

Eastland Network Limited

and

Eastland Generation Limited

Distributed Generator Connection Agreement

This agreement is made on 1 August 2016

between Eastland Network Limited, CN 338099 ,(the "Distributor")
and Eastland Generation Limited, CN 196045 ,(the "Distributed Generator")
(together the "Parties", individually a "Party")

Introduction

- A. The Distributor owns and operates the electricity distribution network in Wairoa, Gisborne and surrounding districts (the "Network").
- B. The Distributed Generator owns electricity generators (as specified in Schedule D to this agreement) connected to the Network and operates these under the direction of the Distributor to reduce the electrical demand on the Network. The Distributed Generator also operates its generators for other purposes, however the requests to generate issued by the Distributor take precedent.
- C. This agreement has been modelled on the regulated terms for connection of distributed generation included in the electricity industry participation code (the "Code"), schedule 6.2.
- D. Connection charges that are payable by the Distributed Generator to the Distributor have been determined in accordance with the pricing principles set out in Schedule 6.4 of the Code.
- E. Avoided cost of transmission charges that are payable by the Distributor to the Distributed Generator have been determined in accordance with the pricing principles set out in Schedule 6.4 of the Code.
- F. The Parties have agreed to vary certain terms from the regulated terms for connection of distributed generation as set out in this Agreement.

It is agreed

1. Interpretation

- 1.1 This agreement must be interpreted—
- (a) In light of the purpose of Part 6 of the Code; and
 - (b) So as to give business efficacy to the relationship between the Distributor and the Distributed Generator created by Part 6 of the Code.
- 1.2 Defined terms are capitalised. These terms are as defined in the Code or as defined in this agreement. Where a conflict exists between this Agreement and the Code for the definition of a defined term, the definition in this agreement shall prevail.

2. General obligations

- 2.1 The Distributor and Distributed Generator must perform all obligations under the terms of this agreement and in accordance with the Distributor's connection and operation standards (where applicable).
- 2.2 The Distributor and Distributed Generator must each construct, interconnect, operate, test, and maintain their respective equipment in accordance with—
- (a) This agreement;
 - (b) The Distributor's connection and operation standards (where applicable); and
 - (c) The Code.
- 2.3 The Distributed Generator must, subject to subclause 2.2, construct, interconnect, operate, test, and maintain its distributed generation in accordance with—
- (a) Reasonable and prudent operating practice; and
 - (b) The applicable manufacturer's instructions and recommendations.
- 2.4 The Distributor and Distributed Generator must each be fully responsible for the respective facilities they own or operate.
- 2.5 The Distributor and Distributed Generator must each ensure that their respective facilities adequately protect each other's equipment, personnel, and other persons and their property, from damage and injury.
- 2.6 The Distributed Generator must comply with any conditions specified by the Distributor under clause 18 of Schedule 6.1 of the Code as conditions of the connection (or, to the extent that those conditions were the subject of a dispute under clause 20 (3) of that Schedule, or of negotiation during the period for negotiation of the connection contract, the conditions or other measures as finally resolved or negotiated).

3. Installation of meters and access to metering information

- 3.1 The Distributed Generator must ensure that 1 or more metering installations are installed that—
- (a) Separately record any inflows of electricity from the Network and any electricity injected into the Network; and
 - (b) Fully comply with the Code.
- 3.2 The Distributed Generator must provide to the Distributor, at the Distributor's request, the interval data and cumulative data recorded by those metering installations.
- 3.3 If the meter is part of a category 2 metering installation, or a category 3 metering installation, or a category 4 metering installation, or a category 5 metering installation, or a category 6 metering installation, the Distributor may require that reactive metering be installed.
- 3.4 The Distributor's requirements in respect of metering measurement and accuracy must be consistent with the Code.

4. Right of Distributor to access Distributed Generator's premises

- 4.1 The Distributed Generator must provide the Distributor, or a person appointed by the Distributor, with safe and unobstructed access onto the Distributed Generator's premises at all reasonable times—
- (a) For the purpose of installing, testing, inspecting, maintaining, repairing, replacing, operating, reading, or removing any of the Distributor's equipment and for any other purpose related to this agreement; and
 - (b) For the purpose of verifying metering information; and
 - (c) For the purpose of ascertaining the cause of any interference to the quality of delivery services being provided by the Distributor to the Distributed Generator; and
 - (d) For the purpose of protecting, or preventing danger or damage to, persons or property; and
 - (e) For the purposes of reconnecting or disconnecting the distributed generation; and
 - (f) For any other purpose relevant to either or both of—
 - (i) The Distributor connecting distributed generation in accordance with connection and operation standards; and
 - (ii) Maintaining the integrity of the Network.
- 4.2 The rights of access conferred by this agreement are in addition to any right of access the Distributor may have under a statute or regulation or contract.

5. Process if Distributor wants to access Distributed Generator's premises

5.1 The Distributor must exercise its right of access under clause 4 by,—

- (a) Wherever practicable, giving to the Distributed Generator reasonable notice of its intention and of the purpose for which it will exercise its right of access; and
- (b) Causing as little inconvenience as practicable to the Distributed Generator in carrying out its work; and
- (c) Observing reasonable and prudent operating practice at all times; and
- (d) Observing any reasonable security or site safety requirements that are made known to the Distributor by the Distributed Generator.

5.2 However, the Distributor may take all reasonable steps to gain immediate access where it reasonably believes there is immediate danger to persons or property.

6. Distributor must not interfere with Distributed Generator's equipment

6.1 The Distributor must not interfere with the Distributed Generator's equipment without the prior written consent of the Distributed Generator.

6.2 However, if emergency action has to be taken to protect the health and safety of persons, or to prevent damage to property, the Distributor—

- (a) May interfere with the Distributed Generator's equipment without prior written consent; and
- (b) Must, as soon as practicable, inform the Distributed Generator of the occurrence and circumstances involved.

7. Distributed Generator must not interfere with, and must protect, Distributor's equipment

7.1 The Distributed Generator must not interfere with the Distributor's equipment without the prior written consent of the Distributor.

7.2 However, if emergency action has to be taken to protect the health and safety of persons, or to prevent damage to property, the Distributed Generator—

- (a) May interfere with the Distributor's equipment without prior written consent; and
- (b) Must, as soon as practicable, inform the Distributor of the occurrence and circumstances involved.

7.3 The Distributed Generator must protect the Distributor's equipment against interference and damage.

8. Obligation to notify if interference with Distributor's equipment or theft of electricity is discovered

8.1 If the Distributor or the Distributed Generator discover evidence of interference with the Distributor's equipment, or evidence of theft of electricity, the party discovering the interference or evidence must notify the other party within 24 hours.

8.2 If interference with the Distributor's equipment at the Distributed Generator's installation is suspected, the Distributor may itself carry out an investigation and present the findings to the Distributed Generator within a reasonable period.

8.3 The cost of the investigation—

(a) Must be borne by the Distributed Generator if it is discovered that interference by the Distributed Generator, or by its subcontractors, agents, or invitees, has occurred, or if the interference has been by a third party, and the Distributed Generator has failed to provide reasonable protection against interference to the Distributor's equipment; and

(b) Must be borne by the Distributor in any other case.

9. General obligation relating to interruptions

9.1 The Distributor must make reasonable endeavours to ensure that the connection of the distributed generation is not interrupted.

10. Circumstances allowing Distributor to temporarily disconnect distributed generation

10.1 Despite clause 9, the Distributor may interrupt the connection service, or curtail either the operation or output of the generation, or both, and may temporarily disconnect the distributed generation in any of the following cases:

(a) In accordance with the Distributor's congestion management policy:

(b) If reasonably necessary for planned maintenance, construction, and repairs on the Network:

(c) For the purpose of protecting, or preventing danger or damage to, persons or property:

(d) If the Distributed Generator fails to allow the Distributor access as required by clause 4:

(e) If the Distributed Generator modifies its distributed generation, without prior authorisation from the Distributor, in such a way that it has a material effect on the Distributed Generator's injection of electricity into the network:

(f) In accordance with clause 12 (adverse operating effects).

11. Obligations if distributed generation temporarily disconnected by Distributor

- 11.1 The Distributor must make reasonable endeavours to—
- (a) Notify the Distributed Generator before an interruption under clause 10; and
 - (b) Co-ordinate with the Distributed Generator to minimise the impact of the interruption.
- 11.2 The Distributor and the Distributed Generator must co-operate to restore the Network and the distributed generation to a normal operating state as soon as is reasonably practicable following temporary disconnection.
- 11.3 In the case of a forced outage, the Distributor must, subject to the need to restore the Network, make reasonable endeavours to restore service to the Distributed Generator and to advise the Distributed Generator of the expected duration of the outage.

12. Adverse operating effects

- 12.1 The Distributor must notify the Distributed Generator as soon as is reasonably practicable if it reasonably considers that operation of the distributed generation may—
- (a) Adversely affect the service provided to other Network customers; or
 - (b) Cause damage to the Network or other facilities; or
 - (c) Present a hazard to a person.
- 12.2 If, after receiving that notice, the Distributed Generator fails to remedy the adverse operating effect within a reasonable time, the Distributor may disconnect the generation by giving reasonable notice (or without notice when reasonably necessary in the event of an emergency or hazardous situation).

13. Interruptions by Distributed Generator

- 13.1 This clause applies to any connected distributed generation above 10 kW in total.
- 13.2 The Distributed Generator must notify the Distributor of any planned outages and must make reasonable endeavours to advise the Distributor of an event that affects network operations.
- 13.3 The Distributed Generator must make reasonable endeavours to notify the Distributor of the interruption and to co-ordinate with the Distributor to minimise the impact of the interruption.

14. Permanent disconnections

- 14.1 Despite clause 9, the Distributor may permanently disconnect distributed generation in the following circumstances:

- (a) On receipt of a request from the Distributed Generator:
- (b) Without notice, if the Distributed Generator has failed to comply with either the connection or safety requirements of the Distributor and there is an ongoing risk to persons or property:
- (c) Without notice, on receipt of the registry inactive status with reason “De-energised—ready for decommissioning” if the trader has de-energised a site, attempted to recover the meters, and updated the registry to that status:
- (d) On at least 10 business days' notice of intention to disconnect, if—
 - (i) The Distributed Generator has not injected electricity into the network at any time in the preceding 12 months; and
 - (ii) The Distributor has not been notified by the Distributed Generator of reasons for the non-injection; and
 - (iii) The Distributor has reasonable grounds for believing that the Distributed Generator has ceased to operate the distributed generation.

14.2 If the point of connection is to remain as a consumption point, the Distributed Generator must (if applicable) cancel any seller contracts and ensure the trader decommissions the embedded generation network service point with the reconciliation manager. The site must revert to a standard ICP.

14.3 If the point of connection is to be disestablished in its entirety, a permanent disconnection must be performed by means of isolation of generation by removal of all electrical connections to Distributor's lines. The Distributor must notify the Distributed Generator within 2 business days of the work having been completed. If applicable, the Distributed Generator must cancel any seller contracts, ensure that the retailer decommissions the embedded generation network service point with the reconciliation manager, and that the retailer arranges decommissioning of the ICP.

14.4 Once having the status of decommissioned on the registry, the ICP must not be used again. The process for new connections in Part 1 or 2, as the case may be, of Schedule 6.1 of the Code must be followed if generation is to be connected again at this point of connection.

14.5 Both the Distributor and the Distributed Generator (through notification to a retailer where selling to a retailer) must ensure that the registry is correctly updated throughout this process in accordance with the Code.

15. General obligations relating to confidentiality

15.1 Each party must preserve the confidentiality of confidential information, and must not directly or indirectly reveal, report, publish, transfer, or disclose the existence of any confidential information, except as permitted in subclause 15.2.

15.2 Each party must only use confidential information for the purposes expressly permitted by this agreement.

16. When confidential information can be disclosed

16.1 Either party may disclose confidential information in any of the following circumstances:

- (a) If the Distributed Generator and Distributor agree in writing to the disclosure of information:
- (b) If disclosure is expressly provided for under this agreement:
- (c) 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 (except where it does so as a result of a breach by either party of its obligations under this clause or a breach by any other person of that person's obligation of confidence):
- (d) If either party is required to disclose confidential information by—
 - (i) A statutory or regulatory obligation, body, or authority; or
 - (ii) A judicial or arbitration process; or
 - (iii) The regulations of a stock exchange upon which the share capital of either party is from time to time listed or dealt in; or
 - (iv) The Code:
- (e) If the confidential information is released to the officers, employees, directors, agents, or advisors of the party, provided that—
 - (i) The information is disseminated only on a need- to-know basis; and
 - (ii) Recipients of the confidential information have been made fully aware of the party's obligations of confidence in relation to the information; and
 - (iii) Any copies of the information clearly identify it as confidential information:
- (f) If the confidential information is released to a bona fide potential purchaser of the business or any part of the business of a party, subject to that bona fide potential purchaser having signed a confidentiality agreement enforceable by the other party in a form approved by that other party, and that approval may not be unreasonably withheld.

17. Disclosures by employees, agents, etc

17.1 To avoid doubt, a party is responsible for any unauthorised disclosure of confidential information made by that party's officers, employees, directors, agents, or advisors.

18. Pricing and payment

- 18.1 Avoided Cost of Transmission Charges that are payable by the Distributor to the Distributed Generator are specified in Schedule A of this agreement.
- 18.2 Avoided Cost of Distribution Charges that are payable by the Distributor to the Distributed Generator are specified in Schedule B of this agreement.
- 18.3 Distribution Generator Connection Charges that are payable by the Distributed Generator to the Distributor are specified in Schedule C of this agreement.
- 18.4 Avoided Cost of Transmission Charge, Avoided Cost of Distribution Charge, Distribution Generator Connection Charge and any associated wash-up charges or refunds (together the "Charges") shall be invoiced (or credited) monthly. Invoices (or credits) that are invoiced by the 10th of month shall be paid by the 20th of that month.
- 18.5 Any refund (as a result of a credit) may be set-off against payments due within 3 months of the refund being due to payment.
- 18.6 If a party does not pay any sum payable by it under this agreement as and when due, the party in default must pay to the other Default Interest on that unpaid sum. Default Interest is to accrue on any unpaid sum from day to day from the due date to the date of actual payment. Interest on overdue payments is to be capitalised monthly. The demand for, or receipt of, Default Interest is not in substitution for, or to the exclusion of, any rights or remedies otherwise available to a party under this agreement.
- 18.7 Default Interest means interest calculated at the Bill Rate plus five percent per annum. The Bill Rate means the average rate per annum (expressed as a percentage) as quoted on Reuters page BKBM (or any successor page displaying substantially the same information) under the heading FRA for bank accepted bills having a term of three months as fixed at 10.45am on the first Business Day following the due date (and on the first Business Day next following the expiration of each succeeding three-month period after the due date thereafter);
- 18.8 The Distributor shall continue to make Avoided Cost of Transmission Charge payments as per the methodology in Schedule A provided the Distributed Generator continues to maintain its equipment in as required by this agreement and schedule the dispatch of the generation as requested by the Distributor.

19. General obligations relating to liability

- 19.1 If the Distributor or Distributed Generator breaches any of the terms of this agreement (whether by act or omission), that party is liable to the other.
- 19.2 The Distributed Generator's and the Distributor's liability to each other is limited to damages for any direct loss caused by that breach.
- 19.3 This clause does not limit the liability of either party to pay all charges and other amounts due under Part 6 of the Code or this agreement.

20. Exceptions to obligations relating to liability

20.1 Neither the Distributor nor the Distributed Generator, nor any of its officers, employees, directors, agents, or advisors, are in any circumstances liable to the other party for—

- (a) Any indirect loss, consequential loss (including, but not limited to, incidental or special damages), loss of profit, loss of revenue (except any liability under clause 19.3), loss of use, loss of opportunity, loss of contract, or loss of goodwill; or
- (b) Any loss resulting from the liability of the other party to another person; or
- (c) Any loss or damage incurred by the other party if, and to the extent that, this results from any breach of this agreement or any negligent action.

20.2 The Distributor is not liable, except to the extent caused or contributed to by the Distributor in circumstances where the Distributor was not acting in accordance with Part 6 of the Code (including this agreement), for—

- (a) Any momentary fluctuations in the voltage or frequency of electricity conveyed to or from the distributed generation's point of connection or nonconformity with harmonic voltage and current levels; or
- (b) Any failure to convey electricity to the extent that—
 - (i) The failure arises from any act or omission of the Distributed Generator or other person, excluding the Distributor and its officers, employees, directors, agents, or advisors; or
 - (ii) The failure arises from—
 - (A) A failure to convey or a reduction of injection or supply of electricity into the Network; or
 - (B) An interruption in the conveyance of electricity in the network, at the request of the system operator or under a nationally or regionally co-ordinated response to an electricity shortage; or
 - (iii) The failure arises from any defect or abnormal conditions in or about the Distributed Generator's premises; or
 - (iv) The Distributor was taking any action in accordance with Part 6 of the Code or this agreement; or
 - (v) The Distributor was prevented from making necessary repairs (for example, by police at an accident scene).

20.3 The Distributed Generator is not liable for—

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

21. Limits on liability

21.1 The maximum total liability of each party, as a result of a breach of this agreement, must not in any circumstances exceed, in respect of a single event or series of events arising from the same event or circumstance, the lesser of—

- (a) The direct damage suffered or the maximum total liability that the party bringing the claim against the other party has at the time that the event (or, in the case of a series of related events, the first of such events) giving rise to the liability occurred; or
- (b) \$1,000 per kW of installed capacity up to a maximum of \$5 million.

22. Liability clauses do not apply to fraud, wilful breach, and breach of confidentiality

22.1 The exceptions in clause 20, and the limits on liability in clause 21, do not apply—

- (a) If the Distributor or Distributed Generator, or any of its officers, employees, directors, agents, or advisors, has acted fraudulently or wilfully in breach of this agreement; or
- (b) To a breach of confidentiality under clause 15 by either party.

23. Indemnity

23.1 Each party (the indemnifying party) must indemnify the other for damages claimed by third parties to the extent that the loss is caused by a breach of this agreement by the indemnifying party, where the loss is materially caused by an action or omission of the indemnifying party.

23.2 The indemnity in this clause is subject to the limits on liability specified in clauses 19 to 22.

24. Force majeure

24.1 A failure by either party to comply with or observe any provisions of this agreement (other than payment of any amount due) does not give rise to any cause of action or liability based on default of the provision if—

- (a) The failure is caused by—
 - (i) An event or circumstance occasioned by, or in consequence of, an act of God, being an event or circumstance—
 - (A) Due to natural causes, directly or indirectly and exclusively without human intervention; and
 - (B) That could not reasonably have been foreseen or, if foreseen, could not reasonably have been resisted; or

- (ii) A strike, lockout, other industrial disturbance, act of public enemy, war, blockade, insurrection, riot, epidemic, aircraft, or civil disturbance; or
 - (iii) The binding order or requirement of a Court, government, local authority, the Rulings Panel, or the Authority, and the failure is not within the reasonable control of the affected party; or
 - (iv) The partial or entire failure of supply or availability of electricity to the Network; or
 - (v) Any other event or circumstance beyond the control of the party invoking this clause; and
- (b) The party could not have prevented such failure by the exercise of the degree of skill, diligence, prudence, and foresight that would reasonably and ordinarily be expected from a skilled and experienced Distributor or Distributed Generator engaged in the same type of undertaking under the same or similar circumstances in New Zealand at the time.

24.2 If a party becomes aware of a prospect of a forthcoming force majeure event, it must notify the other party as soon as is reasonably practicable of the particulars of which it is aware.

24.3 If a party invokes this clause, it must as soon as is reasonably practicable notify the other party that it is invoking this clause and of the full particulars of the force majeure event relied on.

24.4 The party invoking this clause must—

- (a) Use all reasonable endeavours to overcome or avoid the force majeure event; and
- (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 (a) and (b).

24.5 Nothing in subclause 24.4 requires a party to settle a strike, lockout, or other industrial disturbance by acceding, against its judgement, to the demands of opposing parties.

25. Amendments

25.1 Subject to subclause 25.2, the Distributor may amend this agreement upon any of the following:

- (a) A change in the ownership of transmission connection assets supplying the Network;
- (b) A change in the Transmission Pricing Methodology;
- (c) A change in the Code;

- (d) A change in the assessment of Avoided Cost of Transmission Charge and/or Avoided Cost of Distribution Benefits;
- (e) A determination made by the Commerce Commission that applied to the Distributor;
- (f) A change in other legislation, regulation, industry rules or other requirement, that is applicable to the Distributor; or
- (g) To correct an error in the agreement.

25.2 The Distributor may amend this agreement provided that the Distributor has complied with the following:

- (a) Subject to paragraph (b), the Distributor will give the Distributed Generator notice of the amendment (the "Amendment Notice") not less than 20 Working Days before the date on which the Distributor wishes the amendment to take effect; and
- (b) Before giving the Amendment Notice to the Distributed Generator, the Distributor will consult with the Distributed Generator about the proposed amendment for a reasonable period, having regard to the nature of the proposed amendment, but in any event a period of not less than 20 Working Days, and will consider in good faith any submission that the Distributed Generator makes regarding the proposed amendment.

25.3 An amendment shall be effective from the date specified in the Amendment Notice, regardless of whether it has been executed by the Distributed Generator.

25.4 Except as allowed under subclause 25.1, 25.2 and 25.3, no amendment to this agreement is to be effective unless it is in writing and signed by the Parties.

26. Expenses

26.1 Each party is to bear its own legal and accountancy costs and other expenses of and incidental to the preparation, execution and subsequent amendment of this agreement.

27. Term and Termination

27.1 The term of this agreement shall be from its commencement on 01 April 2015 until its termination in accordance with this clause 27.

27.2 Either party may terminate this agreement giving six months notice to the other party. If the Distributor terminates this agreement the regulated terms for connection of distributed generation included in the electricity industry participation code (the "Code"), schedule 6.2 shall apply unless otherwise agreed by the Distributed Generator.

27.3 The parties agree that clause 15, 16, 17, 19, 20, 21, 22, 23 and 32 will survive the termination of the agreement.

28. Notices

28.1 Each notice or other communication under this agreement is to be in writing, is to be made by facsimile, e-mail, personal delivery or by post to the addressee at the facsimile number or address, and is to be marked for the attention of the person or office holder (if any), from time to time designated for the purpose by the addressee to the other parties. The initial facsimile number, address and relevant person or office holder of each party is set out under its name at the end of this agreement.

29. Notice effective

29.1 No communication is to be effective until received. A communication will, however, be deemed to be received by the addressee:

(a) **Facsimile:**

in the case of a facsimile, on the Business Day on which it is despatched or, if despatched after 5pm (in the place of receipt) on a Business Day or, if despatched on a non-Business Day, on the next Business Day after the date of despatch;

(b) **E-mail:**

in the case of a e-mail, on the Business Day on which it is despatched or, if despatched after 5pm (in the place of receipt) on a Business Day or, if despatched on a non-Business Day, on the next Business Day after the date of despatch;

(c) **Personal delivery:**

in the case of personal delivery. When delivered; and

(d) **Post:**

in the case of a letter, on the third Business Day after posting by airmail.

30. Assignment

30.1 This Agreement will be binding on and endure for the benefit of the parties and their respective successors and permitted assignees or transferees.

30.2 No Party may assign any of its rights or obligations under this agreement without prior written approval of the other Party.

31. Counterparts

31.1 This Agreement may be executed in any number of counterparts each of which is to be deemed an original, but all of which together will constitute a single instrument.

31.2 A party may enter into this Agreement by executing any counterpart.

31.3 This Agreement may be executed and delivered on the basis of an exchange of facsimile copies. Execution and delivery of this Agreement by such means is to be valid and sufficient execution and delivery.

32. Governing law

32.1 This Agreement is to be governed by and construed by the laws of New Zealand.

32.2 Each of the parties irrevocably and unconditionally agrees that the New Zealand Courts have jurisdiction to hear and determine each suit, action or proceeding ("Proceedings"), and to settle disputes, which may arise out of or in connection with this Agreement and for those purposes irrevocably submits to the jurisdiction of the New Zealand courts.

Execution

Eastland Network Limited

by:



Signature of authorised signatory

B. A. STEWART

Name of authorised signatory

Address for Eastland Network Limited:

Brent Stewart
General Manager Network
Eastland Network Limited
PO Box 1048
172 Carnarvon Street
Gisborne 4040

brent.stewart@eastland.nz

Eastland Generation Limited

by:



Signature of authorised signatory

Ben Gibson

Name of authorised signatory

Address for Eastland Generation Limited:

Ben Gibson
Director
Eastland Generation Limited
PO Box 1048
37 Gladstone Road
Gisborne 4010

ben.gibson@eastland.nz

Schedule A: Avoided Cost of Transmission Charge

Overview

- (1) The Distributor will pay the Distributed Generator the reduction in transmission charges payable by the Distributor to Transpower, over what would be payable in the absence of the Distributed Generator (the "Avoided Cost of Transmission Charge").
- (2) The Avoided Cost of Transmission Charge shall be calculated as set out in this schedule.
- (3) The Avoided Cost of Transmission Charge comprises:
 - (a) The reduction in the Interconnection Charges payable by the Distributor to Transpower, over what would be payable in the absence of the Distributed Generator (the "Avoided Cost of Interconnection Charge").
- (4) The Avoided Cost of Transmission Charge equals the sum of Avoided Cost of Interconnection Charge and Avoided Cost of Connection Charge for the applicable year.
- (5) The methodology for calculating the Avoided Cost of Transmission Charge is as follows:
 - A. Calculate the Avoided Cost of Interconnection Charge:
 - A1. Calculate the proforma Avoided Cost of Interconnection Charge;
 - A2. Calculate the actual Avoided Cost of Interconnection Charge;
 - B. Apply contractual maximum payments and wash-up:
 - C1. Calculate the Avoided Cost of Transmission Charge for each Distributed Generator;
 - C2. Apply any maximum/minimum payments to the actual Avoided Cost of Transmission Charge;
 - C3. Calculate the wash-up between proforma and actual Avoided Cost of Transmission Charge;

Responsibility for calculations

- (6) The Distributor will undertake all calculations in respect of the Avoided Cost of Interconnection Charge.
- (7) The Distributor will advise the Distributed Generator of the proforma Avoided Cost of Transmission Charge at least 30 days prior to the commencement of the financial year to which the Avoided Cost of Transmission Charge relates.
- (8) The Distributor will advise the Distributed Generator of the actual Avoided Cost of Transmission Charge approximately 30 days after financial year to which the Avoided Cost of Transmission Charge relates.

Proforma payment and actual wash-up

- (9) The methodology for calculating the Avoided Cost of Transmission Charge involves making a proforma assessment of the Avoided Cost of Transmission Charge at the commencement of the financial year (being the year ending 31 March) (referred to as the "year" in this schedule), and calculating the actual reduction in transmission charges based on the actual performance of the Distributed Generator at the conclusion of the year (then determining wash-up payment/refund as required).
- (10) Monthly payments are made by the Distributor at 1/12th of the proforma Avoided Cost of Transmission Charge for the year to which the proforma Avoided Cost of Transmission Charge relates ("year n").
- (11) For the year following year n ("year n+1"), the first payment shall include any wash-up between the proforma Avoided Cost of Transmission Charge and the actual Avoided Cost of Transmission Charge for year n as set out in this schedule.

Methodology for calculating the Avoided Cost of Interconnection Charge

- (12) The Avoided Cost of Interconnection Charge is calculated as the reduction in Distributor's regional coincident peak demand ("RCPD") due to the contribution from Distributed Generator in reducing the RCPD.
- (13) The methodology for calculating the Avoided Cost of Interconnection Charge for year:
 - A1. Calculate the proforma Avoided Cost of Interconnection Charge:
 - (a) Calculate the reduction in system peak demand provided by the Distributed Generator (using the year preceding year n ("year n-1") demand data). This is the Distributed Generator output that is coincident with the system maximum demand for year n-1.
 - (b) Calculate the value of the proforma Avoided Cost of Interconnection Charge. This is calculated as the Distributed Generator output coincident with system peak demand (for year n-1) multiplied by the Interconnection Rate (for year n).
 - A2. Calculate the actual Avoided Cost of Interconnection Charge:
 - (a) Calculate the reduction in RCPD from the Distributed Generator using actual data for year n. That is: the average Distributed Generator output (year n) coincident with each of the RCPD periods (year n) equals the sum of Distributed Generator output (year n) coincident with each of the RCPD periods (year n) divided by the number of RCPD periods.
 - (b) Calculate the actual Avoided Cost of Interconnection Charge, which is: average Distributed Generator output (year n) coincident with each of the RCPD periods (year n) x Interconnection Rate (year n).

Methodology for the application of contractual maximum/minimum payments and wash-up

- (14) The methodology proposed for the application of contractual maximum/minimum payments and wash-up is as follows:
- C1. Calculate the Avoided Cost of Transmission Charge charges for each Distributed Generator operator. This is calculated for each Distributed Generator operator as the sum of the actual Avoided Cost of Interconnection Charge.
 - C2. Apply any maximum/minimum payments that are defined in Schedule D of this agreement to the actual Avoided Cost of Transmission Charge.
 - C3. Calculate the wash-up between proforma and actual total Avoided Cost of Transmission Charge. For each Distributed Generator, the wash-up payment is calculated as: actual Avoided Cost of Transmission Charge less the proforma Avoided Cost of Transmission Charge charge. If the wash-up payment is negative, the Distributed Generator is required to refund this value to Distributor. If wash-up is positive, Distributor shall pay this wash-up value to the Distributed Generator operator.

Sample Calculation

- (15) The Distributor shall provide a sample calculation of the Avoided Cost of Transmission Charge, Avoided Cost of Interconnection Charge to assist in the interpretation of the methodology.

- $\text{Avoided Cost of Interconnection Charge} = (R_{\text{Waihi}} + R_{\text{Gensets}}) \times \text{TPI}$

Where:-

R_{Waihi} is the total generation for the year from Waihi during 100 RCPD

R_{Gensets} is the total generation for the year from Gensets1,2,4,5,6 during 100 RCPD

TPI is the Transpower Interconnection Rate (=\$114.64 for 2016)

Schedule B: Avoided Cost of Distribution Benefit

- (1) The Distributed Generator is entitled to payment for avoiding certain distribution costs ("Avoided Cost of Distribution Benefits").
- (2) The payment for avoiding certain distribution costs will be calculated in accordance with the current distributor ACOD valuation methodology.
- (3) The assessment of Avoided Cost of Distribution Benefits is at the sole discretion of the Distributor.

Schedule C: Distributed Generator Connection Charges

ENL Distributed Generation capacity based connection tariffs are comprised of a Fixed Distribution charge only. A variable distribution component for energy flow from the generation installation through the distribution network is not charged. Similarly fixed and variable Transmission charges are not applied to Distributed Generation that do not export to the transmission grid. This pricing means that the Distributed Generator, (based on generation capacity) is charged only for the distribution assets employed to connect and distribute production.

Distributed Generator Connection charges will be published each year prior to 1 April. The following tariffs apply to Generators connected to the Eastland Network.

Assessed Capacity (301 to 500kVA)	PNG0500
Assessed Capacity (501 to 1000kVA)	PNG1000
Assessed Capacity (1001 to 4500kVA)	PNG4500
Assessed Capacity (4501 to 6500 kVA)	PNG6500

Schedule D: Distributed Generators

(1) The Distributed Generator has the following generators connected to the Network:

Generator Name	Reference	Rated (nameplate) capacity	Location (address)	Connection point (Feeder)	ICP No.
Waihi Hydro	EGL-WAI	5000 kVA	Ruapapa Road, Wairoa	T1	0000089000WW196
Genset 1	EGL-Gen1	1250 kVA	Waione Road, Te Araroa	CBJ J527	0000089001EN-967
Genset 2	EGL-Gen2	1250 kVA	Waiomatatini Road, Ruatoria	CB J546	0000089002EN-5A7
Genset 3	EGL-Gen3	1250 kVA	Mahia East Coast Road, Mahia	ABS W1230	0000089003WW-D56
Genset 4	EGL-Gen4	1250 kVA	Bridge Road, Puha	CB F475	0000089004EN-428
Genset 5	EGL-Gen5	1250 kVA	Parkinson Street, Tolaga Bay	CB G329	0000089005EN-86D
Genset 6	EGL-Gen6	1250 kVA	Dunstan Road, Gisborne	CB C16	0000089006EN-4AD

Schedule E: Maximum and minimum payments

The maximum Avoided Cost of Transmission Charge payable under this agreement is equal to the amount paid for the year ended 31 March 2016 plus 30%.

The minimum Avoided Cost of Transmission Charge payable under this agreement is equal to the amount paid for the year ended 31 March 2016 less 30%.

These maximum and minimum amounts are to be reviewed annually.