

DETI Published Criteria

Adequate resources

2.8 An applicant must demonstrate to the satisfaction of the Authority that it has in place at the time of the Application, or is making appropriate arrangements to ensure that it would have in place by such time as it would commence regulated activities under the licence:

- (a) the systems and apparatus;
- (b) the human and other resources; and
- (c) the financial resources and facilities,

that are likely to be sufficient for it to be able to comply with the Standard Licence Conditions applicable to that licence, together with such other conditions as the Authority indicates that it would propose to include in the licence if it (or the extension of it) were granted.

As indicated at paragraph 4.8 of the Applicant Information Pack, this is a general criterion that each applicant must meet.

The information firmus energy wish to rely on to satisfy the above criterion is set out below and is also contained within Schedule II Part 1, question 5 and question 8 of Annex 3 - Form of Application and within the Appendix to the Form of Application. Further detail is contained within the Operational Business Plan, primarily under Sections 2, 3 & 5.

(a) The systems and apparatus

firmus energy already has systems in place, necessary to manage a distribution network and provide management information as set out in the application process. The systems currently in place include:

- felive which facilitates project costing and management; transportation services, site works and sundry service billing;
- GIS which facilitates network mapping and asset management;
- Oracle financials supporting; procurement; accounts payable; and financial reporting; and
- Desktop systems including email, word processing, payroll, presentation and analysis software.

Support for the felive information system is currently in place through a contract with Bord Gáis Energy. This support will continue post sale under a Transition Agreement. No significant changes to this system are required going forward. Infrastructure support around the information system is currently in place and includes back up facilities and disaster recovery systems which are stored locally off site in line with the systems disaster recovery policy.

Engineering

The gas network design process will employ proven design techniques similar to Ten Towns network utilising IGEM/GL/1 and IGEM/TD/3 and TD/4. The systems will be designed to meet the peak six-minute gas flow requirements which are forecast to be required for 1 in 20 winter conditions. The designs will represent fitness for purpose at the best-cost solution.

Pipe sizing and routing is determined by firmus energy's Project Engineers. The design package used by firmus energy for gas flows and pipe sizing is SynerGEE gas. This is an industry standard network analysis tool and has been used to carry out the design of the existing Ten Towns gas network which now extends to over 870km of mains.

The felive information system provides a reporting function for internal and external purposes. Internally reports can be used to monitor cost effectiveness of projects. Reporting from the information system provides internal financial information based on contracted rates and also allow each project to be assessed on an NPV positive basis with the aim to identify future efficiency savings.

firmus energy's audit programme is fundamental to delivering effective quality control of fusion welding, testing of mains, services and associated installations. All information received from the Period Contractor is recorded on the asset register to ensure full traceability of components, therefore providing an audit trail back to the material supplier and the installation team responsible for the works.

GIS

firmus energy uses a state of the art GIS based on the GE-Smallworld suite of GIS software to record, manage and report on our network assets.

The Smallworld GIS is user friendly and allows multiple users to simultaneously capture and update information. It also provides an efficient and effective quality assurance tool that allows work to be checked and verified before it is published. The GIS has powerful and flexible reporting functionalities that can be run without the need of complex programming experience.

Our GIS has been customised by a renowned GIS Developer (AEGIS Consultants) specifically for the needs of the gas networks business. AEGIS Consultants bring with them considerable experience having supported Bord Gais Eireann in the development of their Smallworld GIS since 1999.

The system is easily configurable and continues to be customised to meet the company's specific requirements in the recording, display and reporting of network information. Recent developments include the modelling of strategic mains and valves to aid Operations & Maintenance and plant protection and the modelling and reporting of customer data for targeting sales connections.

Our Period Contractor provides accurate measures and sketch locations of our network at the time of construction. These measures and sketches are then used by the Contractor to accurately digitise each section of network on the GIS. The gas network information held on the GIS contains accurate locations and details of all gas mains including diameter, material, specification, date laid, project number, job number, method of installation, joint type and depth of cover. Regular site audits are carried out by firmus energy records staff to check and confirm the accuracy of the information provided by our contractor.

Engineers will be equipped with field based IT solutions to enable the retrieval of asset information and record information on site. This will allow onsite access to relevant material including access to GIS maps. The automated solution will provide additional efficiencies for engineering staff by reducing manual work throughout the process.

Emergency Response

In accordance with the Gas Safety Management Regulations firmus energy operates a 365 day, 24 hour gas emergency service to respond effectively to emergencies and incidents on the gas network.

firmus energy utilises the Northern Ireland emergency number **(0800 002 001)** and all emergency calls are managed by the National Gas Emergency Centre (NGEC) at Hinckley.

The quality of the paperwork regarding the emergency response is audited each day to ensure it is of the required standard and the Period Contractor is monitored with regard to response times. Vehicle tracker systems are fitted to ensure the most appropriate resource is dispatched on site.

There will be a requirement to have sufficient cover for emergency response and it is envisaged that we would have first response operatives based in the West to support the existing 2 staff in the North of the province and 2 in the South of the province. We plan to have engineering support to manage the emergency cover a maximum of 1 hour from Enniskillen. We have trialled this by driving the route and can confirm that this is feasible. Engineering personnel will be provided with home working kits to minimise travel time and cost.

Transmission and Distribution System Monitoring

The Transmission System Operator monitors pressure status on the transmission system on a 24 hour basis in a manned control room using a Supervisory Control and Data Acquisition (SCADA) system, which will activate alarms should pressures fall below or exceed pre-set operating conditions.

firmus energy utilises Technolog's PMAC (Pressure Monitoring and Control) system to monitor the distribution system at key locations within each town. The data is accessed via PMAC on a PC dedicated to this function, utilising a modem connection to the BT landline network to download information from Newlog 4 devices spread across the distribution system. PMAC is set up to notify High Pressure (HP) and Low Pressure (LP) alarms at any of the monitored sites and these alarms are sent to the Bord Gais 24/7 Network Control Centre at Finglas, North Dublin. Operators inform the 2nd tier Standby Manager as and when they appear on their PMAC system. Following receipt of an alarm, the 2nd tier manager would arrange for personnel to visit the location to carry out an investigation of the cause of the alarm and would instigate relevant procedures relating to pressure problems or emergency response.

firmus energy is currently developing an updated solution which utilises wireless technology to collect and transmit data using an SMS system on an open network basis.

Daily metering will be required for the large I&C users. We propose specifying pressure reduction and metering rigs which will come with integrated flow corrector and Machine to Machine (M2M) SIM cards. This will relay accurate information, via the mobile phone SMS system, on volume of gas used at six minute intervals as well as pressure data. This equipment will also allow our engineering department to monitor other areas such as filter differential pressure and slam shut status which will give an early indication of any issues which may lead to the requirement for a technician to visit site.

We plan to move away from the traditionally employed systems of monitoring pressures on distribution networks by utilising pressure sensors, which will be installed on pressure points within below ground chambers at key points of the network. The pressure sensors relay information to loggers sited within above ground marker posts which will in turn communicate with the internet based platform described above providing visible data to firmus energy. The software can be set up to raise an alarm once pre-determined thresholds have been passed i.e. LP/HP e.g. below 3.5 Bar for Medium Pressure (MP) system monitoring & below 60 mbar for LP system monitoring. Further inputs can be gathered from a District Pressure Reduction Module to raise an alarm should the slam-shut device activate within the station.

Standby personnel will have access to the website to enable them to monitor system pressures remotely.

Dial B4U dig service (08456 080066)

firmus energy operates a Dial B4U Dig service for contractors/individuals who intend to carry out excavation works in the vicinity of our gas distribution network. Enquiries are received via phone, email, post and persons visiting our office.

Under recommendation from the HSENI we share our Dial B4U Dig telephone number with BGE(NI) for the high pressure transmission pipeline in Northern Ireland. We maintain a close working relationship with BGE(NI) in order to ensure both our distribution network and the BGE(NI) transmission pipeline are protected from any proposed works. firmus energy records all calls made to the Dial B4U Dig number and advise both BGE(NI) and the caller if the enquiry is in relation to the transmission pipeline.

As our network has grown, so the number of Dial B4U Dig enquiries has increased from a total of 94 enquiries in 2006 to 1297 enquiries in 2013.

Every written enquiry is responded to within 5 working days and where gas network will/may be affected we will issue detailed drawings identifying the location of gas plant along with an explanatory letter with safety information and advice. Every enquiry is also checked for proximity to the BGE Transmission pipeline.

We monitor Symology (Street Works Notification system) on a daily basis for upcoming Street Works by other utilities and advise them of our network.

firmus energy regularly shares its network data by providing extracts of pipeline information from our GIS to other utilities, local councils and contractors for display in their own mapping systems. By making our data readily available to other parties we effectively manage to keep the number of damages on our network to a minimum. All information sent out is recorded.

We actively promote our Dial B4U Dig service by means of safety presentations to contractors, utility companies, construction companies, emergency services, and large customers. Large customers are provided with safety packs which include details of our Dial B4U Dig service and As-Laid drawings of our plant located on their site. This process will be extended to cover the towns in GTTW.

(b) The human and other resources

Through our existing Ten Towns business, firmus energy has internal operating teams, processes and procedures, external agencies, contractors, stakeholder relations and a governance structure in place. We have professional, well-trained and motivated staff and have been awarded Best Places to Work award, Investors in People (Silver Standard) and CORE: Business in the Community's Standard for Responsible Business. All staff in firmus energy are trained to City and Guilds level in energy efficiency;

We see GTTW as a natural fit with the existing firmus energy organisation. Expanding teams within the existing structure, whilst maintaining appropriate separation for licence purposes, will be less expensive and less time consuming than creating new ones. The similarities in both licence areas (GTTW and Ten Towns) will deliver synergies and efficiencies in terms of manpower, processes and procedures. Our manpower calculation has been undertaken on the basis of the incremental staff needed to undertake GTTW; over and above our existing business. firmus energy's distribution manpower allocation currently sits at 55 FTEs. However with the close alignment of Ten Towns and GTTW activities firmus energy believes that additional staff requirement can be limited to 23 during the first 10 years for GTTW.

firmus energy's Senior Management Team (SMT) is charged with the efficient running of the business. It has responsibility for current Distribution and Supply businesses and ensures that operational efficiency and regulatory integrity is maintained. firmus energy does not envisage that any change to either the structure or manpower of the SMT will be required for GTTW.

The Head of Engineering will have overall control of the mobilisation phase and will be supported by the rest of SMT who will manage additional manpower and other resource brought on within each of the functional areas of expertise. Incremental manpower will be secured by a recruitment process managed by HR. Extensions to profiles within our existing IT systems to allow us to monitor the project separately will be facilitated by the Business & Regulation Projects Manager.

With regard to external resource requirements the current Period Contract arrangements for subcontract construction, labour and materials are already in place well beyond the mobilisation period. Other ancillary incremental services such as insurance will be included within the scope of existing procurement frameworks, where best value can be achieved.

The recruitment processes shall begin 6 months before staff join payroll. HR will agree job specifications and requirements with functional managers and subject to sign off by the SMT, advertise for new staff in local press and via JobsNI. Where possible, positions will be advertised in via local regional press and job centres across the GTTW area, reaching out to suitable unemployed persons through programmes such as Bridge to Employment and Energy Utility Skills. Applicants will undertake competency based interview/practical and attitude assessments to ensure the necessary skills are demonstrated.

In the initial phase, design and administrative activities can be managed by the existing firmus energy team. Upon the award of the licence, 2 Analysts will be added to the Regulation team to monitor costs and ensure licence compliance. An additional finance resource and 1 marketing resource will be recruited at the end of year 1 to begin building a detailed marketing strategy and to process and monitor mobilisation costs. In year 2, manpower levels step up as we commence design and build activities in earnest with 3 engineering staff joining in January 2017. A KAM is hired in February 2017 to commence industrial connection sales activities. The finance function is augmented by the addition of a qualified accountant as the business expands. 4 Energy Advisors within the sales team will be recruited using a staggered approach beginning 8 months before FOCD to allow for training and development. A further 5 engineering staff will come on board when construction begins mid-2017. At the end of the mobilisation phase it is anticipated that an additional 18 staff will be on payroll. The rapid ramp up in personnel in mid-2017 is a function of the requirement to achieve significant domestic connections during the early stages of network development.

firmus energy staff have significant connection sales and engineering skills, gained in the adjacent Ten Towns Licence area. A skills transfer programme will be put in place on award of the licence to ensure all existing skills are optimised across the new project. Experienced existing staff will be used to mentor and train recruits with 'on the job' training within the adjacent Ten Towns Network in the run up to the commencement of construction.

Existing resources in place

Engineering

Engineering comprises 4 key functions: Health & Safety, Construction, Operations & Maintenance (O&M) and Customer Care. Engineering is responsible for the design, construction, extension, audit and maintenance of firmus energy's gas distribution network in line with all regulatory and legislative requirements. This also includes Customer Care, which manages the customer journey from initial register of interest to the completion of works. The existing Engineering management structure for the Ten Towns development will remain and will be responsible for the roll out of the GTTW network. A build-up of an additional 13 personnel will be required to facilitate the increase in engineering and construction activity, records and asset management and customer connection duties.

Health, Safety & Environment

The Health, Safety & Environment (HSE) team are responsible for developing and maintaining the health, safety, environmental and quality policies as well as a "roadmap" for quality and environmental standards. In addition they are responsible for investigating accidents and incidents ensuring continuous improvement in compliance with the firmus energy Safety Case. This involves the

preparation of monthly, quarterly and annual reports and management data, audit and reporting on activities to ensure that safety standards are applied to protect the gas network, firmus energy staff, contract staff and the general public. The HSE team also represents firmus energy in our relationships with HSENI, Contractors, Training Providers and Gas Safe. With the increase in network area, an additional Health & Safety Officer will be required for GTTW.

Construction

To date, firmus energy has installed over 870km of gas mains and over 22,000 services throughout the Ten Towns licence area. The construction team has been responsible for designing the network roll out as well as associated customer installations from domestic to large I&C. This construction work has been carried out by our Period Contractor, McNicholas Construction Services, and completed in close liaison with the Department for Regional Development (DRD) Roads Service and the DRD Structures Division. firmus energy representatives participate at Divisional Committees (DRAUC) every 6 months to discuss work programmes, traffic management proposals, potential for reducing disruption and major schemes. All works in the public highway are notified using the Northern Ireland Street works Registration and Notification System (NISRANS). Reinstatement core samples are taken from firmus energy works by the DRD on a six monthly basis to confirm quality of works completed and to allow performance to be measured and reported. Since construction works commenced in 2005, firmus energy has received no prosecutions from the DRD Roads Service relating to works and as recently as 2013 we received the Northern Ireland Roads and Utilities Committee Award with McNicholas Construction for the quality of reinstatement in the highway. We continue to install approximately 90km of mains per year, in addition to 4,250 services, and have effective construction processes in place to ensure that all network build is constructed to the highest industry standards. Evidence of this can be witnessed from the independent audits that have been carried out by external bodies relating to construction activities, internal engineering processes and our asset records system.

An additional 4 construction engineers and 2 graduate engineers will be required for the roll out of the construction programme to the GTTW towns. Their duties will include detailed design of the gas network, liaison with the Period Contractor to plan and audit the works, liaison with the DRD Roads Service to agree timescales, routes and work times and quality checking of completed works. Justification of additional manpower is based on Capex spend and number of connections per year.

Operations & Maintenance (O&M)

The O&M team are responsible for the maintenance and safe operation of the firmus energy distribution system on a planned preventative basis in accordance with ISO 9001 and relevant Irish and UK gas standards with respect to pressure systems. They are also responsible for the management and development of the emergency response service for distribution operations including the management and resource planning for both direct and contract staff 24 hours a day, 365 day per year. The O&M team includes the Records Department who are responsible for digitising the position of the gas assets onto the GIS and recording all information to ensure a detailed asset register is maintained with full traceability of components installed on the network. This digital asset information is also shared with third party contractors as an aid to gas plant protection through the firmus energy Dial B4U Dig service (**08456 080066**). There will be a requirement for an additional 3 engineers within O&M who will be required to carry out annual maintenance checks and Pressure Systems Safety Regulations (PSSR) inspections for all commercial sized customers.

Customer Care

The Customer Care team provide integration and co-ordination of all engineering activities between the various business functions within firmus energy. The team manage the firmus care (vulnerable care scheme) and liaise closely with third party contractors who undertake annual boiler servicing for vulnerable customers. They are responsible for all customer interaction during the connection process, processing Gas Application Forms (GAFs), advising customers over the phone, managing complaints to resolution, arranging customer appointments in relation to maintenance works at I&C

premises. An additional 3 personnel will be required within the customer care team to facilitate GTTW to manage the increased customer numbers, appointments and administration.

Sales

Business activities will be in the Large Contract and I&C, SME and Domestic (NIHE, New Build, Existing Housing) sectors. The existing Head of Sales will have overall responsibility for all connection sales activities in both the Ten Towns and GTTW. To deliver the connection targets defined for GTTW, an additional 5 sales staff will be required. The existing CDM in Ten Towns will manage Contract Sales in the GTTW towns with the addition of 1 new Key Account Manager (KAM). The existing Housing Sales Manager in Ten Towns will have overall responsibility for all Domestic and SME sales in GTTW. There will be a requirement for 4 additional sales staff (Energy Advisors) with 2 focusing on New Build/NIHE and 2 focusing on residential housing and SME sales. Each will work in a defined geographical area.

Contract and IC sector

Business customers using in excess of 732,000 kWh/year will have a Distribution and Supply contract specific to their negotiated and agreed terms. Large Contracts with annual usage greater than 4.4 million kWh will be managed by the existing CDM. A new KAM will be required to manage new GTTW customers using 732,000 kWh/year up to 4.4 million kWh/year. This new KAM will report to the CDM. Both staff will operate in all GTTW towns on a scheduled appointment basis managed by the Customer Care team.

SME

This sector relates to business customers that use up to 732,000 kWh/year and will be managed by multi-disciplined Energy Advisors.

Domestic – Northern Ireland Housing Executive (NIHE)

Social housing is predominantly owned by the NIHE and will be managed by multi-disciplined Energy Advisors.

Domestic - New Build

New build social/private housing and will be managed by multi-disciplined Energy Advisors.

Domestic - Existing Housing

This sector is for privately owned and privately rented housing and will be managed by multi-disciplined Energy Advisors. The rationale for the proposed structure is the development of a multi-disciplined “local” Sales team who will control a designated territory as the network extends. This will ensure market penetration is maximised and that all residential and business connection opportunities are captured. Management of field activity will be monitored by the use of mobile computer tablet technology, a robust customer relationship management system and the existing highly experienced managers. We currently successfully utilise tablet technology in the Belfast Supply market and are in the process of rolling this out to the Ten Towns Sales Team. Connection Sales Teams will be incentivised through a performance management framework and the use of a company-wide scorecard with both departmental and personal connection sales targets. Further emphasis will be placed on residential sales connections and sales support will be used to capture interest so that the closing of sales are facilitated by firmus energy staff. Connection sales booklets have been updated to reflect the needs of both Ten Towns and GTTW towns to ensure an overall consistent campaign approach.

Marketing

Core business activities include Campaigns, PR Sponsorships and Events (PRSE), Online, and Customer Operations. With many of the Ten Towns in the early stages of natural gas adoption there are strong synergies with marketing activity required, both to launch natural gas into the GTTW towns and the continued stimulation of demand in the Ten Towns. One additional member of staff will be sufficient to meet the increased marketing activity required for GTTW.

Campaigns

As part of the overall marketing plan the role of campaigns is to develop and implement campaign strategies and activities that stimulate customer conversions to natural gas and create ongoing customer loyalty. This role requires experience in the day to day management of external agencies, a sound working knowledge of the full marketing communications mix and typically will focus on advertising (radio, press, outdoor, TV etc.) direct marketing, field marketing, print collateral, research and analysis. Currently firmus energy has external marketing agency arrangements for Advertising and Direct Mail. No additional manpower will be needed as the synergies in the market development requirements for GTTW and the Ten Towns will enable the same campaigns to be implemented across both licence areas.

PR Sponsorships and Events

As part of the overall marketing plan the primary role of PRSE is to support firmus energy's commercial objectives through the development and implementation of a focused PRSE plan, which engages with all stakeholders creating a positive image of both firmus energy as a company and natural gas as a product across all markets. The synergies in the market development requirements for GTTW and the Ten Towns will enable similar PRSE activities to be implemented across both licence areas 1 additional staff member will be needed as the nature of PRSE activity is local/specific town based.

Online

With over 80% of the NI population using the internet, the role of online is to develop and implement online strategies and activities to create a positive image of natural gas as a product across all markets, support customer conversions to natural gas, provide online customer support and engagement and create ongoing customer loyalty. This role requires an experienced marketer with a sound knowledge of the full marketing communications mix but with particular experience and understanding of the role that online activity can play. This role already exists within firmus energy and therefore we can bring the synergistic benefits to GTTW, which means no additional manpower will be needed.

Customer Operations

The Customer Operations team manages firmus energy's customer switching processes. No additional manpower will be required for GTTW.

Regulation

Department activities include Regulatory Finance, Business and Regulatory Projects (including IT) and Transportation Services. Given the synergies between Ten Towns and GTTW, firmus energy expects an addition of 2 staff to the existing Regulation manpower to undertake GTTW.

Regulatory Finance

The team's activities include ensuring licence and code compliance, distribution price control submissions, negotiations and implementation, reporting on costs, volumes, connection numbers, Codes of Practice and Guaranteed Standards of Service and overall relationship with UR, DETI, CCNI and other key stakeholders (NEANI, EST and Carbon Trust). The additional manpower resource required is for 2 Regulatory Analysts to assist in developing regulatory structures and reporting to ensure compliance with the GTTW licence.

Business and Regulatory Projects (B&RP)

Activities of the team include identifying and implementing improvements in business systems and working methods; the development and maintenance of business policies, processes and procedures; training new and existing staff in systems and processes; managing the business continuity process for firmus energy; the maintenance of data protection policy ensuring firmus energy conforms to the

Data Protection Act 1998; managing existing IT and communications infrastructure including all hardware and software; and working with IT and communications partners when required.

Transportation Services

The team's duties include the development, maintenance and operation of the Network Code and switching system, allocation of gas flows to suppliers and the maintenance of relationships with Transmission Operators as well as third party suppliers in the Ten Towns licence area, which will be extended to include GTTW.

Finance

Business activities include Management Accounts, Financial Accounts, and Human Resources. The Finance Department is responsible for the development and maintenance of firmus energy's financial information and financial control systems, ensuring compliance with Corporate Governance and statutory legislation. In addition it is responsible for providing up to date relevant financial information to facilitate timely and accurate measurement of business performance against appropriate Key Performance Indicators (KPIs).

Given the synergies between Ten Towns and GTTW, 2 additional staff will be required in Finance due to increase in workload.

Accounts

Key performance activities include production of monthly management accounts including detailed analysis of gross margin performance, monthly reporting of gas volumes flowed against volumes billed, capital investment appraisal on all new potential network connections, supporting Regulation and Pricing division in relation to annual cost reporting and other submissions to the UR, monitoring of monthly Capex, detailed analysis of operating costs including identification of opportunities for cost savings.

Key processing activities include management of treasury function including monitoring daily cash position, accounts payable activities and management of supplier relationships, management of procurement process, payroll processing, supporting connection Sales team in the administration of the residential incentive schemes. Other key activities include budgetary planning, tax compliance reporting and audit and regulatory reporting.

Billing

Billing includes the core billing team and a separate credit management team. The team also manages the billing of third party suppliers for use of system. The Customer Billing team is responsible for timely and accurate billing of all residential, SME and I&C customers. The Billing team comprises three Customer Service Advisors and one Billing Specialist. We have recently recruited a Revenue Protection Lead. Key credit management activities include monitoring of aged debt and recovery of outstanding debts, processing all customer payments including electronic payments and direct debits.

Human Resources

Human Resources within firmus energy is responsible for providing a support network for all staff. Key activities include performance management, recruitment and selection, facilitating learning and development, supporting organisational change, employee relations and promoting firmus energy's brand values of Clarity, Empathy, Integrity and Teamwork.

External Resource to be in place prior to commencement of regulated activities

McNicholas Construction services – contractor for period contract 2014 – 2020 in the Ten Towns network. Construction teams are multi skilled and qualified to carry out mains work, service works and emergency works. For GTTW, they will be responsible for providing a detailed programme of construction work and to notify all works in accordance with the NISRANS ensuring all works are completed in accordance with all relevant legislation, recommendations and industry best practice.

National Grid – contract in place for the Ten Towns network to provide emergency call handling services 24/7, 365 days per year through the Northern Ireland Emergency Gas Number (**0800 002 001**). This is carried out in conjunction with Phoenix Natural Gas (PNG) who utilise the same number. For GTTW, the emergency calls will be allocated to the system operator using postcode. Resource levels are based on yearly number of calls received. Additional call handling resources will be made available by National Grid to manage increases in call rates.

Scotia Gas Networks (SGN) – contract in place for Ten Towns network to provide commissioning, maintenance services and emergency response activities for large I&C meter rigs and pressure reduction equipment. A similar arrangement will be put in place for GTTW.

GL Noble Denton – contract in place for Ten Towns network to provide services with respect to an external competent authority for compliance with the requirements of the PSSR. For GTTW, this will be carried out by a senior engineer from GL Noble Denton who will visit firmus energy every 3 months to sign off the pressure systems in GTTW. Prior to the introduction of gas into the distribution systems in the proposed towns, a Written Scheme of Examination will be prepared and signed off.

Wilcock Consulting – we will employ an Industrial engineering gas consultant on a temporary basis, via an industry recognised employment agency, for 2 years, to specifically work with the CDM in providing conversion project management to Large Industrial users, ensuring customers convert as soon as possible.

(c) The financial resources and facilities

As per our 2012 Financial Statements, Bord Gáis Éireann had debt facilities amounting to €2.25 billion and access to substantial liquidity including over €300m in Cash & Cash equivalents and a further €750m in available Finance facilities. Bord Gáis Éireann continues to have a wide diversity of funding sources including the Euro Bond Market, US PP Markets, Commercial Bank Facilities, EIB, ECA linked facilities and project Finance. Bord Gáis Éireann has demonstrated capabilities of funding large infrastructure projects in the past including the Ten Towns Distribution Network in Northern Ireland.

firmus proposes that the ‘Gas to the West’ project would be financed in a similar fashion to the Ten Towns Distribution Network, that is via corporate finance provided by Bord Gais Eireann as it is the ultimate controlling party of firmus energy (Distribution) Limited. The details relating to the previous funding of the Ten Towns Distribution Network are contained within the appendix to Schedule II, Part 5 at section 4 of the application. (firmus Financial Statements for the Year Ended 31st December 2012 - Pg 29, Note 12).

Prior to submitting applications for the licence to be awarded under the ‘Gas to the West’ Project, firmus energy (Distribution) Limited received the approval of the Boards of Directors of firmus energy (Distribution) Limited and BGE to make the applications. The amounts

indicated by NIAUR as being required (c. £72m) for the completion of the project have been included in both firmus energy (Distribution) Limited and BGE financial plans for the period indicated by the competition and it has been confirmed that the requisite financial resources are available and will be made available to firmus energy (Distribution) Limited in order to complete the project.

In accordance with paragraphs 3.9 and 3.10 of the DETI Published Criteria, each applicant must demonstrate to our satisfaction that it has the financial resources and standing to undertake the regulated activities under the licence (as more fully described in that paragraph). Paragraphs 4.10- 4.14 of the Applicant Information Pack give an indication of the types of information and evidence that an applicant might provide for this purpose. It is unclear from your applications on what information you wish to rely for the purpose of demonstrating that this criterion is met.

Please provide a statement of the information on which you wish to rely in relation to the criterion at paragraphs 3.9 and 3.10 of the DETI Published Criteria, or indicate clearly in what parts of your licence applications the information on which you wish to rely for this purpose has already been set out.

As outlined in our covering letter, firmus is currently going through the completion of a sales process and we have appended at appendix1 of our application an illustration of how the application would look after the sale is completed.

With regard to demonstrating that we have the financial resources and standing to undertake the regulated activities under the licence, we have outlined in our response at Schedule II Part 1, Question 5 how we believe we meet the criteria set out in paragraphs 3.9 and 3.10 of the DETI Published Criteria as further elaborated in paragraphs 4.10 to 4.14 of the application pack.

firmus application(s) included the following statement in Schedule II, Part 5.

On the date of submission (6 May 2014), 100% of the share capital of firmus energy (Distribution) Limited is held by Bord Gáis Éireann (BGE). BGE had net assets of €1.52 billion at December 2012, an amount significantly in excess of the required c.£72m investment (£60m x 120%) (See section 4).

The board of directors of BGE formally approved this application at a board meeting held on 29 April 2014.

Historically, BGE has demonstrated its ability to raise funds as illustrated by the following;

- The purchase of SWS Natural Resources in 2009;
- Funding secured for wind farm development; and
- Funding of firmus energy (Distribution) Limited's ongoing investment in the Ten Town's distribution network (£110m).

In terms of clarification we would state:

In line with the Application Pack paragraph 4.1.4 III, as per our 2012 Financial Statements, Bord Gáis Éireann had debt facilities amounting to €2.25 billion and access to substantial liquidity including over €300m in Cash & Cash equivalents and a further €750m in available Finance facilities. Bord Gáis Éireann continues to have a wide diversity of funding sources including the Euro Bond Market, US PP Markets, Commercial Bank Facilities, EIB, ECA linked facilities and project Finance. Bord Gáis Éireann has demonstrated capabilities of funding large infrastructure projects in the past including the Ten Towns Distribution Network in Northern Ireland.

firmus proposes that the 'Gas to the West' project would be financed in a similar fashion to the Ten Towns Distribution Network, that is via corporate finance provided by Bord Gais Eireann as it is the ultimate controlling party of firmus energy (Distribution) Limited. The details relating to the previous funding of the Ten Towns Distribution Network are contained within the appendix to Schedule II, Part 5 at section 4 of the application. (firmus Financial Statements for the Year Ended 31st December 2012 - Pg 29, Note 12).

As required under Section 4.14 III of the Applicant Information Pack we confirm that BGE has net assets that are at least equal to 100% of the amount of the corporate finance 300m (pg. 83 of 2012 BGE Financial Statements). Sections 4.13 and 4.14 of the Applicant Information Pack state that £72m as the minimum amount that the applicant must have access to in applying for the low pressure pipeline licence. Specifically, it must be demonstrated that that the applicant must have access to 120% of this amount of capital. As per Schedule II, Part 5 of the Application BGE has, per its Annual Accounts for the year 2012, over €300m (pg. 83 of 2012 BGE Financial Statements) in Cash and Cash Equivalents as well as a further €750m (pg. 18 of 2012 BGE Financial Statements) in available Finance facilities. This information can be found in the Financial Statements for BGE which were included as an appendix to the application at section 4.

As stated in Schedule II, Part 2, the BGE consolidated Group Financial Statements for the years ended 31st December 2013 are not yet available but we can confirm that there has been no material change to the Financial Resources on which firmus energy (Disteribution) Limited has proposed to rely for the purposes of completing the 'Gas to the West' project – that is to say, the net assets of BGE remain in excess of 100% of £72m and there is capital available to firmus of greater than 120% of £72m in the form of either or both of 'Cash or Cash Equivalents' or Finance Facilities.

Prior to submitting applications for the licence to be awarded under the 'Gas to the West' Project, firmus energy (Distribution) Limited received the approval of the Boards of Directors of firmus energy (Distribution) Limited and BGE to make the applications. The amounts indicated by NIAUR as being required (c. £72m) for the completion of the project have been included in both firmus energy (Distribution) Limited and BGE financial plans for the period indicated by the competition and it has been confirmed that the requisite financial resources are available and will be made available to firmus energy (Distribution) Limited in order to complete the project.

In the appendix to the applications, we have provided the equivalent information in accordance with para 4.1.4 of the application pack including letters of support from acceptable independent financial institutions.