

TASMANIAN STANDARD TERMS OF OFFER 28 May 2013

- (a) All Tasmanian swap pricing offers made by Hydro-Electric Corporation ABN 48 072 377 158 (**Hydro Tasmania**) to [Retailer full name and ABN] (**Retailer**) from the date of these Tasmanian Standard Terms of Offer (**Standard Terms**) shall incorporate these terms unless or until Hydro Tasmania notifies the Retailer otherwise.
- (b) All Tasmanian swap pricing offers are made under the terms of the 2002 ISDA Master Agreement between Hydro Tasmania and the Retailer, as amended and supplemented from time to time.
- (c) For all Tasmanian swap pricing offers:
 - (i) the Fixed Price Payer will be the Retailer;
 - (ii) the Floating Price Payer will be Hydro Tasmania; and
 - (iii) the Commodity Price will be the spot price at the Tasmanian regional reference node at George Town.
- (d) The Confirmation for any swap Transaction arising from acceptance of a Tasmanian swap pricing offer shall include Additional Hydro Paragraphs EN1 and TN1, as attached to these Standard Terms.
- (e) Where a Tasmanian swap pricing offer states that Regulatory Disruption applies, the Confirmation for any Transaction arising from acceptance of the offer shall include Additional Hydro Paragraph RD1, as attached to these Standard Terms.
- (f) Where a Tasmanian swap pricing offer states that Whole of Meter Transaction applies, the Confirmation for any Transaction arising from acceptance of the offer shall include Additional Hydro Paragraph WM1, as attached to these Standard Terms. The Notional Quantity for each Calculation Period for such an offer shall be equal to the Settlement ME Amount in respect of the Corresponding Trading Interval. The Consumption Period, Names and *NMIs* of the Customer, Flat or Peak and Offpeak Expected Average Quantities and Flat or Peak and Offpeak Permitted Load Variance shall be set out in the offer.

ADDITIONAL HYDRO PARAGRAPHS

TN1 Transmission Fee Increases

- (a) This paragraph TN1 applies in respect of any increase after the Trade Date in fees paid or payable by Hydro Tasmania and / or by any fully owned subsidiaries of Hydro Tasmania for any transmission service (as defined in the National Rules) in Tasmania, other than an increase attributable only to an increase in the amount of the service provided to Hydro Tasmania (**Transmission Fee Increase**).
- (b) If there is a Transmission Fee Increase then, in respect of each Calculation Period occurring after the time the relevant increase is effective, the Retailer must pay Hydro Tasmania a Fixed Amount as reasonably determined by Hydro Tasmania.
- (c) In reasonably determining the Fixed Amount in respect of a Calculation Period:
- (i) Hydro Tasmania must calculate an amount of the incremental transmission fees as follows:

$$A = \frac{B}{C}$$

where:

A is the calculated amount;

B is the total amount of the incremental transmission fees; and

C is the number of Calculation Periods occurring in the period to which the total amount of the incremental transmission fees relates. For example, given that each Calculation Period continues for one half hour, if the total amount of the incremental transmission fees were paid or payable in respect of a year, *C* would be 17,520; and

- (ii) of the amount calculated under paragraph TN1(c)(i), Hydro Tasmania must allocate to the Calculation Period an amount calculated as follows:

$$A = B * \left[\frac{C * 2}{1,730} \right]$$

where:

A is the allocated amount;

B is the amount calculated under paragraph TN1(c)(i); and

C is the Notional Quantity for the Calculation Period (in MWh).

- (d) Any Fixed Amount under this paragraph TN1 is to be paid by the Retailer on such Payment Date as is reasonably determined by Hydro Tasmania. Hydro Tasmania must give the Retailer at least 20 Business Days notice of any Payment Date and of the Fixed Amount payable on that Payment Date, including reasonable details as to how the Fixed Amount was calculated.
- (e) To avoid doubt:
 - (i) if after the Trade Date there is more than one Transmission Fee Increase, then the Fixed Amounts payable by the Retailer under this paragraph TN1 will reflect all those increases; and
 - (ii) Fixed Amounts payable by the Retailer under this paragraph TN1 are in addition to any other amounts payable by the Retailer in respect of this Transaction.

EN1 No Environmental Claims

The Retailer must not make any representation to any person nor any other claim that, by virtue of the Retailer entering into this Transaction with Hydro Tasmania:

- (a) the Retailer purchases from Hydro Tasmania any amount of electricity generated by Hydro Tasmania's renewable energy generation facilities;
- (b) the Retailer otherwise supports the generation of renewable or green energy;
or
- (c) the Retailer sells to its customers, or the Retailer's customers use, renewable or green energy.

RD1 Regulatory Disruption

(a) Advance Notice

If an announcement is made by a Governmental Agency to the effect that an Applicable Change will occur on a future date (with or without the Applicable Change having a retrospective effect), Hydro Tasmania must promptly give a notice to the Retailer specifying such details as are available to it of the proposed Applicable Change.

(b) Notice of Applicable Change

If either party (**Notifying Party**) considers that:

- (i) an Applicable Change has occurred; and
- (ii) as a result of the Applicable Change, an amount is payable by one party to the other party in respect of that Applicable Change under a variation to be effected to the terms and conditions of the Commodity Transaction under paragraph RD1(h) in respect of that Applicable Change,

then the Notifying Party may, within 6 months of the Commencement Date in respect of that Applicable Change (but not otherwise), give a notice to the other party (**Notified Party**) specifying:

- (iii) the Applicable Change;
- (iv) the first Subsequent Calculation Period in respect of the Applicable Change;
- (v) the Notifying Party's opinion of the Total Effect and the Pass Through Price arising from the Applicable Change; and
- (vi) full details of the calculations supporting that opinion of the Notifying Party.

(c) **Compulsory Notification**

Hydro Tasmania must give notice under, and within the time contemplated by, paragraph RD1(b) if, in good faith and on the basis of all information available to it, Hydro Tasmania considers that an Applicable Change has occurred and that, as a result, an amount will be payable by it in respect of that Applicable Change under a variation to be effected to the terms and conditions of the Commodity Transaction under paragraph RD1(h) in respect of that Applicable Change.

(d) **Provision of Information**

The Notified Party may, by notice given to the Notifying Party, request the Notifying Party to give to the Notified Party information within the Notifying Party's possession or control which is reasonably necessary to enable the Notified Party to determine whether an Applicable Change has occurred or to make any calculation in order to give a notice under paragraph RD1(b). The Notifying Party must comply with that request within 20 Business Days of receipt of the request, unless prohibited from doing so by an applicable law or by the terms of a confidentiality agreement binding on it. If the Notifying Party fails to comply with that request, any subsequent notice given by Notified Party under paragraph RD1(b) in respect of that Applicable Change is, for the purposes of paragraph RD1(g)(iv)(2), taken to have been given in good faith.

(e) **Correction of Notices**

If the Notifying Party becomes aware of information that causes the most recent notice under paragraph RD1(b) (as affected by any previous notice under this paragraph) in respect of that Applicable Change to be incorrect, it must promptly give an updated notice to the Notified Party under paragraph RD1(b) prior to the earlier of:

- (i) the date upon which a notice of dispute in respect of a notice under paragraph RD1(b) is given under paragraph RD1(f); or
- (ii) a variation in respect of an Applicable Change becomes effective under paragraph RD1(h).

Any such updated notice in respect of an Applicable Change prevails over any earlier notice in respect of that Applicable Change.

(f) Notice of Dispute

Within 20 Business Days after a notice or updated notice under paragraph RD1(b) is effective, the Notified Party may give a notice of dispute to the Notifying Party in respect of a matter specified in the notice.

(g) Determination by Regulatory Disruption Expert

If a notice of dispute is given under paragraph RD1(f):

- (i) the Regulatory Disruption Expert will determine the matter specified in the notice which is the subject of the dispute taking into account such information that in good faith the Regulatory Disruption Expert deems relevant;
- (ii) the Regulatory Disruption Expert is an expert having an office in Australia selected by the parties (or, failing agreement within 2 Business Days, selected by the president for the time being of Australian Centre for International Arbitration Limited (ACICA) (or any successor body) at the request of one of the parties);
- (iii) the Regulatory Disruption Expert is to act as an expert (and not as an arbitrator);
- (iv) the costs and expenses of the Regulatory Disruption Expert will be borne equally by the parties, unless the Regulatory Disruption Expert determines that:
 - (1) the Notified Party did not act in good faith in giving a notice of dispute under paragraph RD1(f); or
 - (2) the Notifying Party did not act in good faith in giving the relevant notice or updated notice under paragraph RD1(b); or
 - (3) paragraphs RD1(g)(iv)(1) and RD1(g)(iv)(2) are each satisfied,in which event the costs and expenses will be borne by the parties in the proportions determined by the Regulatory Disruption Expert; and
- (v) the determination of the Regulatory Disruption Expert is final and binding on the parties.

(h) **Fixed Amount Variation**

If an Applicable Change occurs, then, subject to paragraph RD1(i), the terms and conditions of the Commodity Transaction (in the case of a Swaption, the terms and conditions of the Underlying Transaction), are varied to incorporate, with effect from the first Subsequent Calculation Period in respect of that Applicable Change, a Fixed Amount payable or additional Fixed Amount payable, as the case may be, as follows:

Fixed Amount Details:

Fixed Price Payer: Hydro Tasmania, if the Pass Through Price for the Applicable Change is negative, and the Retailer if the Pass Through Price for the Applicable Change is positive.

Fixed Price: For each Calculation Period from and including the first Subsequent Calculation Period in respect of the Applicable Change to and including the last Subsequent Calculation Period in respect of the Applicable Change, the absolute value of the Pass Through Price, adjusted on each anniversary of the first day of the First Year in respect of the Applicable Change in accordance with the following formula:

$$PTP * (1 + DR)^n$$

where:

PTP is the absolute value of the Pass Through Price;

DR is the Discount Rate for that Applicable Change, expressed as a decimal;

n is the number of whole years since the first day of the First Year in respect of the Applicable Change.

(i) **Basis of Variation**

The basis of any variation under paragraph RD1(h) in respect of an Applicable Change is as follows:

- (i) if the Notified Party has not given a notice of dispute prior to the expiration of the period set out in paragraph RD1(f), the variation is to be made on the basis of the particulars specified in the most recent notice given by the Notifying Party under paragraph RD1(b) in respect of that Applicable Change;

- (ii) if the Notified Party has given a notice of dispute under paragraph RD1(f) and the Regulatory Disruption Expert has determined that an Applicable Change has occurred, the variation is to be made on the basis of the particulars specified in the most recent notice given by the Notifying Party under paragraph RD1(b) in respect of that Applicable Change, and the determination made by the Regulatory Disruption Expert, with the determination prevailing to the extent of any inconsistency with any such particulars; and
- (iii) if the Notified Party has given a notice of dispute under paragraph RD1(f) and the Regulatory Disruption Expert has determined that an Applicable Change has not occurred, there is to be no variation under paragraph RD1(h).

(j) **Effectiveness of Variation**

A variation under paragraph RD1(h) is final in respect of an Applicable Change even if, after the variation is effective under paragraph RD1(h), it can be shown that the actual amount of any Costs, Taxes, Subsidies, Transmission Fees or Pool Participation Fees or any period of time, as the case may be, is different to the relevant corresponding amount or period used in determining the variation under paragraph RD1(h).

(k) **Adjustment Payments**

If a variation under paragraph RD1(h) in respect of a Subsequent Calculation Period is effective after the Settlement Date in respect of the Subsequent Calculation Period, then:

- (i) the party that would have been obliged to pay a greater amount; or
- (ii) the party that would have been entitled to be paid a lesser amount; or
- (iii) the party that would have been obliged to pay an amount instead of being entitled to be paid an amount,

had the variation been effective prior to the Settlement Date in respect of the Subsequent Calculation Period, must pay the other party an Adjustment Payment no later than the first day occurring after the date being three Business Days after the date the relevant variation is effective upon which the party obliged to pay the Adjustment Payment, if it were a market participant (as defined in the National Rules), would be obliged to make a payment under the National Rules if a statement issued under the National Rules showed that that party owed the Adjustment Payment in respect of electricity bought by it in the billing period (as defined in the National Rules) in which the date the relevant variation is effective occurs.

(l) **Interaction with Market Disruption Events and Transmission Fee Increases**

If an event or circumstance which would otherwise constitute or give rise to a:

- (i) Market Disruption Event applicable to the Commodity Transaction also constitutes an Applicable Change, it will be treated as an Applicable Change and will not constitute a Market Disruption Event; and
- (ii) Transmission Fee Increase (TN1) applicable to the Commodity Transaction also constitutes a Regulatory Disruption, it will be treated as a Transmission Fee Increase under paragraph TN1 and will not constitute Regulatory Disruption under this paragraph RD1.

(m) **Definitions**

In this paragraph RD1:

Adjustment Payment in respect of a Subsequent Calculation Period and a variation under paragraph RD1(h), means the sum of:

- (i) an amount which, having been paid, results in the net amount paid by one party to the other party in respect of the Subsequent Calculation Period equalling the amount that would have been paid if the additional amount payable in respect of the Subsequent Calculation Period as a result of the variation under paragraph RD1(h) had been determined prior to the relevant Settlement Date; and
- (ii) interest on that amount at a rate per annum equal to the cost (without proof or evidence of any actual cost) to the party receiving the payment (as certified by it) of funding that amount of the period from (and including) the Settlement Date in respect of the Subsequent Calculation Period to (but excluding) the date of payment of that amount.

Applicable Change means a Change in Law, Change in Subsidy, Change in Tax or Change in Fees.

Applicable Date in respect of an Applicable Change, means the date, which may or may not be prior to the Commencement Date, with effect from which the Applicable Change commences to apply to or affect Hydro Tasmania and /or the relevant subsidiaries of Hydro Tasmania.

Change in Fees in respect of a Commodity Transaction, means any change in:

- (i) the basis upon which any calculation relating to the determination of the liability of Hydro Tasmania and / or any fully owned subsidiaries of Hydro Tasmania to pay Transmission Fees or Pool Participation Fees in relation to assets in Tasmania is made; or
- (ii) the magnitude of any of the variables used in any such calculation other than any variable directly relating to the use of a transmission system or the wholesale sale of electricity in Tasmania, as the case may be, of Hydro Tasmania and / or any fully owned subsidiaries of Hydro Tasmania,

the Commencement Date of which occurs on or after the Trade Date of that Commodity Transaction.

Change in Law in respect of a Commodity Transaction, means the imposition of, change in (or change in application or official interpretation of) or removal of a Law applicable in respect of:

- (i) operational activities and business and affairs as a generator and wholesale seller of electricity in Tasmania, including the environmental aspects of those operational activities;

the Commencement Date of which occurs on or after the Trade Date of that Commodity Transaction, but excluding any Change in Tax.

Change in Subsidy in respect of a Commodity Transaction, means the provision of, change in or removal of a Subsidy applicable in respect of:

- (i) operational activities and business and affairs as a generator and wholesale seller of electricity in Tasmania, including the environmental aspects of those operational activities;

the Commencement Date of which occurs on or after the Trade Date of that Commodity Transaction.

Change in Tax in respect of a Commodity Transaction, means the imposition of, change in (or change in application or official interpretation of) or repeal of a Tax applicable in respect of:

- (i) operational activities and business and affairs as a generator and wholesale seller of electricity in Tasmania, including the environmental aspects of those operational activities;

the Commencement Date of which occurs on or after the Trade Date of that Commodity Transaction, but excluding any Change in Fees.

Commencement Date in respect of an Applicable Change, means the date, which may or may not be prior to the Applicable Date, upon which the Applicable Change occurs (whether by way of proclamation, declaration, publication or otherwise).

Costs means:

- (i) direct capital costs associated with the design, construction, installation and commissioning of relevant plant and equipment including the acquisition cost of that plant and equipment and infrastructure associated with that plant and equipment;
- (ii) costs in connection with the financing of those direct capital costs;
- (iii) direct costs in operations and maintenance;
- (iv) consultants' fees;
- (v) indirect overheads including management and administration salaries and wages; and

(vi) other relevant costs,

provided that:

(vii) for the purposes of this paragraph RD1, the amount of any costs in connection with the financing of direct capital costs is to be calculated on the basis that:

- (1) those direct capital costs are 100% debt financed; and
- (2) Hydro Tasmania and / or the relevant subsidiaries of Hydro Tasmania will incur those financing costs at the Financing Rate over the effective life of the relevant plant and equipment; and

(viii) where this paragraph RD1 contemplates a greater amount or a lesser amount of Costs in connection with an Applicable Change, the greater amount or the lesser amount is to be calculated taking into account both increases and decreases in the amount of each category of Costs.

Discount Rate in respect of an Applicable Change, means the rate per centum per annum specified in the Confirmation for the relevant Commodity Transaction. If the Confirmation does not specify a rate, the Discount Rate is the yield per annum which the Calculation Agent determines in good faith to be the yield that would be derived by an investment on the Applicable Date of the Applicable Change in Commonwealth Government Capital Indexed Bonds maturing on the date closest to the Operational Period End Date.

Financing Rate means a % rate per annum calculated as follows:

$$FR = 2\% + CGBR$$

where:

FR is the Financing Rate; and

CGBR is the yield per annum which the Calculation Agent determines in good faith to be the yield that would be derived by an investment on the Applicable Date of the Applicable Change in Commonwealth Government Capital Indexed Bonds maturing on the date closest to the end of the effective life of the relevant plant and equipment.

First Year in respect of an Applicable Change, means the earlier of:

- (i) the first Year (which may or may not be prior to the Applicable Date for that Applicable Change) in which there is a Net Change (whether a positive or negative amount) in respect of that Applicable Change; and
- (ii) the Year in which the Applicable Date for that Applicable Change occurs.

Good Electricity Industry Practice means the exercise of that degree of skill, diligence, providence and foresight that could reasonably be expected in relation to the operation of the Reference Generating Plant, taking into account the size, duty, age, fuel type and technological status of the Reference Generating Plant and any other relevant factor, from a significant proportion of operators of facilities located in Australia for the generation and supply of electricity.

Governmental Agency means any central bank or any government or any governmental, semi-governmental, fiscal, monetary, supervisory, judicial or other governmental entity or governmental authority (including, without limitation, Australian Energy Regulator, Australian Energy Market Commission and Australian Energy Market Operator Limited (ABN 94 072 010 327)).

Law includes the National Rules and any statute, regulation, proclamation, ordinance and by-law.

Net Change means, subject to paragraph RD1(n), in respect of a Year and an Applicable Change, the following amounts in respect of that Year:

- (i) in respect of a Change in Law, any greater amount of Costs that Hydro Tasmania and / or any full owned subsidiaries of Hydro Tasmania is or would be obliged to pay in order to ensure that it complies with the Change in Law less any reduction in Costs that Hydro Tasmania and / or any full owned subsidiaries of Hydro Tasmania would be entitled to make as a direct result of the Change in Law;
- (ii) in respect of a Change in Tax, the aggregate of:
 - (1) any greater amount of Costs that Hydro Tasmania and / or any full owned subsidiaries of Hydro Tasmania may pay in order to ensure that it does not become liable to pay any additional Tax less any reduction in Costs that Hydro Tasmania and / or any full owned subsidiaries of Hydro Tasmania would be entitled to make as a direct result of the Change in Tax; and
 - (2) any greater amount of Tax that Hydro Tasmania and / or any full owned subsidiaries of Hydro Tasmania is or would be obliged to pay than the Tax payable by it had the Change in Tax not occurred less any reduction in the amount of Tax that Hydro Tasmania and / or any full owned subsidiaries of Hydro Tasmania is or would be obliged to pay than the Tax payable by it had the Change in Tax not occurred;
- (iii) in respect of a Change in Subsidy, the aggregate of:

- (1) any greater amount of Costs that Hydro Tasmania and / or any full owned subsidiaries of Hydro Tasmania may pay in order to ensure that it does not become entitled to receive a lesser amount of the relevant Subsidy less any reduction in Costs that Hydro Tasmania and / or any full owned subsidiaries of Hydro Tasmania would be entitled to make as a direct result of the Change in Subsidy; and
- (2) any reduction in the amount of the relevant Subsidy that Hydro Tasmania and / or any full owned subsidiaries of Hydro Tasmania is or would be entitled to receive than Hydro Tasmania and / or any full owned subsidiaries of Hydro Tasmania would have been entitled to receive prior to the Change in Subsidy less any increase in the amount of any relevant Subsidy that Hydro Tasmania and / or any full owned subsidiaries of Hydro Tasmania would be entitled to receive as a direct result of the Change in Subsidy;
- (iv) in respect of a Change in Fees, any greater amount of the relevant Transmission Fees or Pool Participation Fees, as the case may be, that Hydro Tasmania and / or any full owned subsidiaries of Hydro Tasmania is obliged to pay that it would have been obliged to pay but for the Change in Fees, less any reduction in the amount of the relevant Transmission Fees or Pool Participation Fees, as the case may be, that Hydro Tasmania and / or any full owned subsidiaries of Hydro Tasmania is obliged to pay that it would have been obliged to pay but for the Change in Fees.

Normal Capacity in respect of a Subsequent Calculation Period for a Commodity Transaction, has the meaning specified in the Confirmation for that Commodity Transaction. If the Confirmation does not specify a meaning, Normal Capacity means 1,730MW for each Subsequent Calculation Period.

Operational Period End Date in respect of an Applicable Change and a Commodity Transaction, means the date specified for the purposes of this definition in the Confirmation for that Commodity Transaction. If the Confirmation does not specify such a date, the date is 31 December 2142.

Pass Through Price means, in respect of an Applicable Change and a Commodity Transaction, the amount calculated in accordance with the formula:

$$PTP = \frac{TE}{(H * ANC)}$$

where:

PTP is the Pass Through Price in respect of the relevant Applicable Change;

TE is the Total Effect in respect of the relevant Applicable Change;

H is the number of hours from the start of the first Subsequent Calculation Period in respect of the Applicable Change to and including the end of the last day of the last Year in which there is a Net Change (whether a positive amount or a negative amount) in respect of that Applicable Change; and

ANC is the time weighted arithmetic average of the Normal Capacities in respect of each Subsequent Calculation Period occurring over the period of time contemplated by *H* above.

Pool Participation Fees means participant fees payable under Chapter 2 of the National Rules.

Reference Generating Plant means the following generating units:

(i)	Butlers Gorge	1
(ii)	Tarraleah	1
(iii)	Tarraleah	2
(iv)	Tarraleah	3
(v)	Tarraleah	4
(vi)	Tarraleah	5
(vii)	Tarraleah	6
(viii)	Lake Echo	1
(ix)	Tungatinah	1
(x)	Tungatinah	2
(xi)	Tungatinah	3
(xii)	Tungatinah	4
(xiii)	Tungatinah	5
(xiv)	Liapootah	1
(xv)	Liapootah	2
(xvi)	Liapootah	3
(xvii)	Wayatinah	1
(xviii)	Wayatinah	2
(xix)	Wayatinah	3

(xx)	Catagunya	1
(xxi)	Catagunya	2
(xxii)	Repulse	1
(xxiii)	Cluny	1
(xxiv)	Meadowbank	1
(xxv)	Poatina	1
(xxvi)	Poatina	2
(xxvii)	Poatina	3
(xxviii)	Poatina	4
(xxix)	Poatina	5
(xxx)	Poatina	6
(xxxi)	Trevallyn	1
(xxxii)	Trevallyn	2
(xxxiii)	Trevallyn	3
(xxxiv)	Trevallyn	4
(xxxv)	Tods Corner	1
(xxxvi)	Fisher	1
(xxxvii)	Rowallan	1
(xxxviii)	Lemonthyme	1
(xxxix)	Wilmot	1
(xl)	Cethana	1
(xli)	Devils Gate	1
(xlii)	Paloona	1
(xliii)	Gordon	1
(xliv)	Gordon	2
(xlv)	Gordon	3
(xlvi)	Mackintosh	1

(xlvii)	Bastyan	1
(xlviii)	Reece	1
(xlix)	Reece	2
(l)	John Butters	1
(li)	Tribute	1
(lii)	Lake Margaret	1
(liii)	Lake Margaret	2
(liv)	Lake Margaret	3
(lv)	Lake Margaret	4
(lvi)	Lake Margaret	5
(lvii)	Lake Margaret	6
(lviii)	Lake Margaret	7
(lix)	Bell Bay Three	1
(lx)	Bell Bay Three	2
(lxi)	Bell Bay Three	3
(lxii)	Tamar Valley Combined Cycle	1
(lxiii)	Tamar Valley Combined Cycle	2
(lxiv)	Tamar Valley Peaking	1

Regulatory Disruption Expert in respect of a dispute, is the person selected under paragraph RD1(g)(ii) in respect of that dispute.

Subsequent Calculation Period in respect of an Applicable Change, means a Calculation Period in respect of the Commodity Transaction occurring after the Applicable Date of that Applicable Change and on or prior to the earlier of:

- (i) the Termination Date of the Commodity Transaction; and
- (ii) the last day of the last Year in which there is a Net Change (whether a positive amount or a negative amount) in respect of that Applicable Change.

Subsidy means a subsidy, grant, contribution, bounty or payment by any government or taxation authority.

Tax means a tax (other than a tax on, or measured by reference to, overall gross or net income or a tax on capital gains), levy, impost, duty, charge, assessment or fee of any nature (excluding any interest, penalties and additions thereto) that is imposed by any government or taxation authority but excluding a Tax (as defined in Section 14 of the Agreement).

Total Effect in relation to an Applicable Change, means the amount calculated in accordance with the following formula:

$$\sum_{t=1}^n \left(\frac{NC(t)}{(1 + DR)^{t-1}} \right)$$

where:

t indicates the relevant Year from among the Years commencing with the First Year and ending with the Year in which the Operational Period End Date occurs, with 1 indicating the First Year;

n is the number of Years commencing with the First Year and ending with the Year in which the Operational Period End Date occurs;

$NC(t)$ is the Net Change for the Year indicated by t ; and

DR is the Discount Rate for that Applicable Change, expressed as a decimal.

Transmission Fees means fees payable to a transmission network owner or transmission network service provider in respect of entry services, exit services, transmission network use of system services, common services or any other class of transmission service (each as defined in the National Rules).

Year means the 12 month period commencing on 1 July in a year and ending on 30 June in the following year.

(n) **Net Change**

A Net Change in respect of an Applicable Change must be determined on the basis that:

- (i) Hydro Tasmania and any relevant fully owned subsidiaries of Hydro Tasmania implements, in accordance with Good Electricity Industry Practice, such capital works and changes to its operations to comply with or as a result of the Applicable Change as will, on the assumption that the Commodity Transaction had a Term expiring on the Operational Period End Date, give rise to the most favourable variation under paragraph RD1(h) of this paragraph RD1 in respect of that Applicable Change from the perspective of the Retailer; and
- (ii) Hydro Tasmania and any relevant fully owned subsidiaries of Hydro Tasmania does not, as a result of the Applicable Change, reduce or increase its capacity or generation patterns; and

- (iii) the capital works and changes to operations actually implemented by Hydro Tasmania are ignored; and
- (iv) Hydro Tasmania and any relevant fully owned subsidiaries of Hydro Tasmania are Australian tax paying entities with no carry forward losses; and
- (v) where, in accordance with paragraph RD1(n)(i), Hydro Tasmania and / or any fully owned subsidiary of Hydro Tasmania:
 - (1) is or would be obliged to pay any greater amount of Costs, Taxes, Transmission Fees or Pool Participation Fees; or
 - (2) is or would be entitled to receive a decreased relevant Subsidy,then any benefit (including, without limitation, any tax benefit) or economies that Hydro Tasmania and / or any fully owned subsidiary of Hydro Tasmania enjoys or would enjoy as a result of so being obliged or entitled must be taken into account; and
- (vi) where, in accordance with paragraph RD1(n)(i), Hydro Tasmania and / or any fully owned subsidiary of Hydro Tasmania:
 - (1) is or would be entitled to make a reduction in the amount of Costs, Taxes, Transmission Fees or Pool Participation Fees to be paid by it; or
 - (2) is or would be entitled to receive an increase in a relevant Subsidy,then any cost (including, without limitation, any change in tax position) that Hydro Tasmania and / or any fully owned subsidiary of Hydro Tasmania incurs or would incur as a result of so being entitled must be taken into account; and
- (vii) a loss of revenue or of profit will not be regarded as an increase in Costs.

WM1 Whole of Meter Transaction

(a) Adjustments

(i) Adjustment Statements

- (1) If at any time after the Settlement Date in respect of a Calculation Period the Notional Quantity and the Final ME Amount are different, the Calculation Agent must provide the other party with an Adjustment Statement.

- (2) If the Calculation Agent must provide the other party with an Adjustment Statement under paragraph WM1(a)(i)(1), the Adjustment Statement must be provided on or as soon as reasonably practicable after the day that *AEMO* issues the relevant statement to the Retailer or the relevant dispute between *AEMO* and the Retailer is resolved, as the case may be.
- (3) The Calculation Agent must include in an Adjustment Statement in respect of a Calculation Period:
 - (A) the amount necessary to be paid either by Hydro Tasmania or by the Retailer to the other in order to put each of them in the position it would have been in had the Notional Quantity in respect of the Calculation period been the same as the Final ME Amount (determined as at the time the Adjustment Statement is provided) in respect of the Corresponding Trading Interval. The amount should include adjustments relating to paragraph WM1(g) (Permitted Load Variance) where relevant. In determining the amount the Calculation Agent must take into account any adjustments previously made under this paragraph WM1; and
 - (B) interest on the amount referred to in paragraph WM1(a)(i)(3)(A) computed at the average Bank Bill Rate for the period from the Settlement Date in respect of that Calculation Period to the date on which payment is required to be made under paragraph WM1(a)(ii).

(ii) **Adjustment Statements**

Hydro Tasmania or the Retailer, as the case may be, must pay to the other the amount included in an Adjustment Statement, together with the amount of interest on that amount included in the Adjustment Statement (determined in accordance with paragraph WM1(a)(i)(3)(B), on the first NEM Settlement Date which occurs more than three Business Days after the day on which the Calculation Agent provides the Adjustment Statement to the other party.

(b) **Loss of any *connection points***

If during the Term the Retailer stops selling electricity to the Customer under a Current Sale Contract at a *connection point* then, despite any other term of the Transaction, in respect of each *trading interval* on and from the first *trading interval* in respect of which the Retailer no longer sells electricity to that Customer under a Current Sale Contract at that *connection point* no amount referable to that *connection point* is to be included in the Settlement ME Amount or the Final ME Amount in respect of that *trading interval*.

(c) **Calculation Agent**

- (i) All calculations and determinations made by the Calculation Agent are subject to the review of the other party including after any examination of records provided under paragraph WM1(d)(iv).
 - (ii) Hydro Tasmania and the Retailer must use reasonable endeavours to resolve expeditiously any disagreements concerning such calculations and determinations.
 - (iii) If Hydro Tasmania and the Retailer cannot agree on such a calculation or determination either of them may appoint a suitably qualified independent person to make or re-make the calculation or determination, as the case may be, as Calculation Agent, with the calculation or determination made or re-made by the independent person to be final and binding absent manifest error. The independent person's costs and expenses in connection with any disputed calculation or determination will be borne by the parties in a manner determined by the independent person (and either party may request that determination) and in the absence of such a determination will be borne by the parties equally.
 - (iv) If in order to give effect to a re-made calculation or determination in respect of a Calculation Period it is necessary for a party to pay an amount to the other party, that party must pay that amount on the first NEM Settlement Date which occurs more than three Business Days after the day the calculation or determination is re-made, together with interest on the amount computed at the average Bank Bill Rate for the period from the Settlement Date in respect of that Calculation Period to the date on which payment is required to be made under this paragraph WM1(c)(iv).
- (d) **Information**
- (i) **Names and *NMIs* of the Customer**
 - (1) [Customer names and *NMIs* from offer to be inserted].
 - (2) If, prior to the Termination Date, the Retailer becomes aware that any of the Customer information set out in paragraph WM1(d)(i)(1) is incorrect, the Retailer must notify Hydro Tasmania of the correct information within 3 Business Days of becoming aware of any such incorrect information.
 - (ii) **Record Keeping**

The Retailer must record the following information in respect of each *connection point* of the Customer:

 - (1) the name of the Customer;
 - (2) the Customer's account number;

- (3) the Customer's site address and *NMI*, along with the suffix naming convention for each *NMI*;
- (4) the *distribution loss factor* and TNI applicable to the Customer;
- (5) the term of the Customer's Current Sale Contract;
- (6) the first Calculation Period in respect of which the Retailer no longer sells electricity to the Customer under a Current Sale Contract;
- (7) information concerning the aggregate amount of electricity the Retailer is liable to *AEMO* for in respect of the *connection point* for each *trading interval*. Without limitation, this information must include:
 - (A) all relevant *final statements, routine revised statements and special revised statements*; and
 - (B) all *NMI* specific data included or otherwise incorporated in such statements; and
- (8) information concerning the amount of electricity the Retailer sells to the Customer at the *connection point* in respect of each Calculation Period. Without limitation this information must include all relevant invoices issued by the Retailer to the Customer.

(iii) **Maintenance of records**

The Retailer must retain the records required under paragraph WM1(d)(ii) for at least 6 years after the Termination Date.

(iv) **Provision of records**

At any time before the date which is 6 years after the Termination Date, Hydro Tasmania may request that the Retailer provide Hydro Tasmania with the records contemplated in paragraph WM1(d)(ii). The Retailer must provide that information within 5 Business Days of the request, by either delivering the information to Hydro Tasmania or by making the information available to Hydro Tasmania at the Retailer's office during normal business hours.

(v) **Consents**

The Retailer must obtain any necessary consent from, and must give any necessary notice to, the Customer as required to ensure that the provision to Hydro Tasmania of records and other information under this paragraph WM1(d), and under the Agreement and the Transaction generally, is lawful.

(e) **Metering Data**

The Retailer must supply meter data to Hydro Tasmania. This meter data must be in NEM12 format and received within timeframes that allow settlement as per the AEMO published Settlement Calendar. Settlement will be on a good faith based on the data received. Hydro Tasmania reserves the right to make revisions from time to time should data integrity be proven incorrect.

(f) **Pricing Assumptions**

Fixed Prices have been agreed on the basis of information the Retailer provided, or which was otherwise available, to Hydro Tasmania about consumption of electricity at the Point of Supply.

(g) **Permitted load variance**

If the Flat Expected Load Variance is set to “not applicable” paragraph WM1(g)(i) does not apply to the Transaction. If the Flat Expected Load Variance has been set to a value, paragraphs WM1(g)(ii) and WM1(g)(iii) do not apply to the Transaction.

(i) **Flat Calculation**

(1) If in respect of a Consumption Period:

$$Q_F < q_F^1$$

then, the Retailer must pay to Hydro Tasmania an additional amount calculated as:

$$AP_F = (q_F^1 - Q_F) \times (P_F - p_F^1)$$

where:

AP_F is the additional amount for the Consumption Period;

P_F is the Weighted Average Fixed Price during the Consumption Period;

p_F^1 is the Weighted Average Floating Price during the Consumption Period;

Q_F is the aggregate of the Notional Quantities for each Calculation Period during the Consumption Period; and

q_F^1 is Flat Expected Average Quantity multiplied by (one minus the Flat Permitted Load Variance expressed as a decimal).

This additional amount must be paid by the Retailer to Hydro Tasmania on the date which is the Settlement Date for the last Calculation Period during the Consumption Period. If the amount is negative, there is no payment due.

(2) If in respect of a Consumption Period:

$$Q_F > q_F^2$$

then, Hydro Tasmania may nominate a Revised Fixed Price which is to apply for the load used by the Customer in excess of the Flat Permitted Load Variance.

Hydro Tasmania must notify the Retailer within 30 days of the end of the Consumption Period of any such Revision to the Fixed Price.

If Hydro Tasmania notifies the Retailer that a Revised Fixed Price is to apply to the load used by the Customer in excess of the Flat Permitted Load Variance, the Retailer must pay to Hydro Tasmania an additional amount calculated as:

$$AP_F = (Q_F - q_F^2) \times (p_F^2 - P_F)$$

where:

AP_F is additional amount for the Consumption Period;

P_F is the Weighted Average Fixed Price during the Consumption Period;

p_F^2 is the Revised Fixed Price to apply during the Consumption Period;

Q_F is the aggregate of the Notional Quantities for each Calculation Period during the Consumption Period; and

q_F^2 is Flat Expected Average Quantity multiplied by (one plus the Flat Permitted Load Variance expressed as a decimal).

This additional amount must be paid by the Retailer to Hydro Tasmania on the date which is no later than 10 Business Days after the date of notification of the Revised Fixed Price in respect of the Consumption Period.

(ii) **Peak Calculation**

(1) If in respect of Peak Hours in a Consumption Period:

$$Q_p < q_p^1$$

then, the Retailer must pay to Hydro Tasmania an additional amount calculated as:

$$AP_p = (q_p^1 - Q_p) \times (P_p - p_p^1)$$

where:

AP_p is the additional amount for Peak Hours in the Consumption Period;

P_p is the Weighted Average Fixed Price during Peak Hours in the Consumption Period;

p_p^1 is the Weighted Average Floating Price during Peak Hours in the Consumption Period;

Q_p is the aggregate of the Notional Quantities for each Calculation Period during Peak Hours in the Consumption Period; and

q_p^1 is Peak Expected Average Quantity multiplied by (one minus the Peak Permitted Load Variance expressed as a decimal).

This additional amount must be paid by the Retailer to Hydro Tasmania on the date which is the Settlement Date for the last Calculation Period during the Consumption Period. If the amount is negative, there is no payment due.

(2) If in respect of Peak Hours in a Consumption Period:

$$Q_p > q_p^2$$

then, Hydro Tasmania may nominate a Revised Fixed Price which is to apply for the load used by the Customer in excess of the Peak Permitted Load Variance.

Hydro Tasmania must notify the Retailer within 30 days of the end of the Consumption Period of any such Revision to the Fixed Price.

If Hydro Tasmania notifies the Retailer that a Revised Fixed Price is to apply to the load used by the Customer in excess of the Peak Permitted Load Variance, the Retailer must pay to Hydro Tasmania an additional amount calculated as:

$$AP_p = (Q_p - q_p^2) \times (p_p^2 - P_p)$$

where:

AP_p is additional amount for Peak Hours in the Consumption Period;

P_p is the Weighted Average Fixed Price during Peak Hours in the Consumption Period;

p_p^2 is the Revised Fixed Price to apply during Peak Hours in the Consumption Period;

Q_p is the aggregate of the Notional Quantities for each Calculation Period during Peak Hours in the Consumption Period; and

q_p^2 is Peak Expected Average Quantity multiplied by (one plus the Peak Permitted Load Variance expressed as a decimal).

This additional amount must be paid by the Retailer to Hydro Tasmania on the date which is no later than 10 Business Days after the date of notification of the Revised Fixed Price in respect of Peak Hours for the Consumption Period.

(iii) Offpeak Calculation

(1) If in respect of Offpeak Hours in a Consumption Period:

$$Q_{op} < q_{op}^1$$

then, the Retailer must pay to Hydro Tasmania an additional amount calculated as:

$$AP_{op} = (q_{op}^1 - Q_{op}) \times (P_{op} - p_{op}^1)$$

where:

AP_{op} is additional amount for Offpeak Hours in the Consumption Period;

P_{op} is the Weighted Average Fixed Price during Offpeak Hours in the Consumption Period;

p_{op}^1 is the Weighted Average Floating Price during Offpeak Hours in the Consumption Period;

Q_{op} is the aggregate of the Notional Quantities for each Calculation Period during Offpeak Hours in the Consumption Period; and

q_{op}^1 is the Offpeak Expected Average Quantity multiplied by (one minus the Offpeak Permitted Load Variance expressed as a decimal).

This additional amount must be paid by the Retailer to Hydro Tasmania on the date which is the Settlement Date for the last Calculation Period during the Consumption Period. If the amount is negative, there is no payment due.

(2) If in respect of Offpeak Hours in a Consumption Period:

$$Q_{op} > q_{op}^2$$

then, Hydro Tasmania may nominate a Revised Fixed Price which is to apply for the load used by the Customer in excess of the Offpeak Permitted Load Variance.

Hydro Tasmania must notify the Retailer within 30 days of the end of the Period of any such Revision to the Fixed Price.

If Hydro Tasmania notifies the Retailer that a Revised Fixed Price is to apply to the load used by the Customer in excess of the Offpeak Permitted Load Variance, the Retailer must pay to Hydro Tasmania an additional amount calculated as:

$$AP_{op} = (Q_{op} - q_{op}^2) \times (p_{op}^2 - P_{op})$$

where:

AP_{op} is additional amount for Offpeak Hours in the Consumption Period;

P_{op} is the Weighted Average Fixed Price during Offpeak Hours in the Consumption Period;

p_{op}^2 is the Revised Fixed Price to apply during Offpeak Hours in the Consumption Period;

Q_{op} is the aggregate of the Notional Quantities for each Calculation Period during Offpeak Hours in the Consumption Period; and

q_{op}^2 is Offpeak Expected Average Quantity multiplied by (one plus the Offpeak Permitted Load Variance expressed as a decimal).

This additional amount must be paid by the Retailer to Hydro Tasmania on the date which is no later than 10 Business Days after the date of notification of the Revised Fixed Price in respect of Offpeak Hours for the Consumption Period.

(h) **Definitions and Interpretation**

(i) **National Rules**

In this paragraph WM1, any term written in italics has the same meaning as in the National Rules. If the National Rules are amended so that such a term no longer has any meaning under the National Rules, the term is to have:

- (1) the same meaning as any new term used in the National Rules which replaces the old term; or
- (2) if there is no such new term, the same meaning as the old term under the National Rules immediately prior to that amendment.

(ii) **Other Definitions**

As used in this paragraph WM1:

Adjustment Statement means a statement that the Calculation Agent must provide to the other party under paragraph WM1(a)(i)(1).

Agreement means the 2002 ISDA Master Agreement between Hydro Tasmania and the Retailer, as amended and updated from time to time.

Bank Bill Rate in respect of a day, means a rate per annum equal to the average bid rate (expressed as a percentage yield to maturity per annum rounded upwards, if necessary, to the nearest 0.01%) displayed on the page of the Reuters Monitor System designated **BBSY** (or any successor page) at or about 10:30 am on that day (or if that day is not a Business Day then on the Business Day which immediately precedes that day) for the purchase of bills of exchange (as defined in the Bills of Exchange Act 1909 (Cth)) bearing the acceptance of a bank licensed under section 8 or 9 of the Banking Act 1959 (Cth)) and for a term to maturity of 90 days.

Calculation Agent means the party nominated as calculation agent in the Agreement.

Consumption Period means [insert from offer, e.g. quarter/calendar year/financial year/ custom periods as listed].

Corresponding Trading Interval in respect of a Calculation Period means the *trading interval* which begins and ends at the same time as the Calculation Period.

Current Sale Contract means a Sale Contract entered into by the Retailer with the Customer excluding any extension or renewal of that Sale Contract.

Customer means the person named in paragraph WM1(d)(i)(1) to whom, on or after the Trade Date, the Retailer sells electricity under a Current Sale Contract.

Final ME Amount in respect of a *trading interval* and at any time means the sum of amounts determined as follows in respect of each *connection point* of the Customer in respect of that *trading interval*:

$$FMEA = MD * DLF * TLF$$

where:

FMEA is the amount determined in respect of the *connection point* of the Customer in respect of that *trading interval*. The aggregate of this amount and the corresponding amounts in respect of each other *connection point* of that Customer is the Final ME Amount in respect of that *trading interval* at that time;

MD is the amount of electrical *energy* flowing at the Customer's *connection point* in that *trading interval*:

- (1) as recorded in the *metering data* in respect of that *connection point* and that *trading interval* (expressed as a negative where the flow is towards the *transmission network connection point* to which that *connection point* is assigned, and positive where the flow is in the other direction) and included or otherwise incorporated (including by way of estimation) in the last *routine revised statement* or a *special revised statement* issued by AEMO to the Retailer before that time in respect of that *trading interval*; or
- (2) if before that time a dispute between AEMO and the Retailer about a *final statement*, *routine revised statement* or a *special revised statement* is resolved in such a way as gives rise to amended *metering data* recording the amount of electrical *energy* flowing at that *connection point* in that *trading interval*, as recorded in the amended *metering data*;

DLF is the *distribution loss factor* applicable at the Customer's *connection point*; and

TLF is the *intra-regional loss factor* at the *transmission network connection point* to which the Customer's *connection point* is assigned in accordance with the National Rules.

Flat Expected Average Quantity means [insert from offer MWh][not applicable].

Flat Permitted Load Variance means [insert from offer %][not applicable].

NEM Settlement Date in respect of a *trading interval* means the date upon which *Market Participants* are obliged to make payments under the National Rules in respect of electricity bought in that *trading interval*.

Offpeak Expected Average Quantity means [insert from offer MWh][not applicable].

Offpeak Hours means from half hour ending 22:30pm to half hour ending 7:00am on Business Days, and all hours on days which are not Business Days.

Offpeak Permitted Load Variance means [insert from offer %][not applicable].

Peak Expected Average Quantity means [insert from offer MWh][not applicable].

Peak Hours means from half hour ending 7:30am to half hour ending 22:00pm on Business Days.

Peak Permitted Load Variance means [insert from offer %][not applicable].

Revised Fixed Price for a Consumption Period means a price in \$/MWh determined by Hydro Tasmania referring to the:

- (1) actual Notional Quantities in respect of the Customer; and
- (2) actual spot prices,

in place of any equivalent information used to determine previous Fixed Prices. The Revised Fixed Price determined by Hydro Tasmania will include any opportunity cost for load in excess of the Flat, Peak, Offpeak Permitted Load Variance as relevant.

Sale Contract means a contract for the sale of electricity.

Settlement ME Amount in respect of a *trading interval* means the sum of amounts determined as follows in respect of each *connection point* of the Customer in respect of that *trading interval*:

$$SMEA = MD * DLF * TLF$$

where:

SMEA is the amount determined in respect of the *connection point* of the Customer in respect of that *trading interval*. The aggregate of this amount and the corresponding amounts in respect of each other *connection point* of the Customer is the Settlement ME Amount in respect of that *trading interval*;

MD is the amount of electrical *energy* flowing at the Customer's *connection point* in that *trading interval*, as recorded in the *metering data* in respect of that *connection point* and that *trading interval* (expressed as a negative where the flow is towards the *transmission network connection point* to which that *connection point* is assigned, and positive where the flow is in the other direction) and included or otherwise incorporated (including by way of estimation) in the *final statement* issued by AEMO to the Retailer in respect of that *trading interval*;

DLF is the *distribution loss factor* applicable at the Customer's *connection point*; and

TLF is the *intra-regional loss factor* at the *transmission network connection point* to which the Customer's *connection point* is assigned in accordance with the National Rules.

Weighted Average Fixed Price for a Consumption Period means a price in \$/MWh calculated by dividing (the aggregate of the Fixed Amounts for each Calculation Period) by (the aggregate of the Notional Quantities for each Calculation Period).

Weighted Average Floating Price for a Consumption Period means a price in \$/MWh calculated by dividing (the aggregate of the Floating Amounts for each Calculation Period) by (the aggregate of the Notional Quantities for each Calculation Period).