

15<sup>th</sup> June 2005

Mr Kevin Shiels  
Northern Ireland Authority for Energy Regulation  
Brookmount Buildings  
42 Fountain Street  
Belfast  
BT1 5EE

Dear Mr Shiels

The SDLP welcome the opportunity to respond to the consultation by Northern Ireland Authority for Energy Regulation on the proposed take-over of Phoenix Natural Gas (as part of East Surrey Holdings) by Terra Firma Capital Partners Ltd.

We have long supported the gas industry in the North and lobbied for the extension of the gas network. Indeed, in the November 2003 manifesto the SDLP made the replacement of economy 7 with oil or gas in social housing a priority.

The SDLP acknowledge that the energy sector is not just like any other retailer selling consumer products. What they sell is essential to health and life. The growth of the gas industry is of great benefit to consumers in the North as it increases choice and competition in energy supplies. Increasing the gas network has formed part of the SDLP's strategy to address the high cost of energy in the North and help reduce the serious problem of fuel poverty in our society.

We recognise that many people switched to Phoenix Natural Gas (PNG) because it was marketed as a more economical fuel. Yet in recent times consumers have experienced price increases and fears of instability in the market. The Authority must continue to secure a fair deal for gas consumers by ensuring an accessible, affordable and sustainable energy supply.

The proposed acquisition of PNG by Terra Firma has raised issues about how it relates to present and future PNG customers. In light of this the SDLP urge the Authority to:

- ensure there is no excessive profit making at the expense of the Northern Ireland gas consumer;
- ensure that the undertaking by East Surrey Holdings for mutualisation of the Phoenix Natural Gas Pipeline is strictly

adhered to so that the benefits accruing can be passed back to the Northern Ireland Energy Consumer;

- ensure that the interests of the consumer are protected in the short, medium and long term;
- make certain that any potential windfall from the sale of Phoenix Natural Gas to Terra Firma be shared with consumers;
- review the licensing agreement negotiated with Phoenix Natural Gas, which we note was not formally signed, in light of changed circumstances to ensure its appropriateness in light of the new circumstances; and
- ensure the continued development of a viable, sustainable, extensive and socially just gas industry.

Should you wish to discuss any of these issues in greater detail I can be contacted at 028 207 61210.

Yours sincerely

Sean Farren MLA  
SDLP Spokesperson for Enterprise, Trade & Investment