

# **Gas Distribution Services Non-Standard Contract Disclosure 2015**

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**31 March 2016**

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## 1. Introduction

Under clause 2.4.12 of the Gas Distribution (Information Disclosure) Determination 2012 (the "IDD"), Powerco is required to publicly disclose information relating to non-standard contracts entered into for the supply of gas pipeline services, or related services, in the prior disclosure year.

A non-standard contract is a contract for gas pipeline services that is not a standard contract. Standard contracts are contracts for gas pipeline services between Powerco and any other person<sup>1</sup> where:

- a) the price at which the gas pipeline services are to be provided under the contract is determined solely by reference to a publicly disclosed schedule of prescribed terms and conditions, and
- b) at least 4 other persons have such contracts with Powerco (and none of those other persons is a related party of Powerco or a related party of those other persons).

This document specifies the non-standard contracts Powerco has entered into in the period 1 October 2014 to 30 September 2015.

For each of these contracts, Powerco is required to publicly disclose either:

- 1) a description of the goods or services to be supplied under the prescribed contract and the quantity or amount of those goods or services; or
- 2) the prescribed terms and conditions of each prescribed contract with the exception of prescribed terms and conditions that specify, determine, or provide for the determination of the price at which goods or services are to be supplied.<sup>2</sup>

## 2. Non-Standard contracts entered into

### a) Direct Service Agreements

Table one describes the goods or services to be supplied under the Direct Service Agreement contracts, and the quantity or amount of those goods or services. Direct service agreements contain terms and conditions specific to that agreement.

All gas contracts are for the supply of gas pipeline services to nominated connection points.

**Table 1: Direct Service Agreements – goods and services supplied**

Contract	Assets providing gas pipeline services	Goods/Services to be supplied	
		Delivery Pressure (kPA)	Scmh <sup>3</sup>
51 -- 2014	188m PE pipe, fire valve, GMS, standard meter enclosure, corrector, telemetry	100	220
54 -- 2014	Roots 3M + Dival 512, 50mm Ball valve, 80mm ball valve, 50mm Y pattern filter	35	150

<sup>1</sup> 'Person' is defined in the IDD as having the same meaning as in s2 of the Commerce Act 1986. The Commerce Act definition states a person 'includes a local authority, and any association of persons whether incorporated or not'.

<sup>2</sup> The prescribed terms and conditions of the contracts mentioned in this document, excepting those that specify, determine, or provide for the determination of price, can be provided upon request.

<sup>3</sup> Standard cubic meter per hour: Maximum hourly capacity the gas is to be supplied at or conveyed under the non-standard contract.

## b) Individual Service Agreements

An individual service agreement has standard terms and conditions. The quantity of energy to be supplied under an individual service agreement is specific to that agreement.

Historically Powerco has considered its Individual Service Agreements (ISAs) to be standard in nature as the ISAs have the same prescribed terms and conditions as our Standard contracts. The information disclosure determination specifies that a contract must determine, or provide for the determination of the quantity or amount of those goods or services supplied under the contract. A contract is considered a Standard contract if there are at least five persons on that contract. As the quantity of energy supplied under each ISA is specific to that agreement, the ISAs do not meet the test of at least five persons on that contract and are consequently considered to be Non-Standard contracts and included in this disclosure.

Table two describes the contract number and minimum gas requirement of ISAs entered into in the RY15 disclosure period while table three describes the ISAs entered into between 1 October 2012 and 30 September 2014.

All gas contracts are for the supply of gas pipeline services to nominated connection points.

**Table 2: Individual Service Agreements entered into in the RY15 disclosure period**

Contract	Minimum quantity per Annum (TJ)
46234	30
45930	3

**Table 3: Individual Service Agreements entered into between RY2012 and RY2014**

Contract	Minimum quantity per Annum (TJ)
46497	4
46699	0.7
48-2014	2

For a list of the prescribed terms and conditions of Individual Service Agreements refer to the agreement included as attachment one.

## c) Use of System Agreements and Wholesale Use of System Agreement

Powerco entered into new Use of Systems Agreements (UoSA) with multiple gas retailers in the disclosure period. Powerco currently classifies this as a non-standard agreement because at 30 September 2015, only 3 retailers had signed to this agreement, but this is our standard contract for operating on our network.

Powerco also entered into a Wholesale Use of System Agreement (WUoSA) in the disclosure period. This agreement has the same prescribed terms and conditions as the UoSA but it is a distinct in that the counterparty acts as a wholesaler for the delivery of gas to other retailers at points of connection on Powerco's network, so that those retailers can sell gas to consumers at those points of connection without maintaining a UoSA with Powerco.

The associated terms and conditions to these agreements can be found in the publicly available template UoSA and WUoSA online at Powerco's website <http://www.powerco.co.nz/Publications/For-Retailers/>.

### 3. Modified non-standard contracts

Under clause 2.4.15 of the IDD, Powerco is required to disclose modifications to any prescribed terms and conditions of a non-standard contract.

There have been no modifications to the prescribed terms and conditions of Powerco non-standard contracts in this disclosure period. Further there have been no modifications to Individual service Agreements in the period from 1 October 2012 to 30 September 2014.

### 4. Requests for further information

Further information on the following prescribed terms and conditions for any of the contracts described in this document will be made available upon request:

1. The terms and conditions that specify, determine or provide for the determination of the –
  - a) timing of payment for the goods or services supplied;
  - b) security for payment for those goods or services;
  - c) Powerco's obligations and responsibilities (if any) to consumers in the event that the supply of gas pipeline services to consumers is interrupted.
2. The description of the goods and services provided and the quantity (or method of determining the quantity) or amount of goods and services provided if these have not otherwise been provided.

Any request for this information should be made to Powerco's Wellington office on the form below.

## 5. Request form

To: Gas Customer and Commercial Manager  
 The Gas Hub – Powerco  
 Level 4  
 1 Grey Street  
 Private Bag 62  
 Wellington 6011

Or by email to: [wel\\_office@powerco.co.nz](mailto:wel_office@powerco.co.nz)

Please provide the following information for contract \_\_\_\_\_  
 Summary information for this contract or the modification to terms and conditions under this contract are available on the Powerco website.

Information requested (as ticked):

- The terms and conditions that specify, determine or provide for the determination of the –
  - Timing of payment for the goods or services supplied
  - Security for payment for those goods or services
  - Powerco’s obligations and responsibilities (if any) to consumers in the event that the supply of gas pipeline services to consumers is interrupted.
- The description of the goods and services provided and the quantity (or method of determining the quantity) or amount of goods and services provided if this information has not been publicly disclosed previously.

This information is requested by:

Name: \_\_\_\_\_  
 Company or business name: \_\_\_\_\_  
 Contact address: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 Contact phone number: \_\_\_\_\_

I/we understand Powerco will publicly disclose any information provided to me/us.

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

For Powerco use only: Date Received: \_\_\_\_\_ Request Number \_\_\_\_\_

Action	Name	Signature	Date
Information approved for release by legal services manager			
Advise contract owner			
Information provided to requestor			
Information provided to regulatory team • Update internet • Copy to the Commerce Commission			

# Attachment 1: ISA Offer Form - Terms and Conditions of an Individual Service Agreement



## Individual Site Agreement Offer Form

Gas Pricing Request	<input type="text"/>	Date Offer Issued	<input type="text"/>
Gas Retailer	<input type="text"/>	Customer Name	<input type="text"/>
Applicant Name	<input type="text"/>	Address	<input type="text"/>
Mail Address	<input type="text"/>	City	<input type="text"/>
City	<input type="text"/>	Delivery Point Address	<input type="text"/>
Phone	<input type="text"/>	(If different than the above address)	<input type="text"/>
Fax	<input type="text"/>	City	<input type="text"/>
Mobile	<input type="text"/>		
Email	<input type="text"/>		

### Connection Detail

ICP No.	<input type="text"/>
Gas Gate	<input type="text"/>
Minimum Usage	<input type="text"/> GJ/per annum
Contracted SCM/Hr	<input type="text"/> scmh
Emergency Load Shedding Category	<input type="text"/>

### Meter Detail

Meter Owner	<input type="text"/>
Meter Type	<input type="text"/>
TOU Service	<input type="text"/>
Telemetry Service	<input type="text"/>
Other Service	<input type="text"/>

### Standard Tariff Rate Fees

Network Tariff Code	<input type="text"/>	Meter Tariff Code	<input type="text"/>	Other Service Tariff Code	<input type="text"/>
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Note: If Standard Tariff Rate applies for the above customer, no acceptance of offer required

### Individually Priced Site(s) Fees

Commencement Date	<input type="text"/>
Expiry Date	<input type="text"/>
Offer Term	<input type="text"/> year/s

### Network Charges

Network	<input type="text"/>
Network Tariff Code	<input type="text"/>
Fixed Charge	<input type="text"/> /day
Variable Charge	<input type="text"/> /GJ

### GMS Charge

Meter Tariff Code	<input type="text"/>
Fixed Charge	<input type="text"/> /day

### TOU Charge

TOU Tariff Code	<input type="text"/>
Fixed Charge	<input type="text"/> /day

### Other Service Charges

Telemetry Tariff Code	<input type="text"/>
Fixed Charge	<input type="text"/> /day
Tariff Code	<input type="text"/>
Fixed Charge	<input type="text"/> /day

### Special Conditions

### Reference Appendix

### Terms Of Offer and Acceptance

The offer is made on the basis of the terms set out below. A binding contract will be formed upon Powerco's receipt (which must be within one month of the Date Offer Issued) of your acceptance of this offer. This offer must be accepted in full (and may not be accepted in respect of less than all Sites and Services specified in this Offer Form).

- All prices stated in this Offer Form are exclusive of goods and services tax payable pursuant to the Goods and Services Tax Act 1985.
- The Fees set out in this Offer Form will be applied on and from the Commencement Date (as set out in this Offer Form) and, unless these arrangements are terminated earlier in accordance with these Terms, will expire on the Expiry Date (as set out in this Offer Form). The Fees do not cover additional services (priced separately under the Use of System Agreement between Powerco and the Retailer (or such other agreement (however called) in respect of the provision of gas network distribution services) (UOSA)) such as connection and disconnection fees, callout fees, modifications to the system or equipment required for the Site(s) (such as the introduction of delivery pressure measurement or modification to installed meter capacity).
- Powerco will provide the Services (as set out in this Offer Form) in respect of gas supplied to the Customer for use at the Site(s) in accordance with these Terms and the UOSA. If there is any inconsistency between the UOSA and these Terms, these Terms take precedence.
- Powerco's charges to the Retailer for the provision of the Services in respect of gas supplied to the Customer for use at the Site(s), will be the Fees calculated in accordance with this Offer Form and Powerco's current posted billing methodology.
- All gas deliveries to the Site(s) are to be through Powerco's gas distribution network.
- On 1 October in each year, with notice as set out in the UOSA, the Individually Priced Site(s) Fees (not being standard fees as set out in the Gas Pricing Book) set out in this Offer Form will increase to reflect any increase in the Consumer Price Index, by multiplying the previous fee by the Adjustment Factor calculated as follows:

$$\text{Adjustment Factor} = \Delta \text{CPI}_t$$

where:

$\Delta \text{CPI}_t$  is the average change in the quarterly Consumer Price Index over the calendar year that ends on 31 March in the year t, calculated in accordance with the following expression:

$$\Delta \text{CPI}_t = \frac{\text{CPI}_{\text{Jun } t-1} + \text{CPI}_{\text{Sep } t-1} + \text{CPI}_{\text{Dec } t-1} + \text{CPI}_{\text{Mar } t}}{\text{CPI}_{\text{Jun } t-2} + \text{CPI}_{\text{Sep } t-2} + \text{CPI}_{\text{Dec } t-2} + \text{CPI}_{\text{Mar } t-1}} - 1$$

't' refers to calendar years ending 31 December

(For the avoidance of doubt:

- a. if the application of the Adjustment Factor results in a decrease in the Individually Priced Site(s) Fees, the Adjustment Factor will not be applied and the Individually Priced Site(s) Fees will remain unchanged; and
  - b. Powerco may increase the Individually Priced Site(s) Fees by an amount equal to or less than that determined by application of the Adjustment Factor.)
- 7 The Standard Tariff Rate Fees set out in this Offer Form including any standard tariff for the Individually Priced Site(s) will change in accordance with each (Gas Pricing Book) notice Powerco gives to the Retailer in accordance with the UOSA.
- 8 Powerco may vary any of the Fees by written notice to the Retailer in order to pass on any variations in:
- a. charges payable by it to any transmission service provider; or
  - b. the regulatory (central or local government) compliance costs, taxes (excluding income tax), rates or other levies imposed upon Powerco, in relation to its gas distribution system or the provision of the Services.
- 9 If the Customer's gas usage at the Site(s) during any twelve month period is less than the Minimum Usage amount (as set out in this Offer Form), Powerco may vary the Individually Priced Site(s) Fees by written notice to the Retailer in order that Powerco's revenues from the Individually Priced Site(s) Fees will be at the level Powerco would receive if the Customer had used gas at the Minimum Usage amount specified in this Offer Form.
- 10 Powerco may, by written notice to the Retailer, terminate these arrangements if:
- a. the information provided by the Retailer upon which this Offer Form was prepared was incorrect in any way which Powerco in its absolute discretion considers to be material; or
  - b. Powerco is entitled to terminate the UOSA (regardless of whether Powerco does, in fact, so terminate the UOSA); or
  - c. the Customer has a liquidator, provisional liquidator, receiver or official manager appointed over all or part of its property except for the purposes of a solvent reconstruction or amalgamation; or
  - d. the Customer makes or enters into or endeavours to make or enter into any composition, assignment or other arrangement with or for the benefit of its creditors; or
  - e. the Customer ceases to be a party to a Gas Supply Agreement with the Retailer; or
  - f. the Customer ceases to use gas at the Site(s), whether in breach of its Gas Supply Agreement or not and whether or not there is any other person using gas at the Site(s); or
  - g. the Retailer defaults in payment of the Fees for a period of 14 days after notice has been given by Powerco to remedy the default.
- 11 The Retailer may, by written notice to Powerco, terminate these arrangements if:
- a. the Customer has a liquidator, provisional liquidator, receiver or official manager appointed over all or part of its property except for the purposes of a solvent reconstruction or amalgamation; or
  - b. the Customer makes or enters into or endeavours to make or enter into any composition, assignment or other arrangement with or for the benefit of its creditors; or
  - c. the Customer ceases to be a party to a Gas Supply Agreement with the Retailer; or
  - d. the Customer ceases to use gas at the Site(s), whether in breach of its Gas Supply Agreement or not and whether or not there is any other person using gas at the Site(s).
- 12 If these arrangements are terminated or expire, that does not:
- a. constitute a waiver of any breach of these Terms by; nor
  - b. prejudice any rights, liabilities or obligations of, Powerco or the Retailer that occurred or accrued prior to the date of termination or the Expiry Date.

**To Accept This Offer Please Sign (or add scanned signature, or otherwise signify acceptance by ticking box and confirming acceptance in an accompanying email (which must be received by Powerco within one month of the Date Offer Issued))**

Date of Acceptance

Retailer Signature

Name of Signatory (being a person authorised to bind the Retailer)

Position

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**Powerco Limited Signature**

Powerco Signature

Name of Signatory (being a person authorised to bind Powerco)

Position

Date

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