

# Hedge Settlement Agreement

Date: 31 May 2024

Party A	Meridian Energy Limited
Party B	New Zealand Aluminium Smelters Limited

## 1 Lodging of hedge settlement agreement

- (1) Party A and Party B (the **parties**) submit this **hedge settlement agreement** to the **clearing manager**, as contemplated by clause 14.8 of the Electricity Industry Participation Code 2010 (the **Code**). Terms that are used in this agreement but not defined bear the meaning given to them in the **Code**.
- (2) By submitting this **hedge settlement agreement** to the **clearing manager** in accordance with clause 14.8 of the **Code**, the **parties** agree to be bound by the terms set out below from the time at which the **clearing manager** counter-signs it.
- (3) If the **clearing manager** counter-signs this document then, from the time it counter-signs, it has obligations relating to it under the **Code**. However, the **parties** acknowledge the **clearing manager** is not bound by this document and that its obligations in relation to it are limited to those set out in the **Code**.

## 2 Definitions

The following definitions apply in this document:

**aggregate fixed amount** means, in relation to a **billing period**, the sum of the **fixed amounts** for each **calculation period** in that **billing period**

**aggregate floating amount** means, in relation to a **billing period**, the sum of the **floating amounts** for each **calculation period** in that **billing period**

**business day** means any day of the week except Saturdays, Sundays, **national holidays**, the day observed as Wellington Anniversary Day, and any other day from time to time declared by the **Authority** not to be a **business day** by notice to each **registered participant**

**calculation period** means a **trading period** during the **term**

**commencement date** means the date specified as such in the schedule

**expiry date** means the date specified as such in the schedule

**fixed amount** means, in relation to a **calculation period**, an amount calculated using the following formula:

$$\text{fixed amount} = \text{notional quantity} \times \text{fixed price}$$

**fixed amount payment date** means, in relation to a **billing period**, the date specified as such in the schedule

**fixed price** means, in relation to a **calculation period**, the amount determined as such for that **calculation period** in accordance with the schedule

**fixed price payer** means, in relation to a **hedge settlement agreement**, the party specified as such in the schedule

**floating amount** means, in relation to a **calculation period**, an amount calculated using the following formula:

$$\text{floating amount} = \text{notional quantity} \times \text{floating price}$$

**floating amount payment date** means, in relation to a **billing period**, the date specified as such in the schedule

**floating price** means, in relation to a **calculation period**, the **final price** per **MWh** for that **calculation period** by reference to the **hedge reference point**

**floating price payer** means, in relation to a **hedge settlement agreement**, the party specified as such in the schedule

**hedge reference point** means the **grid exit point** specified as such in the schedule

**notional quantity** means, in relation to a **calculation period**, the number of **MWhs** determined as such in accordance with the schedule for that **calculation period**

**settlement date** means the date on which payments are due under clause 14.31 of the Code

**term** means the period from 00.00 hours on the **commencement date** until 23.59 hours on the date on which the **hedge settlement agreement** terminates

### 3 Payment of hedge settlement amounts

In relation to a **billing period**:

- (a) on the **fixed amount payment date**, the **fixed price payer** must pay the **clearing manager** an amount equal to the **aggregate fixed amount** in relation to that **billing period**;
- (b) on the **floating amount payment date**, the **floating price payer** must pay the **clearing manager** an amount equal to the **aggregate floating amount** in relation to that **billing period**;
- (c) on the **settlement date** the **clearing manager** must pay:
  - (i) the **fixed price payer** an amount equal to the **aggregate floating amount** in relation to that **billing period**; and
  - (ii) the **floating price payer** an amount equal to the **aggregate fixed amount** in relation to that **billing period**; and
- (d) for the avoidance of doubt, the obligations to pay the **clearing manager** under this **hedge settlement agreement** do not excuse Party A or Party B of its obligation to pay the **clearing manager** in accordance with Part 14 of the **Code**.

### 4 Termination

This **hedge settlement agreement** terminates on the earlier of:

- (a) the **expiry date**; and
- (b) the date on which it is cancelled under the **Code**.

### 5 Other provisions

- (a) The **fixed price** is inclusive of any additional costs arising due to carbon charges.
- (b) Subject to clause 5(c), each party shall keep confidential, and make no disclosure of:
  - (i) the contents of this **hedge settlement agreement**; and
  - (ii) all information obtained from the other party under this **hedge settlement agreement** or in the course of negotiations in respect of this **hedge settlement agreement**,(together, **Information**).
- (c) Information may be disclosed by a party if:
  - (i) disclosure is to the Electricity Authority; or
  - (ii) disclosure is required by law, or necessary to comply with the listing rules of any recognised stock exchange; or

- (iii) disclosure is necessary to obtain the benefits of, and fulfil obligations under, this **hedge settlement agreement**; or
  - (iv) that Information already is, or becomes, public knowledge other than as a result of a breach of clause 5(b) by that party; or
  - (v) disclosure is made to a lawyer or accountant for that party; or
  - (vi) disclosure is made with the written agreement of the parties.
- (d) In addition, where there is a:
- (i) day, this means both **business days** and non-**business days**:
  - (ii) weekday, this means a **business day**:
  - (iii) weekend, this means non-**business days**.

**EXECUTION**

**PARTY A**

**MERIDIAN ENERGY LIMITED**

(Company No: 938552)

By:

\_\_\_\_\_  
Signature of Authorised Signatory

\_\_\_\_\_  
Name of Authorised Signatory

Date: 30 May 2024

**PARTY B**

**NEW ZEALAND ALUMINIUM**

**SMELTERS LIMITED**

(Company No: 156735)

By:

\_\_\_\_\_  
Signature of Authorised Signatory

\_\_\_\_\_  
Name of Authorised Signatory

Date: 30 May 2024

The **clearing manager** accepts the lodgement of this **hedge settlement agreement** by counter-signing it.

EXECUTED for and on behalf of **Energy Clearing House Limited** by:

.....  
[print name]

.....  
[signature]

.....  
Position

in the presence of:

.....  
[signature]

.....  
Full name

.....  
Address

.....  
City/town of residence

**SCHEDULE**  
**TERMS OF HEDGE SETTLEMENT AGREEMENT**

<b>Hedge settlement agreement terms</b>	
Commencement Date	The date notified to the <b>clearing manager</b> as the <b>commencement date</b> in accordance with Part A of attachment 1.
Expiry Date	31 December 2044
Fixed Amount Payment Date	The 19 <sup>th</sup> day of the month after the billing period or by the <b>settlement date</b>
Floating Amount Payment Date	The <b>settlement date</b> being the 20 <sup>th</sup> of the month or next <b>business day</b>
Fixed Price Payer	Party B
Floating Price Payer	Party A
Notional Quantity	<p>For each <b>calculation period</b>:</p> <p>(a) during the period from (and including) 00:00 hours on the <b>commencement date</b> to (and including) 23:59 hours on 31 December 2024, 236 MWhs per <b>calculation period</b>; and</p> <p>(b) during the period from (and including) 00:00 hours on 1 January 2025 to (and including) 23:59 hours on the <b>expiry date</b>, 188.5 MWhs per <b>calculation period</b>,</p> <p>in each case subject to adjustment in accordance with attachment 1.</p>
Fixed Price	\$ [REDACTED] per MWhs subject to adjustment in accordance with Part B of attachment 1.
Hedge Reference Point	TWI2201

## Attachment 1

### Part A: Notification of the commencement date

1. Party A shall notify the **clearing manager** by email (copying Party B) of the **commencement date** no less than 3 **business days** before the date that is to be the **commencement date**.

### Part B: Adjustments to the fixed price and/or notional quantity

1. If the **fixed price** and/or the **notional quantity** for a **calculation period** is to be adjusted from the amount specified in the schedule Party A shall promptly and no later than the 2<sup>nd</sup> **business day** after the end of the **billing period** relating to that **calculation period** notify the **clearing manager** by email (copying Party B) of the adjustment.
2. If Party B agrees with the adjustment specified in Party A's notice referred to in paragraph 1 above, Party B shall promptly and no later than the 2<sup>nd</sup> **business day** after the end of the **billing period** relating to that **calculation period** notify the **clearing manager** of its agreement by reply email, in which case the **notional quantity** shall be adjusted in accordance with Party A's notice referred to in paragraph 2 above.
3. If Party B does not give a notice agreeing with the adjustment as contemplated by paragraph 2 above then no adjustment shall be made to the **fixed price** and/or the **notional quantity** (as applicable) unless and until the **clearing manager** receives notifications from both Party A and Party B agreeing to the adjustment.