

Vector Limited
[Retailer]

**~~Model~~ Use-of-System
Agreement (Conveyance)**

~~Consultation Draft — February 2012~~

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PARTIES

Distributor: <u>Vector Limited</u>[Insert full legal name of Distributor]	Retailer: [Insert full legal name of Retailer]
<p>Distributor's Details:</p> <p>Street Address: <u>101 Carlton Gore Road, Newmarket, Auckland</u></p> <p>Postal Address: <u>PO Box 99 882, Newmarket, Auckland 1149</u></p> <p>Address for Notices: <u>101 Carlton Gore Road, Newmarket, Auckland</u></p> <p>Contact Person's Details: <u>[●]</u></p> <p>Phone: <u>[●]</u></p> <p>Fax: <u>[●]</u></p> <p>Website: <u>Website: www.vector.co.nz</u></p> <p>Email Address: <u>[●]</u></p>	<p>Retailer's Details:</p> <p>Street Address:</p> <p>Postal Address:</p> <p>Address for Notices:</p> <p>Contact Person's Details:</p> <p>Phone:</p> <p>Fax:</p> <p>Website:</p> <p>Email Address:</p>

COMMENCEMENT DATE:

SIGNATURES:

Signature

Name of authorised person signing for Distributor

Position

Date

Signature

Name of authorised person signing for Retailer

Position

Date

INTRODUCTION

- A. The Distributor has agreed to provide Distribution Services to its Connected Customers on the terms and conditions set out in the Distributor's Agreements with those Connected Customers.
- B. The Retailer has agreed to sell electricity to Consumers on the terms and conditions set out in the Retailer's Electricity Supply Agreements with those Consumers.
- C. The Distributor and the Retailer agree that the Distributor will convey electricity through the Network on a conveyance-only basis on the terms of this agreement, to allow the Retailer to supply electricity to Consumers.
- D. At Connected Premises in respect of which the Distributor provides Distribution Services and the Retailer supplies electricity, the Distributor's Connected Customer and the Retailer's Consumer will not always be the same person. For example, the Distributor's Connected Customer may be the property owner, and the Retailer's Consumer may be the tenant.
- E. Notwithstanding that the Distributor and the Retailer have separate contractual relationships with Connected Customers and Consumers respectively, the Distributor and the Retailer acknowledge that there will be situations in which the Distributor and the Retailer will be required to co-operate in respect of the Connected Customer and the Consumer (whether or not that person is the same person).
- F. The Distributor and the Retailer agree to exchange information and/or provide Services to one another on the terms and conditions set out in this agreement.
- G. The Distributor and the Retailer acknowledge that in addition to this agreement they are separately bound by the Code.

~~Practice notes in shaded text boxes are provided throughout this model use of system agreement (MUoSA) to provide additional guidance. They should be removed when drafting a UoSA.~~

~~Practice note: The basis of this model conveyance agreement is as follows:~~

- ~~• The Distributor provides Distribution Services directly to its Connected Customers.~~
- ~~• The Retailer provides electricity to its Consumers.~~
- ~~• The Connected Customer and the Consumer at Connected Premises may be the same person or different persons. Either way, the Distributor and Retailer will co-operate to ensure that the respective services they provide to the Connected Customer and Consumer (as the case may be) are synchronised and Connected Customer/Consumer service requests and queries are referred to the relevant party as necessary.~~
- ~~• If the Distributor's business model is such that a Distributor's Connected Customer and a Retailer's Consumer at a premise will always be the same person, this model agreement can be amended to reflect that, by adding a clause to say that a Distributor's Connected Customer and a Retailer's Consumer are the same person in all cases. Alternatively, the agreement may be modified by collapsing the two definitions into one and making suitable consequential amendments.~~
- ~~• Both direct billing by the Distributor, and Retailer billing on behalf of the Distributor (including when it does so on an "agency basis") are provided for in this agreement, at the Distributor's option. The Retailer billing option will require further negotiation to establish the specific Services the Distributor seeks and the Retailer's capability and fee to provide those Services.~~
- ~~• Each party has rights to connect, disconnect, and decommission ICPs in certain circumstances (e.g. to manage bad debts). Since the actions of one party may impact on the provision of services by the other party, this agreement requires that information will be provided whenever a party changes the connection status of an ICP.~~

AGREEMENT

PART I – SERVICE COMMITMENTS

1. TERM OF AGREEMENT

- 1.1 **Term:** This agreement commences on the Commencement Date and continues until it is terminated under clause 12 or at law.

2. ~~GENERAL OBLIGATIONS~~SERVICES

- 2.1 **General obligations:** Subject to the terms and conditions of this agreement, ~~Each~~ party will endeavour in accordance with Good Electricity Industry Practice to:

- (a) ~~endeavour in accordance with Good Electricity Industry Practice to~~ fulfil its contractual obligations to its Connected Customers and Consumers, as the case may be; and
- (b) comply with the Service Standards.

- 2.2 **Distributor's services and obligations:** Subject to the terms and conditions of this agreement, ~~t~~The Distributor will endeavour in accordance with Good Electricity Industry Practice to:

- (a) provide a 24 hour, seven day a week, Unplanned Service Interruption diagnosis and information service to Connected Customers in accordance with the terms of its Distributor Agreements. If the Consumer at an ICP in respect of which the Distributor provides Distribution Services is not a Connected Customer, the Distributor will also provide that service to the Consumer, and will treat the Consumer as if it was the Connected Customer in respect of the service;
- (b) provide disconnection and reconnection Services in accordance with schedule 4;
- (c) provide Load Management Services in accordance with schedule 5;
- (d) supply the Retailer with the following information, within the following timeframes (if any):
 - (i) Service Interruption information in accordance with schedule 3;
 - (ii) changes to Connected Customer details, within 2 Working Days of receipt of the new details;
 - (iii) notice that the Distributor intends, for credit reasons, to carry out the Temporary Disconnection of an ICP at which the Retailer is selling electricity for credit reasons, at least 2 Working Days before De-energising, if the Retailer is not already aware of such intention;
 - (iv) notice that the Distributor has De-energised or Re-energised an ICP within 2 Working Days of such action having been taken;

- (v) the protocols developed by the Distributor about the priorities for Load Shedding, restoration of load or similar events; and
 - (vi) changes to its Distributor Agreements that the Distributor reasonably believes may affect the Retailer; and
 - (e) provide the Additional Services set out in schedule 7 (if any).
- 2.3 **-Pre-requisites for use of the Network by the Retailer:** The right of the Retailer to have electricity delivered by the Distributor through the Network to its Consumers is conditional upon the Retailer satisfying and continuing to satisfy the Vector Use of Network Pre-requisites.
- 2.4 **Retailer's services and obligations:** Subject to the terms and conditions of this agreement, the Retailer will endeavour in accordance with Good Electricity Industry Practice to:
- (a) provide Load Management Services in accordance with schedule 5;
 - (b) supply the Retailer with the following information, within the following timeframes (if any):
 - (i) changes to Consumer details, within 2 Working Days of receipt of the new details;
 - (ii) notice that the Retailer intends, for credit reasons, to carry out the Temporary Disconnection of an ICP, at least 2 Working Days before De-energising, if the Distributor is not already aware of such intention;
 - (iii) notice that the Retailer has De-energised or Re-energised an ICP, within 2 Working Days of such action having been taken;
 - (iv) changes to its Electricity Supply Agreements that the Retailer reasonably believes may affect the Distributor; and
 - (v) Disconnection of vacant energised sites if not occupied within [X] Working Days of final reading; and
 - (c) provide the Additional Services set out in schedule 7 (if any).
- 2.5 **Billing Services:** The Retailer will provide Billing Services in accordance with schedule 6.
- ~~2.2~~2.6 **Protocols for exchanging information:** From time to time the Electricity Authority will publish certain EIEPs, including new or amended EIEPs, which specify recommended formats for the exchange of information between distributors and retailers. Unless this agreement or the Code require the parties to comply with one or more EIEPs when exchanging information, the Distributor and Retailer agree that they will use reasonable endeavours to comply with the EIEPs listed in schedule 2 when exchanging information, provided that the frequency at which and method by which the parties will exchange information is such that compliance with the EIEP is cost-effective for both parties.
3. **EQUAL ACCESS**
- 3.1 **Equal access:** The Distributor will make available to the Retailer the services that the Distributor provides to any other retailer under an agreement in accordance with

which the ~~R~~Retailer is entitled to have electricity delivered by the Distributor through use the Network to supply its Consumers, but only if those services cannot be practicably provided by any other party (the "**Sole Provider Services**"), provided that:

- (a) the reference to "any other retailer" in this clause 3 will be construed as a reference to all retailers who have signed contracts on the same or substantially the same terms as this agreement; and
- (b) the Distributor may differentiate between retailers in a manner that properly reflects different financial or operational characteristics of such retailers or their businesses.

Nothing in this clause 3.1 will create any right or benefit to or for any retailer other than the Retailer, and in particular, the provisions of the Contracts (Privity) Act 1982 are excluded.

~~3.1~~3.2 **Fees:** The fees for each Sole Provider Service provided:

- (a) are set out in schedule ~~8~~7 (if any) or are as otherwise agreed by the parties in writing; and
- (b) will be itemised separately from the fees for any other Services on the same invoice.

~~3.2~~3.3 **The Distributor will notify the Retailer of alternative services:** Within 20 Working Days after agreeing to provide a new Sole Provider Service to any other retailer, or materially amending an existing Sole Provider Service provided to any other retailer, the Distributor will notify the Retailer of the availability of the new or amended Sole Provider Service, and invite the Retailer to take up the new or amended Sole Provider Service.

~~4.~~ **SERVICES**

Practice note: The contents of this clause are to be negotiated between the parties. The provision of Services by one party to the other can occur only if one party agrees to provide and the other party agrees to receive the Services. The description of Services listed below is not intended to imply that either party is or should be willing or able to provide any specific Services to the other.

This agreement should refer to only the Services to be provided under this agreement. If it transpires that no Services are to be provided, insert the alternative clause 5.1 set out below. That will ensure that the clause numbering is preserved throughout the agreement, and will make it clear that no Services are to be provided.

~~4.1~~ **[Retailer Services:** The Retailer will provide the following Services to the Distributor:

- ~~(a) Load Management Services in accordance with schedule 5;~~
- ~~(b) Billing Services in accordance with schedule 6; and~~
- ~~(c) Data Collection Services in accordance with schedule 7.~~

~~4.2~~ **Distributor Services:** The Distributor will provide the following Services to the Retailer:

- ~~(a) Disconnection and reconnection Services in accordance with schedule 4;~~
- ~~(b) Load Management Services in accordance with schedule 5; and~~
- ~~(c) Data Collection Services in accordance with schedule 7.]~~

~~Or:~~

~~[The parties acknowledge and agree that no Services will be provided by either party to the other under this agreement.]~~

5.4. LOAD MANAGEMENT

Practice note: If load management services are provided by a party other than the Distributor or the Retailer (i.e. a load aggregator), the Distributor and the Retailer will need to enter into a separate agreement with the party.

4.1 Distributor may control load: If:

- (a) the Distributor provides, and the Connected Customer elects to take up, a Tariff Rate that provides a non-continuous level of service in respect of part or all of the load at an ICP ("**Controlled Load Tariff Rate**") and charges the Connected Consumer on the basis of the Controlled Load Tariff Rate; or
- (b) the Distributor provides any other service in respect of part of or all of the Connected Customer's load advised by the Distributor to the Retailer from time to time (an "**Other Load Control Option**") with respect to the Connected Customer, and the Connected Customer elects to take up such Other Load Control Option,

the Distributor may control the relevant part of the load in accordance with this clause 4.1 and schedule 5. If the Connected Customer is not also the Consumer, the Distributor will include in its Distributor's Agreement a requirement that the Connected Customer obtain the agreement of the Consumer before the Connected Customer elects to take up a Controlled Load Tariff Rate.

5.14.2 Retailer may control load: Subject to clause 4.3, if the Retailer offers to a Consumer, and the Consumer elects to take up, a price option that provides a deliberately non-continuous level of service in respect of part of or all of the Consumer's load, the Retailer may control the relevant part of the Consumer's load in accordance with this clause 4.1 and schedule 5. Prior to operating its Load Control System, the Retailer will enter into an agreement with the Distributor which sets out the protocols for the use of the load, including the co-ordination with the Distributor of the disconnection and reconnection of load. Without limiting the foregoing, the Retailer will ensure that it does not operate its Load Control System in a manner that it knows will or may adversely affect the security of the Network.

5.24.3 Control of load by the Retailer if some load is controlled by the Distributor: If the Retailer wants to control part of a Consumer's load at the Consumer's ICP, but the Distributor has obtained the right to control part of the load at the same ICP in accordance with clause 4.1, the Retailer may only control the part of the Consumer's load that:

- (a) the Consumer has agreed that the Retailer may control under an Electricity Supply Agreement or another agreement; and

- (b) is separable from, and not already subject to, the Distributor's right to control part of the Connected Customer's load at the ICP obtained in accordance with clause 4.1.

5.34.4 No interference with or damage to existing Load Control Systems: If either party (the "Entrant") seeks to control load at an ICP at which load is already controlled by the other party (the "Incumbent"), the Entrant will ensure that neither it nor its Load Control System interferes with the proper functioning of, or causes damage to, the Incumbent's Load Control System.

5.44.5 Remedy if interference or damage: If the Entrant or any part of the Entrant's Load Control System interferes with or causes damage to any part of the Incumbent's Load Control System, the Entrant will on notice from the Incumbent or on becoming aware of the situation, promptly and at its own cost remove the source of the interference and make good any damage.

5.54.6 Retailer to make controllable load available to the Distributor for management of System Security: If the Retailer has obtained the right to control part of a Consumer's load in accordance with clause 4.2, the Retailer will make available to the Distributor at all times, without charge, and in accordance with Good Electricity Industry Practice, all of the load that the Retailer has the right to control if the Distributor requires control of that load to enable it to:

- (a) comply with requests and instructions issued by the System Operator so as to manage System Security and the Network in accordance with the Code; and
- (b) manage ~~system~~ security on the Network in response to emergency situations,
- (c) such purposes having priority over all other purposes for which load may be controlled.

5.64.7 Limitations if Distributor elects to control the Retailer's load: If the Distributor wishes to control the Retailer's controllable load in accordance with clause 4.6~~6-6~~, it will do so:

- (a) only to the extent and for the duration necessary to fulfil its performance obligations as an asset owner in respect of managing System Security or managing the security of the Network~~in accordance with the Code~~; and
- (b) in accordance with any protocol agreed with the Retailer and developed in accordance with Good Electricity Industry Practice.

5.74.8 Maintenance of Load Control Equipment: A party providing Load Control Equipment will endeavour in accordance with Good Electricity Industry Practice to ensure that the Load Control Equipment:

- (a) receives and responds to the appropriate load control signals;
- (b) properly controls the appropriate load; and
- (c) is otherwise fit for purpose.

5.84.9 Maintenance of Load Signalling Equipment: A party providing Load Signalling Equipment will endeavour in accordance with Good Electricity Industry Practice to ensure that the Load Signalling Equipment:

- (a) sends appropriate load control signals that are capable of being reliably received by ~~all associated~~the Load Control Equipment; and

(b) _____ is otherwise fit for purpose.

~~5.9~~4.10 **Access to demand and energy information:** The Distributor may from time to time request that the Retailer obtain demand and energy information from Consumers and provide such information to the Distributor in a format reasonably requested by the Distributor to assist the Distributor in managing and planning the Network. The Retailer will comply with such request as soon as practicable.

~~6.5.~~ LOSSES AND LOSS FACTORS

~~6.1~~5.1 **Retailer to provide information to enable calculation of Loss Factors by Distributor:** The Distributor will obtain information from the reconciliation manager for the purpose of calculating Loss Factors unless this information is provided by the Retailer. The Retailer hereby authorises the reconciliation manager to provide such information to the Distributor. The Retailer will provide the Distributor with any additional information that the Distributor may reasonably require to enable the Distributor to calculate Loss Factors within ~~15~~10 Working Days of the request from the Distributor.

~~6.2~~5.2 **Calculation of Loss Factors:** Subject to clause 5.5, the Distributor will calculate Loss Factors in accordance with the Loss Factor Guidelines, if such guidelines are available.

~~6.3~~5.3 **Change of Loss Factors:** If the Distributor wishes to change one or more Loss Category codes or Loss Factors, the Distributor will give the Retailer at least 40 Working Days' notice of the proposed change (including the reasons for the proposed change).

~~6.4~~5.4 **Transparent Loss Factors methodology:** A notice provided to the Retailer in accordance with clause 5.3 will include details of the methodology and information used by the Distributor to determine the Loss Factors.

~~6.5~~ **~~Distributor to investigate adverse trends in Losses:~~** ~~If, over time, Losses trend abnormally away from expected or historical Losses, the average Loss Ratio implicit in the current Loss Factors, the Distributor will use reasonable endeavours to identify the cause of the abnormal movement. If the Distributor is unable to identify the cause of the abnormal movement, the Distributor will provide relevant information to all affected retailers and will, if requested by the Retailer, facilitate a meeting of all affected retailers to attempt to resolve the matter.~~

~~6.6~~5.5 **Complaints about Loss Factors:** If, at any time, the Retailer considers that one or more Loss Factors notified by the Distributor are not appropriate, or that the methodology or information used to calculate those Loss Factors is incorrect, the Retailer may make a written complaint to the Distributor. The Distributor will consider the complaint in good faith, and may change the Loss Factors declared in its notice to reflect the Retailer's concerns in accordance with clause 5.3. The Distributor will decide whether to make the change and, if applicable, give notice under clause 5.3, no later than 20 Working Days after receipt of the complaint.

~~6.7~~5.6 **~~Disputes about Loss Factors~~**Reference to the Electricity Authority: If the Distributor does not change its notice under clause 5.3 after having received a complaint from the Retailer under clause 5.5, the Retailer may raise the issue with the Electricity Authority, ~~the Retailer may raise a Dispute with the Distributor for the Loss Factors to be determined in accordance with the Dispute Resolution Process set out in clause 17. If the outcome of the Dispute is that the Distributor changes the Loss Factors declared in the Distributor's notice, and the change leads to a change in the level of revenue received by the Distributor, the Distributor may determine the time from when the change is to apply, which will be no later than 60 Working Days from the date on which the Dispute is finally resolved.~~

7.6. NOTIFICATION OF CHANGES TO NETWORK SUPPLY POINTS

~~7.1~~6.1 **Changes to Network Supply Points:** If the Distributor ~~proposes to~~ permanently alters the Network Supply Point for an ICP at which the Retailer supplies electricity the Distributor will give the Retailer no less than 15 Working Days' notice ~~of~~ after such change.

~~7.2~~ **Material adverse effect on the Retailer:** If the Distributor has given the Retailer notice in accordance with clause 8.1 and the Retailer reasonably believes that the change will have a material adverse effect on the Retailer, the Retailer may give the Distributor written notice that it objects to the change, including the grounds for its objection, no later than 5 Working Days after the Retailer receives notice in accordance with clause 8.1. The Distributor will consider the Retailer's submission in good faith when making its final decision in respect of the change and will advise the Retailer of its decision and the reasons for making the decision no later than 5 Working Days before the change takes effect.

PART II – PAYMENT OBLIGATIONS

8.7. FEES

~~8.1~~7.1 **Fees:** The fees payable by the ~~parties to each~~ Retailer to the Distributor for Sole Provider Services (if any) ~~other~~ are set out in schedule ~~8.7~~ 7.

~~8.2~~7.2 **Invoicing:** By the 10th day of each month:

- (a) the Retailer will issue ~~an a~~ a Tax Invoice to the Distributor for any fees and any other amounts due under this agreement in respect of the previous month; and
- (b) the Distributor will issue ~~an a~~ a Tax Invoice to the Retailer for any fees and any other amounts due under this agreement in respect of the previous month.

~~8.3~~7.3 **GST:** All amounts payable by one party to the other are stated exclusive of GST (if any) but inclusive of all taxes other than GST. The payee will add to such amounts GST and show the same on any Invoice rendered to the payer and such GST will be payable contemporaneously with the payment of the charges shown on the Tax Invoice.

~~8.4~~7.4 **Timing of payments:** The settlement date for each Tax Invoice issued by either party under clause 7.2 will be the 20th day of the month in which the Tax Invoice is received. If the 20th day of the month is not a Working Day, the settlement date will be the first Working Day after the 20th day. However, if a party fails to send ~~an a~~ a Tax Invoice to the other party by the 10th day of the month, the due date for payment will be extended by 1 Working Day for each Working Day that the Tax Invoice is late.

7.5 Other invoices:

- (a) If applicable, the Distributor may issue a Tax Invoice to the Retailer for Additional Services, Service Guarantee payments and any other sums due to the Distributor under this agreement.
- (b) If applicable, the Retailer may issue a Tax Invoice to the Distributor for Service Guarantee payments and any other sums due to the Retailer under this agreement.

(c) Any invoice under sub-clause (a) or (b) will be issued within 10 Working Days of the end of the month to which the Tax Invoice relates.

(d) The Settlement date for any Tax Invoice issued under sub-clause (a) or (b) is the 20th day of the month with the month being determined by reference to the date of the Tax Invoice, or if the 20th day of the month is not a Working Day, the first Working Day after the 20th day. If the Distributor or the Retailer (as the case may be) fails to issue a Tax Invoice to the Retailer or the Distributor (as the case may be) within 10 Working Days after the last day of the month to which the Tax Invoice relates, the due date for payment will be extended by 1 Working Day for each Working Day that the Tax Invoice is late.

7.6 Interest on late payment: Subject to clause 7.7, the Retailer or the Distributor (as the case may be) will pay any Tax Invoice issued under this clause 7 on the due date. If any part of a Tax Invoice that is properly due in accordance with this agreement is not paid by the due date, Default Interest may be charged on the outstanding amount for the period that the invoice remains unpaid.

7.7 Disputed Tax Invoices: If the Retailer or the Distributor disputes a Tax Invoice issued under this clause 7, the party disputing the Tax Invoice ("**Disputing Party**") will notify the other party ("**Non-disputing Party**") within 15 months of the date of the Tax Invoice ("**Invoice Dispute**") by a notice that is headed "Disputed Tax Invoice", which will refer to the fact it is given under this clause 7.7 and will contain full details as to the reasons why the Disputing Party disputes that Tax Invoice. On receiving an Invoice Dispute notice, the Non-disputing Party will:

(a) if the Non-disputing Party agrees with the matters set out in the Invoice Dispute notice, promptly notify the Disputing Party thereof and:

(i) if the disputed Tax Invoice has not been paid, the party that issued the disputed Tax Invoice will promptly issue a Credit Note or Debit Note to the other party, and any amount owed must be paid by the relevant party within 6 Working Days of receipt of the Credit Note or Debit Note, but need not pay prior to the time set out in clause 7.4; or

(ii) if the disputed Tax Invoice has been paid, the party that issued the disputed Tax Invoice will calculate the amount that the relevant party has overpaid and promptly issue a Credit Note or Debit Note to the other party, which will include a Use of Money Adjustment. Any amount owed must be paid by the relevant party within 6 Working Days of the date of the Credit Note or Debit Note. A Use of Money Adjustment will apply for the period commencing on the date the original Tax Invoice was paid and ending when re-payment is made, but the amount need not be settled prior to the time set out in clause 7.4;

(b) if the Non-disputing Party disagrees with the matters set out in the Invoice Dispute notice, it will promptly notify the Disputing Party thereof and give full reasons and then either party may raise a Dispute in accordance with clause 16 and if the Retailer or the Distributor (as the case may be) has not paid the disputed invoice, it will pay the undisputed amount of the disputed invoice issued in accordance with clause 7.4; and

(c) on the resolution of a Dispute under clause 16:

(i) if the party that is found to have an outstanding amount has already issued a Tax Invoice, that party will promptly issue a Credit

Note to the other party and this amount will be offset against future Tax Invoices, or a refund will be issued; or

- (ii) if the party that is found to have an outstanding amount was the recipient of a supply, that party will promptly pay any outstanding amount to the other party,

within 6 Working Days. A Use of Money Adjustment is payable for the period commencing on the date the disputed amount would have been due for payment under this clause 7, and ending when payment is made.

~~**Disputed Invoices:** In the event of a dispute concerning an invoiced amount, the party disputing the Invoice ("**Complainant**") will notify the other party in writing identifying the amount in dispute and giving reasons for the dispute. If the Invoice has not been paid, the Complainant will pay the full amount of any portion of the Invoice that is not in dispute. If the party in receipt of the dispute notice disagrees with the amount or reasons identified by the Complainant, the dispute will be resolved in accordance with the Dispute Resolution Procedure set out in clause 17.~~

~~8.5~~7.8 **Interest on disputed amount:** If, as a result of the determination of a dispute, either party has to pay money to the other, Default Interest will be payable in addition to such payment.

7.9 **Incorrect invoices:** If it is found at any time that a party has been overcharged or undercharged (not being as a result of inaccurate consumption or demand data) then within 20 Working Days after such error has been discovered and the amount has been agreed between the parties or determined under clause 16, the party that issued the Tax Invoice will issue a Credit Note or Debit Note as appropriate. If the party has paid the Tax Invoice containing such overcharge or undercharge then:

- (a) if a Credit Note is issued, the party issuing the Credit Note will refund to the other party the amount of any such overcharge; or
- (b) if a Debit Note is issued, the party that has underpaid will pay to the other party the amount of any such undercharge,

in both cases together with a Use of Money Adjustment on the overcharged or undercharged amount, provided that there will be no right to re-open invoices if more than 15 months has elapsed since the date of supply of the Services to which the Tax Invoice relates.

~~8.6 **Incorrect Invoices:** If it is found at any time that a party has been overcharged or undercharged and a party has actually paid the Invoice or Invoices containing such overcharge or undercharge, then within 20 Working Days after such error has been discovered and the correct amount has been agreed between the parties or determined under clause 17 and a Credit Note or Debit Note issued to the payer by the payee, the party that has been overpaid will refund to the other party the amount of any such overcharge or the party that has underpaid will pay to the other party the amount of any such undercharge in both cases together with a Use of Money Adjustment on the overcharged or undercharged amount, provided that there will be no right to re-open Invoices if more than 18 months has elapsed since the date of the Invoice.~~

~~8.7~~7.10 **Interest on late payment:** Subject to clause 7.5, the Retailer or the Distributor will pay any Invoice issued under clause 7.2. If any part of ~~an~~a Tax Invoice that is properly due in accordance with this agreement is not paid by the due date, Default Interest may be charged.

7.11 **No set off:** Both parties will make the payments required to be made to the other under this agreement in full without deduction of any nature whether by way of set off, counterclaim or otherwise except as otherwise set out in clause 7.7, provided that a party may deduct from or set off against any amount that is or may become payable to it by the other party in relation to this agreement through that other party's default under the agreement.

~~8.8 **No set off:** Both parties will make all payments required to be made to the other under this agreement in full without deduction of any nature whether by way of set off, counterclaim or otherwise except as otherwise set out in clause 9.5 and clauses 6.1, 16.5.7 and **Error! Reference source not found.** of schedule 6.~~

~~8.9~~7.12 **Fee Review:** Either party may request a review of the fees, ~~provided that no fee will be reviewed more than once in any period of 12 consecutive months.~~ The party seeking the review will propose to the other party a new fee level, with evidence to support that proposal. The second party may, within 2 months of receiving the proposal respond with an alternative proposal, with supporting evidence. If the parties do not agree on the proposed changes at the expiry of 4 months from the date of the initial request then:

- (a) if there is a specific process for determining the fee, that process will apply; or
- (b) if there is no specific process for determining the fee, the party receiving the service will be entitled to terminate that service by giving 60 Working Days' notice to the other party. If the party receiving the service does not terminate the service within this timeframe, the price proposed by the party providing the service will be deemed to be accepted and will apply with immediate effect on expiry of the 60 Working Day period.

8. **PRUDENTIAL REQUIREMENTS**

8.1 **Retailer will satisfy prudential requirements:** The Retailer will comply with either one of the following prudential requirements:

- (a) the Retailer will maintain an acceptable credit rating, or
- (b) the Retailer will provide and maintain acceptable security by, at the Retailer's election:
 - (i) providing the Distributor with a cash deposit of the value specified in clause 8.6 (as may be reviewed by the Distributor in accordance with clause 8.10) ("**Cash Deposit**") which the Distributor will hold in a trust account that the Distributor will establish and operate in accordance with clause 8.24; or
 - (ii) arranging for a third party with an acceptable credit rating to provide security in a form acceptable to the Distributor, of the value specified in clause 8.6; or
 - (iii) providing a combination of the securities listed in subparagraphs (i) or (ii) to the value specified in clause 8.6.

8.2 **Acceptable credit rating:** For the purposes of clause 8.1 an acceptable credit rating means that the Retailer or the third party (as the case may be):

- (a) carries a long term credit rating of at least:
 - (i) BBB- (Standard & Poors Rating Group); or

(ii) a rating that is equivalent to the rating specified in subparagraph (i) from a rating agency that is an approved rating agency for the purposes of Part 5D of the Reserve Bank of New Zealand Act 1989; and

(b) if the Retailer or the third party (as the case may be) carries a credit rating at the minimum level required by sub-clause (a), is not subject to a negative watch or any similar arrangement by the agency that gave it the credit rating.

8.3 Retailer may elect prudential requirements: The parties:

(a) acknowledge that from the commencement of this agreement, the Retailer has elected to comply with the prudential requirements by maintaining an acceptable credit rating or providing acceptable security in the form of a cash deposit/third party security/a combination of a cash deposit and third party security; and

(b) agree that the Retailer may elect to comply with the prudential requirements in either of the ways described in clause 8.1 at any time, by complying with clause 8.4.

8.4 Change in prudential requirements complied with: If the Retailer elects to change the way in which it complies with the prudential requirements in accordance with clause 8.3, the Retailer will notify the Distributor of its intention at least 2 Working Days before the change occurring and the parties will comply with clause 8.16. The change will come into effect on the intended date, provided that the Retailer has complied with all its obligations under this agreement, and on confirmation, satisfactory to the Distributor, that an alternative suitable form of security has been provided that satisfies the requirements of clause 8.1.

8.5 Evidence of acceptable credit rating: The Retailer or third party (as the case may be) will provide such evidence that it has maintained an acceptable credit rating as the Distributor or its agent may from time to time reasonably require.

8.6 Value of security: The value of security required for the purposes of this clause 8 as at the Commence Date is the amount advised by the Distributor to the Retailer in writing prior to the Commencement Date.

8.7 Additional security: The Distributor and the Retailer agree that the Distributor may, by notice to the Retailer, require the Retailer to provide further additional security in accordance with clause 12A.5 of the Code ("**Additional Security**"). If the Distributor requires the Retailer to provide Additional Security:

(a) the Retailer may elect the type of security that it provides in accordance with clause 8.3; and

(b) the parties must comply with clause 8.14.

8.8 Additional security requirements: The following provisions apply in respect of any Additional Security provided:

(a) if the Additional Security is in the form of a cash deposit, the Distributor will pay a charge to the Retailer calculated in accordance with clause 12A.5(3)(a) of the Code, and the Additional Security will be held as if it were part of the Cash Deposit under this agreement;

(b) if the Additional Security is in the form of security from a third party, the Distributor will pay a charge to the Retailer calculated in accordance with clause 12A.5(3)(b) of the Code;

(c) any money required to be paid by the Distributor to the Retailer in accordance with this clause 8.8 will be paid by the Distributor to the Retailer on a quarterly basis; and

(d) if the level of any Additional Security actually provided by the Retailer is greater than the level of Additional Security required by the Distributor, the charge referred to in sub-clause (a) will not be payable by the Distributor under this clause 8.8 in relation to the excess.

8.9 Estimating the value of security if the Retailer is a new retailer: If the Retailer has not previously entered into a contract with the Distributor for access to the Network, the Distributor will estimate the value of security required under clause 8.6 for the first 6 months of this agreement, subject to any reassessment of the value under this agreement, having regard to:

(a) the Distributor's historical records of the Distribution Service charges in respect of the relevant ICPs; or

(b) in the absence of such records, a bona fide business plan prepared by the Retailer in good faith necessary for the Distributor to determine the value of security that it requires from the Retailer.

8.10 Review of the value of security: The Distributor may review or the Retailer may require the Distributor to review the value of security required to be provided by the Retailer at any time.

8.11 Retailer to notify Distributor of changes affecting security: Subject to clause 8.12, the Retailer will immediately notify the Distributor if any of the following occurs:

(a) the Retailer no longer carries an acceptable credit rating; or

(b) the Retailer has complied with prudential requirements by arranging for a third party to provide security in accordance with clause 8.1(b), and the Retailer learns that the third party no longer carries an acceptable credit rating; or

(c) the Retailer has reasonable cause to believe that its financial position is likely to be materially adversely impaired such that its ability to pay for Services will be affected.

Any information provided by the Retailer to the Distributor under this clause 8.11 will be Confidential Information.

8.12 Public issuers and listed companies: For the purpose of clause 8.11, if the Retailer:

(a) is a "public issuer" for the purposes of the Securities Markets Act 1988, the Retailer may withhold any information to the extent that, and for so long as, the Retailer considers such information to be "inside information" as defined in that Act; or

(b) is listed on the New Zealand Stock Exchange, the Retailer may withhold any information to the extent that the Retailer considers such information is "material information" under the Listing Rules of the New Zealand Stock Exchange.

8.13 Distributor may make enquiries: If the Distributor believes that the Retailer should have given notice under clause 8.11 and the Distributor has not received any such notice, the Distributor may enquire of the Retailer as to whether it should have

given such notice. Any such enquiry will be in writing and be addressed to the Chief Executive of the Retailer. If notice should have been given, the Retailer will give notice immediately, or if no notice is required, the Retailer will respond to the Distributor in writing within 2 Working Days of receipt of the Distributor's notice under this clause 8.13. Correspondence sent or received by either party under this clause will be Confidential Information.

8.14 Change to the value or type of security: If:

- (a) the Distributor requires that the Retailer provide Additional Security in accordance with clause 8.7;
- (b) following a review of the Retailer's security in accordance with clause 8.10;
- (c) on receipt of information contemplated by clause 8.11 or 8.13; or
- (d) as a result of a failure of the Retailer to respond to a request made under clause 8.13 within the timeframe set out in clause 8.13;

the Distributor or the Retailer considers that the value of security should be increased or decreased, the Distributor will, acting reasonably, make a decision on what the value of security should be, and immediately notify the Retailer of its decision and the grounds for that decision and will include in the notification details of the part of the security that constitutes Additional Security. To avoid doubt, failure by the Retailer to respond to a request made under clause 8.13 within the required timeframe constitutes reasonable grounds for a Distributor to, change the value of security required to be provided by the Retailer.

8.15 Failure to maintain acceptable credit rating: If:

- (a) on receipt of information contemplated by clause 8.11 or 8.13; or
- (b) as a result of a failure by the Retailer to respond to a request made under clause 8.13 within the timeframe set out in clause 8.13,

the Distributor considers, acting reasonably, that the Retailer is no longer able to maintain an acceptable credit rating in accordance with clause 8.1(a), and the Distributor still requires the Retailer to comply with prudential requirements, the Distributor will notify the Retailer of the value of acceptable security required in accordance with clause 8.1(b).

8.16 Distributor or Retailer to effect changes in the value or type of security: The Distributor or the Retailer, as appropriate, will take all actions necessary to satisfy the requirement for the increase or decrease in the value of security or change to the type of security, within 5 Working Days of notification under clause 8.4, 8.14 or 8.15. Refunds of Cash Deposits and reductions of the value of third party security required will be made in accordance with clause 8.17 or 8.18.

8.17 Refund of Cash Deposit: If the Distributor refunds all or part of a Cash Deposit, it will refund all or part of the Cash Deposit into a bank account nominated by the Retailer on the Working Day following the day on which the Distributor decided to, or is required to, refund the Cash Deposit.

8.18 Cash Deposit on Insolvency Event: If an Insolvency Event occurs in relation to the Retailer:

- (a) the Retailer will not be entitled to a return of the Cash Deposit; and
- (b) if the Retailer fails or has failed to pay an amount owing under this agreement, full beneficial ownership of that amount (plus Default Interest)

of the Cash Deposit (or if the Cash Deposit is less than the amount owing, the full amount of the Cash Deposit) will automatically transfer solely to the Distributor and the Distributor will be entitled to draw down that amount (plus Default Interest), on 2 Working Days' notice to the Retailer.

8.19 Reduction of third party security: If the Distributor decreases the value of third party security required in accordance with this agreement, the Retailer may arrange for the issuing of new third party security for the lesser value, in satisfaction of clause 8.1(b)(ii) which will replace the earlier third party security.

8.20 When the Distributor may make a call on security: The Distributor may make a call on security in accordance with clause 8.21 if:

- (a) the Retailer has provided acceptable security in accordance with clause 8.1(b);
- (b) the Retailer fails to pay an amount due under this agreement; and
- (c) the amount is not subject to a genuine dispute.

8.21 Calls on security: The Distributor may, on 2 Working Days' notice to the Retailer (or immediately in the case of deemed Cash Deposit under clause 8.23), call on the security as follows:

- (a) if the Retailer provided a Cash Deposit (which includes a deemed Cash Deposit), the Distributor may draw down and apply the amount owed (including Default Interest) from the Cash Deposit and full beneficial ownership of that amount (plus Default Interest) will automatically transfer solely to the Distributor before the draw down;
- (b) if the Retailer arranged for a third party to provide security, the Distributor may call on the provider of a third party security to pay the amount owed in accordance with the security; and
- (c) in either case, the Distributor will immediately notify the Retailer that it has called on the security.

8.22 Requirement to maintain security: To avoid doubt, if the Distributor draws down some or all of a Cash Deposit held by the Distributor under this agreement, or calls on the provider of a third party security, the Retailer will within 5 Working Days take all steps necessary to ensure that the Retailer maintains acceptable security of the value specified in clause 8.6 and the value of any Additional Security required by clause 8.7 (as each may be reviewed by the Distributor in accordance with clause 8.10), as required by clause 8.1(b).

8.23 Third party security may be released: If the provider of third party security makes a payment to the Distributor in order to be released from its obligations under that security, such payment will be deemed to constitute a Cash Deposit provided by the Retailer in substitution for the third party security.

8.24 Trust Account Rules: If the Distributor receives a Cash Deposit:

- (a) the Cash Deposit will be held on trust for the benefit of both the Distributor and the Retailer, to be applied or distributed only on the terms of this agreement, or as otherwise agreed by the parties;
- (b) the Distributor will establish a trust account with a New Zealand registered bank ("**the Bank**") for the purpose of holding the Cash Deposit ("**Trust Account**");

- (c) the Distributor will obtain acknowledgement from the Bank that the Cash Deposit is held on trust on the terms set out in clause 8.24(a) in the Trust Account for the purposes set out in clause 8.24(a) and that the Bank has no right of set-off or right of combination in relation to the Cash Deposit;
- (d) the Retailer will inform the Distributor of the bank(s) the Retailer uses for its banking purposes and if the Retailer changes banks;
- (e) the Trust Account will bear interest at the best on call rate reasonably available from time to time from the Bank. The Distributor will pay the Retailer the interest earned on the Cash Deposit (except for the amount of the Cash Deposit that is Additional Security, in respect of which a charge will be paid in accordance with clause 8.8) on a quarterly basis net of account fees and any amounts required to be withheld by law, unless the parties agree otherwise;
- (f) if this agreement is terminated, the Distributor will refund the Cash Deposit (less any amount owed to the Distributor plus any interest not yet paid to the Retailer) to the Retailer in accordance with clause 8.17, provided that the Retailer:
 - (i) is not otherwise in default of this agreement;
 - (ii) is not subject to an Insolvency Event, in which case clause 8.18 applies;
 - (iii) has ceased to be bound by this agreement; and
 - (iv) has discharged all obligations under this agreement to the Distributor, including payment of all outstanding amounts under this agreement,and the Distributor will have no other contractual or equitable obligation to return the Cash Deposit to the Retailer otherwise than as set out in this sub-clause (f); and
- (g) the Distributor will provide the Retailer with an annual report in respect of the operation of the Trust Account if requested by the Retailer.

8.25 Release of third party security: If this agreement is terminated, the Distributor will release any third party security, provided that the Retailer has met all of the requirements set out in clause 8.24(f).

PART III – OPERATIONAL REQUIREMENTS

9. INTERFERENCE WITH EQUIPMENT AND THEFT OF ELECTRICITY

- 9.1 **Interference with or damage to the Distributor's Equipment by the Retailer:** The Retailer will ensure that it and its employees, agents and invitees do not interfere with or damage the Distributor's Equipment (including, without limitation, ~~for a period of 6 months~~ until the removal of the Distributor's Equipment from the Connected Premises after the termination of this agreement), without the prior written consent of the Distributor (except to the extent that emergency action has to be taken to protect the health or safety of persons or to prevent damage to property).
- 9.2 **Costs of making good any damage:** If any of the Distributor's Equipment is damaged by the ~~negligence or wilful~~ act or omission of the Retailer or the Retailer's

employees, agents or invitees, then the Retailer will pay the cost of making good the damage to the Distributor.

- 9.3 **Interference with or damage to the Retailer's Equipment by the Distributor:** The Distributor will ensure that it and its employees, agents and invitees do not interfere with or damage the Retailer's Equipment (including, without limitation, for a period of 6 months after the termination of this agreement) without the prior written consent of the Retailer (except to the extent that emergency action has to be taken to protect the health or safety of persons, ~~or~~ to prevent damage to property or for reasons relating to System Security or the security of the Network).

- 9.4 **Costs of making good any damage:** If the Retailer's Equipment is damaged by the negligence or wilful act or omission of the Distributor or the Distributor's employees, agents or invitees, then the Distributor will pay the cost of making good the damage to the Retailer.

- 9.5 **Connection of Distributed Generation:** The Retailer will:

- (a) purchase electricity from Distributed Generation connected to the Network only if the Retailer has confirmation from the Distributor that there is a Connection Contract in place between the Distributed Generator and the Distributor; and
- (b) notify the Distributor if the Retailer has reasonable grounds to suspect that a Distributed Generator does not have a Connection Contract with the Distributor and has connected its Distributed Generation directly or indirectly to the Network.

- 9.6 **Notification of interference, damage or theft:** If the Distributor or Retailer discovers any interference or damage to the other party's equipment or the Connected Customer's Installation, or evidence of theft of electricity, loss of electricity or interference with the Network, the discovering party will notify the affected party as soon as it is practicable to do so.

- 9.7 **Additional Metering Equipment:** Either party may, at its own cost, install and maintain additional Metering Equipment (whether owned by that party or by a third party) for metering data verification purposes or other purposes, provided that it does not interfere with any equipment owned or used by the other party. The party installing the Metering Equipment will ensure that it is installed and maintained in accordance with Good Electricity Industry Practice.⁺

~~(a) does not interfere with any equipment owned or used by the other party; and~~

~~(b) is installed and maintained in accordance with Good Electricity Industry Practice.~~

- 9.8 **Responsibility for damages:** If ~~a~~ the party installing or maintaining additional Metering Equipment (the "**First Party**") causes damage to the equipment ~~—or~~ invalidates the existing Metering certification of the other party, the First Party will:

- (a) meet the cost of making good the damage or recertifying the existing Metering Equipment (including the cost of any fines or penalties imposed under the Code ~~as a result of the damage or invalidation of certification~~); and

- (b) if the damage invalidates the Existing Metering Equipment certification and the other party incurs costs because of its use of Metering Equipment during the period of non-certification, the First Party will pay those costs (including any fines or penalties imposed on the indemnified party under the Code and

cost associated with defending against any such fines or penalties), except to the extent that the indemnified party knew or ought reasonably to have known that the Metering Equipment was uncertified.

10. CONNECTIONS, DISCONNECTIONS, AND DECOMMISSIONING ICPs

10.1 Policies and procedures: The Distributor and the Retailer will comply with the policies and procedures for establishing new ICPs, changing the capacity of existing ICPs, Decommissioning existing ICPs and De-energising and Energising existing ICPs set out in schedule 4 and the relevant provisions of the Code.

~~10.1~~ 10.2 Changes to ICP management system: The Distributor may make a change to its ICP management system at any time, provided that it gives the Retailer 60 Working Days' prior notice of a change that materially affects the Retailer's obligations under this agreement. The Distributor will undertake reasonable consultation with the Retailer in relation to such change.

~~10.2~~ 10.3 Warranted Persons: Each party will ensure that any person it engages to carry out any activity related to Energising, De-energising, and Decommissioning ICPs or performing any other works on the Network is a Warranted Person.

PART IV – OTHER RIGHTS

11. BREACHES AND EVENTS OF DEFAULT

11.1 **Breach of agreement**: Subject to clause 11.6, if either party (the "Defaulting Party") fails to comply with any of its obligations under this agreement, the other party may notify the Defaulting Party that it is in breach of this agreement. The ~~d~~Defaulting ~~p~~Party will remedy any breach within in the following timeframe:

- (a) in the case of a Serious Financial Breach by the Retailer, within 2 Working Days after the date of receipt of such notice; and
- (b) in any other case, within 5 Working Days after the date of receipt of such notice.

11.2 Distributor will exercise other remedies for Serious Financial Breaches: If the Retailer has provided acceptable security in accordance with clause 8.1(b), and the Retailer has committed a Serious Financial Breach of the type described in sub-clause (a) of the definition of Serious Financial Breach, the Distributor may give notice to the Retailer under clause 11.1 and a notification under clause 11.4, but only if:

- (a) the value of the acceptable security is less than the amount required to remedy the Serious Financial Breach; or
- (b) the Retailer has arranged for a third party to provide acceptable security in accordance with clause 8.1(b)(ii) or (iii), and the Distributor has called on the third party to make payment in accordance with clause 8.21(b), and the third party has failed to do so within 2 Working Days after receiving notice from the Distributor to do so.

~~11.2~~ 11.3 Failure to remedy breach is an Event of Default: If the Defaulting Party fails to remedy the breach within the timeframe set out in clause 11.1:

- (a) the breach is an "Event of Default" for the purposes of this agreement; and

- (b) the other party will use reasonable endeavours to speak with the Chief Executive or another senior executive of the Defaulting Party in relation to the Event of Default, and to notify him or her of the other party's intention to exercise its rights under this clause 11; and
- (c) the Defaulting Party will continue to do all things necessary to remedy the breach as soon as possible.

~~11.3~~**11.4** **Notification of Events of Default:** If the Event of Default is any one of the following:

- (a) a Serious Financial Breach (in the case of the Retailer only);
- (b) a material breach of the Defaulting Party's obligations under this agreement that is not in the process of being remedied to the reasonable satisfaction of the other party; or
- (c) the Defaulting Party has failed on at least two previous occasions within the last 12 months to meet an obligation under this agreement within the time specified and has received notice of such failures from the other party in accordance with clause 11.1 and, whether each individual failure is in itself material or not, if all such failures taken cumulatively materially adversely affect the other party's rights or the other party's ability to carry out its obligations under this agreement or, if the Defaulting Party is the Retailer, the Distributor's ability to carry out its obligations under any agreement with any other electricity retailer,

then no earlier than 1 Working Day after the end of the timeframe set out in clause 11.1;

- (d) the other party may commence termination of this agreement in accordance with clause 12.2; ~~and;~~
- (e) if the Retailer is the Defaulting Party, the Distributor may undertake a Temporary Disconnection of some or all of the ICPs supplied by the Retailer, in which case the Retailer will take all steps necessary to allow those disconnections to be made and will provide the information required by the Distributor in relation to such ICPs;
- (f) if the breach is a Serious Financial Breach by the Retailer, the Distributor may notify the Electricity Authority in writing that the Retailer is in breach of this agreement and, if relevant, notify the clearing manager in accordance with Part 14 of the Code;
- (g) if the Retailer is the Defaulting Party, the Distributor may advise any one or more of the Consumers that a default event has occurred under this agreement and if it does so it will at the same time provide such Consumer(s) with details of the nature of the default (notwithstanding the provisions of clause 13);
- (h) if the Retailer is the Defaulting Party, the Distributor may prohibit the Retailer from using the Network to supply any Point of Connection which is not currently supplied by it;
- (i) exercise its rights, if applicable, under clauses 11.7 to 11.14; and/or
- ~~(d)~~(j) exercise any other legal rights available to it.

~~11.4~~**11.5** **Other Events of Default:** If a breach is not an Event of Default to which clause 11.4 applies, the non-breaching Defaulting Party may:

- (a) refer the matter to Dispute resolution in accordance with clause 16 no earlier than 1 Working Day after the end of the timeframe set out in clause 11.1; and
- (b) exercise any other legal rights available to it.

~~11.5~~11.6 **Insolvency Event:** ~~Despite~~Notwithstanding clause 11.1, if either party is subject to an Insolvency Event, the ~~other non-Defaulting p~~Party may:

- (a) immediately commence termination of this agreement in accordance with clause 12.2; and
- ~~(b) exercise any other legal rights available to it; and~~
- (b) if the Retailer is the Defaulting Party, the Distributor may undertake a Temporary Disconnection of some or all of the ICPs supplied by the Retailer, in which case the Retailer will take all steps necessary to allow those disconnections to be made and will promptly provide the information required by the Distributor in relation to such ICPs;
- (c) if the Insolvency Event involves a Serious Financial Breach by the Retailer, the Distributor may notify the Electricity Authority in writing that the Retailer is in breach of this agreement and, if relevant, notify the clearing manager in accordance with Part 14 of the Code;
- (d) if the Retailer is the Defaulting Party, the Distributor may advise any or all of the Consumers that a default event has occurred under this agreement and if it does so it will at the same time provide such Consumer(s) with details of the nature of the default (notwithstanding the provisions of clause 13);
- (e) if the Retailer is the Defaulting Party, the Distributor may prohibit the Retailer from using the Network to supply any Point of Connection not currently supplied by it at that time;
- (f) exercise its rights, if applicable, under clauses 11.7 to 11.14; and/or
- (g) exercise any other legal rights available to it.

11.7 **Receivership Option:** The Retailer's initial election of either the provisions of clause 11.10 ("**Receivership Option A**") or the provisions of clause 11.11 ("**Receivership Option B**") is set out in schedule 10. If no initial election is made by the Retailer, Receivership Option A will be deemed to have been elected by the Retailer.

11.8 **Retailer Change Receivership Option:** During the term of this agreement the Retailer may, on notice in writing to the Distributor, such notice to expire no earlier than 12 months after the Commencement Date, elect that:

- (a) immediately on the date of expiry of such notice, Receivership Option A will have effect and Receivership Option B will cease to have effect; or
- (b) on the date three months after the date of expiry of such notice, Receivership Option B will have effect and Receivership Option A will cease to have effect,

provided that the Retailer will not be entitled to elect under clause 11.8(b) that Receivership Option B will have effect if, at the time such election would otherwise become effective, the Retailer is responsible under this agreement for sending invoices to Consumers which in aggregate include or represent 20% or more of the total Line Debts due to the Distributor in respect of that month from all Consumers of

the Distributor. The Distributor will notify the Retailer if the Distributor is aware that the Retailer has reached such threshold.

11.9 Effect of Option Election: If and for so long as the Retailer's election of:

- (a) Receivership Option A is effective, Receivership Option A will have effect and Receivership Option B will be of no effect; and
- (b) Receivership Option B is effective, Receivership Option B will have effect and Receivership Option A will be of no effect.

11.10 Receivership Option A: Without prejudice to any other right of the Distributor whether under this agreement or otherwise, if an Event of Default constitutes a Serious Financial Breach, then:

- (a) the Distributor may, following the period the Retailer has to remedy the breach under clause 11.1(a), give the Retailer a further notice that the relevant breach has not been remedied within the requisite time period and that the Distributor intends to appoint a receiver pursuant to this clause;
- (b) if the Retailer has not, within a further period of 5 Working Days after the date of the notice under sub-clause (a), remedied such breach then the Distributor may appoint any person who may be appointed as a receiver pursuant to the Receiverships Act 1993 to be receiver and manager of the assets of the Retailer specified in clause 11.13 for the purpose of arranging for the Consumers to be supplied by any other retailer; and
- (c) the Distributor will, during such 5 Working Day period, use its best endeavours to speak with the chief executive or another senior executive of the Retailer in relation to the appointment of a receiver under this clause.

11.11 Receivership Option B: Without prejudice to any other right of the Distributor whether under this agreement or otherwise, if an Event of Default constitutes a Serious Financial Breach, then:

- (a) the Distributor may, following the period the Retailer has to remedy the breach under clause 11.1(a), give the Retailer a further notice that the relevant breach has not been remedied within the requisite time period and that the Distributor intends to advise other retailers pursuant to this clause;
- (b) if the Retailer has not, within a further period of 5 Working Days after the date of the notice under sub-clause (a), remedied such breach then (notwithstanding clause 13) the Distributor may pass all relevant details relating to Consumers to all or any other retailer for the purpose of arranging for the Consumers to be supplied by any other retailer and may also advertise, disclose or publish by any means the Distributor considers appropriate the fact that the Retailer is in default under this agreement and that Consumers need to switch to any other retailer;
- (c) the Distributor will, during such 5 Working Day period, use its best endeavours to speak with the chief executive or another senior executive of the Retailer in relation to its intention to exercise its rights under this clause; and
- (d) the Retailer waives absolutely any claim or action against the Distributor howsoever arising relating to or arising from the advertisement, disclosure or publication of such information by the Distributor to other retailers, any other person or generally pursuant to this clause.

11.12 Pre-conditions to Receivership Options A and B: In exercising its right under Receivership Option A to appoint a receiver and manager or under Receivership Option B the Distributor will act in good faith and reasonably having regard to the other rights and remedies available to the Distributor in respect of such breach and will not exercise such rights:

- (a) if the amount of such default is greater than the lesser of \$100,000 or 20% of the Line Debts in respect of the month prior to the month in which such breach occurred unless such default is a breach of clause 8; or
- (b) if within 5 Working Days after the Distributor gives to the Retailer notice of such breach, any other retailer which is party to an agreement with the Distributor to the same effect as this agreement enters into arrangements reasonably satisfactory to the Distributor to assume all of the obligations of the Retailer to supply electricity to all Consumers.

11.13 Property for Receiver: The property of the Retailer in respect of which a receiver may be appointed under clause 11.10 is:

- (a) all rights and powers of any nature of the Retailer under or in respect of the Retailer's contracts and in respect of Consumers;
- (b) all equipment of the Retailer located in Connected Premises or used in connection with the supply of electricity to Consumers;
- (c) all records of any nature (including all records in electronic form) relating to or dealing with Consumers or use of the Network; and
- (d) all other property of any nature which in the reasonable opinion of the Distributor it may be necessary or desirable to control, for the purposes of arranging for the Consumers to be supplied by any other retailer.

11.14 Receiver's acts: A receiver appointed under clause 11.10 will be the agent of the Retailer, and the Retailer alone will be responsible for acts and defaults of the receiver. Every receiver will (in addition to any power at any time vested in a receiver by law) have power to do all or any of the following things, in such manner and generally on such terms and conditions as the receiver thinks fit, provided they are only for the purposes of arranging for the Consumers to be supplied by any other retailer:

- (a) take possession of the property referred to in clause 11.13 (the "Property") or any part and exercise and enforce all or any of the rights, powers and remedies of the Retailer in respect thereof;
- (b) carry on or concur in carrying on the business of the Retailer relating to Consumers and the use of the Network;
- (c) employ and appoint managers, officers, employees and agents;
- (d) execute in the name and on behalf of the Retailer any document relating to the Retailer's contracts, Consumers, or the Network;
- (e) generally do and cause to be done such acts and things in respect of the Property or any part thereof as the receiver could do or cause to be done if the receiver had absolute ownership of the Property, without being answerable for any loss or damage which may happen thereby; and
- (f) generally do all things necessary or desirable to be done to cause Consumers to cease to be supplied by the Retailer and to be supplied by any other retailer.

12. TERMINATION OF AGREEMENT

12.1 **Either party may terminate this agreement:** In addition to any other termination right in this agreement:

- (a) **At will:** either party may terminate this agreement by giving at least 120 Working Days' notice in writing of termination and the date on which this agreement will terminate. The notice of termination may not be given under this clause 12.1 before ~~4 years and 6 months~~ from the first commencement date of the first use of system agreement – conveyance version number [insert] entered into between the Distributor and any retailer; or
- (b) **Dispute resolution:** either party may terminate this agreement in accordance with any agreement reached or determination made as a result of the dispute resolution process set out in clause 16 if the other party has committed a breach; or
- (c) **Termination by the Retailer if the Retailer is not trading on the Network:** the Retailer may terminate this agreement immediately by notice to the Distributor if the Retailer is not supplying electricity to any Consumer through the Network; or
- (d) **Illegality:** either party may terminate this agreement on 1 Working Day's notice if ~~after notice is given by either party to the other party terminating this agreement for the reason that~~ performance of any material provision of this agreement by either party has to a material extent become illegal and the parties acting reasonably agree that despite the operation of clause 20.4 it is not practicable for this agreement to continue; or
- (e) **Termination by the Distributor if the Retailer is not trading on the Network:** the Distributor may terminate this agreement by giving 5 Working Days' notice following any continuous period of 180 Working Days or more during which the Retailer has not supplied any Consumers with electricity using the Network or supplied the Distributor with any other Services under this agreement; or
- (f) **Force Majeure:** either party may terminate this agreement by giving 10 Working Days' notice to the other party, if:
 - (i) notice of a Force Majeure Event is given by either party to the other under clause 14.3; and
 - (ii) the Force Majeure Event is of such magnitude or duration that it is impracticable or unreasonable for the party giving notice of termination to remain bound by its obligations under this agreement, provided that if the party who wishes to terminate this agreement is the party that gave notice of the Force Majeure Event, the party has complied with clauses 14.3 and 14.4; or
- (g) **Termination of billing arrangements:** the Distributor may terminate this agreement immediately by notice to the Retailer if the billing arrangements set out in schedule 6 are terminated in accordance with schedule 6.

12.2 **Termination of agreement for Event of Default or Insolvency Event:** In addition to any other termination right in this agreement, if a party has breached this agreement and the breach is an Event of Default, or a party has become subject to an Insolvency Event, the other party may (immediately in the case of an Insolvency Event, and not less than 1 Working Day after the end of the timeframe set out in

clause 11.1 in the case of an Event of Default) issue a notice of termination to the defaulting party, effective either:

- (a) no less than 5 Working Days after the date of such notice; or
- (b) immediately if the Retailer has ceased to supply electricity to all Consumers.

Such notice for termination will lapse if the defaulting party remedies the Event of Default or Insolvency Event (as the case may be) prior to the notice of termination becoming effective or the other party withdraws or extends the effective date of its notice.

12.3 ~~**Retailer's termination of agreement**~~**Notice to Consumers:** ~~In addition to any other termination right in this agreement, the Retailer may terminate this agreement immediately by notice to the Distributor if the Retailer is not supplying electricity to any Consumer through the Network. Either party may copy any notice given under clause 12.2 to any or all of the Consumers (notwithstanding the provisions of clause 13).~~

12.4 **Termination not to prejudice rights:** Termination of this agreement by either party will be without prejudice to all other rights or remedies of that party, and all rights of that party accrued as at the date of termination.

12.5 **Obligations to continue until termination:** The parties will continue to meet their responsibilities under this agreement up to the effective date of termination.

12.6 **Events to occur on termination:** On the effective date of termination unless replaced by an alternative agreement:

- (a) the parties will have returned or certified the destruction of the other party's Confidential Information; and
- (b) the parties will cease to provide the Services to each other.

12.7 **Survival of terms:** Any terms of this agreement that by their nature extend beyond its expiration or termination remain in effect until fulfilled.

13. CONFIDENTIALITY

13.1 **Commitment to preserve confidentiality:** Each party to this agreement undertakes that it will:

- (a) preserve the confidentiality of, and will not directly or indirectly reveal, report, publish, transfer or disclose the existence of any Confidential Information except as provided for in clause 13.2; and
- (b) only use Confidential Information for the purposes expressly permitted by this agreement.

13.2 **Disclosure of Confidential Information:** Either party may disclose Confidential Information in any of the following circumstances:

- (a) **By agreement in writing:** if the Retailer and Distributor agree in writing to the disclosure of information; or
- (b) **Provided in this agreement:** if disclosure is expressly provided for under the terms of this agreement; or

- (c) **Public domain:** if, at the time of receipt by the party, the Confidential Information is in the public domain or if, after the time of receipt by either party, the Confidential Information enters the public domain (unless it does so as a result of a breach by either party of its obligations under this clause 13 or a breach by any other person of that person's obligation of confidence); [or](#)
- (d) **Required to disclose:** if either party is required to disclose Confidential Information by:
 - (i) law (including the Code), or by any statutory or regulatory obligation, body or authority;
 - (ii) any judicial or arbitration process; or
 - (iii) the regulations of any stock exchange on which the share capital of either party is from time to time listed or dealt in; [or](#)
- (e) **Released to employees, directors, agents or advisors:** if the Confidential Information is released to the employees, directors, agents or advisors of the party, provided that:
 - (i) ~~(i)~~ the information is disseminated only on a "need to know" basis;
 - (ii) ~~(ii)~~ recipients of the Confidential Information are made fully aware of the party's obligations of confidence in relation to the information; and
 - (iii) ~~(iii)~~ any copies of the information clearly identify it as Confidential Information; [or](#)
- (f) **Released to a bona fide potential purchaser:** if the Confidential Information is released to a bona fide potential purchaser of the business or any part of the business of the Distributor or the Retailer, subject to that bona fide potential purchaser having signed a confidentiality agreement enforceable by the other party in a form that reflects the obligations in this agreement; or
- (g) **Released to a Connected Customer or a Consumer:** if the Confidential Information relates to a Connected Customer or a Consumer, and the Connected Customer or Consumer (as the case may be) has requested the release of the information.

13.3 **Third party billing:** If the Distributor appoints a Generator or another retailer as its billing service provider, the Distributor will put all procedures in place that are necessary to ensure the Generator or the other retailer (as the case may be) does not use or pass on any Confidential Information supplied by the Retailer, except for the purposes expressly permitted by this agreement. The Retailer may appoint an independent, appropriately qualified, person to audit the procedures of the third party to ensure compliance with this clause. Such audit may not occur more than once in any 12 month period unless any audit report states that the procedures are not adequate or are not being observed in which case, without affecting any other rights of the Retailer, the Retailer may request an audit once every 3 months until the Retailer receives two audit reports confirming that the procedures are adequate and are being observed. The Distributor will ensure that the auditor is given full co-operation by the third party being audited including that the third party does not delay or restrict the audit. The costs of the audit will be met by the Retailer unless the auditor determines that the procedures are not adequate or are not being observed, in which case the cost of the audit and each successive audit until two

audit reports have been received by the Retailer confirming that the procedures are adequate and are being observed, will be met by the Distributor.

Practice note: Clause 14.3 is restricted to Confidential Information supplied by the Retailer only.

~~13.4~~ **Limit for breach:** A party's liability for breach of this clause 14 will not be limited by clause 18.

~~13.5~~13.4 **Unauthorised disclosure:** To avoid doubt, a party will be responsible for any unauthorised disclosure of Confidential Information made by that party's employees, directors, agents or advisors and by a bona fide potential purchaser to whom Confidential Information has been disclosed by that party under clause 13.2(f).

14. FORCE MAJEURE

14.1 **Force majeure:** Notwithstanding any other provision in this agreement, Aa "Force Majeure Event" occurs if:

- (a) a party fails to comply with or observe any provision of this agreement (other than payment of any amount due);
- (b) such failure is caused by:
 - (i) any event or circumstance occasioned by, or in consequence of, any act of God being an event or circumstance:
 - (A) due to natural causes, ~~directly or indirectly and exclusively without human intervention~~; and
 - (B) that was not reasonably foreseeable; or
 - ~~(B)(C) if it was reasonably foreseeable, the failure did not occur as a result of the party invoking this clause 14 failing to act in accordance with Good Electricity Industry Practice; or; could not have reasonably been foreseen or, if foreseen, could not reasonably have been resisted;~~
 - (ii) strikes, lockouts, other industrial disturbances, acts of public enemy, wars, terrorism, blockades, insurrections, riots, epidemics, aircraft, or civil disturbances; or
 - (iii) the binding order or requirement of any court, any government, any local authority, the Rulings Panel, the Electricity Authority, or the System Operator, which the party could not reasonably have avoided; or
 - (iv) the partial or entire failure of supply or availability of electricity to the Network; or
 - ~~(iv)~~(v) failure of the Network or any part of it; or
 - ~~(v)~~(vi) any other event or circumstance beyond the reasonable control of the party invoking this clause 14~~15.1~~; and
- (c) ~~the party could not have prevented such failure by the exercise of the degree of skill, diligence, prudence, control and foresight that would~~

~~reasonably and ordinarily be expected from a skilled and experienced distributor or retailer engaged in the same type of undertaking under the same or similar circumstances in New Zealand at the time, acting did not occur as a result of the party invoking clause 14 failing to act~~ in accordance with Good Electricity Industry Practice.

14.2 **No liability:** A Force Majeure Event will not give rise to any cause of action or liability based on default of the provision that the party has failed to comply with or observe due to the Force Majeure Event.

14.3 **Notice:** If a party becomes aware that a Force Majeure Event may occur or has occurred, it will:

- (a) notify the other party as soon as reasonably practicable that it is invoking this clause 14~~15.1~~; and
- (b) provide full particulars of the potential or actual Force Majeure Event; and
- (c) provide ongoing updates until the Force Majeure Event is resolved (if applicable).

14.4 **Avoidance and mitigation of effect of Force Majeure Event:** The party invoking this clause 14~~15.1~~ will:

- (a) use all reasonable endeavours to avoid or overcome the Force Majeure Event;
- (b) use all reasonable endeavours to mitigate the effects or the consequences of the Force Majeure Event; and
- (c) consult with the other party on the performance of the obligations referred to in ~~paragraphs~~ sub-clauses (a) and (b).

14.5 **No obligation to settle:** Nothing in clause 14.4(a) is to be construed as requiring a party to settle a strike, lockout or other industrial disturbance by acceding, against its judgement, to the demands of opposing parties.

14.6 **Charges continue:** If a Force Majeure Event occurs:

- (a) the occurrence of such Force Majeure Event will not affect the parties' obligations in relation to the calculation and payment of fixed charges in relation to the Services (whether or not, in the case of charges relating to ICPs, the relevant ICP received a supply of electricity during the period of the Force Majeure Event); but
- ~~(d)~~(b) any variable charges applicable to ICPs will not be payable to the extent that the consumption of, or demand for, electricity at the ICP is reduced due to the Force Majeure Event.

15. AMENDMENTS TO AGREEMENT

15.1 **Agreement not to be changed except in certain circumstances:** A change may be made to this agreement if:

- (a) if the change is to one or more of the Variable Provisions and the change is made in accordance with clause 15.2; or
- ~~(a)~~(b) the change is required by law or is necessary due to a change in law, including the Code or any mandatory rules or protocols of any industry

association or body to which both the Distributor and the Retailer are members or signatories at the relevant time or is otherwise binding on the Distributor, and the change is made in accordance with clause 16.2; ~~and/or~~

- ~~(b) the change is a change to a Loss Factor or a Loss Category code, and the change is made in accordance with clause 7; and~~
- (c) the change is a change to a fee set out in schedule ~~8-7~~ and the change is made in accordance with clause 15.3~~1-1~~; ~~and/or~~
- (d) the change does not fall into any of the categories set out above, and the change is made in accordance with clause 15.4~~14.2~~~~16.2~~.

15.2 Process to change any of the Variable Provisions: The Variable Provisions may be changed only:

- (a) in accordance with any applicable process in the Variable Provision; or
- (b) if there is no applicable process in the Variable Provision and the party seeking the change is the Distributor, in accordance with clause 15.3; or
- (c) by agreement in writing between the parties.

15.3 Distributor seeks change to a Variable Provision: If there is no applicable process in the Variable Provision, the Distributor may change the Variable Provision, provided that the proposed change is in accordance with Good Electricity Industry Practice and the Distributor has complied with the following:

- (a) subject to sub-clause (b), the Distributor will give the Retailer a Change Notice not less than 20 Working Days before the date on which the Distributor wishes the change to take effect; and
- (b) before giving the Change Notice to the Retailer:
 - (i) the Distributor will consult with the Retailer (which may be undertaken jointly with other retailers) about the proposed change for a reasonable period, having regard to the nature of the proposed change, but in any event a period of not less than 20 Working Days, and will consider in good faith any submission that the Retailer makes regarding the proposed change; and
 - (ii) the Distributor will provide the Retailer with a summary of all submissions received and the responses to the submissions that clearly indicates whether the majority of retailers by number of ICPs supplied on the Network support or do not oppose the change proposed. For the avoidance of doubt, the Distributor may change the Variable Provision as proposed in the Change Notice whether or not a majority of retailers support the change proposed.

~~15.2~~**15.4 Procedures for other changes:** The following procedures will apply to changes contemplated by clauses 15.1(b)~~16.1(a)~~ and 15.1(d):

- (a) **Notice of change:** either the Distributor or the Retailer may suggest a change by notice to the other. The Distributor may in its discretion choose to consult with all retailers (including the Retailer) jointly about the proposed change. The notice will:
 - (i) if the proposed change is contemplated by clause 15.1(b)~~14.1(a)~~~~16.1(a)~~, specify the provisions of the Code, the

mandatory rules or protocols, or the laws that are the basis for the proposed change;

(ii) if the proposed change is contemplated by clause 15.1(d), set out the reasons for the proposed change; and

(iii) ~~and, in either case, will~~ set out the change in the form proposed to be incorporated in this agreement;

(b) **Good faith:** the parties will negotiate the change in good faith;

(c) **By agreement:** if the Distributor and the Retailer agree to the proposed change they will promptly sign a written variation to this agreement documenting the change and this agreement will be deemed to have been changed on the date the variation is signed by the Distributor and Retailer or on such other date as specified in the variation; and

(d) **Procedure for changes required by law or is necessary due to a change in law, including the Code, if the parties have not agreed:** subject to clause 15.2(e), ~~If~~ the proposed change is contemplated by clause 15.1(b) ~~15.1(a)~~ and if the parties are unable to agree on the change within 60 Working Days of the date the notice was first given under ~~paragraph~~ sub-clause (a), the matter will be referred to the decision of an independent, experienced and suitably qualified person agreed between the parties or failing agreement, appointed by the President for the time being of the New Zealand Law Society. The person appointed will act as an expert and not as an arbitrator and the decision of that person:

(i) will be the minimum necessary to effect the ~~mandatory~~ change required or necessary under ~~by~~ clause 15.1(b) ~~15.1(a)~~;

(ii) subject to subparagraph (i), will be binding, absent obvious error; and

(iii) will take effect 10 Working Days after the decision is notified to the Retailer and Distributor unless the decision is required to take immediate effect by law (including the Code) or mandatory rules or protocols.

(e) **Procedure for changes if the parties have not agreed:** notwithstanding clause 15.2(d), if the proposed change is contemplated by clause 15.1(b) or 15.1(d) and the parties are unable to agree on the change within 40 Working Days of the date the notice was first given under sub-clause (a), if retailers supplying at least 66.7% of ICPs at the commencement of the Year (expressed as a percentage of the total number of ICPs connected to the Network at the commencement of the Year) consent to such change, then such change will be deemed to also have been made to this agreement without any further action being required by the parties, notwithstanding the failure of the parties to agree to the change. Any change made to this agreement in accordance with the preceding sentence will become on the later of:

(i) the expiry of the 40 Working Day period referred to above; and

(ii) the date on which retailers supplying 66.7% of ICPs at the commencement of the Year (being a percentage of the total number of ICPs connected to the Network at the commencement of the Year) consent to such change.

In respect of the Year in which the Commencement Date occurs, the reference above to the percentage of ICPs supplied by retailers at the commencement of the Year will be construed as a reference to the percentage of ICPs supplied by retailers at the Commencement Date (being a percentage of the total number of ICPs connected to the Network at the Commencement Date).

~~15.3~~ **15.5 Exception:** If a change to this agreement has a de minimis effect on the contractual undertakings of the parties (for example, without limitation, terminology changes to accord with new industry classifications or definitions), either party may effect the change by notice to the other party and nothing in clauses 15.1 to 15.2 will apply to the change. If the party receiving such a notice disagrees that the change has a de minimis effect, the party may raise a dispute in accordance with clause 16.

16. DISPUTE RESOLUTION PROCEDURE

16.1 Internal dispute resolution processes: The parties intend that, if possible, any differences between them concerning this agreement will be resolved amicably by good faith discussion. When a difference or dispute arises in relation to this agreement, including any question concerning its existence, validity, interpretation, performance, breach or termination ("**Dispute**"), the party claiming the existence of a Dispute may provide notice describing such Dispute to the other party. If notice is provided, representatives of the parties will promptly meet to attempt to resolve the Dispute. If the Dispute is not resolved by discussion between the parties within 15 Working Days of such notice being given, the matter is to be referred to the Chief Executives (or a person nominated by the Chief Executive) of the parties for resolution.

16.2 Right to refer dispute to mediation: If the Dispute cannot be resolved by the Chief Executives within 15 Working Days of the matter being referred to them, ~~either party may give a notice to the other requiring~~ the parties may agree that the Dispute be referred to mediation.

16.3 Appointment of mediator: Within 10 Working Days of receipt of ~~the notice referring an agreement by the parties to refer~~ the Dispute to mediation in accordance with clause 16.2, the parties will agree on the identity of the mediator or, if they cannot agree within that timeframe, the mediator will be appointed by the President (or equivalent) of the New Zealand chapter of LEADR.

16.4 Conduct of mediation: In consultation with the mediator, the parties will determine a location, timetable and procedure for the mediation or, if the parties cannot agree on these matters within 7 Working Days of the appointment of the mediator these matters will be determined by the mediator.

16.5 Appointment of representative: Each party will appoint a representative for the purposes of the mediation who will have authority to reach an agreed solution and effect settlement.

16.6 Conduct during mediation: In all matters relating to the mediation:

- (a) **Act in good faith:** the parties and their representatives will act in good faith and use their best endeavours to ensure the expeditious completion of the mediation procedure;
- (b) **Without prejudice:** all proceedings and disclosures will be conducted and made without prejudice to the rights and positions of the parties in any subsequent arbitration or other legal proceedings;

- (c) **Mediator's decisions binding only on conduct of the mediation:** any decision or recommendation of the mediator will not be binding on the parties in respect of any matters whatsoever except with regard to the conduct of the mediation; and
- (d) **Costs of mediation borne equally:** the costs of the mediation, other than the parties' legal costs, will be borne equally by the parties, who will be jointly and severally liable to the mediator in respect of the mediator's fees.

~~Practice note: Parties to delete either the arbitration clauses or the court proceedings clause on entry into the agreement. Either:~~

- 16.7 **Arbitration to resolve disputes:** Either party may refer the Dispute to arbitration if the Dispute:
- (a) is not resolved through mediation within 40 Working Days (or such longer period agreed by the parties) of the appointment of a mediator; or
 - (b) is not resolved by negotiation of the Chief Executives (or their representatives) in accordance with clause 16.1 within 15 Working Days of the matter being referred to them and if ~~neither party referred~~ the Dispute was not referred to mediation within the time specified in clause 16.3.
- 16.8 **Arbitration:** A Dispute referred to arbitration under clause 16.7 will be resolved by a sole arbitrator under the Arbitration Act 1996. The arbitrator's decision will be final and binding on the parties.
- 16.9 **Choice of arbitrator:** The sole arbitrator will be appointed by the parties. If the parties cannot agree on the identity of the arbitrator within 10 Working Days of the referral in clause 16.7, the arbitrator will be appointed by the President for the time being of the New Zealand Law Society.}

~~Or:~~

- ~~16.10 [Court proceedings: Either party may initiate court proceedings in relation to the Dispute if the Dispute:~~
- ~~(a) is not resolved through mediation within 40 Working Days (or such longer period agreed by the parties) of the appointment of a mediator; or~~
 - ~~(b) if neither party referred the Dispute to mediation, the Dispute is not resolved by negotiation of the Chief Executives (or their representatives) in accordance with clause 17.1 within 15 Working Days of the matter being referred to them.]~~
- ~~16.11~~ 16.10 **No connection to previous mediator or previous mediation:** If the Dispute has been referred to mediation in accordance with clause 16.2, the mediator may not be called by either party as a witness, and no reference may be made to any determination issued by the mediator in respect of the matter in Dispute during any subsequent ~~[arbitration]~~ ~~[legal action]~~ on the matter in Dispute.
- ~~16.12~~ 16.11 **Urgent Relief:** Notwithstanding any other provision of this agreement each party may take steps to seek urgent injunctive or equitable relief before an appropriate court.

17. LIABILITY

17.1 **Payment of charges:** Nothing in this clause 17 will operate to limit the liability of either party to pay all charges and other sums due under this agreement.

17.2 **Direct damage:** Except ~~as expressly provided in~~ in relation to liability under clauses ~~14.4, 17.5, and~~ 17.11, 17.15(b) and 17.16(b), each party (and its officers, employees and agents) will be liable under or in connection with this agreement (whether in contract, tort (including negligence) or otherwise) to the other party for only direct damage to the physical property of any person ("**Direct Damage**") that results from a breach of this agreement, negligence, or failure to exercise Good Electricity Industry Practice.

~~17.3~~ **Consequential loss – Excluded liability:** Except in relation to liability under as expressly provided in clauses ~~14.4, 17.5, and~~ 17.12 and 17.15(b), 17.16(b), neither the Distributor party (nor the Retailer any of their respective officers, employees or agents) will be liable ~~under or in connection with this agreement (whether in contract, tort (including negligence) or otherwise) to the other party for:~~

(a) any loss of profit, loss of revenue, loss of use, loss of opportunity, loss of contract, or loss of goodwill of any person; or

(b) any indirect or consequential loss (including, but not limited to, incidental or special damages); or

(c) any loss resulting from liability of a party to another person (except any liability for Direct Damage that arises under clause 17.2); or

(d) any loss resulting from loss or corruption of, or damage to, any electronically-stored or electronically-transmitted data or software.

~~17.3~~ 17.4 **Liability in contract only:** Except as expressly provided in this clause 17, the Distributor's liability to the Retailer and the Retailer's liability to the Distributor, whether in tort (including negligence), contract, breach of statutory duty, equity or otherwise arising from the relationship between them and of any nature whatsoever relating to the subject matter of this agreement is excluded to the fullest extent permitted by law.

~~17.4~~ 17.5 **Liability for Services:** ~~Despite~~ Notwithstanding clause 17.3, a party (the "**First Party**") will be liable for loss of revenue suffered by the other party as a result of an error made by, or on behalf of, the First Party in providing the Services, provided that:

(a) such error has not resulted from an error in information provided by the other party or the other party's agent (not being a party to this agreement) to prepare an Invoice; and

(b) notice of the loss of revenue is given by the other party to the First Party within 18 months of the date the error occurred.

~~17.5~~ 17.6 **Distributor not liable:** Except as provided for in clause 17.11, the Distributor will not be liable for:

(a) any momentary fluctuations in the voltage or frequency of electricity conveyed or nonconformity with harmonic voltage and current levels; or

(b) any Service Interruption or alteration to the supply of electricity to an ICP arising from any cause including:

(i) Load Shedding; or

- (ii) Planned Service Interruptions; [or](#)
- (iii) Unplanned Service Interruptions due to the partial or entire failure of the Network; [or](#)
- (iv) any act or omission of any Connected Customer or Consumer or other person (excluding the Distributor and its officers, employees or agents); [or](#)
- (v) a failure or reduction of injection or supply of electricity into the Network; [or](#)
- (vi) any defect or abnormal conditions in or about any Connected Premises; [or](#)
- (vii) action being taken by the Distributor in accordance with this agreement; [or](#)
- (viii) any act or omission of the System Operator, a Generator, or the Transmission Provider unless and to the extent that the Distributor has obtained an appropriate service guarantee from the [System Operator or Transmission Provider and the System Operator or Transmission Provider has paid the Distributor under the relevant service guarantee, in which case the Distributor will only be liable to the Retailer to the extent of the Retailer's proportionate share of such payment having regard to all other conveyance retailers and all consumers affected by the relevant event, as determined by the Distributor \(acting reasonably\)](#); or
- ~~(ix)~~ [\(x\) if the failure has arisen notwithstanding that the Distributor has acted in accordance with Good Electricity Industry Practice,](#)

except to the extent that the failure is caused or contributed to by the Distributor not acting in accordance with this agreement; [or](#)

- (c) [any failure to perform any obligation under this agreement caused by the Retailer's failure to comply with this agreement, except to the extent that the failure is caused or contributed to by the Distributor not acting in accordance with this agreement.](#)

~~17.6~~ [17.7](#) **Retailer not liable:** The Retailer will not be liable for:

- (a) any failure to perform any obligation under this agreement caused by the Distributor's failure to comply with this agreement; or
- (b) any failure to perform any obligation under this agreement arising from any defect or abnormal conditions in the Network,

except to the extent that the failure is caused or contributed to by the Retailer not acting in accordance with this agreement.

[17.8](#) **Distributor's ~~Li~~limitation of liability:** ~~Except in relation to liability under~~ [Subject to](#) clauses 17.1, 17.11 and 17.16(b) ~~and 18.9~~ and subject to clause 17.10 ~~18.11~~, but otherwise notwithstanding any other provision of this agreement, the maximum total liability of ~~each party~~ [the Distributor to the Retailer](#) under or in connection with this agreement [will:](#)

- (a) subject to sub-clause (b), in respect of a single event or series of connected events, not in any circumstances exceed, in respect of each ICP on the Network, the lesser of \$[X] and the amount of the claimable loss or damage suffered; and
- (b) in respect of all events or circumstances during the period from 1 July each year until 30 June the following year ("Year") under all use of network agreements between the Distributor and the Retailer, the lesser of the amount of the claimable loss or damage suffered and the amount determined in accordance with the following table: ~~(whether in contract, tort (including negligence) or otherwise) for any single event or series of connected events will not in any circumstances exceed the lesser of \$10,000 for each ICP on the Network at which the Retailer supplied electricity on the day of the event, or \$2,000,000.~~

<u>No of ICPs supplied by the Retailer at the commencement of the Year (expressed as a percentage of the total number of ICPs connected to all electricity distribution networks owned by the Distributor, including the Network, at the commencement of the Year)</u>	<u>Maximum aggregate liability of the Distributor</u>
<u>0 to 5%</u>	<u>\$[X]</u>
<u>>5% to 10%</u>	<u>\$[X]</u>
<u>>10% to 15%</u>	<u>\$[X]</u>
<u>>15% to 20%</u>	<u>\$[X]</u>
<u>>20% to 25%</u>	<u>\$[X]</u>
<u>>25% to 30%</u>	<u>\$[X]</u>
<u>>30%</u>	<u>\$[X]</u>

In respect of the Year in which the Commencement Date occurs, the reference in the above table to the number of ICPs supplied by the Retailer at the commencement of the Year will be construed as a reference to the number of ICPs supplied by the Retailer at the Commencement Date (expressed as a percentage of the total number of ICPs connected to all electricity distribution networks owned by the Distributor, including the Network, at the Commencement Date) and the maximum aggregate liability of the Distributor to the Retailer in the above table will be reduced on a proportionate basis to reflect the fact that the relevant period is less than 12 months.

17.9 Retailer's limitation of liability: Except in relation to liability under clauses 17.1 and 17.15(b), and subject to clause 17.10, the maximum total liability of the Retailer to the Distributor under or in connection with this agreement (whether in contract, tort (including negligence) or otherwise) is limited to:

- (a) \$[X] for any one event or circumstance or series of connected events or circumstances; and
- ~~(e)~~(b) \$[X] in the aggregate in respect of all events and circumstances in any Year, provided that in respect of the Year in which the Commencement Date occurs, the maximum aggregate liability of the Retailer to the Distributor in

that Year will be reduced on a proportionate basis to reflect the fact that the relevant period is less than 12 months.

~~17.7~~ **Exclusion:** Clauses 17.8 and 17.9 ÷

~~17.8~~ 17.10 does not limit a party's liability under clause ~~14.4~~, ~~clause~~ 17.5 or ~~clause~~ 17.11 ÷
and.

~~(a) — is subject to any contrary requirements of the Dispute Resolution Scheme.~~

~~17.9~~ 17.11 **Distributor indemnity:** The Distributor indemnifies the Retailer as follows:

- (a) If:
 - (i) there has been a failure of the acceptable quality guarantee in section 6 of the Consumer Guarantees Act 1993 in the supply of electricity to a Consumer by the Retailer (a "**Failure**"); and
 - (ii) the Failure was wholly or partly the result of an event or conditions associated with the Distributor's Network;
 - (iii) the Failure was not a result of the Distributor complying with a rule or order with which it was legally obliged to comply;
 - (iv) the Consumer obtains a remedy under Part 2 of the Consumer Guarantees Act 1993 in relation to the Failure against the Retailer; and
 - (v) that remedy is a cost to the Retailer (a "**Remedy Cost**"),the Distributor indemnifies the Retailer for the Remedy Cost.
- (b) The amount of the Distributor's liability under this indemnity is limited to the proportion of the Remedy Costs that is attributable to the event or condition associated with the Distributor's Network.
- (c) However:
 - (i) if the Distributor pays compensation to a Consumer ("**Payment A**") in respect of a service provided directly by the Distributor to the Consumer; and
 - (ii) the Retailer incurs Remedy Costs in relation to the Consumer for a failure of acceptable quality that arose from the same event or circumstance that led to the payment of Payment A. ~~÷ then~~

then the amount that the Retailer would otherwise recover from the Distributor in respect of that Consumer will be reduced by the amount of Payment A.
- (d) If a Consumer makes a claim against the Retailer that the Retailer wishes to be indemnified for under this indemnity (a "**Claim**"), the Retailer will:
 - (i) as soon as reasonably practicable, give written notice of the Claim to the Distributor specifying the nature of the Claim in reasonable detail; and
 - (ii) consult with and keep the Distributor informed in relation to the Claim.

[Note to Retailer: Vector requires input into the Retailer's determination of whether an event constitutes a breach of the acceptable quality guarantee under clause 7A of the Consumer Law Reform Bill. If this matter is not dealt with under legislation, it would need to be dealt with through this agreement.]

Practice note: This clause is deemed to be included in this agreement, unless the Distributor and the Retailer agree to omit this clause (clause 12A.6 of the Code). The Distributor may include in this agreement an indemnity that is more favourable to the Retailer than the indemnity specified in this clause (clause 12A.6(3) of the Code)

17.12 Distributor may make payment to property owner: Where the Distributor is liable to pay the Retailer any amount in accordance with this clause 17 in respect of property damage which is not the property of the Retailer, the Distributor may, at its option, pay the amount directly to the property owner instead of to the Retailer. Where the Distributor elects to make payment directly to the property owner, the Retailer will, at the Distributor's request, give the Distributor such information as the Distributor may require (and which the Retailer may possess) to enable the Distributor to make payment directly to the property owner.

~~17.10~~ 17.13 **Consumer Guarantees Act:** The following provisions apply:

- (a) ~~subject to clause 18.1,~~ the Retailer will, to the fullest extent permitted by law exclude from all its Electricity Supply Agreements (which includes a contract between the Retailer and a purchaser of electricity that is not an end user) all warranties, guarantees or obligations imposed on the Distributor to any Consumer concerning the supply of electricity to the Consumer by the Distributor by the Consumer Guarantees Act 1993 or any other law ("**Distributor Warranties**");
- (b) if the Consumer on-sells electricity to an end-user the Retailer will, as a condition of any agreement between it and the Consumer, require the Consumer to include provisions in all agreements between the Consumer and an end-user, excluding all Distributor Warranties to the fullest extent permitted by law; and
- (c) to avoid doubt, nothing in this clause affects the rights of any Consumer under the Consumer Guarantees Act 1993 that cannot be excluded by law, nor does it preclude the Retailer from offering in its Electricity Supply Agreements its own warranties, guarantees or obligations pertaining to distribution services.

~~17.11~~ 17.14 **Distributor liabilities and Consumer agreements:** The Retailer will procure in its Electricity Supply Agreements clear and unambiguous clauses to the effect that:

- (a) the Consumer will indemnify the Distributor against any direct loss or damage caused or contributed to by the fraud, dishonesty or wilful breach of the Electricity Supply Agreements by the Consumer or its officers, employees, agents or invitees arising out of, or in connection with, the supply of electricity to the Consumer; and
- (b) to the extent permitted by law, the Distributor will have no liability to the Consumer in contract, tort (including negligence) or otherwise in respect of the supply of electricity to the Consumer.

17.15 The Distributor will be indemnified: Subject to clause 17.17, the Retailer indemnifies and holds harmless the Distributor and will keep the Distributor indemnified and held harmless from and against any direct loss or damage (including legal costs on a solicitor/own client basis, but excluding all loss or damage of the kind described in clause 17.3 whether incurred by the Retailer or claimed by the person

described in sub-clause (a) of this clause 17.15) suffered, or incurred by the Distributor arising out of or in connection with:

- (a) any claim by any person with whom the Distributor or Retailer has a contractual relationship in relation to the provision of Services or the conveyance of electricity on the Network to the extent that the claim arises out of or could not have been made but for:
 - (i) any breach by the Retailer of any of its obligations under this agreement; or
 - (ii) the disconnection by the Retailer, or disconnection requested by the Retailer, of any Connected Premises in accordance with this agreement; or
 - (iii) the termination of this agreement by the Retailer, except when the termination is the result of a breach by the Distributor; or
 - (iv) any failure by the Retailer to perform any obligation under any agreement between the Retailer and any Generator or Consumer or other third party (or otherwise arising at law); or
 - (v) any action undertaken by the Distributor under or in connection with this agreement at the request of the Retailer (not being under this agreement); and
- (b) any recovery activity of the Distributor in respect of any unpaid charges or interest payable under this agreement.

17.16 The Retailer will be indemnified: Subject to clause 17.17, the Distributor indemnifies and holds harmless the Retailer and will keep the Retailer indemnified and held harmless from and against any direct loss or damage (including legal costs on a solicitor/own client basis but excluding all loss or damage of the kind described in clause 17.3 whether incurred by the Retailer or claimed by the person described in sub-clause (a) of this clause 17.16), suffered, or incurred by the Retailer arising out of or in connection with:

- (a) any claim by any person with whom the Distributor or Retailer has a contractual relationship in relation to the provision of services or conveyance of electricity to the extent that claim arises out of or could not have been made but for:
 - (i) any breach by the Distributor of its obligations under this agreement; or
 - (ii) the termination of this agreement by the Distributor, except when the notice is the result of a breach by the Retailer; or
 - (iii) any failure by the Distributor to perform any obligation under any agreement between the Distributor and the System Operator or any other third party or otherwise arising at law; or
 - (iv) any action undertaken by the Retailer under or in connection with this agreement at the request of the Distributor (not being under this agreement); and
- (b) any recovery activity of the Retailer in respect of any unpaid charges or interest payable under this agreement.

17.17 **Conduct of claims:** If the party with a right of indemnity under clause 17.15 or 17.16 ("**Indemnified Party**") seeks, or may seek to be indemnified by the other party ("**Indemnifying Party**") under clause 17.15 or 17.16 in respect of a claim by any person of the kind described in sub-clause (a) of such clauses ("**Third Party Claim**"), the following will apply:

- (a) The Indemnified Party will give notice of the Third Party Claim (including reasonable details) to the Indemnifying Party and ensure that the Indemnified Party does not make any payment or admission of liability in respect of the Third Party Claim.
- (b) The Indemnifying Party may, at its election, in the name of the Indemnified Party, but subject to prior consultation with the Indemnified Party and so that the reputation of the Indemnified Party is not unfairly harmed, conduct all negotiations and defend any proceedings relating to the Third Party Claim. For this purpose, the Indemnified Party will make available to the Indemnifying Party all such information, books and records, and give such other co-operation (including making available employees as witnesses), as the Indemnifying Party may reasonably require for the purpose.
- (c) If and for so long as the Indemnifying Party does not assume the defence of the Third Party Claim, the Indemnified Party will:
 - (i) keep the Indemnifying Party fully informed of the Indemnified Party's progress in defending the Indemnified Claim and of any related proceedings; and
 - (ii) at the Indemnifying Party's request, consult with, and take account of the reasonable views of, the Indemnifying Party so far as reasonably possible in the relevant Indemnified Party's defence of the Third Party Claim and any related proceedings.
- (d) The Indemnified Party will not, without the prior written consent of the Indemnifying Party, settle the Third Party Claim.
- (e) If the Indemnified Party recovers from any third party any amount to which a payment made by the Indemnifying Party to the Indemnified Party under this agreement relates, the Indemnified Party will procure that the amount so recovered by the Indemnified Party (net of the cost of recovery, but not exceeding the amount paid by the Indemnifying Party) will be reimbursed without delay to the Indemnifying Party.

~~17.12 **Rights of indemnity:** The indemnities in this clause 18 are in addition to and without prejudice to the rights and remedies of each party under this agreement, the Code or under statute, in law, equity or otherwise.~~

~~17.13~~ 17.18 **Benefits to extend:** Each party ~~acknowledges~~ agrees that its obligations under this clause 17~~18~~ will constitute also promises conferring benefits on each party's officers, agents and employees that are intended to create, in respect of the benefit, an obligation enforceable by those officers, agents and employees and accordingly, the provisions of the Contracts (Privity) Act 1982 apply to its promises under this clause 17~~18~~, but can be varied without the consent of such persons.

18. NOTICES

18.1 Delivery of Notices: Any notice given under this agreement will be deemed to be validly given if personally delivered, posted or forwarded by facsimile transmission or email to the address for notice set out on the execution page at the beginning of this agreement or to such other address as that party may notify from time to time.

18.2 **Deemed receipt:** Any notice given under this agreement will be deemed to have been received:

- (a) in the case of personal delivery, when delivered;
- (b) in the case of facsimile transmission, when sent, provided that the sender has a facsimile confirmation receipt recording successful transmission;
- (c) in the case of posting, 2 Working Days following the date of posting; and
- (d) in the case of email, when ~~actually received in readable form by~~ sent to the email address of the recipient, provided that a delivery failure notice has not been received by the sender, in which case the notice will be deemed not to have been sent.

18.3 **Deemed receipt after 5pm or on a day that is not a Working Day:** Any notice given in accordance with clause 18.2 that is personally delivered or sent by facsimile or email after 5pm on a Working Day or on any day that is not a Working Day will be deemed to have been received on the next Working Day.

19. RIGHTS OF AUDIT AND INSPECTION

19.1 **Audit Report:** In this clause 19, "**Audit Report**" means a report from the Auditors addressed to the Distributor or produced by the Distributor or its agent ("**Reporter**"), which:

- (a) states that the Reporter has examined the books of account, records and systems of the Retailer;
- (b) states in respect of the relevant period whether so far as the Reporter is aware as a result of its investigations the Retailer is meeting the following requirements:
 - (i) the systems, processes and controls operated by the Retailer are adequate to ensure the existence, completeness and accuracy of all billing, metering and other transactional processing functions set out in this agreement insofar as they relate to the Distributor;
 - (ii) the Retailer has reported accurately to the Distributor in accordance with its obligations under this agreement;
 - (iii) the Retailer has complied with clause 8; and
 - (iv) the Retailer has complied with all tax and other relevant legislation in the performance of its obligations under this agreement; and
- (c) records any non-compliance by the Retailer with the terms of this agreement (whether or not material non-compliance) of which the Reporter has become aware.

19.2 **Retailer audit options:** The Retailer's initial election of either the audit option set out in clauses 19.3 to 19.7 (inclusive) ("**Audit Option A**") or the audit option set out in clauses 19.8 to 19.10 (inclusive) ("**Audit Option B**") is set out in schedule 8. During the term of this agreement, the Retailer may, on not less than 60 Working Days' prior written notice to the Distributor, elect Audit Option A rather than Audit Option B and vice versa. If and for so long as the Retailer elects:

(a) Audit Option A, clauses 19.3 to 19.7 (inclusive) will apply and clauses 19.8 to 19.10 (inclusive) will be of no effect; and

(b) Audit Option B, clauses 19.8 to 19.10 (inclusive) will apply and clauses 19.3 to 19.7 (inclusive) will be of no effect.

If no initial election is made by the Retailer, Audit Option A will be deemed to have been elected by the Retailer.

Audit Option A

19.3 Retailer Audit: The Retailer will:

(a) procure (at its own cost) that, no later than three calendar months after the end of each financial year of the Retailer, the Auditors deliver to the Distributor an Audit Report in respect of that financial year ("**Annual Audit Report**"); and

(b) ensure that the Auditors are any one of Ernst & Young, KPMG, PricewaterhouseCoopers, Deloitte Touche Tohmatsu or any other firm of chartered accountants approved in writing by the Distributor.

19.4 Right to inspect if cause: If the Distributor at any time reasonably believes that the Retailer has not met the requirements set out in clause 19.1(b), then the Distributor will have the right to request the Auditors to provide an Audit Report as at such date and in respect of such period as the Distributor reasonably specifies ("**Interim Audit Report**") and the Retailer will cooperate with the Distributor and the Auditors to facilitate a timely inspection.

19.5 Annual or Interim Audit Report for non-compliance: If either the Annual Audit Report or an Interim Audit Report states that the Retailer has not met the requirements set out in clause 19.1(b), then the Retailer will:

(a) as soon as possible agree with the Auditor the remedial action to be taken and take such steps (including providing the Auditor with access to the books of account, records and systems of the Retailer following the remedial action being taken) as are necessary to ensure that the Auditors are able to deliver, and procure that the Auditors deliver, an Interim Audit Report to the Distributor stating that the Retailer is complying in all material respects with the terms of this agreement; and

(b) bear the costs of the Auditors incurred in relation to clause 19.4 and this clause 19.5.

19.6 Interim Audit Report of compliance: If an Interim Audit Report states that the Retailer has complied in all material respects with the terms of this agreement during the relevant period then the Distributor will bear the costs of the Auditors incurred in relation to clause 19.4.

19.7 Frequency of Interim Audit Reports: If the Auditors have delivered to the Distributor an Annual Audit Report or an Interim Audit Report which states that the Retailer has met the requirements set out in clause 19.1(b), whether under clause 19.3(a), 19.4 or 19.5 then the Distributor will not be entitled to request that the Auditors produce an Interim Audit Report within 60 Working Days of the date as at which that report is prepared.

Audit Option B

19.8 **Distributor right to audit:** The Retailer will permit the Distributor and/or its agent access to the Retailer's books of account, records and systems and such assistance as is reasonably necessary to enable the Distributor or its agent to provide an Audit Report as at such date and in respect of such period as the Distributor reasonably specifies ("Distributor's Audit Report"). The Retailer will cooperate with the Distributor and/or the Distributor's agent to facilitate a timely inspection.

19.9 **Distributor's Audit Report of non-compliance:** If a Distributor's Audit Report states that the Retailer has not met the requirements set out in clause 19.1(b), then the Retailer will:

(a) as soon as possible agree with the Distributor or its agent the remedial action to be taken and take such steps (including providing the Distributor or its agent with access to the books of account, records and systems of the Retailer following the remedial action being taken) as are necessary to ensure that the Distributor or its agent is able to produce a Distributor's Audit Report stating that the Retailer has met the requirements set out in clause 19.1(b); and

(b) bear the reasonable costs of the Distributor and/or its agent incurred in relation to clause 19.8 and this clause 19.9.

19.10 **Frequency of Distributor's Audit Reports:** If the Distributor has received a Distributor's Audit Report which states that the Retailer has met the requirements set out in clause 19.1(b) under clause 19.9(b) then the Distributor will not be entitled to request that the Retailer assist or provide access for the production of a Distributor's Audit Report within 60 Working Days of the date as at which that report was prepared.

~~19.20.~~ **MISCELLANEOUS**

~~19.1~~20.1 **No Waiver:** Unless a party has signed an express written waiver of a right under this agreement, no delay or failure to exercise a right under this agreement prevents the exercise of that or any other right on that or any other occasion. A written waiver applies only to the right and to the occasion specified by it.

~~19.2~~20.2 **Entire agreement:** This agreement records the entire agreement, and prevails over any earlier agreement~~7~~ concerning its subject.

~~19.3~~20.3 **No assignment:** Neither party may assign any benefit or burden under or in relation to this agreement without the prior written consent of the other party, such consent not to be unreasonably delayed or withheld. For the purposes of this clause, unless a party is listed on the New Zealand Stock Exchange, a direct or indirect change in effective control of a party will be deemed to be an assignment.

20.4 **Severance:** Any unlawful provision in this agreement will be severed, and the remaining provisions enforceable, but only if the severance does not materially affect the purpose of, or frustrate, this agreement.

20.5 **Extension of indemnities:** The indemnities provided under this agreement in favour of a party will be construed as also applying to the directors, officers, employees, agents, representatives and advisers of that party and are intended to be capable of enforcement by such persons in accordance with the Contracts (Privity) Act 1982.

~~20.21.~~ **INTERPRETATION**

~~20.1~~21.1 **Interpretation:** Unless the context otherwise requires or specifically otherwise stated:

- (a) headings are to be ignored;
- (b) "including" and similar words do not imply any limitation;
- (c) references to any form of law is to New Zealand law, including as amended or re-enacted;
- (d) if a party comprises more than one person, each of those person's liabilities are joint and several;
- (e) references to a party or a person includes any form of entity and their respective successors, assigns and representatives;
- (f) every right, power and remedy of a party remains unrestricted and may be exercised without prejudice to each other at anytime;
- (g) all amounts payable under this agreement are in NZ\$ and exclude GST, but if GST is payable on any amount it will be added to that amount and will be payable at the time the amount itself is payable, and include every other tax and duty unless otherwise stated;
- (h) New Zealand time and dates apply;
- (i) any word or expression cognate with a definition in this agreement has a meaning corresponding or construed to the definition;
- (j) references to sections, clauses, schedules, annexes or other identifiers are to those in this agreement unless otherwise identified;
- (k) references to a document or agreement include it as varied, novated or replaced; and
- (l) each schedule and any other attachment is part of this agreement.

~~20.2~~21.2 **Definitions:** In this agreement, unless the context otherwise requires:

"Act" means the Electricity Industry Act 2010;

"Additional Security" has the meaning given in clause 8.7;

"Additional Services" means the additional services that the Distributor or the Retailer will provide to the other as described in schedule 98 (if any);

"Annual Audit Report" has the meaning given in clause 19.3(a);

"Assessment Method" means any method of assessment of the electricity consumption and, if applicable, demand, in relation to a particular ICP as may be agreed in writing between the parties from time to time;

"Audit Option A" has the meaning given in clause 19.2;

"Audit Option B" has the meaning given in clause 19.2;

"Audit Report" has the meaning given in clause 19.1;

"Bank" has the meaning given in clause 8.24;

"Billing Services" means the Services described in schedule 6;

"Billing Period" means, in respect of each Point of Connection or group of Points of Connection, the period agreed between the Distributor and the Retailer at which invoices are to be sent in respect of that Point of Connection or group of Points of Connection, and failing such agreement, means a period of one month;

"Cash Deposit" has the meaning given in clause 8.1(b)(i);

~~"Channel" means a code that operates the Load Control Equipment;~~

"Claim" has the meaning given in clause 17.11(d);

"Code" means the Electricity Industry Participation Code 2010 made under the Act;

"Commencement Date" means the date specified as such on the execution page of this agreement;

"Confidential Information" means all data and other information of a confidential nature provided by one party to the other under the terms of this agreement or otherwise that is identified by the party providing the information as being confidential or should ~~reasonable~~ reasonably be expected by the other party to be confidential, ~~including all information supplied in accordance with clause 4,~~ but excludes:

- (a) information known to the recipient prior to the date it was provided to it by the first party and not obtained directly or indirectly from the first party;
- (b) information obtained bona fide from another person who is in lawful possession of the information and did not acquire the information directly or indirectly from the first party under an obligation of confidence;
- (c) data supplied in accordance with clause 5; and
- (d) the existence and terms of this agreement, except schedule ~~8~~ 7;

"Consumer" means a person who purchases electricity from the Retailer that is delivered via the Network;

"Connected Customer's Installation" includes an Electrical Installation and Distributed Generation;

"Connected Customer" means a person who purchases Distribution Services from the Distributor;

"Connected Premises" means the land and buildings owned or occupied by a Connected Customer and/or a Consumer, and any land over which the Connected Customer and/or the Consumer has an easement or right to pass electricity including:

- (a) the land within the boundary where the electricity is consumed;
- (b) the whole of the property, if the property is occupied wholly or partially by tenants or licensees of the owner or occupier; and
- (c) the whole of the property that has been subdivided under the Unit Titles Act 1972;

"Connection Contract" means a contract under which Distributed Generation is connected to the Network entered into by the Distributor and a Distributed Generator in accordance with Part 6 of the Code, and, for the purposes of this Agreement, the Distributor and a Distributed Generator are deemed to have entered into a Connection Contract if the regulated terms in Part 6 of the Code apply;

"Controlled Load Tariff Rate" has the meaning given in clause 4.1;

"Credit Note" has the meaning given to that term in the GST Act;

~~**"Data Collection Services"** means data collection services provided by one party to the other in accordance with schedule 7;~~

"Debit Note" has the meaning given to that term in the GST Act;

"Decommission" means the decommissioning of an ICP in accordance with Part 11 of the Code so that the ICP is permanently disconnected from the Network, and the Registry status has been altered to "decommissioned" (but excludes a Vacant Site Disconnection);

"De-energise" means the process of removing a fuse or link or the opening of a switch to prevent further transportation of electricity to or from an ICP;

"Default Interest" means interest on the amount payable at the Default Interest Rate from the due date for payment until the date of payment of that amount to the relevant party accruing on a daily basis and compounding monthly;

"Default Interest Rate" means the Interest Rate plus [5]%;

"Defaulting Party" has the meaning given in clause 11.1;

"Direct Damage" has the meaning given to it in clause 17.2;

"Dispute" has the meaning given to it in clause 16.1;

"Dispute Resolution Scheme" means the Electricity and Gas Complaints Commission, or such other dispute resolution scheme approved or provided for in accordance with section 95 of the Act;

"Disputing Party" has the meaning given in clause 7.7;

"Distribution Services" means the line function services provided by the Distributor to a Connected Customer as set out in the Distributor's Agreement with the Connected Customer;

"Distributor" means the party identified as such in this agreement;

"Distributor's Agreement" means the agreement for the provision of Distribution Services between the Distributor and a Connected Customer;

"Distributor's Audit Report" has the meaning given in clause 19.8;

~~**"Distributor's Charges"** has the meaning given to it in clause 6.1.1 of schedule 6.~~

"Distributor's Equipment" means the Fittings and Metering Equipment owned by the Distributor, the Distributor's agent or any other third party with whom the Distributor has contracted with for the use by the Distributor of the party's Fittings or Metering Equipment that are from time to time installed in, over or on Connected Premises;

"Distributed Generation" means equipment used, or proposed to be used, for generating electricity that is:

- (a) connected, or proposed to be connected, to the Network, or to a Connected Customer's Installation; and
- (b) in addition to supplying electricity to the Consumer, may also be used for injecting electricity into the Network for supply to another person;

"Distributed Generator" means a person who owns or operates Distributed Generation;

"Distributor Warranties" has the meaning given in clause 17.13(a);

"EIEP" means ~~an~~ ^{the}

an electricity information exchange protocol approved by the Electricity Authority and published on the Electricity Authority's website <http://www.ea.govt.nz> listed in schedule 2; ~~or~~

~~(c) an electricity information exchange protocol that is additional to those published on the Electricity Authority's website, agreed by the parties and recorded in schedule 2;~~

"Electrical Installation" means:

- (a) all Fittings that form part of a system for conveying electricity at any point from the Connected Customer's Point of Connection to any point from which electricity conveyed through that system may be consumed; and
- (b) includes any Fittings that are used, or designed or intended for use, by any person, in or in connection with the generation of electricity for that person's use and not for supply to any other person; but
- (c) does not include any appliance that uses, or is designed or intended to use, electricity, whether or not it also uses, or is designed or intended to use, any other form of energy;

"Electricity Authority" has the meaning given to it in section 5 of the Act;

"Electricity Supply Agreement" means an agreement between the Retailer and a Consumer for the sale of electricity only;

"Energise" means the process of adding a fuse or link or the closing of a switch to allow transportation of electricity to or from an ICP;

"Entrant" has the meaning given in clause 4.4;

"Event of Default" has the meaning ~~given to it~~ ^{described} in clause 11.3(a);

"Failure" has the meaning given in clause 17.11(a)(i);

"First Party" has the meaning given in clause 9.8 ~~or~~ 17.5, ^{as the case may be};

"Fitting" means everything used, designed or intended for use, in or in connection with the generation, conversion, transformation, conveyance, or use of electricity;

"Force Majeure Event" has the meaning set out in clause 14.1;

"Generator" means any person that has assets that have the capability to generate electricity, including a Distributed Generator;

"Good Electricity Industry Practice" means:

(a) in the case of the Distributor, the exercise of that degree of skill, diligence, prudence, foresight and economic management that would reasonably be expected from a skilled and experienced electricity network owner engaged in New Zealand in the distribution of electricity under conditions comparable to those applicable to the Network consistent with applicable law, safety and environmental protection. The determination of comparable conditions is to take into account factors such as the relative size, duty, age and technological status of the Network and the applicable law; and

~~(a)(b) in the case of the Retailer, the exercise of that degree of skill, diligence, prudence, foresight and economic management that would reasonably be expected from a skilled and experienced electricity retailer engaged in New Zealand in the same type of undertaking under comparable conditions consistent with applicable law, safety and environmental protection; –the exercise of that degree of skill, diligence, prudence and foresight that would reasonably be expected from a skilled, diligent and experienced operator engaged in New Zealand in the same type of undertaking under the same or similar circumstances, but subject to the terms of this agreement;~~

"Grid" means the nationwide system of transmission lines, substations and other works including the HVDC (High Voltage Direct Current) link owned by Transpower and used to interconnect all grid injection points and grid exit points to transport electricity throughout New Zealand;

"GST" means goods and services tax payable under the GST Act;

"GST Act" means the Goods and Services Tax Act 1985;

"ICP" means an installation control point being one of the following:

- (a) a Point of Connection at which a Connected Customer's Installation is connected to the Network;
- (b) a Point of Connection between the Network and an embedded network;
- (c) a Point of Connection between the Network and shared unmetered load;

"Incumbent" has the meaning given in clause 4.4;

"Indemnified Party" has the meaning given in clause 17.17;

"Indemnifying Party" has the meaning given in clause 17.17;

"Insolvency Event" means a party:

- (a) has had a receiver, administrator or statutory manager appointed to or in respect of the whole or any substantial part of its undertaking, property or assets; or
- (b) is deemed or presumed (in accordance with law) to be unable to pay its debts as they fall due, becomes or is deemed (in accordance with law) to be insolvent, or is in fact unable to pay its debts as they fall due, or proposes or makes a compromise, or an arrangement or composition with or for the benefit of its creditors or fails to comply with a statutory demand under section 289 of the Companies Act 1993; or

- (c) is removed from the register of companies (otherwise than as a consequence of an amalgamation) or an effective resolution is passed for its liquidation;

"Interest Rate" means, on any given day, the rate (expressed as a percentage per annum and rounded up to the nearest fourth decimal place) displayed on the Reuter's screen page BKBM (or its successor page) at or about 10.45 am on that day, as the bid rate for three month bank accepted bills of exchange or, if no such rate is displayed or that page is not available, the average (expressed as a percentage per annum and rounded up to the nearest fourth decimal place) of the bid rates for three-month bank accepted bills of exchange quoted at or about 10.45 am on that day by each of the entities listed on that Reuter's screen page when the rate was last displayed or, as the case may be, that page was last available;

"Interim Audit Report" has the meaning given in clause 19.4;

~~**"Invoice"** means an invoice notifying an obligation to make payment that complies with the GST Act;~~

"Invoice Dispute" has the meaning given in clause 7.7;

"Line Debts" means, in relation to a period, the aggregate amount due to the Distributor under Distributor's Agreements represented by invoices sent to Consumers during that period;

"Line Network Portion" in respect of any debt due by a Consumer, or amount received from a Consumer, means the portion of that debt or amount which represents the amount due to the Distributor. If a Consumer pays greater or less than the whole debt due from that Consumer, then the Line Network Portion of the amount actually paid by the Consumer will be deemed to be an amount which bears to the amount actually paid by the Consumer the same proportion as the amount due to the Distributor bears to the total amount due by the Consumer;

"Load Control Equipment" means the equipment (which may include, but is not limited to, ripple receivers and relays) that is from time to time installed in, over, or on Connected Premises for the purpose of receiving signals sent by Load Signalling Equipment and switching on and off, or otherwise controlling, controllable load;

"Load Control System" means a control and communications system for controlling parts of a Connected Customer's or Consumer's load and consisting of Load Signalling Equipment and Load Control Equipment;

"Load Management Service" means providing a signal for the purpose of reducing or interrupting delivery of electricity to all or part of Connected Premises, including, as an example, but without limitation, delivery to a water heater, on a basis agreed between the Distributor and the Retailer;

"Load Signalling Equipment" means the equipment (which may include, but is not limited to, ripple injection plant) installed for the purpose of sending control signals to Load Control Equipment;

"Load Shedding" means the act of deliberately reducing or interrupting the delivery of electricity to one or more ICPs;

"Losses" means, for a particular period, the difference between the sum of all electricity injected into a network and the sum of all electricity measured or estimated as having exited that network;

"Loss Category" means the code in the Registry, and in the schedule of Loss Category codes and Loss Factors published by the Distributor, which enables retailers

to identify the Loss Factor(s) applicable to an ICP on the Network at any point in time;

"Loss Factor" means the scaling factor, applied by the reconciliation manager to volumes of electricity measured or estimated in respect of ICPs on the Distributor's Network, in order to reflect the impact of the ICP on Losses within the Distributor's Network;

"Loss Factor Guidelines" means the guidelines relating to the calculation and use of Loss Factors for reconciliation purposes issued by the Electricity Authority and updated from time to time;

"Metering Equipment" means any apparatus for the purpose of measuring and recording the quantity of electricity transported through an ICP along with [any](#) associated communication facilities to enable the transfer of metering information;

"Network" means the Distributor's lines, substations and associated equipment used to convey electricity [in the Auckland Central, Manukau and Waiheke Island districts in Auckland](#), between:

- (a) two NSPs; or
- (b) an NSP and an ICP;

"Network Supply Point" or **"NSP"** means a point of connection between:

- (a) the Network and the Grid;
- (b) the Network and another distribution network;
- (c) the Network and an embedded network; or
- (d) the Network and Distributed Generation;

["Non-disputing Party" has the meaning given in clause 7.7;](#)

["Payment A" has the meaning given in clause 17.11\(c\)\(i\);](#)

"Planned Service Interruption" means a Service Interruption that has been scheduled to occur in accordance with the relevant provisions of schedule 3;

"Point of Connection" means the point at which electricity may flow into or out of the Network, [as described in the point of supply diagrams issued by the Distributor from time to time](#);

~~**"Prepaid Metering"** has the meaning given to it in clause of schedule 6;~~

["Property" has the meaning given in clause 11.14\(a\);](#)

"Re-energise" means to Energise an ICP after it has been De-energised;

["Receivership Option A" has the meaning given in clause 11.7;](#)

["Receivership Option B" has the meaning given in clause 11.7;](#)

"Registry" means the central database of ICP information maintained in accordance with the Code to assist switching and reconciliation;

["Remedy Cost" has the meaning given in clause 17.11\(a\)\(v\);](#)

"Reporter" has the meaning given in clause 19.1;

"Representation Letter" has the meaning given in clause 6.1.1 of schedule 6;

"Requesting Party" has the meaning given in clause S4.4 on schedule 4;

~~**"Required Report"** has the meaning given to that term in clause of schedule 6;~~

"Retailer" means the party identified as such in this agreement;

~~**"Retailer's Equipment"** means the Fittings and/or Metering Equipment owned by the Retailer, the Retailer's agent or any other third party with whom the Retailer has contracted with for the use by the Retailer of such third party's Fittings or Metering Equipment, which are from time to time installed in, over or on Connected Premises;~~

"Rulings Panel" means the Rulings Panel continued by the Act;

"Serious Financial Breach" means:

- (a) a failure by the Retailer to pay an amount due and owing that exceeds the ~~greater~~ lesser of \$100,000, or 20% of the actual charges payable by the Retailer for the previous month, and such amount is not genuinely disputed by the Retailer in accordance with clause 7.7~~7.5~~; or
- (b) a material breach by the Retailer ~~of clause S6.6~~ of schedule 6;

"Service Interruption" means, in relation to the supply of electricity to an ICP the cessation of supply to that ICP for a period exceeding the time allowed for interruptions in the relevant Service Standard, other than in accordance with this agreement;

"Service Standards" means the set of standards that the Services will meet that are set out in schedule 1;

"Services" means any services provided by the Distributor to the Retailer or the Retailer to the Distributor in accordance with this agreement;

"Sole Provider Services" has the meaning given in clause 3.1;

"System Operator" means the person who is the system operator under the Act;

"System Security" means the secure state of the Grid achieved when the System Operator acts in accordance with its principal performance obligations in relation to common quality and dispatch that are set out in Part 7 of the Code;

"Tariff Rate" means a tariff rate selected by the Distributor from its schedule of prices for Distribution Services, which determines the line charges that apply to an ICP;

"Tax Invoice" has the meaning given in the GST Act;

"Temporary Disconnection" means an ICP is De-energised but there is no change to the status of the ICP in the Registry;

"Third Party Claim" has the meaning given in clause 17.17;

"Transmission Provider" means a person who provides the Distributor with services relating to injection or off-take of electricity into or out of a Network Supply Point;

"Trust Account" has the meaning given in clause 8.24(b);

"Trust Account Rules" means the rules relating to the establishment and operation of a trust account established and operated by the Distributor in accordance with clause 6.6.1(b) of schedule 6;

"Unmetered Load" means electricity consumed on the Network that is not directly recorded using Metering Equipment, but is calculated or estimated in accordance with the Code;

"Unplanned Service Interruption" means any Service Interruption where events or circumstances prevent the timely communication of prior warning or notice to the Retailer or any affected Consumer, as anticipated in schedule 5 that relate to Unplanned Service Interruptions;

"Use of Money Adjustment" means an amount payable at the Interest Rate plus 2% from the due date of the original Invoice to the date of settlement of the wash-up amount accruing on a daily basis and compounded at the end of every month;

"Vacant Site Disconnection" means the De-energisation of the ICP at Connected Premises that has become vacant and the Retailer has changed the status in the Registry to "Inactive";

"Variable Provisions" means the provisions contained in the schedules except those provisions in schedule 6 and schedule 8;

"Warranted" means qualified to the Distributor's reasonable standards and authorised by the Distributor to carry out the particular work on or in relation to the Network;

"Warranted Person" means a person who is Warranted or who is employed by a person who is Warranted; ~~and~~

"Working Day" means every day except Saturdays, Sundays and days that are statutory holidays in the city specified for each party's street address on the execution page at the beginning of this agreement; and

"Year" has the meaning given in clause 17.8(b).

SCHEDULE 1 – SERVICE STANDARDS

Practice note: The following are samples of Service Standards only. While participants are encouraged to define Service Standards in a way that is relevant to their circumstances, these Service Standards are not mandatory and can be negotiated by the parties to suit their particular circumstances. Service performance reporting should be undertaken by the responsible party at the time specified.

S1.1 In accordance with clause 2.1(b), the Distributor and the Retailer will meet the Service Standards outlined in this schedule.

S1.2 If either party becomes aware of or suspects a breach of the Service Standards by the other party, the party will give the other party notice of the reasons why it suspects that there has been a breach.

S1.3 The parties acknowledge that notwithstanding any other provision of this agreement, the column "Service Guarantee" (if any) in the following table of Service Standards sets out the sole remedy (if any) of the Retailer in respect of the Distributor's failure to meet the relevant Service Standard. Any failure of the Distributor to meet the Service Standards does not constitute a breach of this agreement, including clause 2.1(b). Service Standards do not apply during a Force Majeure Event, except for any Service Standards relating to communication between the Distributor and the Retailer (which apply to the extent that the Force Majeure Event itself does not prevent the Distributor from meeting such Service Standards).

~~S1.2~~S1.4 The parties will review annually the Distributor's performance in relation to the Service Standards with a view to determining whether there are any particular Service Standards which would benefit from the Distributor seeking to achieve a greater level of monitoring and performance in the following 12 month period. The Retailer acknowledges that any Service Guarantees set out therein are provided at the Distributor's discretion and may be revised by the Distributor from time to time.

SERVICE	SERVICE STANDARDS
LOAD-MANAGEMENT SERVICES	
Provision of Load Management Services and/or Load Signalling Equipment	The party providing Load Management Services will provide those services and maintain its Load Signalling Equipment in accordance with schedule 5.
Provision of Load Control Equipment	The party providing Load Control Equipment will maintain its Load Control Equipment in accordance with schedule 5.
COMMUNICATION SERVICES	
Unplanned Service Interruption communication services	The Distributor will provide Unplanned Service Interruption communication services in accordance with schedule 3.
Notification of Planned Service Interruption services	The Distributor will provide Planned Service Interruption communication services in accordance with schedule 3.
Information request services	Each party will consider all reasonable requests for information from the other party (if the request is stated to be a request made under schedule 1 of this agreement) and within [5] Working Days after the request, respond to the request, or, if the request

	cannot be responded to within [5] Working Days, the party will provide an explanation and/or a new timeframe.
Connected Customer and Consumer Information services	If Connected Customer or Consumer information relevant to the other party changes, the party aware of the change will notify the other party within [5] Working Days after it becomes aware of the change using the appropriate EIEP (if any).
BILLING SERVICES	
Consumption information	The Retailer will provide to the Distributor information in respect of Invoices for Distribution Services issued by the Retailer to its Consumers in the previous month, within [7] Working Days of the end of the month. The format and content of the Invoice will comply with the relevant EIEP (if any).
DISCONNECTION AND RECONNECTION SERVICES	
DATA COLLECTION SERVICES	

SCHEDULE 2 – ELECTRICITY INFORMATION EXCHANGE PROTOCOLS

S2.1 The table below lists the EIEPs published on the Electricity Authority website as at the date of signing this agreement.

S2.2 These EIEPs, which may be amended or added from time to time by agreement between the Distributor and the Retailer, specify recommended formats for the exchange of information between ~~D~~distributors and ~~R~~retailers.

S2.3 Unless this agreement or the Code require the parties to comply with one or more EIEPs when exchanging information, the Distributor and Retailer agree that they will use reasonable endeavours to comply with any relevant EIEPs listed below when exchanging information, provided that the frequency at which and method by which the parties will exchange information is such that compliance with the EIEP is cost-effective for both parties.

[Note to Retailers: The EIEPs are currently under consultation and therefore subject to change. A lead-in time would need to be built into this agreement for implementation of any amended or new EIEPs.]

Protocol Reference	From/To R means Retailer D means Distributor	Description
EIEP1	R → D and D → R	Detail Consumption Information As Billed Incremental Normalised Replacement Normalised
EIEP2	R → D and D → R	Aggregate Consumption Information Reconciled (for GXP-based charging)
EIEP3	R → D	Half Hour Metering Information
EIEP4	R → D	Customer Information
EIEP5A	D → R	Planned Service Interruptions singular multiple
EIEP5B	D → R	Unplanned Service Interruptions
EIEP6A	R → D and D → R	Fault Initiation file: Initiation Status Update and Closure
EIEP6B	R → D and D → R	Faults and service Request Initiation: Initiation Status Update and Closure
EIEP7	R → D	General Installation Status Change
EIEP8	R → D and D → R	Notification of Network Tariff Rate and Tariff Change

EIEP9	$R \rightarrow D$ and $D \rightarrow R$	Customer Location Address Change Notification
EIEP11	$R \rightarrow D$ and $D \rightarrow R$	New Connections Request for a new ICP Provision of a new ICP Change of ICP information Provision of metering information by either party
EIEP12	$D \rightarrow R$	Detailed Pricing Information Notification of Pricing changes

S2.4 The following EIEPs have also been agreed between the Distributor and Retailer:

Practice note: insert the details of any EIEPs agreed in addition to the EIEPs published on the Electricity Authority's website.

Consumer information

<u>Title:</u>	<u>Consumer information (Incremental changes)</u>
<u>Application:</u>	<u>This protocol applies to all traders to provide specific Consumer information to distributors.</u>
<u>Participants:</u>	<u>Trader/Distributor</u>
<u>Code references:</u>	
<u>Dependencies:</u>	<u>The use of system agreement between the distributor and the trader may also set out requirements relating to the information that must be provided in this file that the distributor or the trader must comply with.</u>

Description of when this protocol applies:

This protocol is used by traders to provide distributors with an incremental change of the trader's customer base at a specific point in time for the purposes as agreed between traders and distributors. Distributors will use this information to verify or update their records.

Business requirements:

1. The distributor and each trader must agree on the file transport mechanism by which the trader or distributor will provide information and the destination address. Whatever method is agreed must be in an approved format as published by the Authority
2. This protocol will be used in the timeframes as and when agreed between parties.
3. Where codes are stipulated these must be the EA approved published codes or those determined in the registry and reconciliation functional specifications.
4. Information provided in the file will be consistent with the terminology used in the Glossary of Standard Terms published by the Authority.
5. For address information the postal address is to be populated with the billing address including PO Box numbers and RD numbers). If the Trader uses the physical installation address as the billing address, then this is to be populated to the postal address fields.
6. When an international address is required the zip codes is to be applied in the post address post code field.
7. If either the trader or distributor becomes aware of an error in the file, that party must advise the other party as soon as practical after becoming aware of the error. For all errors that may occur in the file for any reason, the receiver has the choice to request a partial or full replacement file unless otherwise agreed by those parties.
8. If no agreement can be reached for the correction of the error a full replacement file is required.
9. Recipient of EIEP4 files should be prepared to receive 'I' (initial), 'R' (complete replacement) and 'X' (partial replacement) files.

Data Inputs:

(a)

<u>Event data</u>	<u>Format</u>	<u>Trader to Distributor: Mandatory/ optional</u>		<u>Validation Rules</u>
<u>Header record type</u>	<u>Char 3</u>	<u>M</u>		HDR – indicates the row is a header record type
<u>File type</u>	<u>Char 7</u>	<u>M</u>		Customer Information Listing - CUSIN
<u>Sender Participant identifier</u>	<u>Char 4</u>	<u>M</u>		Valid sender participant identifier
<u>Sent on behalf of</u>	<u>Char 4</u>	<u>M/O</u>		Party code of party on whose behalf consumption data is provided.
<u>Recipient Participant identifier</u>	<u>Char 4</u>	<u>M</u>		Valid recipient participant identifier
<u>Report run date</u>	<u>DD/MM/YYYY</u>	<u>M</u>		Date the report is run
<u>Report run time</u>	<u>HH:MM:SS</u>	<u>M</u>		Time the report is run
<u>Unique File identifier</u>	<u>Char 15</u>	<u>M</u>		Number that uniquely identifies the file
<u>Number of detail records</u>	<u>NUM 8</u>	<u>M</u>		Total number of DET records in report
<u>Report period start date</u>	<u>DD/MM/YYYY</u>	<u>M</u>		Report run start date (inclusive)
<u>Report period end date</u>	<u>DD/MM/YYYY</u>	<u>M</u>		Report run end date (inclusive)
<u>Utility type</u>	<u>Char 1</u>	<u>M</u>		G (Gas) or E (Electricity)
<u>File status</u>	<u>Char 1</u>	<u>M</u>		I (Initial) or R (Replacement) or X (replace only those ICPs contained in this replacement file)

<u>Event data</u>	<u>Format</u>	<u>Trader to Distributor: Mandatory/ optional</u>		<u>Validation Rules</u>
<u>Detail record type</u>	<u>Char 3</u>	<u>M</u>		DET – indicates the row is a detail record.

ICP identifier	Char 15	M		ICP identifier means a unique identifier for an ICP created by a distributor.
Customer name	Char 50	O/M		Legal name or the name of the customer. To Be Concatenated into one field
Physical address Unit	Char 20	O/M		Sub dwelling number; Level of sub dwelling
Physical Address Number	Char 25	O/M		RAPID Number, Street Number, Dairy Number; issued by government agency or local government authority that identifies a point or location on a street.
Physical address street	Char 30	O/M		Official road name issued by government agency or local government authority.
Physical address suburb	Char 30	O/M		A bounded locality within a city, town or shire principally of urban character and usually with a focus of a shopping centre, schools or transport facility.
Physical address town	Char 30	O/M		An officially recognised and named population centre, defined within a geographic boundary.
Physical Address Region	Char 20	O/M		The regions are based on phone book areas that are generally known by callers. (ref registry functional specs for list)
Physical Address Post Code	Char 30	O/M		The post code assigned by NZ post (zip code if outside NZ).
Physical address property Name	Char 75	O/M		Name given to the property or building by the owner or party with legal naming rights.
Phone Number Home	Char 15	O/M		Home Phone Number
Phone Number Work	Char 15	O/M		Number person can be contacted at during business hours.
Phone Number Mobile	Char 15	O/M		Cell phone number
Fax number	Char 15	O/M		Fax number
Email address	Char 50	O/M		Email address
Postal free form	Char 30	O/M		All postal fields can be Null. But are mandatory if available

<u>Postal address unit</u>	<u>Char 4</u>	<u>O/M</u>		<u>Sub dwelling number; Level of sub dwelling</u>
<u>Postal address num</u>	<u>Char 6</u>	<u>O/M</u>		<u>Number issued by government agency or local government authority that identifies a point or location on a street for postal purposes.</u>
<u>Postal address street</u>	<u>Char 30</u>	<u>O/M</u>		<u>Official road name issued by government agency or local government authority.</u>
<u>Postal Box/RD</u>	<u>Char 30</u>	<u>O/M</u>		<u>Number assigned a postal delivery box or rural delivery number.</u>
<u>Postal address suburb</u>	<u>Char 30</u>	<u>O/M</u>		<u>A bounded locality within a city, town or shire principally of urban character.</u>
<u>Postal address town</u>	<u>Char 30</u>	<u>O/M</u>		<u>An officially recognised and named population centre, defined within a geographic boundary.</u>
<u>Postal address postcode</u>	<u>Char 30</u>	<u>O/M</u>		<u>The post code assigned by NZ post (zip code if outside NZ).</u>
<u>Postal address country</u>	<u>Char 30</u>	<u>O/M</u>		<u>The country for postal information</u>
<u>Event date</u>	<u>DD/MM/YYYY</u>	<u>M</u>		<u>In relation to an ICP, means the date on which an arrangement between a customer and a trader for the supply of electricity at the ICP comes into effect</u>
<u>ANZSIC code</u>	<u>Char 12</u>	<u>M</u>		<u>As per published table of codes.</u>
<u>Disconnection restriction</u>	<u>Char 3</u>	<u>O/M</u>		<u>"Y" for YES or "N" for No for confirmed Medically Dependent customers or other critical disconnection restrictions.</u>
<u>Customer no.</u>	<u>Num 15</u>	<u>O/M</u>		<u>Retailer's customer number. (the identifier that the retailer assigns to the customer which remains the same across all the connections for the customer)</u>
<u>Consumer no</u>	<u>Num 15</u>	<u>O/M</u>		<u>Retailer's consumer number Defined as the retailer's unique ID that links the premises and the customer. If not available then use null.</u>
<u>Customer title</u>	<u>Char 20</u>	<u>O/M</u>		<u>Separated customer title details</u>

<u>Surname</u>	<u>Char 50</u>	<u>O/M</u>		<u>Separated customer surname details (populate with separated company name(s) if customer includes a company)</u>
<u>First name</u>	<u>Char 50</u>	<u>O/M</u>		<u>Separated customer first name details</u>

Protocol specifications:

1. The information is to be provided as a comma delimited text file. Commas are therefore prohibited within fields.
2. Matching of file names, code list values, etc, are to be case insensitive.
3. Each data file will contain one header or any number of detail records.
4. The first record of a file contains 'Header' information followed by zero or more detail lines.
5. The following file naming convention is to be used with this file:
6. Sender + Utility Type + Recipient + File Type + Report Month + Report Run Date + UniqueID# (e.g. hhmm run time, or ICP but limited to Char(60)) with an extension of .TXT and with the components concatenated using the underscore character, to assist readability.
e.g. TRUS E UNET CUSIN 200007 20000802 1232.TXT
[Char4 Char1 Char4 Char7 yyyyymm yyyyymmdd UniqueID.TXT]

Data outputs:

SCHEDULE 3 – SERVICE INTERRUPTION COMMUNICATION POLICIES

Unplanned Service Interruptions

Practice note: This schedule has been drafted assuming the Distributor is responsible for handling Unplanned Service Interruption calls from affected Connected Customers and Consumers, as would be expected under a conveyance approach. Best practice requires that both the Distributor and Retailer work together to manage calls from parties affected by Unplanned Service Interruptions, as service calls may be received by either party's call centre. Accordingly, provision is made for the Distributor to provide information to the Retailer to enable them to intelligently and helpfully respond to calls they may receive from Consumers. The parties may fine-tune these policies to suit local needs.

S3.1 The Distributor will, as soon as reasonably practicable but no later than the periods specified below after first becoming aware of an Unplanned Service Interruption and that Unplanned Service Interruption is affecting ~~{20}~~ or more ~~ICPs~~Consumers, communicate to the Retailer by ~~electronic file transfer in accordance with the relevant EIEP (where practicable and agreed), otherwise by email which includes~~providing relevant information that enables the Retailer to respond intelligently to calls from affected Consumers, in a manner reasonably determined by the Distributor from time to time. Such information should include a description of the reason for the interruption (if known), the general area affected, and estimated time for restoration (if known).

(a) Manned control room hours – ~~10-20~~ minutes

(b) On call control room hours – 40 minutes

~~S3.2 The Distributor will, within 10 minutes of new information becoming available and at intervals of no longer than 60 minutes, or as reasonable in the circumstances until a firm restoration time has been advised, provide the Retailer with an update of the status of the Unplanned Service Interruption.~~

~~S3.3 If the expected restoration time is likely to be exceeded, the Distributor will inform the Retailer of the new expected restoration time at least 10 minutes before the expected restoration time elapses.~~

~~S3.4 The Distributor will supply the Retailer, within [10] minutes of a full or partial restoration of supply, details of the areas restored.~~

~~S3.5~~S3.2 The Distributor is responsible for receiving and managing Unplanned Service Interruption calls from Connected Customers and Consumers. The Retailer will, where it receives an Unplanned Service Interruption call from a Consumer,

Either:

[within 10 minutes of receiving information relating to a possible Unplanned Service Interruption, log the call with the Distributor ~~by electronic file transfer in accordance with the relevant EIEP~~in the manner reasonably requested by the Distributor from time to time. The Distributor will advise the Retailer if the Retailer should stop logging calls, in the manner reasonably determined by the Distributor from time to time.]

Or:

[transfer the call to the Distributor's call centre.]

~~S3.6~~ The following situations will trigger the Distributor's media communication process:

- ~~(a) a significant Unplanned Service Interruption that exceeds, or is expected to exceed, 30 minutes in duration, and that affects, (without limitation):~~
 - ~~(i) more than 1,000 ICPs;~~
 - ~~(ii) a central business district;~~
 - ~~(iii) an industrial area;~~
 - ~~(iv) supply to critical facilities such as hospitals, pumping stations, dairy farms; or~~
 - ~~(v) the Network to such an extent that a disaster recovery plan should be triggered by a severe storm or natural disaster;~~
- ~~(b) a Civil Defence emergency has been initiated (in such situation communication may be via Civil Defence Headquarters); or~~
- ~~(c) any other major event that has a material adverse effect on the delivery of Distribution Services.~~

Planned Service Interruptions

Practice note: This schedule had been drafted assuming the Distributor is responsible for notifying Planned Service Interruptions to affected Connected Customers and Consumers as would be expected under a conveyance approach. Best practice requires that both the Distributor and the Retailer work together to keep contact information up-to-date and ensure that medically dependent consumers are identified and considered in planning service interruptions. The parties should fine tune these policies to suit local needs.

~~S3.7~~S3.3 For all Planned Service Interruptions, the Distributor will notify affected those Connected Customers or, where information has been provided by the ~~Retailer~~ Distributor under clause 2.2(b) of this agreement~~4.2(a)~~, those Consumers, which its information systems indicate will be affected with a notice specifying the time and date of the Planned Service Interruption and the reason for the interruption at least 4 Working Days prior to the date on which the Planned Service Interruption is scheduled.

~~S3.8~~S3.4 The Distributor will provide the Retailer with notice of the Planned Service Interruption in ~~accordance with the relevant EIEP~~the manner reasonably determined by the Distributor from time to time at least ~~[4]~~ Working Days before the Planned Service Interruption is scheduled.

SCHEDULE 4 – CONNECTION POLICIES

Introduction

- S4.1 The Distributor and the Retailer recognise that the process of managing connections and disconnections of ICPs on the Network requires significant co-ordination between them.
- S4.2 This schedule sets out the processes that the Distributor and Retailer will follow in respect of:
- (a) new connections;
 - (b) capacity changes to existing connections;
 - (c) Temporary Disconnections and associated Reconnections;
 - (d) Vacant Site Disconnections and associated Reconnections;
 - (e) Decommissioning ICPs; and
 - (f) Unmetered Load.

Information content and transmission media

- S4.3 The clauses set out below focus on the responsibilities of each party and do not deal with the particular content of the information transferred between the parties or the media by which the information is transferred. The ~~parties agree that the~~ information content and transmission media will be ~~consistent with the relevant EIEP, or in the absence of a relevant EIEP or capability by either or both parties to use the relevant EIEP, as agreed between the parties~~ determined by the Distributor having regard to current practice and the capability of both parties to use the determined media.

Process for new connections or changes in capacity

- S4.4 The Distributor may receive applications from:
- (a) the owner of a premises not currently connected to the Network or the owner's agent (the "**Requesting Party**") for a new connection to be created; and
 - (b) a Connected Customer (the "**Requesting Party**") for an increase or decrease in the capacity of an existing connection.
- S4.5 The Distributor will undertake an impact assessment to determine whether the capacity required for the connection is already available or whether Network expansion is required. If Network expansion is required, or other works are required, the Distributor will advise the Requesting Party of the terms on which the Distributor will undertake the required works. If the application is declined the Distributor will provide the reasons why.
- S4.6 If the Distributor agrees to supply a new connection or change the capacity of an existing connection, and the Requesting Party agrees to the terms offered by the Distributor and advises the Distributor that the Retailer is its retailer (if not already

known), the Distributor will advise the Retailer within 2 Working Days of the ICP identifier, the NSP to which the ICP will be or is connected, the applicable Tariff Rate, and, if the ICP is a new ICP, that the ICP is ready to be electrically connected.

- S4.7 The Distributor ~~or the Retailer (if authorised by the Distributor)~~ will arrange for the ICP to be electrically connected (using a Warranted Person) once approval has been granted by the Distributor. The party electrically connecting the ICP will, unless otherwise agreed, notify the other party within 2 Working Days of the ICP being electrically connected.
- S4.8 ~~Both parties~~The Distributor will update the status of the ICP in the Registry throughout this process in accordance with the Code.

Timeframe for electrically connecting standard new connections

- S4.9 The timeframe for electrically connecting a standard new ICP connection (if all necessary equipment is in place, line upgrade or extensions are not required and other requirements are met), is within 2 Working Days after a request is made by the Retailer. The timeframe for electrically connecting all other ICP connections will be as agreed between the parties.

Temporary Disconnections and associated reconnections

~~Practice note: This section provides reciprocal arrangements whereby each party may carry out Temporary Disconnections in specified circumstances. While the parties will have already procured disconnection rights through their respective arrangements with Connected Customers or Consumers, these arrangements are provided here for the purposes of Distributor/Retailer co-ordination, since the activity of one party may impact the other and both parties should be aware of the ICP operations undertaken by the other.~~

~~Clause 11.2 provides that only Warranted Persons may undertake connection or disconnection work that requires access to any Distributor's Equipment (such as a pole or pillar fuse or isolation link). This does not preclude the Retailer undertaking a Temporary Disconnection using a method that does not involve access to the Network (e.g. using suitable AMI functionality, removing conductors from meter terminals and resealing the meter or locking open a suitable isolation device located within the Connected Premises).~~

- S4.10 The parties agree that a Temporary Disconnection of an ICP at which the Retailer supplies electricity may be carried out in the following circumstances:
- (a) by either party:
 - (i) in an emergency if it is necessary to avoid endangering persons or property;
 - (ii) for credit reasons;
 - (iii) if requested by the Connected Customer or the Consumer, for safety or other reasons; or
 - (iv) if the Connected Customer or the Consumer does not allow access of either party to the Connected Premises in accordance with the Distributor's Agreement of the Electricity Supply Agreement; or
 - (b) by the Distributor:

- (i) if there has been an occurrence, or there are circumstances, that may adversely affect the proper working of the Network or transmission system;
- (ii) if an Event of Default or Insolvency Event has occurred in relation to the Retailer;
- (iii) if the Connected Customer or the Consumer:
 - (A) interferes with the Distributor's Equipment;
 - (B) injects or attempts to inject energy into the Network without the Distributor's consent;
 - (C) conveys or receives or attempts to convey or receive any signal or other form of communication or any other thing (other than energy in accordance with an Electricity Supply Agreement and load control signals transmitted by, or with the written permission of, the Distributor) over the Network or causes or permits any other person to do so;
 - (D) has an Electrical Installation that does not comply with the Distributor's published network connection standards; or
 - (E) otherwise breaches the Distributor's Agreement with the Connected Customer; or
- (iv) on termination of this agreement.

S4.11 If the Retailer carries out a Temporary Disconnection requiring the operation of Network equipment or Distributor's Equipment or the removal of conductors from Network equipment or Distributor's Equipment, the Retailer will use a Warranted Person for that purpose.

S4.12 The party performing the Temporary Disconnection will, unless otherwise agreed, notify the other party within 2 Working Days of the Temporary Disconnection having been completed. To avoid doubt, the status of the ICP in the Registry is not to be changed for Temporary Disconnections.

S4.13 If an ICP is subject to a Temporary Disconnection and all conditions for reconnection have been satisfied, the party that undertook the Temporary Disconnection will reconnect the ICP as soon as reasonably practicable, and no longer than 3 Working Days after the final condition is satisfied.

Vacant Site Disconnections and associated reconnections

S4.14 The Retailer may undertake a Vacant Site Disconnection of an ICP if:

- (a) the Retailer is recorded as the retailer for the ICP in the Registry;
- (b) the ICP has an "active" status in the Registry; and
- (c) in respect of that ICP, no Electricity Supply Agreement exists with the Retailer,

and will undertake a Vacant Site Disconnection of an ICP without delay if the above criteria apply and the ICP has been inactive for more than one month.

- S4.15 The Retailer may reconnect an ICP that is subject to a Vacant Site Disconnection if it wishes to supply electricity to that ICP[, but only if the Distributor advises that it agrees to the Re-energisation]. If the ICP has not been electrically connected for more than 6 months, the Retailer will either request an inspection from the Distributor (if the Distributor provides that service), or advise the Consumer to procure its own safety inspection using a person authorised to certify mains work. A copy of the certificate issued following such an inspection will either be provided to the Distributor, or held by the Retailer at the Retailer's offices for the later inspection by the Distributor, before the ICP can be electrically connected.

~~Practice note: The above clause is written to ensure compliance with the requirements of Section 74(3) of the Electricity (Safety) Regulations 2010. It is based upon the presumption that the Distributor has an interest in the energisation status of the installation. If the Distributor has no interest, then the clause may be amended by omitting the part in square brackets.~~

- S4.16 The Retailer will ensure that Vacant Site Disconnections and associated reconnections are carried out by Warranted Persons and in accordance with the Distributor's reasonable operational work practices for managing vacant sites.
- S4.17 The Retailer may give the Distributor notice that the Distributor is responsible for completing a Vacant Site Connection for an ICP if:
- (a) the Retailer wishes a Vacant Site Disconnection be undertaken for the ICP;
 - (b) the Distributor has not provided an exclusive and accessible isolation device for that ICP;
 - (c) the Retailer has not been able to complete a Vacant Site Disconnection in accordance with Good Electricity Industry Practice for that ICP after 2 separate site visits for that purpose by a Warranted Person, including by seeking to disconnect at the ICP at the meter(s).
- S4.18 If the Retailer gives the Distributor notice under clause S4.17:
- (a) the Distributor will use reasonable endeavours in accordance with Good Electricity Industry Practice to complete the Vacant Site Disconnection;
 - (b) the Distributor will investigate provision of an accessible isolation device for the ICP but will not be bound to install such a device if it considers in its opinion that it would be impractical or unreasonably costly to do so; and
 - (c) the Retailer will continue to use reasonable endeavours to seek to gain access to the ICP meter to meet its obligations under the Code.
- S4.19 The party performing the disconnection or reconnection will, unless otherwise agreed, notify the other party within 2 Working Days of completion of the work.
- S4.20 ~~Both parties~~The Distributor will update the Registry throughout this process in accordance with the Code.

Decommissioning an ICP

- S4.21 A Distributor may Decommission an ICP in the following circumstances, provided the requirements of section 105 of the Act and Part 11 of the Code are met:
- (a) the Distributor is advised by a Connected Customer, landowner or the Retailer that electricity is no longer required at the ICP;

- (b) it is necessary to Decommission the ICP because public safety is at risk;
 - (c) the Registry notifies the Distributor that the ICP has the status of "Inactive" with reason given "De-energised - ready for decommissioning", the ICP has been De-energised, and the Retailer has attempted to recover the meters; or
 - (d) if the Distributor has not supplied Distribution Services in respect of the ICP for 6 months or more.
- S4.22 A Decommissioning will be performed by means of removing all or part of the service line to the ICP, or if a shared service line forms part of the supply, by isolating and removing of the load side cable from the main switch at the meter board and removing any associated meters. In all circumstances, the property will be left electrically safe.
- S4.23 The party performing the Decommissioning will notify the other party within 2 Working Days of the Decommissioning having been completed.
- S4.24 If an ICP has the status of "Decommissioned" on the Registry, the ICP identifier will not be used again and the process for new connections will be followed if supply is required again at the property.
- S4.25 Both parties will update the Registry throughout this process in accordance with the Code.

Unmetered Load

- S4.26 If the Retailer is responsible for an ICP that includes Unmetered Load, the Retailer will provide information about the ICP to the Registry in accordance with the Code.
- S4.27 The Distributor will maintain a database of ICPs that include Unmetered Load and, if it becomes aware of changes to any Unmetered Load, the Distributor will update its database and the Registry and notify the Retailer of those changes in accordance with the Code. The detail included in the database will include, at a minimum, information necessary to support the Registry.
- S4.28 If the Retailer notifies the Distributor that Unmetered Load is shared between several Consumers, the Distributor will, if requested, allocate the Unmetered Load to the appropriate ICP and will advise the Retailer and all other affected retailers in accordance with the Code.
- S4.29 Both parties will align their processes and populate the Registry, in particular the format of Unmetered Load data populated in the Registry, in accordance with the Electricity Authority's "Guidelines for Unmetered Load Management – Version 2.1", dated 1 November 2010.

SCHEDULE 5 – LOAD MANAGEMENT

~~Practice note: Load management is the process of reducing electricity demand on the Network by controlling the supply of electricity to specific appliances (referred to as controlled loads). Load management normally occurs during periods when the demand for electricity is at its highest, but may occur at other times, for example, following contingent events on the Grid or Network so as to manage system security.~~

~~Loads suitable for control purposes are generally associated with appliances that are tolerant to reasonable periods of supply interruption without significant loss of user amenity. Examples include hot water storage heaters, spa pool heaters and space heaters such as storage heaters.~~

Rights to control load

- S5.1 As provided for in clauses 4.1~~6.1~~ and 4.2~~6.2~~, control of the load at an ICP at which the Retailer supplies electricity may be undertaken by either the Distributor or the Retailer or, feasibly, by both parties. This schedule sets out additional obligations of the parties in each of these situations.

Use of controllable load

~~Practice note: Load Control Equipment may be provided by either the Retailer or the Distributor and may be based on a variety of technologies, the most common legacy systems in New Zealand being based on ripple control and pilot wire technologies.~~

~~A Load Control System is comprised of:~~

- ~~• Load Signalling Equipment (that may include a communications capability to transmit and convey load control signals); and~~
- ~~• Load Control Equipment (that may include signal receivers and load control relays).~~

~~In Load Control Systems based on emerging technologies, these components may be integrated into a single device, such as an advanced meter.~~

- S5.2 To facilitate the use of a Load Control System to achieve the highest value, the party that has obtained the right to control a load may assign that right to another party (provided that the party obtains the right to make such an assignment from the relevant Consumer or Connected Customer).

- S5.3 The purposes for which load control can be used (provided that the relevant party obtains the right to control the load in accordance with clause 4.1~~6.1~~ or 4.2~~6.2~~) include:

- (a) **System Security:** managing Grid System Security in accordance with the Code;
- (b) **Network management:**
 - (i) managing Network system security;
 - (ii) reducing transmission charges; and

- (iii) optimising Network investment;
- (c) **Market participation:**
 - (i) managing wholesale electricity purchase cost risk (e.g. the time-shifting of consumption); and
 - (ii) providing interruptible load into the reserves market.

Coordination of split ownership Load Control Systems

Practice note: Include this section if relevant.

Coordination is required if the Load Signalling Equipment and Load Control Equipment in a Load Control System is provided by more than one party. For legacy systems in New Zealand, this most typically involves the Distributor providing the Load Signalling Equipment and the Retailer providing the Load Control Equipment. In this situation the Retailer may or may not apply a fee for the Service, depending on what arrangements are in place.

S5.4 If the Retailer provides Load Control Equipment that forms part of the Distributor's Load Control System, the following provisions apply:

- (a) [The fee for this Service is set out in schedule [87](#).]
- (b) The Distributor will provide the Retailer with details of the technical characteristics of the Load Control Equipment appropriate for use with the Distributor's Load Signalling Equipment in each Network area.
- (c) If the Distributor has obtained a right to control load at an ICP in accordance with clause ~~4.16.1~~, the Retailer will install Load Control Equipment that reliably receives the Distributor's load control signals and controls the relevant load. If required by the Distributor's specific Controlled Load Tariff Rate, but subject to it not giving the Distributor a unilateral right to change its tariff structure and/or eligibility criteria to require a mass change of existing metering arrangements, the Retailer will install additional Metering Equipment [at the Distributor's request](#) that separately measures and records controlled load electricity consumption.
- (d) If the Distributor seeks to change the operating characteristics (including the signalling frequency or protocol) of its Load Signalling Equipment, it will first seek to negotiate suitable terms with the Retailer for the upgrade of the Retailer's Load Control Equipment. If agreement is not reached, the Distributor may, at its discretion, choose to procure and install, at its own cost, suitable Load Control Equipment.
- (e) The Distributor may periodically, but not more than once in any 12 month period, undertake an audit of Load Control Equipment performance within a Network area it defines. The audit will review the proper functioning of the Load Control Equipment for a randomly selected sample of ICPs to which the Retailer supplies electricity. The sampling technique will be consistent with the methodology outlined in the Part 10 of the Code that applies to selecting samples of meters.
- (f) If the sample audit shows that Load Control Equipment for which the Retailer is responsible is not functional in respect of a number that is greater than 5% of the sample, the Distributor and Retailer will, within 40 Working Days of the Distributor notifying the Retailer of the results of the audit, meet and agree a programme including scope and timeframe within which the

non-functioning Load Control Equipment will be identified and repaired. The Retailer will pay the reasonable costs of any inspection (including the initial audit) and repair work identified.

- (g) If the audit identifies non-functional Load Control Equipment due to low signal levels or faults on a pilot wire network that are the responsibility of the Distributor, those failures will be excluded from the audit results;
- (h) If the audit shows that Load Control Equipment for which the Retailer is responsible is functional for 95% or more of the Consumers sampled, the cost of the audit will be the responsibility of the Distributor, but the Retailer will be required to remedy all defects found in respect of non-functional Load Control Equipment for which the Retailer is responsible.

Either party may obtain Load Management Services from the other

- S5.5 Either party, having obtained the right to control load at an ICP in accordance with clause 4.1~~6.1~~ or 4.2~~6.2~~, may provide Load Management Services to the other party as an Additional Service.
- S5.6 Where the parties seek to negotiate additional Load Management Services after the Commencement Date, they will do so in good faith.

SCHEDULE 6 – BILLING SERVICES

Practice note: This conveyance MUoSA has been drafted to provide for the situation in which the Connected Customer and the Consumer are different persons. However, that is not practical if the Retailer provides Billing Services as an agent of the Distributor, as is contemplated in this schedule. Accordingly, the schedule has been drafted on the assumption that the Connected Customer and the Consumer are the same person.

The settlement frequency, which has been left blank in this model use-of-system agreement, needs to be negotiated by the respective parties. The parties should take relevant issues into account, such as cash flow implications.

S6.1 BILLING

6.1.1 Service scope: This schedule 6 provides the terms on which the Retailer will provide Billing Services to the Distributor, as an agent of the Distributor. This schedule 6 requires that in all cases the Consumer and the Connected Customer at an ICP ~~are~~ is the same person. In this schedule 6, references to clauses are to those in this schedule 6 unless otherwise identified.

[Note to Electricity Authority: This schedule is being finalised internally and will be provided upon completion. The schedule to be provided will cover all material aspects of schedule 6 of the EA Consultation Draft of February 2012, except to the extent that the relevant provisions have been moved to other parts of this agreement.]

~~6.1.1 **Monthly billing:** Each month the Retailer will, on behalf of the Distributor, invoice each Consumer, unless clause 6.1.7 of this schedule applies, for the Distribution Services and other charges as nominated by the Distributor, in accordance with the Distributor's schedule of charges (the "**Distributor's Charges**").~~

~~6.1.2 **Retailer calculates charges:** The Retailer will calculate the Distributor's Charges payable by the Consumer under the relevant Distributor's Agreement for the provision of Distribution Services in respect of each ICP. The Distributor's Charges will be calculated by the Retailer using the appropriate Tariff Rate and capacity as advised by the Distributor in respect of the periods in which such Tariff Rate applies and, unless the ICP is an ICP across which Unmetered Load is shared or the Consumer is otherwise paying a fully fixed line charge, the relevant meter reading data in the possession of the Retailer or, if no such meter reading data is available, using an Assessment Method.~~

~~6.1.3 **Retailer prepares and sends invoices:** The invoices that the Retailer prepares and sends to each Consumer will be:~~

~~(a) — sent monthly unless otherwise agreed between the parties; and~~

~~(b) — in the format set out in Appendix A.~~

~~If the Distributor wants to change the format after the Commencement Date, it will follow the process set out in clause 6.2.7 of this schedule.~~

~~6.1.4 **Prepaid meters:** If any ICP has Metering Equipment installed in respect of which the Consumer will pay for electricity and Distribution Services before such Services are consumed or supplied and the Consumer does not receive invoices in respect of such Services ("**Prepaid Metering**") then, in respect of that ICP:~~

~~(a) — the Retailer will not be required to send an invoice to the Consumer;~~

- ~~(b) the total Distributor's Charge included in the amount received from that Consumer will be estimated by the Retailer on receipt of such payment by applying the Tariff Rate Price Category in respect of that ICP as advised by the Distributor to the Retailer's estimate of the Consumer's fixed and variable charge quantities calculated in accordance with an Assessment Method; and~~
- ~~(c) the total Distributor's Charge estimated in accordance with paragraph (b) will be re-calculated by the Retailer on receipt of a meter reading with any alteration being made to the information provided under clause 6.3.1.~~

~~6.1.5 Invoice amendments:~~

- ~~(a) If the Distributor notifies the Retailer in accordance with clause 6.3.6 that it requires an amendment to an invoice, the Retailer will, if practical, incorporate the amendments in a Credit Note or a Debit Note sent with the next invoice sent to the relevant Consumer or, if not practical, the Retailer will incorporate the amendments in a Credit Note or a Debit Note sent with the invoice following the next invoice sent to that Consumer.~~
- ~~(b) The Retailer will, if it becomes aware of an error in an invoice, correct or amend any information in relation to an invoice sent to a Consumer if the error relates to the Distributor. The Retailer will, if practical, incorporate the amendments in a Credit Note or a Debit Note sent with the next invoice sent to the relevant Consumer or, if that is not practical, the Retailer will incorporate the amendments in a Credit Note or a Debit Note sent with the invoice following the next invoice sent to that Consumer.~~
- ~~(c) Notwithstanding paragraphs (a) and (b), the Retailer's obligations under this clause 6.1.6 are subject to the Distributor warranting to the Retailer that it has the right under its Distributor's Agreement to adjust Consumer invoices by issuing Credit Notes or Debit Notes as a result of corrected or amended information.~~
- ~~(d) If, at any time, it is discovered that the Metering Equipment is not accurately recording metering data, the Retailer will, if applicable, send a Credit Note or Debit Note to that Consumer in respect of the amounts due to or owed by the Distributor provided the Distributor has the right under its Distributor's Agreements to adjust Consumer invoices by issuing Credit Notes or Debit Notes as a result of inaccurate metering data.~~

~~6.1.6 **Exempt ICPs:** The Retailer does not need to provide Billing Services in respect of the ICPs set out in Appendix B. The Distributor, on giving 20 Working Days notice, may add an ICP to or omit an ICP from the ICPs set out in Appendix B.~~

~~S6.2 **TARIFF RATES AND TARIFF STRUCTURES**~~

- ~~6.2.1 **Tariff Rate changes:** The Distributor will give the Retailer at least 20 Working Days notice of any Tariff Rate changes.~~
- ~~6.2.2 **Notice of changes to a Consumer's Tariff Rate:** The Distributor will give the Retailer at least 20 Working Days notice if an ICP at which the Retailer is supplying electricity to a Consumer changes to a different Tariff Rate.~~
- ~~6.2.3 **New or changed Tariff Rates:** If the Distributor wishes to introduce a new Tariff Rate or materially change the rate design of an existing Tariff Rate, it will follow the process set out in clause 6.13.5.~~
- ~~6.2.4 **Retailer request for correction of Tariff Rate:** If the Retailer reasonably considers that a Tariff Rate has been inappropriately allocated to an ICP, the Retailer will notify~~

the Distributor why it considers that the Tariff Rate has been inappropriately allocated. The Distributor will advise the Retailer within 10 Working Days after receipt of the Retailer's notice whether it agrees to allocate a different Tariff Rate to the ICP, such agreement not to be unreasonably withheld, and will provide the reasons for its decision.

~~6.2.5 **[Payment] [Credit] following correction:** If the Distributor allocates a different Tariff Rate to an ICP following notice from the Retailer given under clause 6.2.4, the Distributor will calculate the credit due to any Consumer, if any, under the Distributor's Agreement, and will *[option 1 — pay that amount directly to the Consumer] [option 2 — notify the Retailer, who will credit the amount to the Consumer]*.~~

~~6.2.6 **Changes due to metering:** The Retailer will notify the Distributor if the Distributor needs to change the Tariff Rate that applies to an ICP because of a change or reprogramming of Metering Equipment and Load Control Equipment within 10 Working Days of the change using the appropriate EIEP.~~

~~6.2.7 **Process for new or changed Tariff Rate or change to invoice format:** If the Distributor intends to make a change to its tariff structure (which may include a change to eligibility criteria for one or more of the Distributor's Tariff Rates, the introduction of a new Tariff Rate, or a change that means one or more Tariff Rates are no longer available), the Distributor will comply with the following process, unless the parties agree otherwise:~~

~~(a) **advise the proposal:** the Distributor will notify the Retailer of the proposed change, its rationale for the change, and the proposed date that the change will take effect, and invite the Retailer to provide comments;~~

~~(b) **Retailer to consider the proposal and provide quote:** the Retailer will consider the change in good faith and notify the Distributor within 20 Working Days of how the Retailer proposes to implement the change, and of any proposed change to its Billing Services fees;~~

~~(c) **Parties to negotiate in good faith:** the parties will negotiate the change, the Retailer's proposal to implement the Proposed Change and any proposed changes to the Billing Services fees in good faith and, if agreement is reached, the Retailer will commence the new or modified Billing Services in accordance with that agreement; and~~

~~(d) **Refer to Dispute resolution if no agreement:** if, within [20] Working Days, no agreement is reached within 20 Working Days of the Retailer providing notice under paragraph (b), the Parties will commence the Dispute Resolution process in accordance with clause 17; and~~

~~(e) **New Tariff Rate information to be provided in accordance with EIEP12:** if agreement is reached in accordance with clauses (c) or (d):~~

~~(i) — unless otherwise agreed, the Distributor will provide information relating to the Tariff Rate change to the Retailer in accordance with EIEP12, as required by clause 12A.9 of the Code; and~~

~~(ii) — the Distributor will assign a standard tariff code to each Tariff Rate in accordance with clause 12A.10 of the Code.~~

~~S6.3 **INFORMATION**~~

~~6.3.1 **Retailer to report invoice information to the Distributor:** The Retailer will provide to the Distributor within 5 Working Days of the end of each *[month]* (the "**Billing Period**") the information in respect of each invoice for Distribution Services~~

issued by the Retailer to Consumers in that Billing Period (the "**Required Report**"); the format and content to be in accordance with the appropriate EIEP.

~~6.3.2 — **Distributor verification:** If the Distributor calculates that the Distributor's Charges that should have been included in invoices sent to Consumers in the Billing Period, is not equal to the amounts actually charged by the Retailer, or the Distributor otherwise requires clarification of any of the information provided to the Distributor in accordance with clause 6.14.1, the Retailer will provide such assistance to the Distributor as the Distributor may reasonably require.~~

~~6.3.3 — **Reliance on information:** The Retailer will, so long as it acts in good faith and without knowledge of any error in information provided by the Distributor, be entitled to rely without inquiry on, and act on, information provided by or on behalf of the Distributor.~~

~~6.3.4 — **Final invoice:** If the Retailer ceases to have an Electricity Supply Agreement with the Consumer in respect of an ICP, the Retailer will take account of Distributor's Charges in respect of the period between the date of the most recent invoice that was sent to the Consumer and the date of either the Retailer ceasing to have an Electricity Supply Agreement with the Consumer or Vacant Site Disconnection (whichever occurs first), in the final invoice to be prepared by the Retailer in respect of that ICP.~~

~~6.3.5 — **Storage:** Recognising that the Distributor has obligations to retain records under the Tax Administration Act 1994 and the Goods and Services Act 1985 and in order for the Distributor to be able to comply with its obligations in relation to the retention of records under that legislation, the Retailer will ensure that copies of each invoice sent to Consumers under this agreement, together with all information on which such invoice is based, are retained electronically for itself and on behalf of the Distributor in a secure storage facility for a period of at least 7 years from the last date of the income tax year during which the invoice was issued.~~

~~6.3.6 — **Corrections to information:** The Distributor may, at any time, by notice to the Retailer correct or amend any information in relation to an invoice sent to a Consumer and advise the Retailer of adjustments that it requires to be made in accordance with clause 6.1.1(a)6.1.6(a).~~

~~6.3.7 — **Prompt payment discounts:** Notwithstanding that the Distributor may provide:~~

~~(a) — two pricing schedules one with prices that are before prompt payment discount and the other with prices that are after prompt payment discount; or~~

~~(b) — one pricing schedule that is after prompt payment discount;~~

~~the Retailer may invoice the Consumer (implicitly or explicitly) for the prices after prompt payment discount with its own prompt payment discount added but the invoice information provided to the Distributor under clause 6.3.1 and payable to the Distributor under clause S6.4 will be based on the prices after prompt payment discount irrespective of whether or not the Consumer pays on time.~~

~~S6.4 — **PAYMENT**~~

~~6.4.1 — **Payment if report:** If the Retailer has delivered the Required Report ("**Required Report**") by the 5th Working Day following the Billing Period ("**Reporting Date**") in respect of the invoices issued by the Retailer to Consumers in the previous Billing Period, then the Retailer will pay to the Distributor on or before the 20th day following the Billing Period ("**the Payment Date**") an amount equal to the total amount invoiced to Consumers for the provision of the Distribution Services for the Billing Period.~~

~~6.4.2 — **Payment if no report:** If the Retailer has not delivered the Required Report by the Reporting Date the Retailer will pay to the Distributor on or before the Payment Date an amount reasonably determined by the Distributor to be the total amount that should have been invoiced by the Retailer to Consumers for the provision of the Distribution Services in the Billing Period.~~

~~6.4.3 — **Payment if no or incorrect invoice:** If:~~

- ~~(a) — the Distributor reasonably believes that the Retailer should have invoiced a Consumer in the Billing Period for the provision of Distribution Services in respect of the Consumer's ICP but the Retailer did not invoice that Consumer; or~~
- ~~(b) — the Distributor advises the Retailer under clause 6.3.6 that an invoice is incorrect, and the correction is not due to new information,~~

~~the Distributor may reasonably determine the amount payable by the Retailer to the Distributor for the provision of Distribution Services to that Consumer in respect of the ICP, and the Retailer will pay to the Distributor that amount on or before the next Payment Date.~~

~~6.4.4 — **Overpayment or underpayment for Distribution Services:** If:~~

- ~~(a) — clause 6.4.2 applies and the Retailer subsequently delivers the Required Report and the Required Report shows that the amount determined by the Distributor under clause 6.4.2 has resulted in the Retailer overpaying or underpaying the Distributor in respect of Distribution Services for the relevant month; or~~
- ~~(b) — clause 6.4.3 applies and the Retailer subsequently invoices the Consumer, and the Required Report shows the amount determined by the Distributor under clause 6.4.3 has resulted in the Retailer overpaying or underpaying the Distributor in respect of Distribution Services for the relevant ICP for the relevant month,~~

~~then:~~

- ~~(c) — in the case of overpayment, the Distributor will repay to the Retailer the amount of such overpayment together with a Use of Money Adjustment from the date of the overpayment to the date of repayment; or~~
- ~~(d) — in the case of underpayment, the Retailer will pay to the Distributor the amount of such underpayment together with a Use of Money Adjustment from the date the payment should have been made to the date of payment,~~

~~and in each case such payment will be made by the relevant party within 10 Working Days of provision of the Required Report or invoicing (as applicable).~~

~~6.4.5 — **Payment:**~~

- ~~(a) — All payments by the Retailer are to be made by electronic funds transfer to the New Zealand dollar bank account nominated for such purpose from time to time by the Distributor without set off, deduction or withholding except as permitted by clause 6.5.6.~~
- ~~(b) — If any payment is not received by the due date, a late payment charge may be applied, calculated by applying the Default Interest Rate on the daily balance outstanding for each day after the due date until, and including, the day of payment and compounded monthly.~~

~~6.4.6 **Invoice re-opening limitation:** Despite clauses 6.1.16.1.6 and 6.1.16.4.4, there will be no right or obligation to re-open invoices, including to correct an invoice by the issuing of a Credit Note or a Debit Note, if more than 18 months has elapsed since the date of the invoice.~~

~~S6.5 **ASSIGNMENT OF DEBT**~~

~~6.5.1 **Assignment:** The Distributor will, simultaneously with and conditional on receipt by the Distributor of:~~

- ~~(a) a payment under clause 6.4.1 that has become cleared funds, assign to the Retailer all of the Distributor's interest in the amount payable by Consumers for the provision of Distribution Services in the previous month;~~
- ~~(b) a payment under clause 6.4.2 that has become cleared funds, assign to the Retailer all of the Distributor's interest in the amount determined by the Distributor to be the amount payable by Consumers for the provision of the Distribution Services in the previous month;~~
- ~~(c) a payment under clause 6.4.3 that has become cleared funds, assign to the Retailer all of the Distributor's interest in the amount determined by the Distributor to be the amount payable by the Consumer for the provision of the Distribution Services in the previous month.~~

~~6.5.2 **Non-recourse:** Subject to clause 6.5.6, from the time that the Distributor's interest in an amount is assigned in accordance with clause 6.5.1, the Retailer will have no right of recourse to the Distributor in respect of the non-payment by a Consumer of all or part of any amount payable by that Consumer for the provision of Distribution Services.~~

~~6.5.3 **Corrected invoices:** If the Retailer corrects any invoice to a Consumer after the end of the Billing Period in which such invoice was issued, the amount payable by the Retailer to the Distributor in accordance with clause S6.4 in respect of the Billing Period in which the invoice was corrected will be reduced or increased (as the case may be) so that the total amount paid by the Retailer to the Distributor in accordance with clause S6.4 in respect of that month is increased or reduced (as the case may be) by an amount equal to the increase or reduction arising from correcting the invoice.~~

~~6.5.4 **GST:**~~

- ~~(a) It is the intention and understanding of the parties that the supply constituted by the assignment of all the Distributor's interest in the amounts referred to in clause 6.5.1 by the Distributor to the Retailer is exempt from GST under the "financial services" exemption contained in the Goods and Services Tax Act 1985 and that therefore the Distributor is not required to account to the Inland Revenue Department for GST in relation to that supply.~~
- ~~(b) If the Inland Revenue Department determines that the supply constituted by the assignment of all the Distributor's interest in the amounts referred to in clause 6.5.1 by the Distributor to the Retailer is subject to GST, the Retailer will pay to the Distributor the amount of such GST (together with all penalties, interest, additional tax or the like), in addition to the amount payable under clauses 6.4.1, 6.4.2 or 6.4.3(a) (as the case may be), provided that the Retailer's liability in respect of such GST together with penalties, interest, additional tax or the like will only extend to such GST together with penalties, interest, additional tax or the like arising on or in respect of supplies constituted by assignments made after the date when the Distributor notified the Retailer that the supply constituted by the~~

~~assignment of the amounts referred to in clause 6.5.1 of the Distributor to the Retailer was subject to GST.~~

~~(c) If paragraph (b) applies, the Distributor will issue the Retailer with a GST invoice for the amount due in respect of the supply constituted by the assignment of the amounts referred to in clause 6.5.1, in order that the Retailer has documentation so that it may seek to claim a GST input tax credit equal to that GST paid to the Distributor.~~

~~6.5.5 **Distributor warranty:** At the time of each assignment of the amounts referred to in clause 6.5.1 or 6.5.8 by the Distributor in accordance with clause 6.5.1 or the Retailer in accordance with clause 6.5.8 (the "**Assignor**"), the Assignor will be deemed to warrant to the other party in respect of each such amount that:~~

~~(a) the Assignor is the legal and beneficial owner of that amount free from any mortgages, pledges, liens, charges or other encumbrances; and~~

~~(b) the Assignor has not granted and will not grant any modification, extension, waiver or indulgence that would prejudice enforcement of, or would otherwise affect, that amount.~~

~~6.5.6 **Genuine Consumer disputes:** A genuine Consumer dispute ("**Genuine Consumer Dispute**") between the Distributor and a Consumer in respect of that Consumer's liability to pay the Distributor an amount for Distribution Services will be deemed to occur when:~~

~~(a) the Consumer has notified either:~~

~~(i) the Distributor of a dispute for an amount for Distribution Services; or~~

~~(ii) the Retailer of a dispute for an amount for Distribution Services and the Retailer has then promptly, but in any case within 2 Working Days, notified the Distributor of the relevant circumstances; and~~

~~(b) the dispute is genuine (e.g. the dispute is as to the level of the capacity assigned to the Consumer, as to whether the Consumer is being charged on the correct Tariff Rate or as to whether the Tariff Rate has been correctly applied to the Consumer's ICP but does not include if the Consumer is disputing the Distributor's Charges if such charges are in accordance with the Distributor's Agreement with that Consumer) and the dispute has not arisen as a result of the action of a Retailer.~~

~~6.5.7 If a Genuine Consumer Dispute has occurred, then the Retailer will not be obliged to make any payment to the Distributor in respect of the amount to which the Genuine Consumer Dispute relates, and the Distributor will not assign its interests in the amount payable for Distribution Services by that Consumer, in accordance with the terms of this agreement until such time that the Genuine Consumer Dispute is resolved and the terms of the resolution are advised to the Retailer and then the amount payable by the Retailer and assignable by the Distributor will be adjusted to reflect the resolution of the Genuine Consumer Dispute.~~

~~6.5.8 If the Retailer makes payment notwithstanding the Genuine Consumer Dispute (including because the Retailer was not aware of the Genuine Consumer Dispute prior to the payment being made or was aware of the Genuine Consumer Dispute but was not able to remove such payment from the aggregate sum paid to the Distributor) then the Retailer will be entitled to require the Distributor to repay the amount in Genuine Consumer Dispute to the Retailer and simultaneously with and conditional upon receipt by the Retailer of such payment the Retailer will re-assign to the~~

~~Distributor all the Retailer's interest in the sum in Genuine Consumer Dispute assigned to the Retailer by the Distributor.~~

S6.6 — PRUDENTIAL REQUIREMENTS

Practice note: This clause should be inserted if the Distributor requires that the Retailer comply with prudential requirements, and amended where indicated to reflect those prudential requirements. The prudential requirements must comply with clauses 12A.4 and 12A.5 of the Code.

6.6.1 — Retailer will satisfy prudential requirements: The Retailer will comply with either one of the following prudential requirements:

- ~~(a) — the Retailer will maintain an acceptable credit rating, or~~
- ~~(b) — the Retailer will provide and maintain acceptable security by, at the Retailer's election:~~
 - ~~(i) — providing the Distributor with a cash deposit of the value specified in clause 6.4.66.4.66.6.6 ("Cash Deposit") which the Distributor will hold in a trust account that the Distributor will establish and operate in accordance with clause 6.4.246.6.24;~~
 - ~~(ii) — arranging for a third party with an acceptable credit rating to provide security in a form acceptable to the Distributor, of the value specified in clause 6.4.66.4.66.6.6; or~~
 - ~~(iii) — providing a combination of the securities listed in subparagraphs (i) or (ii) to the value specified in clause 6.4.66.6.6.~~

6.6.2 — Acceptable credit rating: For the purposes of clause 6.4.16.6.1 an acceptable credit rating means that the Retailer or the third party (as the case may be):

- ~~(a) — carries a long term credit rating of at least:~~
 - ~~(i) — BBB (Standard & Poors Rating Group); or~~
 - ~~(ii) — a rating that is equivalent to the rating specified in subparagraph (i) from a rating agency that is an approved rating agency for the purposes of Part 5D of the Reserve Bank of New Zealand Act 1989; and~~
- ~~(b) — if the Retailer or the third party (as the case may be) carries a credit rating at the minimum level required by paragraph (a), is not subject to a negative watch or any similar arrangement by the agency that gave it the credit rating.~~

Practice note: Clause 6.6.3 must be amended to specify the type of security that the Retailer has elected to provide.

6.6.3 — Retailer may elect prudential requirements: The parties:

- ~~(a) — acknowledge that from the commencement of this agreement, the Retailer has elected to comply with the prudential requirements by [maintaining an acceptable credit rating] OR [providing acceptable security in the form of a cash deposit/third party security/a combination of a cash deposit and third party security]; and~~

(b) ~~agree that the Retailer may elect to comply with the prudential requirements in either of the ways described in clause 6.4.16.6.1 at any time, by complying with clause 6.4.46.6.4.~~

~~6.6.4 **Change in prudential requirements complied with:** If the Retailer elects to change the way in which it complies with the prudential requirements in accordance with clause 6.4.36.6.3, the Retailer will notify the Distributor of its intention at least 2 Working Days before the change occurring and the parties will comply with clause 6.4.166.6.16. The change will come into effect on the intended date, provided that the Retailer has complied with all its obligations under this agreement, and on confirmation, satisfactory to the Distributor, that an alternative suitable form of security has been provided that satisfies the requirements of clause 6.4.16.6.1.~~

~~6.6.5 **Evidence of acceptable credit rating:** The Retailer or third party (as the case may be) will provide such evidence that it has maintained an acceptable credit rating as the Distributor or its agent may from time to time reasonably require.~~

~~6.6.6 **Value of security:** The value of security required for the purposes of this clause S6.16S6.4S6.6 is \$[insert amount].~~

Practice note: Clause 12A.5 of the Code provides that the value of acceptable security that the Distributor may require from the Retailer is the Distributor's reasonable estimate of the line function service charges that the Retailer will be required to pay to the Distributor in respect of any period of not more than 2 weeks.

If however the Retailer elects to provide acceptable security in accordance with clause 12.1(b), the Distributor may require additional security, provided that the total value of all security required is no more than the Distributor's reasonable estimate of the line function service charges that the Retailer will be required to pay the Distributor in respect of any 2 month period. The Distributor must comply with clause 12A.5 of the Code if additional security is required.

If additional security is or may be required, one of the following clause options will be inserted:

~~6.6.7 **Additional security:** The Distributor and the Retailer agree that of the security provided by the Retailer as specified in clause 6.6.6, \$[insert amount] is additional security required by the Distributor in accordance with clause 12A.5 of the Code ("**Additional Security**").~~

OR

~~6.6.7 **Additional security:** The Distributor and the Retailer agree that the Distributor may, by notice to the Retailer, require the Retailer to provide additional security in accordance with clause 12A.5 of the Code ("**Additional Security**"). If the Distributor requires the Retailer to provide Additional Security:~~

~~(a) the Retailer may elect the type of security that it provides in accordance with clause 6.4.36.6.3; and~~

~~(b) the parties must comply with clause 6.4.146.6.14.~~

~~6.6.8 **Additional security requirements:** The following provisions apply in respect of any Additional Security provided:~~

~~(a) if the Additional Security is in the form of a Cash Deposit, the Distributor will pay a charge to the Retailer calculated in accordance with clause 12A.5(3)(a) of the Code, and the Additional Security will be held as if it were part of the Cash Deposit under this agreement;~~

- (b) ~~if the Additional Security is in the form of security from a third party, the Distributor will pay a charge to the Retailer calculated in accordance with clause 12A.5(3)(b) of the Code; and~~
 - (c) ~~any money required to be paid by the Distributor to the Retailer in accordance with this clause 6.4.86.4.86.6.8 will be paid by the Distributor to the Retailer on a quarterly basis6.4.86.4.86.6.8.~~
- 6.6.9 ~~Estimating the value of security if the Retailer is a new retailer:~~** If the Retailer has not previously entered into a contract with the Distributor for access to the Network, the Distributor will estimate the value of security required under clause ~~6.4.66.6.6~~ for the first 6 months of this agreement, subject to any reassessment of the value under this agreement, having regard to:
- (a) ~~the Distributor's historical records of the Distribution Service charges in respect of the relevant ICPs; or~~
 - (b) ~~in the absence of such records, a bona fide business plan prepared by the Retailer in good faith necessary for the Distributor to determine the value of security that it requires from the Retailer.~~
- 6.6.10 ~~Review of the value of security:~~** The Distributor may review or the Retailer may require the Distributor to review the value of security required to be provided by the Retailer at any time.
- 6.6.11 ~~Retailer to notify Distributor of changes affecting security:~~** Subject to clause ~~6.4.126.6.12~~, the Retailer will immediately notify the Distributor if any of the following occurs:
- (a) ~~the Retailer no longer carries an acceptable credit rating; or~~
 - (b) ~~the Retailer has complied with prudential requirements by arranging for a third party to provide security in accordance with clause 6.4.1(b)6.6.1(b), and the Retailer learns that the third party no longer carries an acceptable credit rating; or~~
 - (c) ~~the Retailer has reasonable cause to believe that its financial position is likely to be materially adversely impaired such that its ability to purchase Services will be affected.~~
- ~~Any information provided by the Retailer to the Distributor under this clause 6.4.116.6.11 will be Confidential Information.~~
- 6.6.12 ~~Public issuers and listed companies:~~** For the purpose of clause ~~6.4.116.6.11~~, if the Retailer:
- (a) ~~is a "public issuer" for the purposes of the Securities Markets Act 1988, the Retailer may withhold any information to the extent that, and for so long as, the Retailer considers such information to be "inside information" as defined in that Act; or~~
 - (b) ~~is listed on the New Zealand Stock Exchange, the Retailer may withhold any information to the extent that the Retailer considers such information is "material information" under the Listing Rules of the New Zealand Stock Exchange.~~
- 6.6.13 ~~Distributor may make enquiries:~~** If the Distributor believes that the Retailer should have given notice under clause ~~6.4.116.6.11~~ and the Distributor has not received any such notice, the Distributor may enquire of the Retailer as to whether it should have given such notice. Any such enquiry will be in writing and be addressed

to the Chief Executive of the Retailer. If notice should have been given, the Retailer will give notice immediately, or if no notice is required, the Retailer will respond to the Distributor in writing within 2 Working Days of receipt of the Distributor's notice under this clause ~~6.4.136.6.13~~. Correspondence sent or received by either party under this clause will be Confidential Information.

Practice Note: Insert paragraph (a) in the following clause only if the Distributor does not require the Retailer to provide Additional Security from the commencement of the agreement.

6.6.14 — Change to the value or type of security: If:

- (a) ~~[the Distributor requires that the Retailer provide Additional Security in accordance with clause 6.1.16.6.7;~~
- (b) ~~following a review of the Retailer's security in accordance with clause 6.4.106.6.10;~~
- (c) ~~on receipt of information contemplated by clause 6.4.116.6.11 or 6.4.136.6.13; or~~
- (d) ~~as a result of a failure of the Retailer to respond to a request made under clause 6.4.136.6.13 within the timeframe set out in clause 6.4.136.6.13;~~

~~the Distributor or the Retailer considers that the value of security should be increased or decreased, the Distributor will, acting reasonably, make a decision on what the value of security should be, and immediately notify the Retailer of its decision and the grounds for that decision. To avoid doubt, failure by the Retailer to respond to a request made under clause 6.4.136.6.13 within the required timeframe constitutes reasonable grounds for a Distributor to, change the value of security required to be provided by the Retailer.~~

6.6.15 — Failure to maintain acceptable credit rating: If:

- (a) ~~on receipt of information contemplated by clauses 6.4.116.6.11 or 6.4.136.6.13; or~~
- (b) ~~as a result of a failure by the Retailer to respond to a request made under clause 6.4.136.6.13 within the timeframe set out in clause 6.4.136.6.13;~~

~~the Distributor considers, acting reasonably, that the Retailer is no longer able to maintain an acceptable credit rating in accordance with clause 6.4.1(a)6.6.1(a), and the Distributor still requires the Retailer to comply with prudential requirements, the Distributor will notify the Retailer of the value of acceptable security required in accordance with clause 6.4.1(b)6.6.1(b).~~

6.6.16 — Distributor or Retailer to effect changes in the value or type of security: The Distributor or the Retailer, as appropriate, will take all actions necessary to satisfy the requirement for the increase or decrease in the value of security or change to the type of security, within 5 Working Days of notification under clause ~~6.4.46.6.4, 6.4.146.6.14 or 6.4.156.6.15~~. Refunds of Cash Deposits and reductions of the value of third party security required will be made in accordance with clauses ~~6.4.176.6.17 or 6.4.186.6.18~~.

6.6.17 — Refund of Cash Deposit: If the Distributor refunds all or part of a Cash Deposit, it will refund all or part of the Cash Deposit into a bank account nominated by the Retailer on the Working Day following the day on which the Distributor decided to, or is required to, refund the Cash Deposit.

~~6.6.18 — **Cash Deposit on Insolvency Event:** If an Insolvency Event occurs in relation to the Retailer:~~

- ~~(a) — the Retailer will not be entitled to a return of the Cash Deposit, other than as set out in clause 6.6.24(f); and~~
- ~~(b) — if the Retailer fails or has failed to pay an amount owing under this agreement, full beneficial ownership of that amount (plus Default Interest) of the Cash Deposit (or if the Cash Deposit is less than the amount owing, the full amount of the Cash Deposit) will automatically transfer solely to the Distributor and the Distributor will be entitled to draw down that amount (plus Default Interest), on [2] Working Days notice to the Retailer.~~

~~6.6.19 — **Reduction of third party security:** If the Distributor decreases the value of third party security required in accordance with this agreement, the Retailer may arrange for the issuing of new third party security for the lesser value, in satisfaction of clause 6.4.1(b)(ii)6.6.1(b)(ii) which will replace the earlier third party security.~~

~~6.6.20 — **When the Distributor may make a call on security:** The Distributor may make a call on security in accordance with clause 6.4.26.6.21 if:~~

- ~~(a) — the Retailer has provided acceptable security in accordance with clause 6.4.1(b)6.6.1(b); and~~
- ~~(b) — the Retailer fails to pay an amount due under this agreement; and~~
- ~~(c) — the amount is not subject to a genuine dispute.~~

~~6.6.21 — **Calls on security:** The Distributor may, on 2 Working Days notice to the Retailer (or immediately in the case of deemed Cash Deposit under clause 6.4.26.6.23), call on the security as follows:~~

- ~~(a) — if the Retailer provided a Cash Deposit (which includes a deemed Cash Deposit), the Distributor may draw down and apply the amount owed (including Default Interest) from the Cash Deposit;~~
- ~~(b) — if the Retailer arranged for a third party to provide security, the Distributor may call on the provider of a third party security to pay the amount owed in accordance with the security; and~~
- ~~(c) — in either case, the Distributor will immediately notify the Retailer that it has called on the security.~~

Practice note: Insert the optional phrase in the following clause only if the Distributor does not require the Retailer to provide Additional Security from the commencement of the agreement.

~~6.6.22 — **Requirement to maintain security:** To avoid doubt, if the Distributor draws down some or all of a Cash Deposit held by the Distributor under this agreement, or calls on the provider of a third party security, the Retailer will take all steps necessary to ensure that the Retailer maintains acceptable security of the value specified in clause 6.4.66.6 [and the value of any Additional Security required by clause 6.1.166.6.7], as required by clause 6.4.1(b)6.6.1(b).~~

~~6.6.23 — **Third party security may be released:** If the provider of third party security makes a payment to the Distributor in order to be released from its obligations under that security, such payment will be deemed to constitute a Cash Deposit provided by the Retailer in substitution for the third party security.~~

~~6.6.24 — **Trust Account Rules:** If the Distributor receives a Cash Deposit:~~

- ~~(a) — the Cash Deposit will be held on trust for the benefit of both the Distributor and the Retailer, to be applied or distributed only on the terms of this agreement, or as otherwise agreed by the parties;~~
- ~~(b) — the Distributor will establish a trust account with a New Zealand registered bank ("~~the Bank~~") for the purpose of holding the Cash Deposit ("~~Trust Account~~");~~
- ~~(c) — the Distributor will obtain acknowledgement from the Bank that the Cash Deposit is held on trust ~~6.4.246.6.24~~in the Trust Account ~~6.4.246.4.246.6.24~~and that the Bank has no right of set off or right of combination in relation to the Cash Deposit;~~

Practice note: It is not clear whether, if the Retailer went into receivership and the Retailer is a customer of the Bank, the Bank would be prepared to waive any right of set off.

The Distributor is advised to check with the Bank if the Retailer uses the same bank. Paragraph (d) below requires the Retailer to inform the Distributor of the bank(s) the Retailer uses.

- ~~(d) — the Retailer will inform the Distributor of the bank(s) the Retailer uses for its banking purposes and if the Retailer changes banks;~~
- ~~(e) — the Trust Account will bear interest at the best on call rate reasonably available from time to time from the Bank. The Distributor will pay the Retailer the interest earned on the Cash Deposit (except for the amount of the Cash Deposit that is Additional Security~~6.4.8~~) on a quarterly basis net of account fees and any amounts required to be withheld by law, unless the parties agree otherwise;~~
- ~~(f) — if this agreement is terminated, the Distributor will refund the Cash Deposit (less any amount owed to the Distributor plus any interest not yet paid to the Retailer) to the Retailer in accordance with clause ~~6.4.176.6.17~~, provided that the Retailer:

 - ~~(i) — is not otherwise in default of this agreement;~~
 - ~~(ii) — is not subject to an Insolvency Event, in which case clause ~~6.4.186.6.18~~ applies;~~
 - ~~(iii) — has ceased to be bound by this agreement; and~~~~has discharged all obligations under this agreement to the Distributor, including payment of all outstanding amounts under this agreement; and~~~~
- ~~(g) — the Distributor will provide the Retailer with an annual report in respect of the operation of the Trust Account if requested by the Retailer.~~

Release of third party security: If this agreement is terminated, the Distributor will release any third party security, provided that the Retailer has met all of the requirements set out in clause ~~6.4.24(f)~~~~6.6.24(f)~~.

~~S6.7 — REPRESENTATION LETTER~~

~~6.7.1 — **Representation Letter:** For the purpose of this schedule, a "**Representation Letter**" means a letter from the Retailer addressed to the Distributor's auditors that:~~

- ~~(a) — confirms in respect of the relevant period whether so far as the Retailer is aware the Retailer meets the following requirements:~~

- ~~(i) — the systems, processes and controls operated by the Retailer are adequate to ensure the completeness and accuracy of all billing and other transactional processing functions set out in this agreement insofar as they relate to the Billing Services provided to the Distributor;~~
- ~~(ii) — the Retailer has reported accurately to the Distributor in accordance with its obligations under this schedule;~~
- ~~(iii) — the Retailer has complied with its obligations under clause S6.1; and~~
- ~~(iv) — the Retailer has complied with all tax and other relevant legislation in the performance of its obligations under this agreement; and~~
- ~~(b) — records any material non-compliance by the Retailer with the terms of this agreement of which the Retailer has become aware.~~

~~6.7.2 — Provision of Representation Letter:~~

- ~~(a) — Prior to the end of the Distributor's financial year, the Distributor may if the Retailer is providing Billing Services, request in writing that the Retailer deliver to the Distributor a Representation Letter in respect of that financial period.~~
- ~~(b) — The Retailer will provide the Representation Letter to the Distributor within the period specified which will be not less than 10 Working Days from receipt of the request.~~

~~S6.8 — INFORMATION INSPECTION~~

~~6.8.1 — **IRD and regulatory inspection:** At the written request of the other party and subject to any terms and conditions specified by that party, the Retailer or Distributor will facilitate the reasonable inspection of all relevant records and books of account in the possession or control of that party (including those matters held on behalf of the Distributor under clause 6.3.5) required to be inspected by the Inland Revenue Department or other regulatory organisation (provided the Inland Revenue Department or such regulatory organisation is entitled by law to require such inspection) in relation to the Distributor or Retailer for the periods that the party is providing these Services. The Retailer or Distributor will cooperate with the Inland Revenue Department or such other regulatory organisation to facilitate a timely inspection and will be entitled to seek reasonable costs from the requesting party.~~

~~6.8.2 — **Auditing information provided:** To enable either party to this agreement (being the "**Verifier**") to verify the accuracy of information provided to it by the other party to this agreement (being the "**Provider**"), the Provider will allow the Verifier and its agents reasonable access to the Provider's books and records (including, if the Retailer is the Provider, metering or consumption data) (collectively the "**Records**") to the extent that those Records relate to the obligations of the Provider under this agreement. Access to such Records will be given at all reasonable times provided the Verifier has given the Provider not less than [10] Working Days prior notice.~~

~~6.8.3 — **Limitations on the Verifier:** In relation to its review of the Records, the Verifier will not:~~

- ~~(a) — use the information obtained for any purpose other than verifying the accuracy of information provided by the Provider under this agreement; and~~
- ~~(b) — engage as its agent any person that is in competition with the Provider, any person who is related to a person in competition with the Provider or any~~

employee, director, or agent of such persons. For the purposes of this clause a person is related to another person if it is a related company (as that term is defined in section 2(3) of the Companies Act 1993) of that other person.

6.8.4 Independent Auditor: If the Provider is the:

- (a) ~~Distributor and, acting reasonably, gives notice that the Records contain information about other industry participants that cannot reasonably be severed from information relating to the Retailer or that the information is commercially sensitive; or~~
- (b) ~~Retailer and, acting reasonably, gives notice that the Records contain information about other industry participants that cannot reasonably be severed from information relating to the Distributor, or that the information is commercially sensitive,~~

~~then the Distributor or the Retailer, as appropriate, will permit an independent auditor (the "**Auditor**") appointed by the other party to review the Records and the other party will not itself directly review any of the Records. The Distributor or the Retailer, as appropriate, will not unreasonably object to the Auditor appointed by the other party. In the event that the Distributor or the Retailer, as appropriate, reasonably objects to the identity of the Auditor, the parties will request the President of the Institute of Chartered Accountants (or a nominee) to appoint a person to act as the Auditor. The party that is permitted under this clause to appoint an Auditor will pay the Auditor's costs, unless the Auditor discovers a material inaccuracy in the Records, in which case the other party will pay the Auditor's costs. The terms of appointment of the Auditor will require the Auditor to keep the Records confidential.~~

6.8.5 Provider will co-operate: ~~The Provider will co-operate with the Verifier or the Auditor (as the case may be) in its review of the Provider's Records under clause 6.8.2 and will ensure that the Records are readily accessible and readable.~~

S6.9 TERMINATION OF BILLING ARRANGEMENTS

6.9.1 By Notice: ~~Either party may by giving [12] months notice terminate the Billing Services provided that no notice is given before [date to be inserted].~~

6.9.2 Fee review: ~~Notwithstanding clause 9.10 of this agreement, neither party may seek a review of the fee for Billing Services with an effective date less than [2] years after the commencement of the Billing Services.~~

6.9.3 Retailer in breach: ~~If the Retailer fails to comply with any of its obligations under this schedule, or a Representation Letter provided in accordance with clause S6.7 indicates that the Retailer is in material breach of any of its obligations under this schedule and the Retailer has failed to remedy that breach then clauses 12 and 13 will apply, provided that the Distributor may terminate the Billing Services only rather than the whole agreement.~~

6.9.4 Data: ~~On termination of the Billing Services, the Retailer will grant access to the Distributor or a third party contracted to provide billing services to the Distributor, or provide to the Distributor, all of the metering data obtained by the Retailer in respect of the ICPs previously billed by the Retailer together with, if held by, or under the control of, the Retailer, the metering data for the previous 12 months in respect of that ICP or those ICPs so as to enable the Distributor or that third party to invoice the relevant Consumer or Consumers. The Retailer will be entitled to charge the Distributor the actual and reasonable cost for supplying this data. If the parties do not agree to this amount this dispute will be resolved in accordance with the dispute resolution procedure in clause 17 and if the Retailer fails to provide or grant the Distributor or the third party access to metering information, then the Retailer will be~~

~~liable for all reasonable costs and/or expenses incurred, payable or suffered by the Distributor as a result of such failure.~~

APPENDIX A

Provide the format that the Retailer will use for Consumer invoices

[Note to Retailer: To be provided.]

APPENDIX B

Provide a list of ICPs in respect of which Billing Services are not required to be provided by the Retailer

[Note to Retailer: To be provided.]

~~SCHEDULE 7—DATA COLLECTION SERVICES~~

~~SCHEDULE 8—The parties agree to provide Data Collection Services to each other on the terms set out in this schedule.~~

~~SCHEDULE 9—Either party (the “Requesting Party”) may request the other party (the “Data Collector”) to provide any or all of the following Data Collection Services:~~

~~SCHEDULE 10—regular meter readings of the Metering Equipment at one or more ICPs, in which case the Data Collector will ensure that the requested data from the Metering Equipment installed in relation to the ICPs nominated is collected not less than once in each 3 month period;~~

~~SCHEDULE 11—special meter readings of the Metering Equipment at one or more ICPs. Such a request will be given at least [48] hours prior to the proposed read;~~

~~SCHEDULE 12—provision of other data requested by the Requesting Party.~~

~~SCHEDULE 13—If there is no fee listed in schedule 8 for the service requested, the Data Collector will before collecting the data provide the Requesting Party with a fee for the work. No work will be undertaken unless the Requesting Party agrees to the fee.~~

~~SCHEDULE 14—On receipt of a request under clause S7.2, and subject to clause S7.3, the Data Collector will endeavour in accordance with Good Electricity Industry Practice to collect the requested data in accordance with the request. If the Data Collector is unable to collect the data, the Data Collector will notify the Requesting Party as soon as practicable.~~

~~SCHEDULE 15—If the Data Collector collects the data and provides it to the Requesting Party, the Requesting Party will pay the appropriate fee as set out in schedule 8, or as agreed in accordance with clause 3 of this schedule.~~

~~SCHEDULE 16—The collection of the data and the Data Collection Services will be undertaken in accordance with the Code.~~

~~SCHEDULE 17—The Data Collector will provide the data in accordance with the appropriate EIEP, unless otherwise agreed by the parties.~~

~~SCHEDULE 18—Either party may, by giving [3] months notice, terminate the Data Collection Services, provided that no notice is given before [date to be inserted].~~

~~SCHEDULE 19 – FEES~~

~~SCHEDULE 20 – Practice note: This schedule records:~~

~~SCHEDULE 21 – Fees for the provision of information:~~

~~SCHEDULE 22 – Fees for Services:~~

~~SCHEDULE 23~~ SCHEDULE 7 – ADDITIONAL SERVICES

Practice note: This schedule should record the terms and conditions relating to any Additional Services agreed between the parties. These may include, but are not limited to:

- ~~Load Management Services~~
- ~~Enhanced information services~~
- ~~Services by Retailers to distribute Distributor discounts, Rebates and/or dividends~~
- ~~Distribution of informational material to Consumers on behalf of Distributors~~
- ~~Revenue protection~~

The section below provides a sample schedule for Distributor Rebates:

AECT Dividends and AECT Distributions~~Rebates~~

~~S23.1~~S7.1 For the purposes of this schedule:

- (a) **"Rebate Dividends"** includes ~~Distributor's Charge discounts, Distributor's Charge rebates, Distributor's Charge holiday, Trust AECT dividends, and Trust AECT distributions; and~~
- (b) **"Trust AECT"** ~~means a trust that has an ownership interest in the Distributor~~has the meaning given in clause S7.16; and
- (c) ~~if the Trust wishes to engage direct with the Retailer but is not prepared to meet the Retailer's reasonable costs for providing the services requested as contemplated by clause S7.14, then clause S7.14 will apply as if the Distributor is the Trust and the Distributor will meet such costs.~~

~~S23.2~~S7.2 The Distributor may require, no more than twice in any calendar year, the Retailer to pass a ~~Rebate~~ Dividend to qualifying Consumers by crediting the Consumers' electricity accounts, by giving the Retailer at least 40 Working Days' notice.

~~S23.3~~S7.3 The notice will include:

- (a) the time period within which the eligibility date will be set;
- (b) the criteria to identify qualifying ICPs or Consumers, including any specific exclusions;
- (c) the proposed process and timelines for information to be exchanged to enable efficient implementation;
- (d) whether the ~~Distributor AECT~~ wishes to include any promotional material with the Tax ~~Invoice~~ containing the credit;
- (e) the format of the information to be exchanged; and
- (f) the proposed basis of calculation (if known).

and the Retailer will comply with the Distributor's requirements set out in such notice.

~~S23.4—The Retailer, acting reasonably, will advise the Distributor whether or not it is willing and able to meet the Distributor's requirements set out in the notice.~~

~~S23.5~~S7.4 If there are any changes to the information to be exchanged or the eligibility criteria compared to the last ~~Rebate~~ Dividend processed, the parties will test the information exchange process in advance.

~~S23.6~~S7.5 The Distributor will advise the Retailer of the eligibility date as soon as reasonably practicable, and provide details of any proposed publicity information and media releases.

~~S23.7~~S7.6 The Distributor will provide contact details for queries that cannot be addressed by the Retailer and a set of relevant FAQs.

~~S23.8~~S7.7 The Retailer will provide a file to the Distributor containing any information reasonably requested by the Distributor to enable the Distributor to calculate the Dividend ~~Rebate~~ applicable to each qualifying ICP or Consumer.

~~S23.9~~S7.8 The Distributor will return the file to the Retailer with the Dividend ~~Rebate~~ amounts added within 2 Working Days after receipt of the Retailer's file.

~~S23.10~~S7.9 The Retailer will as soon as reasonably practicable after receiving the file from the Distributor apply the Dividend ~~Rebate~~ to qualifying Consumers' accounts.

~~S23.11~~S7.10 The Dividend ~~Rebate~~ will be separately identified on invoices to qualifying Consumers, and will include words as specified by the Distributor along the following lines "[~~Distributor Name~~AECT] Dividend~~rebate~~". This requirement will only extend to the Retailer including wording within the existing limitations of the Retailer's billing system and/or bill format.

~~S23.12~~S7.11 If the Retailer agrees, the Retailer will if requested by the Distributor in advance include the Distributor's promotional material as a bill insert with the Retailer's invoice that includes the Dividend~~Rebate~~.

~~S23.13~~S7.12 The Distributor will indemnify the Retailer against any costs, losses, liabilities, claims, charges, demands, expenses or actions that may be incurred by the Retailer or may be made against the Retailer as a result of or in relation to any illegal, defamatory or offensive content in the Distributor's promotional material, except where such costs, losses, liabilities, claims, charges, demands, expenses or actions arise as a result of or in connection with any breach by the Retailer of its obligations under this agreement.

~~S23.14—The Distributor will meet the Retailer's reasonable costs for providing any services requested, and if requested the Retailer will provide a quote for the services in advance. The Distributor will pay the Retailer's invoice for the services by the 20th of the month following the invoice date.~~

~~S23.15~~S7.13 Any Dividends ~~Rebates~~ received in advance by the Retailer will be held as separately identifiable funds by the Retailer for the benefit of the Consumers who are entitled to receive the Dividends~~Rebates~~.

~~S23.16~~S7.14 The ~~Distributor~~ AECT will pay the Retailer for the full amount of the Dividends ~~Rebates~~ credited by the Retailer within 5 Working Days (or an alternative agreed date) of the Retailer confirming the total amount credited to Consumers' accounts. The Retailer will confirm this by providing a file itemising the Dividend ~~Rebate~~ credited to each Consumer.

Practice note: 3 payment options provided

~~S23.17 [The Distributor will issue a credit note for the total amount credited and recompense the Retailer by depositing the total amount due without offset into the Retailer's nominated bank account.]~~

~~S23.17 [The Distributor will recompense the Retailer by issuing a credit note for the total amount credited and offset the total amount due against future Distributor's Charges.]~~

~~S23.17 [The Retailer will issue an invoice for the total amount to be credited and the Distributor will recompense the Retailer by depositing the total amount due without offset into the Retailer's nominated bank account.]~~

S7.15 If for any reason the Dividend Rebate payable to a Consumer is unable to be paid (by way of example but without limitation, because a qualifying consumer ceases to be a Consumer and its account with the Retailer has a credit balance after the date of processing of the Dividend Rebate), and the Retailer has received funds from the Distributor-AECT in respect of the Dividend Rebate, the Retailer will as soon as practicable refund to the Distributor-AECT the Dividend Rebate received for that qualifying consumer, or the net credit of the account for that qualifying consumer if this is less than the amount of the Dividend Rebate for that qualifying consumer or refund the consumer directly the remaining amount by cheque. The Retailer will also provide a supporting file to the Distributor-AECT containing the ICP, refund amount, consumer name and forwarding address (if available).

AECT Information

S7.16 The Retailer acknowledges that the Distributor is partially owned by the AECT and requires from time to time information from the Retailer to enable updating and maintenance of an accurate register of beneficiaries, and to allow communication with those persons.

S7.17 If requested by the Distributor, the Retailer will provide, in a reasonable timeframe, relevant information (including names and addresses of all current Consumers) required by the Distributor to enable the AECT to meet its obligations under the trust deed pursuant to which the AECT is established, such information to be in a form reasonably specified by the Distributor from time to time. Any information provided by the Retailer under this clause S7.17 will be treated as confidential information.

SCHEDULE 8 – VECTOR PRE-REQUISITES AND RETAILER SPECIFIC INFORMATION

Vector Use of Network Pre-requisites

[Note to Retailers: The Vector Use of Network Pre-requisites will be inserted.]

Retailer Specific Information

Fees for Sole Provider Services – Refer clause 7.1

[•]

Receivership Options – Refer clause 11.7 (Strike the option not applicable)

Receivership Option A (Default)

Receivership Option B

Audit Options – Refer clause 19.2 (Strike the option not applicable)

Audit Option A (Default)

Audit Option B