

Additional Development Plan: Coleraine Quarries

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 have 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 Northstone and Lagan Quarries located on the Cam Road and Shinny Road Craigadoo Road in the electoral ward of Ringsend to the North West of Coleraine 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 the Coleraine Quarries area be treated as a network extension of Coleraine.

Firmus energy is seeking the Ringsend boundary ward to be added to the ten towns development area as the proposed pipeline to the Coleraine Quarries will pass through this ward. The area and proposed pipeline route is marked on the Maps ***Drawing No. – Coleraine Quarries 1A and Coleraine Quarries 1B*** for reference.

Assumptions

The assumed load for the Coleraine Quarries is 350,000 tpa each. A 30 year recovery period is assumed. The first quarry, Northstone, is assumed to connect within year one and the second quarry, Lagans, is assumed to connect in year 6 (the Lagans quarry is planning to relocate to this location in 2017). 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:

The Northstone and Lagan Quarries have been identified as the only large potential gas users in the area.

Breakdown of capex to supply the Coleraine Quarries is included in the financial appraisal model attached.

There will be 13,446 m of medium pressure network at a total cost of £1,199,896.70 in 2006 values. This additional 13,446 m of feeder mains will pass 86 known existing properties and these additional properties passed will be updated within our regulatory property passed targets.

NIHE & New Build Properties

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