



REGULATORY DISCLOSURE

Gas distribution services: Non-standard contracts disclosure

12 months ended 30 September 2018



First Gas Limited
March 2019

Introduction

First Gas operates 2,500 kilometres of gas transmission pipelines (including the Maui pipeline), and more than 4,700 kilometres of gas distribution pipelines across the North Island. These gas infrastructure assets transport gas from Taranaki to major industrial gas users, electricity generators, businesses and homes, and transport around 20 percent of New Zealand's primary energy supply.

For further information on First Gas, please visit our website www.firstgas.co.nz.

Disclosure of non-standard prescribed contracts

This document is a regulatory disclosure prepared pursuant to sections 2.4.12, 2.4.15 and 2.4.17 of the *Gas Distribution Information Disclosure Determination (No.1) 2017* (the ID Determination) consolidating all amendments as of 14 June 2017 issued by the Commerce Commission.

First Gas Limited (First Gas¹) is required to disclose the non-standard contracts entered into or modified during the disclosure year. This disclosure relates to the non-standard contracts on our distribution networks only.

This document represents First Gas' required contract disclosures (the Disclosure) for the disclosure year 1 October 2017 to 30 September 2018.

This regulatory disclosure was prepared on 29 March 2019.

Further information

For further information regarding this regulatory disclosure, please contact:

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¹ First Gas Limited is a "gas distribution business" or "GDB", as referred to in the *Gas Distribution Information Disclosure Determination 2017*.

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1. Non-standard contracts entered into during the disclosure period

The ID Determination states that for each non-standard contract entered into during the disclosure period, First Gas must disclose:²

1. A description of the goods or services to be supplied under the prescribed contract; and
2. The quantity or amount of those goods and services.

First Gas' network service agreement (NSA) has standard terms and conditions.³ First Gas do, however, have Network Charge Agreements (NCAs) that allow specific ICPs to have non-standard pricing. The estimated quantity of energy to be supplied under the NCA, and the network charges and maximum flow rate are specific to that agreement.

Each year, each NCA has the price adjusted and the NSA is reissued. This is usually by CPI. But in cases where the underlying justification is no longer valid (bypass risk, alternative fuel etc), we transition the ICP towards standard pricing. This is done by adjusting the prices by no more than 10% year to year to avoid price shock. All other terms and conditions are unchanged.

For this disclosure period, all NCAs have been considered new contracts due to the pricing changing annually. All NCA contracts are for the supply of gas pipeline services to nominated ICPs.

Only the first ICP in Table 1 is a new ICP this year.

Table 1: New network service agreements entered during the disclosure year

ICP NCA relates to	Nominal annual quantity (GJ)	Maximum flow (SCMH) ⁴	Network pressure (kPa)	Non-standard pricing justification	Daily charge	Variable fee (\$/kWh)
1001294166NGCC4	65,000	600	700	Avoid cross-subsidisation	112.80	0.006
0008000027NGD9C	377,212	2,500	1,900	Bypass	55.19	0
0008000029NGE07	346,170	2,242	1,900	Bypass	91.07	0
0008000033NG63B	162,382	2,441	1,000	Bypass	26.98	0
0008000038NG8EF	224,949	1,660	1,900	Bypass	171.73	0
0008000040NGFA6	589,674	3,450	1,000	Bypass	164.69	0
0008000051NG94E	438,316	2,500	1,000	Bypass + Pass through	325.6	0
0008000072NG8DB	534,890	2,547	1,900	Bypass	114.56	0
0008000074NG954	473,207	2,242	1,900	Bypass	51.64	0
0008000080NG849	45,000	600	1,900	Transition to standard	90.39	0
0008000147NGB68	16,500	191	400	Transition to standard	63.2	0
0008000249NGBF0	n/a	n/a	1,900	Bypass	68.61	0.00002

² ,Clause 2.4.12(1), *Gas Distribution Information Disclosure Determination (No.1) 2017*.

³ The standard terms and conditions are available on the First Gas website, www.firstgas.co.nz or upon request to our New Plymouth Office. Contact details are provided at the end of this disclosure.

⁴ Clause 2.4.17 of the ID Determination suggests we disclose the maximum hourly rate in GJ. Our contracts are based on a standard cubic meter/hour basis. To convert results in this column to GJ/hr then divide by 25. (Taking the gross calorific value of natural gas as 40MJ/scm, then there 25scmh per GJ per hour.)

ICP NCA relates to	Nominal annual quantity (GJ)	Maximum flow (SCMH) ⁴	Network pressure (kPa)	Non-standard pricing justification	Daily charge	Variable fee (\$/kWh)
0008000300NGE00	n/a	n/a	1900	Bypass	32.61	0
0009001431NGDA6	23,825	250	400	Bypass risk	94.55	0.00061

2. Modified non-standard contracts

First Gas is required to disclose modifications to any prescribed terms and conditions of a non-standard contract.⁵

There have been no modifications to the prescribed terms and conditions of First Gas' non-standard contracts in this disclosure period.

3. Requests for information

A copy of the standard prescribed terms and conditions of each contract, with the exception of the prescribed terms and conditions that specify, determine or provide for the determination of the price at which the good or services are to be supplied, is available from the First Gas website or by request from our New Plymouth office.

Please contact:

Distribution Commercial Manager
 First Gas
 42 Connett Road West
 Bell Block
 New Plymouth 4312

Or by email: connections@firstgas.co.nz.

⁵ Clause 2.4.15, *Gas Distribution Information Disclosure Determination (No.1) 2017.*