKLEY ROAD SYSTEM

Offtake Point			Aggregate Firm Contractual Transmission Capacity (GJ) Held by Vector and All Other Shippers on:						Nominal Delivery Pressure > 20 bar g
			30 Sept. 2013		1 Oct. 2013		2-Sep-13		
			Vector	All Others	Vector	All Others	Vector	All Others	
Frankley Road-Bi	MDQ		-	130,000	-	206,000	-	130,000	note 1
		MHQ	-	6,000	-	8,883	-	6,000	
Stratford 2	MDQ		-	50,000	-	50,000	-	50,000	note 2
		MHQ	-	2,500	-	2,500	-	2,500	
Stratford 3	MDQ		-	45,000	-	56,000	-	45,000	note 3
		MHQ	-	1,875	-	2,333	-	1,875	
TCC	MDQ		-	64,000	-	64,000	-	64,000	31 bar g
		MHQ	-	2,840	-	2,840	-	2,840	
Ammonia-Urea	MDQ		-	22,500	-	22,500	-	22,500	note 4
		MHQ	-	1,010	-	1,010	-	1,010	
Kapuni GTP	MDQ		-	25,621	-	27,335	-	25,621	note 5
		MHQ	-	1,289	-	1,396	-	1,289	
Major Points	MDQ		**-**	**337,121**	**-**	**425,835**	**-**	**337,121**	
		MHQ	**-**	**15,514**	**-**	**18,963**	**-**	**15,514**	
All Other Points	MDQ		**-**	**182**	**-**	**93**	**-**	**182**	
		MHQ	**-**	**11**	**-**	**6**	**-**	**11**	
TOTAL SYSTEM	MDQ		**-**	**337,303**	**-**	**425,928**	**-**	**337,303**	
		MHQ	**-**	**15,525**	**-**	**18,968**	**-**	**15,525**	

note 1:	Vector is required to deliver gas at sufficient pressure for it to enter the Maui Pipeline
note 2:	Stratford 2 is for the Stratford "peaker" power station. Vector delivers gas there at pipeline presure (ie unregulated)
note 3:	Stratford 3 is is for the Ahuroa underground gas storage facility. Prior to 1 October 2013, Stratford 3 was an offtake point only. Post 1 October 2013, Stratford 3 is both an offtake point and an intake point (= bi-directional point). Vector delivers gas there at pipeline pressure. From 1 October 2013 the contractual capacity on a day is 170,000 GJ LESS aggregate deliveries to Stratford 2 and TCC on that day, ie 56,000 GJ - 170,000 GJ.
note 4:	Ammonia-Urea comprises Ballance 8201 and 9626. Vector endeavours to deliver gas to both points at not less than 29 bar g.
note 5:	For operational reasons, Vector aims to deliver gas at ≥ 40 bar g