



197 AIRPORT ROAD WEST
BELFAST BT3 9ED
TEL: 028 9055 5555
FAX: 028 9055 5500

Eamonn Corrigan
Ofreg
Brookmount Buildings
42 Fountain Street
BELFAST
BT1 5EE

8th October 2004

Dear Eamonn,

Re: The proposed acquisition of PTL by Team NI

Phoenix appreciates the opportunity to comment on the mutualisation of SNIP. Overall, we are very supportive of this proposal, as it will reduce PTL's costs and therefore, it will reduce prices to gas customers. We have a couple of specific comments.

- We note that the proposed package includes £4.3m for a reserve account, to cover six months' debt service, should it be required. This seems a good idea. We would hope that the interest earned on this account would be either treated as an income, or used to explicitly offset some opex costs. Further, we would expect that no further reserves are required so that as soon as the deal is finalised, Ofreg will use its powers to reduce the NI transmission charge immediately.
- We agree with the proposal to extend the finance over a longer period, to more closely match the life of the asset to its recovery period.
- We think it is appropriate for electricity consumers to support this arrangement through the Collection Agency Arrangement. It would appear that the benefits arising from this, primarily a lower debt rate, outweigh the risk of it being needed.

Yours sincerely,

Jillian

Jillian Ferris
Senior Business Analyst - Regulation