



4 July 2017

James Flexman  
Wholesale Markets Manager  
Mercury NZ Limited  
AUCKLAND

First Gas Limited  
42 Connett Road West, Bell Block  
Private Bag 2020, New Plymouth, 4342  
New Zealand

P +64 6 755 0861  
F +64 6 759 6509

Dear James

**SUBJECT: East West Link – First Gas Infrastructure at Southdown**

I am writing to follow up on our telephone conversation, on 21 June 2017, about First Gas' future plans for its gas infrastructure located at Mercury's site at Southdown in the context of the NZ Transport Agency's East West link proposal.

As discussed, if Mercury decided to re-start thermal power generation at the Southdown site in future, First Gas would be keen to supply gas to Mercury to enable that generation to occur.

While First Gas has removed its pressure regulation equipment from Southdown due to thermal power generation ceasing, the gas pipes remain. Replacement pressure regulation and metering equipment could be procured and installed within approximately 8-10 months. If Mercury wanted to re-start the Southdown power station urgently to ensure there is an adequate supply of electricity to the market, First Gas has identified existing pressure regulating and metering equipment which could be relocated and commissioned within a three to four month timeframe.

We have advised the NZ Transport Agency that, if the East West Link was constructed in the location it is currently proposing, First Gas would want the gas infrastructure on the Southdown site to be relocated (at NZTA's cost) so that it was not directly underneath the proposed road/shared pathway structure as that would not be consistent with our safety requirements.

While NZTA has raised the possibility of relocating the First Gas infrastructure away from the Southdown site, First Gas would not want to do that if it would prejudice its ability to supply gas to a Mercury power station at Southdown in the future.

I hope this clarifies matters. I am happy to discuss these matters further if that would assist.

Yours sincerely

**Paul Goodeve**  
Chief Executive Officer