

22 September 2010

Mr Neil Bingham
NIAUR
Queens House
14 Queen Street
Belfast BT1 6ED

Dear Neil

Response to NIAUR Consultation on the options for co-ordinating the relinquishing of firmus energy's supply exclusivity in the ten towns area

Gaslink, on behalf of BGE(NI), welcomes the opportunity of responding to NIAUR's consultation on firmus energy's supply exclusivity in the ten towns area. As the licensed pipeline operator for the North West Pipeline and the South North Pipeline BGE(NI) has a keen interest in the development of the Northern Ireland gas market and supports the establishment of retail competition.

Since early 2009 BGE(NI) has participated with NIAUR, CER, and the gas system operators from Ireland and Northern Ireland in the development of a unified CAG (Common Arrangements for Gas) transmission and distribution code and we note the encouraging progress that has been made to date on this part of the CAG project. In making this response Gaslink is mindful that the CAG process is expected to deliver a number of tangible benefits for the island of Ireland including a harmonised retail market and enhanced competition. In this regard we note that NIAUR recognises the importance of CAG in the context of the current consultation.

Gaslink believes that the most effective approach to implementing the regulators' objective of creating a single retail market is to focus on the delivery of a single set of arrangements covering the distribution interfaces and to forego the creation of additional interim distribution arrangements which run the risk of adding further complexity to the market, particularly for

shippers. This will deliver certainty to the all-island market as to the ultimate intentions of the regulators regarding inclusive market arrangements at the distribution level. If the decision is to develop interim arrangements, then this should be undertaken on the basis of

Page | 1 - Gaslink is submitting this response on behalf of, and as the service provider to, BGE(UK), a conveyance licence holder in Northern Ireland. BGE(UK) a subsidiary of Bord Gais Eireann was awarded a Conveyance Licence in Northern Ireland in February 2002 for the North-West pipeline (NWP) and South-North Pipeline (SNP). BGE(UK) operate under the trading name BGE(Northern Ireland) or BGE(NI)

consistency with the ultimate distribution arrangements that emerge from discussions between the regulators, TSOs and other stakeholders. To facilitate this, at least the high level principles of the final distribution arrangements should be developed first. As your consultation paper recognises, any alternative approach will lead to stranded costs which will ultimately be borne by customers and this is obviously something to be avoided if possible.

We hope you find these comments helpful and look forward to your final decision paper on this matter.

Yours sincerely



Aidan O'Sullivan
General Manager
Gaslink