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Utility Regulator
Queens House
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Dear Ian

**Premier Transmission Limited and Belfast Gas Transmission Limited
Operating Expenditure Review**

Thank you for the opportunity to comment on the operating expenditure (opex) review of Premier Transmission Limited (PTL) and Belfast Gas Transmission Limited (BGTL). This response is on behalf of Phoenix Energy Holdings Limited (PEHL).

Whilst we do not have any significant comments on the consultation, we note that Utility Regulator (UReg) has applied an efficiency factor consistent with that used in Ofgem's Distribution Price Control and ask whether benchmarking against Ofgem's Transmission Price Control was also considered?

We also note that the review assumes that the Common Arrangements for Gas (CAG) project will have no impact on opex for PTL and BGTL. The current timetable anticipates that CAG will be delivered by the end of 2010 and therefore if this crystallises, would the 2010/11 opex then be reviewed given the expected efficiencies CAG will bring?

Finally we would ask if UReg intends to comment on whether both PTL's and BGTL's actual opex is delivering the savings anticipated at the time of mutualising each energy asset to assure industry and consumers that the mutualised model is protecting consumer interests e.g. are the costs proposed by BGTL and UReg's minded to decision in line with the costs predicted at the time of mutualisation of the Belfast Gas Transmission Pipeline, which anticipated annual opex savings in the region of £300K¹?

Yours sincerely

Abigail

Abigail McCarter
Senior Business Analyst - Regulation

¹ Proposed Acquisition of Phoenix Transmission by Northern Ireland Energy Holdings, Utility Regulator Decision Paper, October 2007