

28 August 2006

Sarah Brady  
Ofreg  
Queen's House  
14 Queen Street  
Belfast  
BT1 6ER

Dear Sarah

**Re: Ofreg's regulation of the Northern Irish gas markets: principles and priorities**

Thank you for providing firmus energy with this opportunity to respond to the above.

The natural gas industry continues to have a positive impact on the Northern Ireland energy scene. With the construction of two CCGT power plants, around 100,000 gas consumers connected in the Greater Belfast licence footprint and the ongoing development of 10 towns in the North-West and South-North, the local energy landscape is rapidly evolving.

In this context, firmus energy appreciates that Ofreg's resource levels have been stretched and would suggest that, from the experience of our parent company in the South, any future work plans will not "plateau out". We would advocate the addition of supplementary resource within Ofreg, especially given the significant resource requirement needed to deliver the proposed All-Island electricity and gas markets.

firmus energy also recognises the need for a long term solution to 'the Phoenix question' which can ensure a viable, transparent conveyance tariff in Greater Belfast, maintain the price competitiveness of natural gas and continue to drive connections to the network. firmus energy is therefore hopeful that any future agreement manages to strike a balance by embracing consumer's interests whilst rewarding investor risk.

Given firmus energy's integral involvement in the long-term development of natural gas in Northern Ireland, we would appreciate if you could keep us up-to-date with ongoing developments in this regard.

I trust you find these comments useful.

Yours sincerely

*Michael*

Michael Scott  
**Regulatory Affairs Manager**