

Additional Development Plan: Craigadoo Quarry, Ballymena

Background:

In 2002, BGE (Northern Ireland) was awarded the licence to construct and operate two transmission pipelines in Northern Ireland. In October 2004, the 115 km NW pipeline, connecting the Scotland to Northern Ireland Pipeline, (SNIP), to Coolkeeragh Power Station, was completed.

The 156 km SN pipeline, connecting Gormanstown in Co. Meath to Ballyalbanagh in Co. Antrim was completed in October 2006. This pipeline forms a key component in the "All Island" energy market by linking the gas networks in Northern Ireland and the Republic of Ireland, thereby providing the opportunity for bi-directional security of supply.

On 24 March 2005 (date of grant), firmus energy was formally awarded supply and distribution licences for the development of the natural gas network across 10 Development Areas. The conveyance licence exclusively entitled firmus energy to convey gas from one place to another in the Exclusive Areas up to the twentieth anniversary from the date of grant.

Firmus energy has reviewed the Exclusive Areas within our licence to consider which of these areas are potentially Additional Development Areas. We understand that for these Additional Development Areas we would require an Additional Development Plan, prepared by firmus energy and approved by the Authority.

Firmus energy has identified Craigadoo Quarry located on Craigadoo Road approximately 7 kilometres south east of Ballymena Town Centre as one of these areas which we would consider as an Additional Development Area. We feel this additional area should be treated as "bundled" and be regulated on the same basis as the 10 towns' business model and that Craigadoo Quarry be treated as a network extension of Ballymena.

Firmus energy is seeking the Slemish ward, Ballymena District to be added to the ten towns development area as the proposed pipeline to Craigadoo Quarry will pass through this ward. The area and proposed pipeline route is marked on the Map ***Drawing No. – Craigadoo 1*** for reference.

Assumptions

The assumed load for Craigadoo Quarry is 375,000 therms pa. A 25 year recovery period is assumed. A rate of return at 7.5% pre tax real in line with current licence has been factored and prices set at Jan 2006 in line with regulatory submissions.

Capex – Feeder mains:

Craigadoo Quarry has been identified as the only large potential gas user in the area.

Breakdown of capex to supply Craigadoo Quarry is included in the financial appraisal model attached.

There will be 5,720 m of medium pressure network at a total cost of £457,351 in 2006 values. This additional 5,720 m of feeder mains will pass t existing properties and these additional properties passed will be updated within our regulatory property passed targets.

Existing properties:

The proposed pipeline route to the Quarry follows Woodside Road, Deerfin Road, Tully Road and Craigadoo Road, all of which are rural in nature with a total of approximately 20 houses and farms being passed on the pipeline route. There are no further I&C type properties passed by the pipeline.

NIHE & New Build Properties

There are no known new build developments or NIHE owned properties along the proposed pipeline route