Firstgas

COMPLIANCE STATEMENT

Gas transmission services – Compliance with price path

Assessment Period 1 October 2018 – 30 September 2019

First Gas Limited
September 2018

Introduction

First Gas operates 2,500 kilometres of gas transmission pipelines (including the Maui pipeline), and more than 4,600 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.

Compliance statement

This document is a Compliance Statement prepared pursuant to clauses 11.1 – 11.3 of the *Gas Transmission Services Default Price-Quality Path Determination 2017* (DPP Determination) issued by the Commerce Commission on 29 May 2017. This Compliance Statement covers the second Assessment Period from 1 October 2018 to 30 September 2019.

Compliance with Price Path	Yes

The following documents are provided with this compliance statement:

- Standard Transmission Fees for the Non-Maui transmission pipeline
- Director certification

Further information

For further information regarding this compliance statement, please contact:

Karen Collins
Regulatory Manager
First Gas Limited
Karen.Collins@firstgas.co.nz
04 979 5368

Disclaimer

For presentation purposes, some numbers in the compliance statement have been rounded. This may cause small discrepancies or rounding inconsistencies when aggregating some of the information presented in this statement. These discrepancies do not affect the overall compliance calculations which are based on more detailed information.

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1. Price setting for gas transmission services

First Gas is pleased to confirm that we have set gas transmission prices to comply with the price path in clause 8.3 of the DPP Determination for the Assessment Period from 1 October 2018 to 30 September 2019.

1.1 Price path for GTBs

The DPP determination sets out that the Forecast Revenue from Prices of a GTB for each Assessment Period must not exceed the Forecast Allowable Revenue for the Assessment Period.

Forecast Revenue from Prices ≤ Forecast Allowable Revenue

1.2 Forecast Revenue from Prices

As specified in Schedule 3 of the DPP Determination, when a GTB sets prices for an Assessment Period, the GTB must calculate the Forecast Revenue from Prices for the Assessment Period.

Forecast Revenue from Prices is defined as:

Forecast Revenue from Prices = *sum of each price multiplied by each corresponding forecast Quantity*

The GTB must prepare a forecast of Quantities for the Assessment Period to which the Prices for the Assessment Period will apply. All forecast Quantities used to calculate the Forecast Revenue from Prices must be reasonable.

First Gas transmission business

The First Gas transmission business consists of two pipeline systems – the Maui transmission pipeline and the non-Maui transmission (ex-Vector) pipelines. Each system currently has its own pricing and its own access code – the Maui Pipeline Operating Code (MPOC) and the Vector Transmission Code (VTC). First Gas intends to move to a single Gas Transmission Access Code (GTAC). This process is underway and likely to be complete for the 2019/20 gas pricing year. The acceptance of this code is dependent on the GTAC being assessed as materially better by the Gas Industry Company (GIC).

To calculate the total Forecast Revenue from Prices from our gas transmission business, we have added together the Maui Forecast Revenue from Prices with the non-Maui pipeline Forecast Revenue from Prices.

When First Gas moves to GTAC, Forecast Revenue will be calculated using Prices for the entire network as determined by the Gas Transmission Pricing Methodology under the single code.

Maui transmission pipeline

As announced to customers on 2 August 2018, the prices for the Maui pipeline for the 2018/19 pricing year are as follows:

Tariff	Value for 2018/19
Tariff 1 ($ per GJ.km)	0.001601
Tariff 2 ($ per GJ)	0.073132

The forecast quantities for 2018/19 are set out in the table below. The methodology for determining these quantities is detailed in **Appendix 1**. We consider that the assumptions behind these forecast quantities reasonable, as they make best use of intelligence gained from major users, while applying known growth trends for the remaining demand.

Based on these forecast quantities, the Forecast Revenue from Prices for the Maui pipeline in 2018/19 is:

Tariff	Forecast Quantity		Price	Total ($million)
Tariff 1	16,416,406,324	GJ.km	$ 0.001601 per GJ.km	$26.283
Tariff 2	155,759,181	GJ	$ 0.073132 per GJ	$11.391
Cash-out transmission element adjustment[1]				$0.244
Forecast Revenue from Prices				**$37.918**

Non-Maui transmission pipelines

The methodology for determining forecast quantities is set out in **Appendix 1**. The forecast quantities for the non-Maui pipelines are set out in **Appendix 2**. The standard prices for the non-Maui pipeline for the 2018/19 pricing year will be released on 31 August 2018 and are attached in **Appendix 3**.

Based on the prices and quantities outlined in **Appendices 2** and **3**, the Forecast Revenue from Prices on the non-Maui pipelines will be **$89.970 million**.

Total Forecast Revenue from Prices

The total Forecast Revenue from Prices is **$127.888 million**.

Forecast Revenue from Prices = *Forecast Revenue from Prices (Maui)* +

Forecast Revenue from Prices (non-Maui)

$37.918 million + $89.970 million

$127.888 million

[1] Cash-outs have a transmission revenue element that is removed from Balancing Gas costs and revenues and included as part of transmission revenue. The amount represented here is the amount earned from external parties. This is equal to the amount earned through the MPOC ($0.367 million) less the amount charged to the VTC but not passed through to VTC customers ($0.123 million). When determining MPOC transmission fees, the $0.367 million is additional revenue and effectively reduces the amount that can be earned directly from MPOC transmission fees. When determining VTC transmission fees, the $0.123 million is an additional charge which effectively increases the amount that can be earned directly from VTC transmission fees. The Gas Transmission Pricing Methodology details this treatment – refer to our website for the current TPM, http://firstgas.co.nz/about-us/regulatory/transmission/

1.3 Forecast Allowable Revenue

Schedule 5 sets out that Forecast Allowable Revenue must be determined in accordance with the following formula.

Forecast Allowable Revenue =	*forecast net allowable revenue* +
	forecast pass-through and recoverable costs +
	opening balance of the wash-up account

where:

forecast net allowable revenue	is the amount specified in Schedule 4;
forecast pass-through and recoverable costs	is the sum of all the forecast Pass-through Costs and forecast Recoverable Costs, excluding any Recoverable Cost that is a *revenue wash-up draw down amount* calculated as specified in paragraph 5 of Schedule 7; and
opening balance of the wash-up account	is the amount calculated as specified in paragraph 3 of Schedule 8.

Forecast Net Allowable Revenue

As established in schedule 4 of the DPP Determination, the Forecast Net Allowable Revenue for the Assessment Period ending 30 September 2019 is **$123.904 million**.

Forecast Pass-through Costs and Recoverable Costs

The DPP Determination states that all forecasts of Pass-through Costs and Recoverable Costs must be reasonable.

For the year beginning 1 October 2018, First Gas has forecast the following costs:

Forecast Pass-through and Recoverable Costs	$million
Rates and levies	$2.464
Balancing gas costs and revenues	$0.467
Mokau Compressor fuel gas costs	$0.371
CAPEX Wash-up Adjustment	$0.714
Total	**$4.017**

All of the forecast Pass-through Costs and Recoverable Costs included above meet the definitions set out in clause 3.1.2 and 3.1.3 of the applicable Input Methodologies.

Opening balance of the wash-up amount

As specified in paragraph 3 of Schedule 8 of the DPP Determination, the *opening wash-up account balance* for the second Assessment Period is **nil** as this is equal to the *closing wash-up account balance* of the first Assessment Period (which is also nil).

Calculation of Forecast Allowable Revenue

First Gas has calculated Forecast Allowable Revenue as follows:

Forecast Allowable Revenue =	*forecast net allowable revenue* +
	forecast pass-through and recoverable costs +
	opening balance of the wash-up account
Forecast Allowable Revenue =	$123.904 million + $4.017 million + $0
	$127.921 million

1.4 Compliance

Based on the calculations set out in sections 1.1 and 1.2 above, First Gas will comply with the price path of the DPP Determination.

Forecast Revenue from Prices ≤ Forecast Allowable Revenue

$127.888 million ≤ $127.921 million

2. Additional compliance requirements

2.1 Certification

The required certification for this Compliance Statement is attached in **Appendix 4**.

2.2 Statement date

This Compliance Statement was prepared on 20 August 2018.

Appendix 1: Methodology for forecasting 2018/19 quantities

Determining the 2018/19 forecast revenue requires the forecasting of the following quantities:

- Maui pipeline
  - Tariff 1 delivered quantities (GJ) per connection
  - Tariff 2 total energy distance quantity GJ.km
- Non-Maui system
  - Standard prices
    - Connections are grouped into pricing zones, a table listing the delivery points by pricing zone is available in the GTPM
    - Delivered quantity (GJ) per delivery point
    - Reserved capacity (MDQ) per delivery point
    - Overrun quantity (GJ) per overrun zone or delivery point
  - Non-standard prices
    - Delivered quantity (GJ) per contract
    - Capacity (MDQ) per contract
    - Overrun quantity (GJ) per contract
  - Inter and Intra pipeline services
    - Delivered quantity (GJ) per service
    - Capacity (MDQ) per service, if applicable
    - Overrun quantity (GJ) per service, if applicable

Aretê Consulting Limited (Aretê) was employed by First Gas to forecast the Maui pipeline quantities and the total delivered quantity per delivery point for the non-Maui system. Aretê's forecast was then used to develop the forecast quantities for the non-Maui system (see Aretê's forecast below).

Aretê's forecast was assessed for reasonability by First Gas management and found to be reasonable.

Maui and Non-Maui pipeline Quantity Forecast

The steps below give a general summary of how Aretê produced its forecast and, where necessary, how those quantities were translated into forecasts of billed quantities.

1. Demand (GJ) for each delivery point was forecast as follows:
   - Methanex's estimated demand was based on recent plant operations, known shut down periods for the coming year, and the range of alternative supply options available to Methanex
   - Huntly Power Station's demand reflects offtake during average hydrological and electricity demand conditions
   - The remaining demand is a mix of gas distribution networks and dedicated delivery points. Gas distribution network demand was forecast using statistical time series and dedicated delivery points were forecast based on the previous year's demand. The exception is where there has been a recent step change in demand or there is an expected step change in demand in 2018/19. In these cases an estimate is made using data available on the likely change in demand

2. Supply (GJ) from each production field to meet this demand is estimated as follows:

    - Supply is assumed to be able to meet demand (i.e. supply is not a constraint on demand)
    - Recent trends and production forecasts in Ministry of Business, Innovation and Employment (MBIE) annual reserves report[2] are used to determine the split of supply between the fields

3. Flow through the Maui pipeline to non-Maui transmission system transmission interconnections (GJ) was developed based on the following:

    - The downstream demand and the mix of supply sources in the non-Maui transmission system forecast
    - The Frankley Road transmission interconnection is the exception. This is a bi-directional point used as a bilateral trading point by shippers. The billed quantities for Frankley Road are determined by nominated quantities. Nominations to and from Frankley Road can be used to cover trading or shippers moving gas in either direction, which means that billed quantities are often far higher than the actual gas flow. The forecast assumed the same level of nominations for Frankley Road as the previous year.

4. Non-Maui transmission system inter- and intra- pipeline flows (GJ). These are flows between sections of the non-Maui transmission systems and between the Maui and non-Maui transmission systems which are charged under the VTC. Aretê's forecasts are unable to directly forecast these flows but can be used to extrapolate them as follows:

    - For Kapuni to Pokuru the forecast downstream demand was multiplied by 24% to find the forecast quantity. 24% represents the estimated proportion of demand downstream of Pokuru that is forecast to be nominated along the Kapuni to Pokuru section
    - The flows along the non-Maui transmission system Frankley Road pipeline are determined by the quantities being injected and the proportional split of those injected quantities amongst the downstream demand.

5. Fuel gas quantities (GJ) were determined as follows:

    - The demand for the relevant pipeline sections and historic proportion of fuel gas to downstream demand for those sections.

6. Maui pipeline Tariff 2 GJ.km

    GJ.km quantities are determined by estimating the routing of gas between receipt and delivery based on:

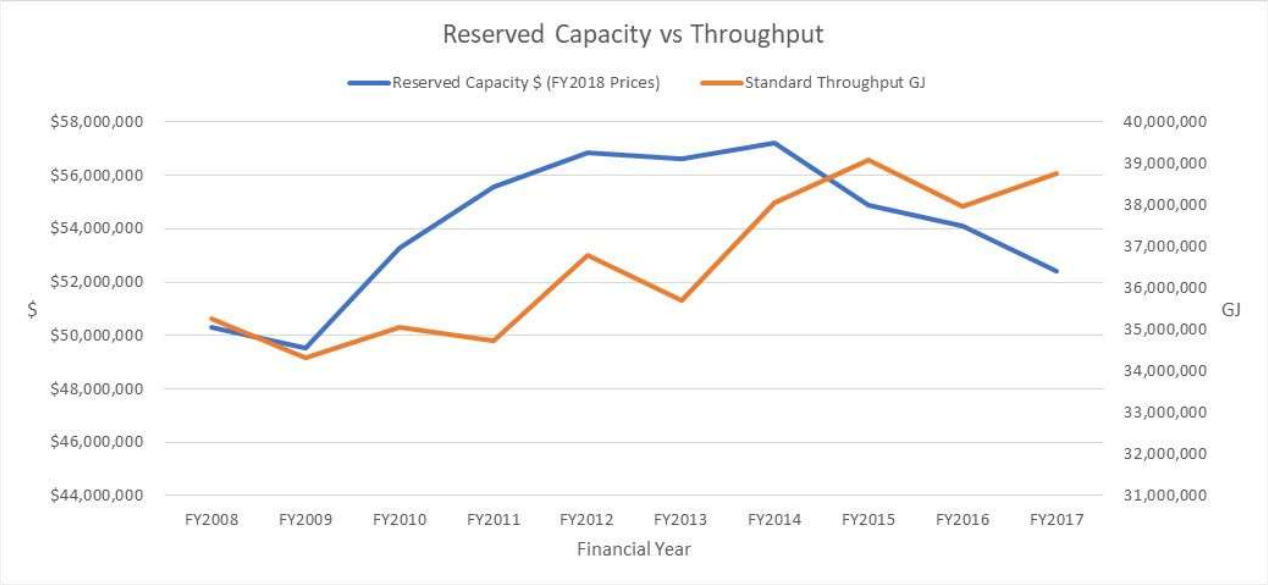
    - multiplying the delivery quantity and receipt quantity for each connection by its distance from Oaonui this determines the GJ.km for all gas shipped into and out of the pipeline with reference to the southernmost Connection Point on the pipeline
    - Deducting the sum of GJ.km of the receipt connections from the sum of GJ.km of the delivery connections to get the sum of GJ.km for all gas shipped on the system if all gas were routed via the most efficient route
    - Inflating the quantity from the efficient routing above by the average % difference between the efficient routing of gas and the actual billed quantity for the last five years.

[2] http://www.mbie.govt.nz/info-services/sectors-industries/energy/energy-data-modelling/publications/energy-in-new-zealand

Additional Forecasting

Standard priced capacity

Standard priced capacity cannot be forecast based on observed changes in demand due to a lack of correlation between demand and capacity booking (as shown in the figure below).



This disconnect has led First Gas to base the forecast standard priced capacity on the previous year's capacity reservations.

Standard priced overruns

First Gas believes that its customers view overruns as an economic choice made alongside standard priced throughput and capacity charges.

Each pricing zone was examined to determine overrun charges relative to throughput and capacity charges each gas year from of the 2014 to 2017. Where a consistent trend was observed for a pricing zone, an average was taken for the 2015 to 2017 years. Where an outlier was observed an alternative average was used. The calculated average for each pricing zone was then applied against the resulting forecast throughput and capacity revenue to find the forecast overrun revenue.

Non-Standard quantities

Each non-standard contract and its quantities are assessed on a case by case basis.

Delivered quantity (GJ)

- If the quantity has been forecast via Aretê's forecast, then that quantity is used
- Otherwise the If was determined via an assessment of the contract's historic use and any known changes to prospective quantities for the 2018/19 year.

Capacity (MDQ)

- If the contract is ongoing and the MDQ is quantified in the contract, then that quantity is used
- If the contract is ongoing but the MDQ is set each year by the customer, then the quantity is held to the same as the 2017/18 quantity
- If the contract is interruptible then the MDQ is set to a quantity that is the same percentage greater than the delivered quantity for previous years.

Overruns (GJ)

- Each contact's overrun quantity is estimated using the 2016/17 quantities

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Appendix 2: Standard transmission fees for the Non-Maui gas pipeline

Standard Transmission Fees

Effective 1 October 2018

Capacity Reservation Fee ("CRF") = $/GJ of Reserved Capacity/Year

Throughput Fee ("TPF") = $/GJ delivered

All fees in this schedule are exclusive of GST

NORTH PIPELINE					
Receipt Point	**Delivery Point**	**ID Number**	**Note**	**CRF**	**TPF**
Rotowaro		RTW3203			
	Tuakau 2	TUK06502	(a)	345	0.05
	Harrisville 2	HAR11802	(a)	345	0.05
	Ramarama	RAM15201	(a)	345	0.05
	Drury 1	DRU15101	(a)	345	0.05
	Pukekohe	PUK04201	(a)	345	0.05
	Kingseat	KIG16801	(a)	345	0.05
	Glenbrook (Steel Mill)	GLB03401		345	0.05
	Greater Auckland	GTA03610	(b)	345	0.05
	Hunua	HUN15301	(b)	345	0.05
	Hunua (Nova)	HUN15302	(b)	345	0.05
	Hunua 3	HUN15303	(b)	345	0.05
	Alfriston	ALF15501	(b)	345	0.05
	Flat Bush	FLB15601	(b)	345	0.05
	Waitoki	WTK33901	(b)	345	0.05
	Warkworth	WRK18901		525	0.05
	Wellsford	WEL18301		525	0.05
	Maungaturoto DF	MUT19001			
	Marsden 1 (Refinery)	MSD01801			
	Marsden 2	MSD01802		525	0.05
	Whangarei	WHG07501		525	0.05
	Kauri DF	KUR33601			

CENTRAL NORTH PIPELINE					
Receipt Point	**Delivery Point**	**ID Number**	**Note**	**CRF**	**TPF**
Rotowaro South		RTS13201			
	Greater Hamilton	GTH11301		165	0.05
	Te Kowhai Receipt Point	TEK28701	(c)	0	0
Te Kowhai		TEK28701			
	Te Rapa Cogeneration Plant	TRC02003			
	Horotiu	HRU16101		356	0.05
	Matangi	MTG17301		356	0.05
	Cambridge	CAM17201		356	0.05
	Kiwitahi 1 (Peroxide)	KIW34201	(d)	356	0.05
	Kiwitahi 2	KIW34202	(d)	356	0.05
	Morrinsville DF	MRV16301	(e)	356	0.05
	Morrinsville	MRV16302	(e)	356	0.05
	Tatuanui DF	TAT16401		356	0.05
	Waitoa	WTA16501		356	0.05

BAY OF PLENTY PIPELINE					
Receipt Point	**Delivery Point**	**ID Number**	**Note**	**CRF**	**TPF**
Pokuru No 1		PKU02308			
Pokuru No 2		PKR02402			
	Kihikihi (Te Awamutu)	KIH19101		356	0.05
	Waikeria	WKE19201		356	0.05
	Lichfield DF	LCF20010		356	0.05
	Lichfield 2	LCF20011		356	0.05
	Tokoroa	TKR19701		356	0.05
	Kinleith	KIN02601	(f)	356	0.05
	Kinleith (Pulp & Paper)	KIN04310	(f)	356	0.05
	Putaruru	PTR32601		356	0.05
	Tirau DF	TIR33501	(g)	356	0.05
	Tirau	TIR33502	(g)	356	0.05
	Okoroire Springs	OKS32801		356	0.05
	Greater Tauranga	GTT07701	(h)	437	0.05
	Greater Mt Maunganui	GMM08001	(h)	437	0.05
	Te Puke	TPK33301	(h)	437	0.05
	Rangiuru	RAG33401		437	0.05
	Reporoa	RPR30801		457	0.05
	Broadlands	BRO36301		457	0.05
	Taupo	TAU07001		457	0.05
	Rotorua	ROT08101		457	0.05

BAY OF PLENTY PIPELINE					
Receipt Point	**Delivery Point**	**ID Number**	**Note**	**CRF**	**TPF**
	Kawerau (Tissue)	KAW04410	(i)	457	0.05
	Kawerau (Pulp & Paper)	KAW04411	(i)	457	0.05
	Kawerau	KAW04405	(i)	457	0.05
	Te Teko	TTK30601		478	0.05
	Edgecumbe DF	EGC30701	(j)	478	0.05
	Edgecumbe	EGC30702	(j)	478	0.05
	Whakatane	WHK32101		478	0.05
	Opotiki	OPO32001		498	0.05
	Gisborne	GIS07810		498	0.05

FRANKLEY ROAD PIPELINE					
Receipt Point	**Delivery Point**	**ID Number**	**Note**	**CRF**	**TPF**
Frankley Road-Bi		F4000439			
	Kaimiro Delivery	KAI07602			0.29
	Stratford 2	STR00521			
	Stratford 3-Bi	STR00511			
	TCC Power Station	TCC00201			
	Ballance (Ammonia-Urea) 8201	BAL08201			0.29
	Ballance (Ammonia-Urea) 9626	BAL09626			0.29
	Kupe Delivery	KUP37503			0.29
	Kapuni (Lactose et al)	KAP12901			0.29
	Kapuni GTP	KAP09612	(k)		0.29
Kaimiro		KAI07601			
	Frankley Road-Bi	F4000439			0.29
	Kapuni GTP	KAP09612			0.29
Norfolk		SWD37701			
	Frankley Road-Bi	F4000439			0.29
	Kapuni GTP	KAP09612			0.29
Cardiff		CAR37901			
	Frankley Road-Bi	F4000439			0.29
	Kapuni GTP	KAP09612			0.29
Stratford 3-Bi		STR00513			
	Frankley Road-Bi	F4000439			
Kupe		KUP37501			
	Frankley Road-Bi	F4000439	(k)		0.29

FRANKLEY ROAD PIPELINE					
Receipt Point	**Delivery Point**	**ID Number**	**Note**	**CRF**	**TPF**
	Kapuni GTP	KAP09612	(k)		0.29
Kapuni GTP		KAP09612			
	Kapuni North Receipt	KAP09008		0	0
	Kapuni South Receipt	KAP09004		0	0
	KGTP Delivery	KAP00115		0	0
KGTP		KAP00114			
	Frankley Road-Bi	F4000439	(k)		
	Kapuni North Receipt	KAP09008		0	0
	Kapuni South Receipt	KAP09004		0	0

SOUTH PIPELINE					
Receipt Point	**Delivery Point**	**ID Number**	**Note**	**CRF**	**TPF**
Kapuni South		KAP09004			
Mokoia		MOK35802			
	Matapu	MTP20601		335	0.05
	Manaia	MNA23402	(l)	335	0.05
	Okaiawa	OKW23401	(l)	335	0.05
	Mokoia	MOK35801			
	Hawera	HWA20801	(m)	335	0.05
	Hawera (Nova)	HWA20802	(m)	335	0.05
	Patea	PTA20901		335	0.05
	Waverley	WVY23601		335	0.05
	Waitotara	WTT20301		335	0.05
	Wanganui	WAG21501		335	0.05
	Kaitoke	KTK23901		335	0.05
	Lake Alice	LAB20201		335	0.05
	Kakariki	KKI23701		335	0.05
	Marton	MTN23801		335	0.05
	Flockhouse	FLH21901	(n)	345	0.05
	Oroua Downs	ORD24701	(n)	345	0.05
	Longburn	LNB24301	(n)	345	0.05
	Kairanga	KRG24101	(n)	345	0.05
	Palmerston North	PLN24201		345	0.05
	Feilding	FLD03001	(n)	345	0.05
	Ashhurst	ASH34301	(n)	345	0.05
	Mangatainoka	MGK05401		345	0.05
	Pahiatua	PHT04901		345	0.05
	Pahiatua DF	PHT04902		345	0.05

SOUTH PIPELINE					
Receipt Point	**Delivery Point**	**ID Number**	**Note**	**CRF**	**TPF**
	Dannevirke	DAN05001		356	0.05
	Takapau	TKP05101		356	0.05
	Mangaroa	MNG34001		356	0.05
	Hastings	HST05210	(o)	356	0.05
	Hastings (Nova)	HST05203	(o)	356	0.05
	Foxton	FOX22101		345	0.05
	Levin	LVN24401		345	0.05
	Kuku	KUK22401		345	0.05
	Otaki	OTA22601	(p)	427	0.05
	Te Horo	THO22701	(p)	427	0.05
	Waikanae 2	WAK22802	(p)	427	0.05
	Paraparaumu	PAU20101	(p)	427	0.05
	Pauatahanui 2	PAH23101	(p)	427	0.05
	Greater Waitangirua	GTW06910	(p)	427	0.05
	Belmont	BEL24510	(p)	427	0.05
	Tawa A	TWA35610	(p)	427	0.05
	Tawa B (Nova)	TWB24810	(p)	427	0.05

CENTRAL SOUTH PIPELINE					
Receipt Point	**Delivery Point**	**ID Number**	**Note**	**CRF**	**TPF**
Kapuni North		KAP09008			
Mokoia		MOK35802			
	Eltham	ELM12301		81	0.05
	Kaponga	KPA12401		81	0.05
	Stratford	STR10201		81	0.05
	Inglewood	IGW11901		81	0.05
	Waitara	WTR12001	(q)	81	0.05
	New Plymouth	NPL12101	(q)	81	0.05
	Pokuru 2	PKD02402	(r)		

TE AWAMUTU NORTH PIPELINE					
Receipt Point	**Delivery Point**	**ID Number**	**Note**	**CRF**	**TPF**
Pirongia Offtake		OFF31101			
	Pirongia	PIR31101		356	0.05
	Te Awamutu DF	TAC31001		356	0.05

MINOR PIPELINES					
Receipt Point	**Delivery Point**	**ID Number**	**Note**	**CRF**	**TPF**
Opunake	Opunake	OPK13001		81	0.05
Pungarehu Offtake	Pungarehu No 1	PGU13101		81	0.05
	Pungarehu No 2	PGH15901		81	0.05
Okato	Okato	OKA13201		81	0.05
Oakura Offtake	Oakura	OKU16701		81	0.05
Te Kuiti South Offtake	Te Kuiti South	TKS17401		356	0.05
Te Kuiti North Offtake	Te Kuiti North	TKN17001		356	0.05
Otorohanga	Otorohanga	OTO14101		356	0.05
Ngaruawahia Offtake	Ngaruawahia	NGW14501		356	0.05
Huntly Town Offtake	Huntly Town	HTL16601		356	0.05

Notes

1 The names of some Receipt Points and Delivery Points may differ from those in OATIS. First Gas may amend any name and/or ID Number at any time.
2 Where cells are shaded, standard fees may not apply and/or Reserved Capacity is not available.
3 For the sake of convenience not all possible Receipt Point-Delivery Point pairs on the Frankley Road pipeline are listed. Terms and conditions for gas transmission service in respect of a Receipt Point and Delivery Point not included in the table will be provided on request.
4 "DF" means dairy factory.
5 First Gas may, but shall not be obliged to, offer an interruptible transmission service for a Receipt - Delivery Point in accordance with its published policies, as amended from time to time. Subject to notes (k) and (r), First Gas will determine the applicable fees for such interruptible service on a case by case basis.

(a) Part of the South Auckland transmission pricing zone.
(b) Part the Auckland transmission pricing zone.
(c) A Shipper is deemed to have Reserved Capacity from the Rotowaro South Receipt Point to Te Kowhai equal to the aggregate of its Reserved Capacity downstream of the Te Kowhai Receipt Point.
(d) Part of the Kiwitahi transmission pricing zone.
(e) Part of the Morrinsville transmission pricing zone.
(f) Part of the Kinleith transmission pricing zone.
(g) Part of the Tirau transmission pricing zone.
(h) Part of the Western Bay of Plenty transmission pricing zone.
(i) Part of the Kawerau transmission pricing zone.
(j) Part of the Edgecumbe transmission pricing zone.
(k) If an interruptible transmission service is available, the fee for Interruptible Capacity will be $0.29 per GJ.
(l) Part of the Okaiawa - Manaia transmission pricing zone.
(m) Part of the Hawera transmission pricing zone.
(n) Part of the Manawatu transmission pricing zone.
(o) Part of the Hastings transmission pricing zone.
(p) Part of the Wellington transmission pricing zone.
(q) Part of the New Plymouth transmission pricing zone.
(r) If an interruptible transmission service is available, the fee for Interruptible Capacity will be $0.37 per GJ.

Appendix 3: Director certification

We, Philippa Jane Dunphy and Euan Richard Krogh , being directors of First Gas Limited certify that, having made all reasonable enquiry, to the best of our knowledge the attached Compliance Statement of First Gas Limited, and related information, prepared for the purposes of the *Gas Transmission Services Default Price-Quality Path Determination 2017* has been prepared in accordance with all the relevant requirements, and all forecasts used in the calculations of Forecast Revenue from Prices and Forecast Allowable Revenue are reasonable.

Director

20 August 2018

Date

Director

20 August 2018

Date