



pure kiwi mettle

NEW ZEALAND'S ALUMINIUM SMELTER

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27 April 2018

Neal Barclay
Meridian Energy Limited
Level 2
33 Customhouse Quay
WELLINGTON 6011

Private and confidential

Dear Neal

ELECTRICITY AGREEMENT – AMENDMENT REQUEST

1. We refer to the electricity agreement dated 1 October 2007, as most recently amended and restated on 31 July 2015 and subsequently amended by an exchange of letters dated 22 March 2016 ("**Agreement**") between Meridian Energy Limited ("**Meridian**") and New Zealand Aluminium Smelters Limited ("**NZAS**").
2. Capitalised terms not otherwise defined in this letter have the meanings given to them in the Agreement.
3. As previously discussed, NZAS intends to recommission reduction line 4 at the Smelter. In connection with this, NZAS has asked Meridian to provide an additional CFD relating to 50MW of electricity for reduction line 4. In addition, NZAS has asked Meridian to amend the Agreement to provide that Consumption does not include electricity consumed on reduction line 4.
4. We formally request that the Agreement be amended as set out in this letter with effect on and from the start of the first Calculation Period on the date nominated by NZAS in writing as soon as practicable and not more than 5 Business Days after each of the following have occurred:
 - (a) the Electricity Authority has:
 - (i) issued any new or additional exemptions pursuant to section 11(2) of the *Electricity Industry Act* 2010 required by NZAS in respect of the Agreement and/or the P4 Hedge (as that term is defined below); or
 - (ii) confirmed in writing to NZAS that it is only required to hold Exemption No. 176 under the *Electricity Industry Act* 2010 in respect of the Agreement and/or the P4 Hedge; and
 - (b) the Clearing Manager has confirmed in writing to NZAS that it will be able to give the two invoices referred to in the new clause 7.9B (as set out in paragraph 5(f) below); and
 - (c) Transpower New Zealand Limited trading as Energy Market Services has confirmed in writing to NZAS that it is capable of transmitting metering data for P4 Consumption (as that term is defined in the P4 Hedge) to the Clearing Manager.

5. The amendments to the Agreement are as follows:

- (a) The definition of "Consume" in clause 1.1 is deleted and replaced with the following definition:

"Consume" means consumption of electricity at TWI by NZAS or an NZAS Participant in connection with the smelting of alumina and for related purposes (including the production and processing of aluminium and related products), but excluding P4 Consumption, and **"Consumption"** shall be construed accordingly.

- (b) Clause 1.1 is amended by adding to the end of each of the definitions of "Meter Information" and "Metering Installation" the phrase "but excluding any P4 Consumption".

- (c) Clause 1.1 is amended by adding the following definition of "P4 Consumption" after the definition of "NZAS Terminal Force Majeure Event":

"P4 Consumption" has the meaning given to that term in the P4 Hedge.

- (d) Clause 1.1 is amended by adding the following definition of "P4 Hedge" after the new definition of "P4 Consumption":

"P4 Hedge" means the 50MW contract for differences entered into between the parties on or about 30 April 2018 by way of a confirmation that supplements and forms part of an ISDA Master Agreement between them dated 2 March 2011.

- (e) Clause 7.9A is deleted and replaced with the following:

7.9A Clauses 7.9B to 7.9E and clause 25.1 apply until the date on which Meridian terminates its obligations under clauses 7.9B to 7.9E and clause 25.1, which Meridian may do by notice to NZAS if NZAS breaches clauses 7.9D(a) or 7.9E(a) or fails to pay any undisputed amount demanded by Meridian under clause 25.2 within one Business Day of NZAS' receipt of Meridian's demand, provided that if the Clearing Manager or the Electricity Authority subsequently determines that the provisions of clauses 7.9B to 7.9E and clause 25 will not meet the prudential requirements applicable to NZAS under the EGRs in respect of the first amount of electricity purchased by NZAS at TWI (excluding any P4 Consumption) in each Half Hour as a "direct consumer" under the EGRs up to the Contract Quantity for that Half Hour, then the parties shall use best endeavours to agree such substitute arrangements as best approximate those envisaged by this agreement and that do meet the EGRs' requirements. If the parties cannot reach agreement, section 20 (dispute resolution) shall apply.

- (f) Clause 7.9B is deleted and replaced with the following:

7.9B NZAS shall procure the Clearing Manager to provide it with two invoices for the electricity NZAS purchases at TWI under the EGRs in any month:

- (a) one invoice to relate to the first amount of electricity purchased by NZAS at TWI (excluding any P4 Consumption)

in each Half Hour to which the invoice relates up to the Contract Quantity for that Half Hour, plus any other charges and GST that relates to that electricity; and

- (b) another invoice to relate to the remainder of the amount owing by NZAS to the Clearing Manager in respect of the relevant month.

- (g) Clause 25.1(a) is deleted and replaced with the following:

25.1(a) the first quantity of electricity that NZAS purchases at TWI (excluding any P4 Consumption) in a Half Hour as a "direct consumer" under the EGRs up to the Contract Quantity for that Half Hour;

6. We acknowledge and confirm that:

- (a) following acceptance of this request by Meridian, the above amendments to the Agreement will be binding on NZAS on and from the date nominated by NZAS in accordance with paragraph 4 of this letter;
- (b) all other terms and conditions of the Agreement will remain in full force and effect; and
- (c) we have obtained all necessary authorisations and taken all necessary corporate and other action to authorise the entry into, execution and delivery of this letter and the performance of our obligations under the Agreement, as amended by this letter.

7. This letter shall be governed by and construed in accordance with New Zealand law.

Yours faithfully

Gretta Stephens

Authorised signatory

For and on behalf of New Zealand Aluminium Smelters Limited