

Schedule 14A.2 Guarantee

Schedule 14A.1, cl 3

To: [Clearing manager] (the "Clearing Manager")
[address]

Attention: [name]

Dear Sir/Madam

1. [Bank] (the "Bank") refers to each obligation of [Participant] (the "Principal") to pay amounts the Principal, now or at any time, owes to, and is invoiced by, the Clearing Manager (whether as principal or agent) together with default interest, if any, in relation to such amounts (the "Obligations") under the Electricity Industry Participation Code 2010 (the "Code").
2. The Bank unconditionally guarantees to pay the Clearing Manager an amount specified in each such demand provided that—

[(a) [the Bank's liability under this guarantee will not exceed \$[insert amount] (the "Maximum Amount"); and]

[Note: Bank to elect either this paragraph or the following paragraph].

[(a) the Bank's liability under this guarantee will not exceed the Maximum Amount as defined below—

- (i) The sum of the amounts calculated for all trading periods to which this guarantee applies in any period to which a demand under this guarantee relates in accordance with the following formula:

$$A*B$$

where

A is [X] MWh

B is the final price for the trading period at the [specify] [grid injection point/grid exit point/reference point]; and

- (ii) For the purposes of paragraph 2(a)(i), this guarantee applies to every trading period within any period to which a demand under this guarantee relates as follows:

A. From the "Starting Date", being the later of—

1. the start of the period; and
2. [date]; and

B. Until the "Final Date", being the earlier of—

1. the end of the period; and
2. the Final Date as notified to the Clearing Manager under paragraph 2(a)(iii); and

3. [date]; and
 - (ii) Despite anything in this guarantee or in the Code, the Bank may give the Clearing Manager notice of the Final Date for the purposes of paragraph 2(a)(ii)B. The Final Date is the later of the date specified in the notice or two business days after the date on which the Clearing Manager receives the notice; and]
 - (b) the Clearing Manager's demand is made in writing and is signed by or purported to be signed by an authorised signatory; and
 - (c) a certificate signed by or purported to be signed by the Clearing Manager's authorised signatory and certifying that the Principal has failed, in whole or in part, to fulfil the Obligations accompanies the demand, such certificate will be conclusive proof of such failure.
3. The Bank's liability under this guarantee will not be affected, discharged, or diminished by any act, omission, or matter, which, but for this provision, would have affected, discharged, or diminished a guarantor's liability, but would not have affected, discharged, or diminished the Bank's liability had it been a principal debtor, including:
 - (a) the insolvency, liquidation, or dissolution of the Principal or any other person, the appointment of any receiver, manager, inspector, trustee, statutory manager, or other similar person in respect of the Principal or any other person, or any change in the Principal's status, function, control, or ownership; and
 - (b) any of the Obligations, or the obligations of any person under any security or guarantee held in relation to any of the Obligations, being or becoming in whole or in part void, voidable, defective, illegal, invalid, or unenforceable in any respect or ranking after any other security; and
 - (c) any time, credit or other indulgence or other concession being granted or agreed to be granted by the Clearing Manager to, or any composition or other arrangement made with or accepted from, the Principal in respect of any of the Obligations or the obligations of any person under any security or guarantee held in relation to the same; and
 - (d) any variation of the terms of any of the Obligations or of any security or guarantee (including under this guarantee) held in relation to the same; and
 - (e) any failure to realise or fully realise the value of, or any release, discharge, exchange, or substitution of, any security or guarantee held in relation to any of the Obligations; and
 - (f) any failure (whether intentional or not) to take, fully take or perfect any security now or in the future agreed to be taken by the Clearing Manager in relation to any of the Obligations; and
 - (g) any other act, event or omission that, but for this clause 3, would or might operate or discharge, impair, or otherwise affect any of the obligations of the Guarantor under this guarantee or any of the rights, powers, or remedies conferred upon the Clearing Manager by the rules or by law.
4. Subject to paragraph 5 below, this guarantee will continue in force until the date at which the Principal ceases to be bound by the Code and has discharged its obligations to

the Clearing Manager under the Code, at which time the Clearing Manager will return this guarantee to the Bank.

- [5. Despite anything else in this guarantee, the Bank may at any time pay the Clearing Manager the Maximum Amount less any amount or amounts the Bank may previously have paid under this guarantee or such lesser sum as the Clearing Manager may require. Upon payment of that sum, this guarantee shall be cancelled and the Bank shall have no further liability.]

[Note: Bank to elect either this paragraph or the following paragraph as a method of cancellation.]

- [5. Despite anything else in this guarantee, the Bank may cancel this guarantee by giving 90 days' notice in writing to the Clearing Manager. Following cancellation of this guarantee, the Bank remains liable for any Obligations incurred before the effective date of cancellation, but shall not be liable for any Obligations incurred after that date.]
6. This guarantee may be assigned by the Clearing Manager without the Bank's consent. It will bind the successors and assigns of the Bank.
7. This guarantee is governed by New Zealand law and the parties irrevocably submit to the non-exclusive jurisdiction of the courts of New Zealand.

[insert execution block for Bank]

Schedule 14A.2: replaced, on 1 November 2018, by clause 110 of the Electricity Industry Participation Code Amendment (Code Review Programme) 2018.