

**BGN (UK) Ltd. Comments on NIAUR mid-term review discussion paper:
“Reflecting on our Corporate Strategy 2009-14”**

Introduction

BGE (UK) welcomes the opportunity to comment on NIAUR’s mid-term review of Corporate Strategy. BGE(UK) continues to be supportive of NIAUR’s efforts to develop the Northern Ireland gas market while protecting the interests of consumers and, in this context, is submitting the following observations.

Gas Network Extension

We welcome NIAUR’s work with DETI on exploring the feasibility of extending the natural gas network to other parts of Northern Ireland. We have received the DETI consultation document on this topic and will submit a response in due course.

Common Arrangements for Gas

BGE(UK) continues to be supportive of the Common Arrangements for Gas project for the benefit of consumers on the island. This is a complex programme which will require significant effort from both Regulatory Authorities and the TSOs over the coming months. We look forward to working closely with all stakeholders to achieve the challenging targets which have been established.

We also wish to draw attention to the importance of the Common Arrangements for Gas project as a facilitator of compliance with Gas Regulation EC1775.

EU-Level Factors

BGE(UK) is pleased to note that the mid-term review highlights the growing importance of EU-level factors. Mandated by the regulatory requirements of the Third Package, BGE Group is currently engaged in an extensive programme of change in each jurisdiction where it operates. We will continue to work with NIAUR and DETI in relation to BGE (UK) compliance with Third Package legislation in Northern Ireland.

We would also bring attention to the ongoing work in Europe in developing the 12 legally binding Network Codes and point out that this activity will require substantial and concentrated involvement of all parties in order to achieve effective transposition into the NI transportation regime.

Technological and Information Advances

The mid-term review highlights the work which is continuing across Europe on biogas projects which feed directly into the grid. BGE(UK) is supportive of such innovations as a means to achieve important environmental and security of supply objectives and will further engage with NIAUR on this topic over the coming months.

We would encourage NIAUR to take a proactive approach in developing further initiatives on the injection of Bio Methane into the Natural Gas Grid.

Cost Reporting and Monitoring

BGE(UK) is supportive of NIAUR's aim to enhance its understanding of utility companies' costs through cost reporting and monitoring, and we look forward to constructive engagement on the upcoming Price Control Review. BGE(UK) continues to serve the Northern Ireland gas industry safely, effectively, and as efficiently as possible and welcomes the opportunity to demonstrate the value provided against the backdrop of an exceptionally challenging economic climate.

Future Financing of Networks

BGE(UK) would welcome clarification of the status of the recent NIAUR consultation on the "Future Financing of Networks". Regulatory transparency and certainty is key for investment decision making; the consultation signalled a review of major issues affecting investment policy and it is important that NIAUR publish its conclusions in this area.

BGE(UK) would like to wish the Utility Regulator success in implementing the Corporate Strategy over the remainder of the term. Please do not hesitate to respond with any queries on this document or to further discuss any of the matters raised.