

[AS REPORTED FROM THE COMMITTEE OF THE WHOLE]

House of Representatives, 26 November 1970.

Words inserted by the Committee are shown in roman underlined with a double rule.

Hon. Mr Allen

GAS SUPPLY AMENDMENT

ANALYSIS

Title
1. Short Title
2. Interpretation

3. Gas company to supply gas on certain conditions
4. Supply of natural gas
5. Failure of supply
6. Special terms to apply if supply is uneconomic to gas company

A BILL INTITULED

An Act to amend the Gas Supply Act 1908

BE IT ENACTED by the General Assembly of New Zealand in Parliament assembled, and by the authority of the same,
5 as follows:

1. **Short Title**—This Act may be cited as the Gas Supply Amendment Act 1970, and shall be read together with and deemed part of the Gas Supply Act 1908* (hereinafter referred to as the principal Act).
- 10 2. **Interpretation**—Section 2 of the principal Act is hereby amended by omitting from the definition of the term “company” the words “and supply gas within New Zealand”, and substituting the words “gas, or supply gas through pipes other than pipes owned by the proprietor of any oil or gas
15 field, within New Zealand; but does not include the Natural Gas Corporation of New Zealand.”

*1957 Reprint, Vol. 5, p. 571

3. Gas company to supply gas on certain conditions— Section 3 of the principal Act is hereby amended by omitting from subsection (1) the words “situate within one hundred yards from any main of the company”.

4. Supply of natural gas—The principal Act is hereby further amended by inserting, after section 3, the following section: 5

“3A. Notwithstanding anything in section 3 of this Act, any company supplying natural gas through its mains may refuse to commence giving a supply of gas to any consumer if for the purpose of supplying gas to that consumer the company has requested a supply or further supply of natural gas from the Natural Gas Corporation of New Zealand but has been refused that supply or further supply of natural gas by the Corporation.” 10 15

5. Failure of supply—Section 5 of the principal Act is hereby amended by adding, as subsection (2), the following subsection:

“(2) Notwithstanding anything in subsection (1) of this section or in section 3 of this Act, any company supplying gas to any premises may, during any temporary failure of supply of gas by reason of any fault or breakage brought about by inevitable accident, earthquake, or other unavoidable cause in any plant or pipeline belonging to the company or the Natural Gas Corporation of New Zealand, suspend the supply of gas to those premises.” 20 25

6. Special terms to apply if supply is uneconomic to gas company—The principal Act is hereby further amended by inserting, after section 5, the following section:

“5A. (1) In this section, unless the context otherwise requires,— 30

“ ‘Capital cost of the extension’ includes a reasonable allowance for supervision and inspection, and other charges:

“ ‘Extension’ means any addition to or alteration of the undertaking of the company necessary to give satisfactory supply to any premises; but does not include any addition or alteration for which the cost has been met or defrayed by an owner, occupier, or consumer, pursuant to subsection (2) of section 3 of this Act: 35 40

“ ‘Uneconomic supply’ means any supply from which the estimated annual revenue to the company would, in its opinion, be less than 20 percent of the estimated capital cost of the extension necessary to give the supply.

5 “(2) Subject to subsection (4) of this section, but notwithstanding anything in sections 3 or 5 of this Act, any owner or occupier of premises who can be supplied with gas only by an uneconomic supply shall not be entitled to a supply
10 of gas except in accordance with the terms specified in subsection (3) of this section.

“(3) Subject to subsections (4) and (5) of this section, the owner or occupier of the premises shall, within 12 months after requesting a supply of gas from the company, be entitled to be
15 supplied and to be continued to be supplied with gas on the following terms:

“(a) The owner or occupier shall guarantee to pay each year to the company, for such period not exceeding
20 20 years as the company shall determine commencing from the day on which supply is commenced, such sum of money as shall be determined by the company in relation to the estimated capital cost of the extension, but not
25 in any case exceeding 20 percent of that estimated capital cost. If more than 1 consumer is supplied by means of the same extension, each consumer shall guarantee to pay such fraction of the annual guaranteed sum so determined as results from dividing that sum by the number of consumers
30 supplied by the extension:

“(b) The company shall credit to every consumer in reduction of any annual sum guaranteed by him in respect of an extension all money paid by him for gas supplied from that extension in the year
35 to which the annual sum relates. The gas shall be supplied at the usual rates for the time being charged by the company:

“(c) If any consumer, supplied by means of an extension which supplies other consumers, pays for gas supplied to him from that extension more than the annual sum guaranteed by him, the money so paid in excess of the annual sum shall be applied
40 equally among the other consumers supplied from the same extension who each pay for the gas

supplied to them less than the annual sum that each of them has guaranteed, in reduction of their liability:

- “(d) If at any time an extension for which a guarantee is in force is used by the company to supply gas to any owner or occupier of premises other than premises already supplied by that extension, the liability of existing consumers supplied by the extension shall abate by subtracting from the annual sum which each consumer guarantees to pay the difference between that sum and the resulting sum obtained by dividing the annual guaranteed sum determined by the company pursuant to paragraph (a) of this subsection by the number of consumers, including the owner or occupier of the premises in respect of which the extension is used by the company, supplied by the extension. The company shall do all things necessary to reduce any security given by or on behalf of the existing consumers, and shall make any refund arising from the reduction of any security: 5
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- “(e) Any owner or occupier of premises requesting the commencement of supply to those premises from an extension for which a guarantee is in force shall guarantee to pay each year to the company, commencing from the day on which supply to the premises is commenced, such fraction of the annual guaranteed sum determined by the company pursuant to paragraph (a) of this subsection to be payable under the guarantee as results from dividing that sum by the number of consumers, including the new owner or occupier to be supplied by the extension, and the liability of existing consumers shall abate proportionately: 20
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- “(f) If an extension in respect of which a guarantee is in force is, by means of a further extension, used to supply any owner or occupier of premises other than the premises supplied by the existing extension, the company shall require the owner or occupier supplied from the further extension to make, in addition to the annual sum guaranteed in respect of the further extension, a contribution towards the cost of the original extension, which shall be applied equally among the existing consumers in reduction of their liability: 35
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5 “(g) The company shall review the liability of all consumers receiving supply under a guarantee at least once in each year and shall reapportion liability in accordance with this subsection, but not so as to increase any sum guaranteed or to delay any reduction in liability.

10 “(4) Any owner or occupier of premises entitled under this section to a supply of gas may, instead of guaranteeing to pay any annual sum in accordance with subsection (3) of this section, elect to pay a lump sum determined by the company but not exceeding 20 times the annual sum which, but for this subsection, he would be required to guarantee. On payment of the lump sum, he shall be entitled to receive a supply of gas at the usual rates for the time being charged
15 by the company.

20 “(5) Notwithstanding anything in subsections (1) to (4) of this section, a company shall not be bound under this section to supply gas if the nature or period of the supply requested is unsatisfactory. If any supply is refused by a company under this subsection, the owner or occupier requesting supply may apply to a Magistrate to determine whether the nature or period of supply is unsatisfactory. The decision of the Magistrate shall be final and binding on both parties.

25 “(6) The provisions of this section shall be notified to the owner or occupier by the company before any agreement between them for a supply of gas is made pursuant to this section.

30 “(7) Nothing in this section shall prevent or restrict any company from supplying gas to any owner or occupier without obtaining a guarantee or lump sum payment, or from reducing or cancelling any guarantees, or from offering more favourable terms than those on which he is entitled to be supplied under this section.”