

DATED: 1 August 2012

BETWEEN:

- (1) Electricity Authority of Level 7, ASB Bank Tower, 2 Hunter Street, Wellington (the Authority); and
- (2) Transpower New Zealand Limited (the Provider).

VARIATION TO FTR MANAGER SERVICE PROVIDER AGREEMENT

Between

ELECTRICITY AUTHORITY

And

TRANSPOWER NEW ZEALAND LIMITED

BACKGROUND:

- (A) The Authority amended the code to provide for the allocation of FTRs by auction. The Authority entered into the SPA with the Provider on 2 April 2012 for the market operation service provider role of FTR manager, and at the same time conducted the Provider to deliver the FTR manager role. The Provider is required to be able to meet the Authority's requirements under the SPA.
- (B) As part of delivering the System, the Provider was required to update the functional specification (schedule 2 of the SPA). Updates were required to ensure that the functional specification reflects the system as delivered upon System Acceptance, and to provide sufficient detail of the System. During the delivery period, two changes were also identified to be required to the non-functional specification (schedule 3 of the SPA).
- (C) This variation to the SPA is made pursuant to clause 7 of the SPA and amends schedules 2 and 3 of the SPA. The parties have agreed to amend the SPA on the terms of this agreement.

IT IS AGREED:

- 1.1 In this agreement unless the context indicates otherwise:
- 1.1.1 words or phrases appearing in this agreement (including in the background) to bold type are defined terms and have the meanings given to them in this agreement, or if not defined in this agreement, have the meanings given to them in the SPA, or if not defined in either this agreement or the SPA, have the meanings given to them in Part 1 of the code;
- 1.1.2 the following words and phrases have the following meanings:
 - (a) agreement means the variation to the SPA and includes the attached schedule;
 - (b) code means the Electricity Industry Participation Code 2010;
 - (c) SPA means the FTR Manager Service Provider Agreement between the parties dated 2 April 2012.

VARIATION TO FTR MANAGER SERVICE PROVIDER AGREEMENT

DATED: 1 AUGUST 2013

BETWEEN:

- (1) **Electricity Authority** of Level 7, ASB Bank Tower, 2 Hunter Street, Wellington (“the **Authority**”); and
- (2) **Transpower New Zealand Limited** company number 372941 trading as “Energy Market Services” (“the **Provider**”)

BACKGROUND:

- (A) The **Authority** amended the **code** to provide for the allocation of **FTRs** by auction. The **Authority** entered into the **SPA** with the **Provider** on 2 April 2012 for the market operation service provider role of **FTR manager**, and at the same time contracted the **Provider** to deliver the systems and market implementation **services** required to be able to meet the **Authority's** requirements under the **SPA**.
- (B) As part of delivering the **System**, the **Provider** was required to update the **functional specification** (schedule 3 of the **SPA**). Updates were required to ensure that the **functional specification** reflects the system as delivered upon System Acceptance, and to provide sufficient detail of the **System**. During the delivery period, two changes were also identified to be required to the **non-functional specification** (schedule 2 of the **SPA**).
- (C) This variation to the **SPA** is made pursuant to clause 7 of the **SPA** and amends schedules 2 and 3 of the **SPA**. The parties have agreed to amend the **SPA** on the terms of this **agreement**.

IT IS AGREED:

1. Interpretation

In this **agreement** unless the context indicates otherwise:

- 1.1 words or phrases appearing in this **agreement** (including in the background) in bold type are defined terms and have the meanings given to them in this **agreement**, or, if not defined in this **agreement**, have the meanings given to them in the **SPA**, or, if not defined in either this **agreement** or the **SPA**, have the meanings given to them in Part 1 of the **code**;
- 1.2 the following words and phrases have the following meanings:
 - (a) **agreement** means this variation to the **SPA** and includes the attached schedule;
 - (b) **code** means the Electricity Industry Participation Code 2010;
 - (c) **SPA** means the FTR Manager Service Provider Agreement between the parties dated 2 April 2012;

- 1.3 headings are for ease of reference only and will not affect the interpretation of this **agreement**;
- 1.4 the rule of construction known as the contra proferentem rule does not apply to this **agreement**;
- 1.5 words importing the singular number include the plural and vice versa; and
- 1.6 where a word or expression is defined in this **agreement**, other parts of speech and grammatical forms of that word or expression have corresponding meanings.

2. **SPA amendments**

- 2.1 The parties agree to amend the **SPA** as set out in the attached Appendix with effect as and from the date of this **agreement**.

3. **Publication**

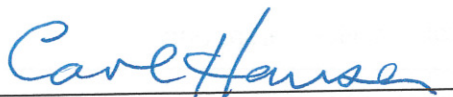
- 3.1 On or as soon as reasonably practicable after this **agreement** is signed, the **Authority** will publish the amended Schedules of the **SPA** on the **Authority's** website.

4. **General**

- 4.1 No variation, modification or waiver of any provision of this **agreement** will be of any force or effect unless it is in writing and signed by both **parties**.
- 4.2 If any clause or provision of this **agreement** is held illegal or unenforceable by any judgement or award of any arbitrator, court or tribunal having competent jurisdiction, such judgment or award will not affect the remaining provisions of this **agreement** which will remain in full force and effect (to the extent permitted by **law**) as if such clause or provision held illegal or unenforceable had not been included in this **agreement**.
- 4.3 This **agreement**, its validity, interpretation and performance is to be construed and interpreted in accordance with the law of New Zealand.
- 4.4 Each **party** acknowledges that it has not been induced to enter into this **agreement** by any representation made by or on behalf of the other **party** that is not repeated in this **agreement**.
- 4.5 This **agreement** may be executed in any number of counterparts (including facsimile or scanned PDF counterpart), each of which shall be deemed an original, but all of which together shall constitute the same instrument. No counterpart shall be effective until each party has executed at least one counterpart.
- 4.6 In the event of a dispute relating to this **agreement**, the provisions of clause 16 (Dispute Resolution) of the **SPA** shall apply.

SIGNED:

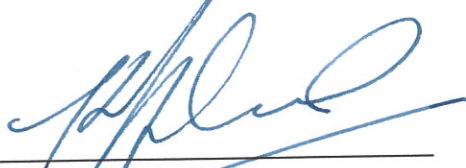
For and on behalf of the **Electricity Authority** by:



Name: Carl Hansen

Position: Chief Executive

For and on behalf of **Transpower New Zealand Limited** by:



Name: KIERAN DEVINE

Position: G.M. SYSTEM OPERATIONS

Appendix

Changes to SPA schedule 2 (non-functional specification)

The **SPA Schedule 2** (non-functional specification) is replaced by the attached new **SPA Schedule 2** (non-functional specification).

Changes to SPA schedule 3 (functional specification)

The **SPA Schedule 3** (functional specification) is replaced by the attached new **SPA Schedule 3** (functional specification).

