

Gas Installers Forum Northern Ireland

Douglas McIldoon  
Chairman  
Northern Ireland Authority for Energy Regulation  
Brookmount buildings  
Fountain Street  
BELFAST  
BT1 5EE

Unit 36, 2/4 Balloo Avenue  
Bangor  
Co. Down  
BT19 7QT

Tel: 028 9146 3517  
Fax: 028 9146 4438

14<sup>th</sup> June 2005

Dear Mr McIldoon

**Re: Consultation Document on the Proposed Acquisition of East Surrey Holdings plc by Kellen Acquisitions**

We wish to make a response to the recently published consultation document issued by the Authority in May 2005.

Our members are growing increasingly concerned that the Agreement reached between Phoenix Natural Gas and the Authority may be reconsidered.

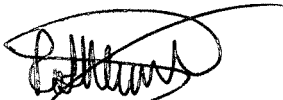
Our members welcomed the Agreement, which was finally reached at the end of the Summer 2004, between Phoenix and the Authority. However, the sequence of the events and damaging publicity leading up to this Agreement had damaged the reputation of the industry, and indeed some of our members have yet to recover from the immediate downturn in the take up of natural gas ever since.

We would like you make you aware that our organisation has over 80 members employing over 500 people directly with in the industry, and are amongst the largest natural gas installers within Northern Ireland. All our companies have invested in training, equipment, Apprentices, etc in order to play our part in helping develop a natural gas industry in Northern Ireland. It is hard to accept that the Authority is suggesting this course of action. Our members may yet again be left in a position where potentially there may be more speculation in the media about the future health of the natural gas industry. Any further speculation about how this would impact heavily on confidence in the natural gas industry and in our opinion might prove to be the death knell for the industry. Many of our members invested on the strength of the 40-year Agreement that was reached last summer and in less than a year on this would seem to be in danger.

This latest development has cast serious doubts about whether our members can ever invest with confidence in the Northern Ireland natural gas industry. Our members are unclear as to why you now want to reconsider this Agreement and what has changed to bring about such a change in attitude.

To summarise, our members are growing increasingly concerned that the customer confidence in the natural gas industry might once again be damaged with a major impact on jobs, investment and the take up of natural gas generally.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'R. Newberry', enclosed within a large, loopy oval scribble.

Robert Newberry  
**Chairman**