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Authorities and Other Agencies of State Notices

Commerce Commission

Electricity Industry Reform Act 1998

Notice of Exemption—Vector Limited

The notice of exemption concerns an application received by the Commerce Commission (“Commission”) on 11 October 2004 made by Vector Limited.

The Commission, pursuant to section 81 of the Electricity Industry Reform Act 1998 (“the EIR Act”), exempts Vector Limited from the application of sections 17 and 18 of the EIR Act in respect of the “cross-involvement” (as that term is defined in the EIR Act) that would be created upon its acquisition of up to 100% of the shares in NGC Holdings Limited.

The cross-involvement exempted comprises Vector Limited’s involvement in its electricity lines business and its potential involvement in NGC Holdings Limited which is an electricity supply business by virtue of NGC Holdings ownership of:

- half of the Kapuni Energy Joint Venture electricity generation scheme;
- two electricity price hedge contracts owned by NGC Holdings Limited; and
- 25.1% of the shares of Wanganui Gas Limited, an electricity supply business.

The exemption does not apply to cross-involvements created as a result of the proposed acquisition by Vector Limited of NGC Holdings Limited, other than those which occur

because of NGC Holdings Limited’s ownership of the assets listed above.

The above exemption is subject to the following terms and conditions:

- (a) Unless otherwise permitted by law, neither Vector Limited nor NGC Holdings Limited nor any of their wholly or partially owned subsidiaries shall purchase a quantity of electricity from the Kapuni Energy Joint Venture which is greater than that necessary, or desirable, to operate the Kapuni Natural Gas Treatment Plant at any time.
- (b) Vector Limited must cease its involvement in the two electricity price hedge contracts owned by NGC Holdings Limited within:
 - (i) six months of the date on which this exemption takes effect; or
 - (ii) six months from the creation of the cross-involvement,whichever is the later date.
- (c) Unless otherwise permitted by law, Vector Limited will not contract with Wanganui Gas Limited for the conveyance of electricity over Vector’s electricity lines for the purpose of allowing Wanganui Gas Limited to sell electricity to consumers connected to Vector’s electricity lines during the period when Vector Limited continues to have the relevant cross-involvement, in terms of the EIR Act.

This exemption takes effect from this date.

The Commission may vary or revoke this exemption at any time in accordance with section 81 (5) of the EIR Act.

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