

10th January 2006

Brian McHugh
Gas Transmission Branch
Ofreg
Queen's House
14 Queen Street
Belfast BT1 6ER

Dear Brian,

NI Gas Transmission Operational Regime (The Way Forward)

Overall, Phoenix Supply is in agreement with the assumptions Ofreg have made within the above Paper. At this point in time, creating a comprehensive regulatory regime to cater for 'south north' flows would not seem to merit the necessary time and investment.

However, we are concerned that the absence of any regulatory framework may prevent or hinder such flows materialising to the economic benefit of the Northern Ireland consumer at the appropriate time in the future. We would always want to be in a position to take advantage of gas procurement opportunities if and when they should arise, for example, to exploit the potential to secure storage within the Republic of Ireland.

We appreciate that such opportunities could potentially be dealt with using locational swaps. We are keen to discuss the facilitation of such products with Ofreg and the various gas supply options they could create for gas suppliers in Northern Ireland.

Yours sincerely,

Michael Doherty
Gas Supply Manager
Phoenix Supply