

UNDERTAKINGS

1. In respect of each customer whose gas supply agreement with AGL has expired and who has not accepted an offer for gas supply from AGL as of the date hereof, AGL undertakes before 1 December 1997; AND

In respect of each customer whose gas supply agreement with AGL will expire prior to 1 December 1997, AGL undertakes, for at least 30 days after the customer's agreement with AGL expires or until 1 December 1997, whichever is the later:

- (a) not to place such customer on the Tariff;
- (b) not to increase the price of gas supplied to that customer above whichever is the greater of:
 - i) the price under the expired contract at the time of expiry or;
 - ii) the price proposed under any new supply proposal given to that customer by AGL for the first year, of the minimum term offered, under that proposal;

other than with the consent of the customer; and
- (c) not to cease supply to such customer other than for a reason AGL could have ceased supply under the expired contracts, subject to the customer complying with any price arrangement agreed or permitted under sub paragraph (b).


2. AGL undertakes to notify each customer referred to in paragraph 1, on or before 31 October 1997, of the undertakings in paragraph 1, by letter in the form of annexure A hereto or in such other form as the Commission may approve in writing.
3. AGL undertakes to make no representation as to the ability or likely ability of any competitor or potential competitor to AGL to obtain and resell gas supplies during the period until 1 December 1997, other than to advise an acquirer or potential acquirer of gas to make its own inquiries.
4. In respect of each customer whose Gas Supply Agreement with AGL has expired during the period from 1 July 1997 to the date hereof and who has during that period accepted an offer of gas supply from AGL "a New Gas Supply Agreement", AGL undertakes to:

- (a) forward to each such customer on or before 31 October 1997 a letter in the form annexed hereto as Attachment B:
 - (b) in respect of customers who claim that a representation was made to them by AGL concerning the imposition of the Tariff upon the supply of gas to them with effect on or before 1 December 1997, AGL undertakes:
 - (i) to promptly consider and investigate the claim;
 - (ii) if AGL accepts the claim in relation to a customer "Relevant Customer", to comply with paragraph 4(c); and
 - (iii) if AGL rejects the claim, to refer the matter to arbitration in accordance with paragraph 4(d).
 - (c) For each Relevant Customer AGL agrees to allow them to rescind their New Gas Supply Agreement by written notice to AGL on or before 31 January 1998 provided that a Relevant Customer may leave its agreement on foot, or at any time confirm its agreement with AGL or enter into a new agreement with AGL.
 - d) Disputed claims will be referred promptly to arbitration as follows:
 - (i) the arbitrator shall be independent and acceptable to the ACCC;
 - (ii) the arbitrator shall be instructed to conduct the arbitration in accordance with the principles set out in this paragraph;
 - (iii) the arbitrator shall only determine whether or not a representation was made to the customer by AGL concerning the imposition of the Tariff upon the supply of gas to them with effect on or before 1 December 1997;
 - (iv) the arbitration shall be conducted as informally and expeditiously as possible and the arbitrator may establish his or her own evidentiary and procedural rules to achieve this principle.
 - (v) the cost of the arbitrator will be shared and each party shall bear their own costs of the arbitrator.
 - (e) If the arbitrator determines that the representation referred to in paragraph 4(d)(iii) was made, then the customer shall be a Relevant Customer and paragraph 4(c) shall apply.
5. AGL undertakes, in respect of all customers not included above, to provide at least 2 months written notice of any proposal by AGL to supply gas to them at the Tariff rate, and not to implement that rate before such notice has expired.


Definitions

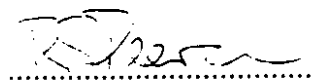
- “AGL” means The Australian Gas Light Company (ARBN 052 167 405), and includes its subsidiaries, and related companies holding a natural gas suppliers authorisation for New South Wales.
- “customer” means customer of AGL whose annual gas requirements are between 100 and 500 terajoules per annum.
- “expired” means expired, whether by termination by either AGL or the customer or by elapsing of the term.
- “Tariff” means the Industrial and Commercial Tariff of AGL as approved by IPART from time to time.

Signed this 24th day of October 1997:



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 Allan Asher
Acting Chairman
Australian Competition & Consumer Commission



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Sam Pearce
Corporate Solicitor
The Australian Gas Light Company

ANNEXURE A
[AGL LETTERHEAD]

Dear [Customer]

We have been undertaking discussions with you and the ACCC concerning the terms of continued gas supply arrangements since the expiry of your Gas Supply Agreement. As a result of these discussions, as an interim arrangement during the period to 1 December 1997 AGL will continue to supply you on current terms other than as to price. The price for gas supply to you during this period will be no more than the greater of the price under either:

- (a) your expired Gas Supply Agreement at the time of expiry; or
- (b) the price proposed by AGL under the new supply proposal to you dated [] for the [1 year or minimum] period.

Should you not have agreed to new gas supply arrangements with AGL or another supplier by 1 December 1997, AGL reserves its position regarding the supply of gas to you after that date at the rates set out in the Industrial and Commercial Tariff, a copy of which has been previously provided to you.

Yours sincerely

Customer Manager

ANNEXURE B

[AGL LETTERHEAD]

[Address]

Dear []

Gas Supply Arrangements

We refer to the current gas supply arrangements between ourselves, as set out in our letter to you dated [].

Some issues have arisen concerning advice that may have been given to some of our customers regarding the potential application of the Industrial and Commercial Tariff rate to their gas supply with effect on or before 1 December 1997.

AGL has discussed this matter with the Australian Competition and Consumer Commission ("ACCC") and has undertaken to send this letter to some of our customers.

If such representations were made to you, AGL will offer to remedy the situation in the manner agreed to with the ACCC. You are invited to provide AGL with details of such representations.

If you would like more information or wish to provide details to AGL please write to:

The Company Secretary
The Australian Gas Light Company
111 Pacific Highway
NORTH SYDNEY NSW 2060

Fax: 02 9922 3352

Attention: Mr L J Fisk

Yours faithfully