

Phoenix Energy Holdings Presentation to

The Enterprise, Trade and Investment Committee

Briefing Notes for
Thursday 15th May 2008, Parliament
Buildings

Issues

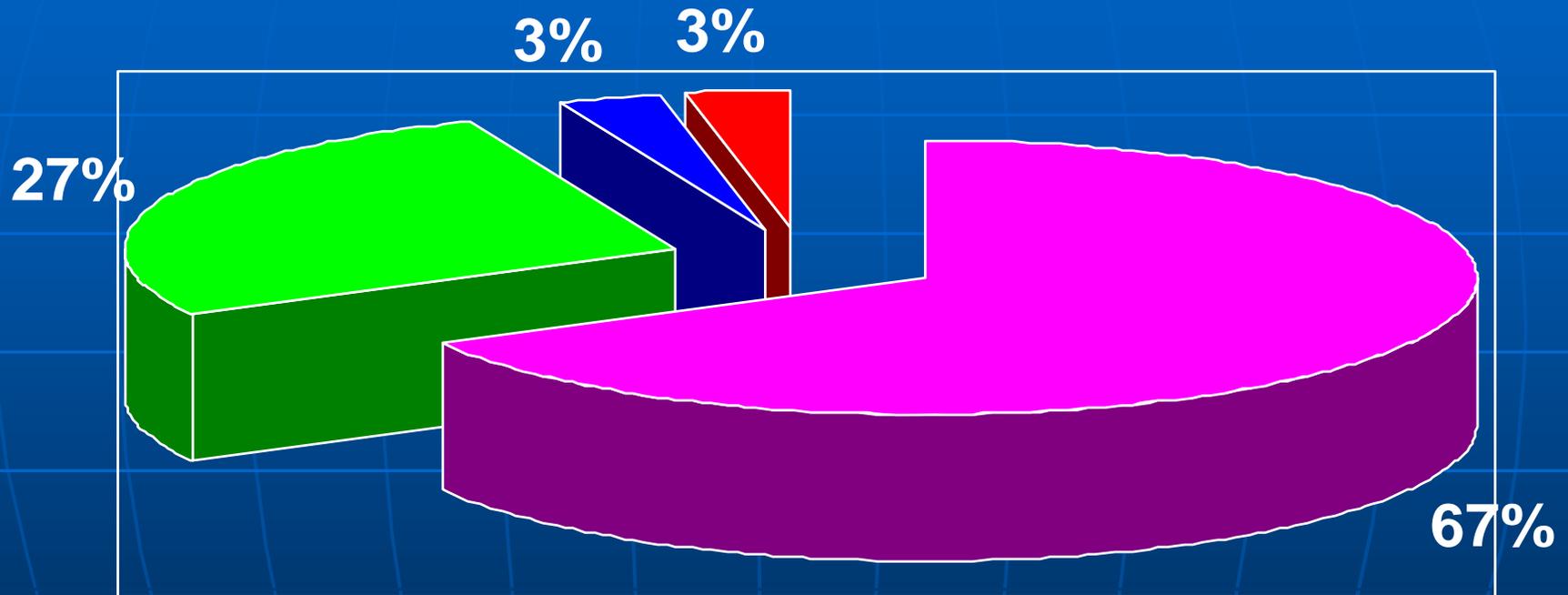
- Availability of Natural Gas
- Greater Belfast Home Heating Market
- Wholesale Gas market
- Average 'gas bill' in Greater Belfast
- Gas on Gas Competition
- GB vs. NI CO₂ Position

Availability of Natural Gas

Coverage of Natural Gas

- Greater Belfast Area (Phoenix Licence Area)
 - Natural gas available for connection to 264,000 homes and businesses
 - Circa 123,000 will be utilising natural gas in the Greater Belfast Area by end of 2008.
 - Breakdown of properties - circa 114,000 residential and 9,000 businesses
- 10 Towns & Cities outside of Greater Belfast being developed by BGE subsidiary firmus energy

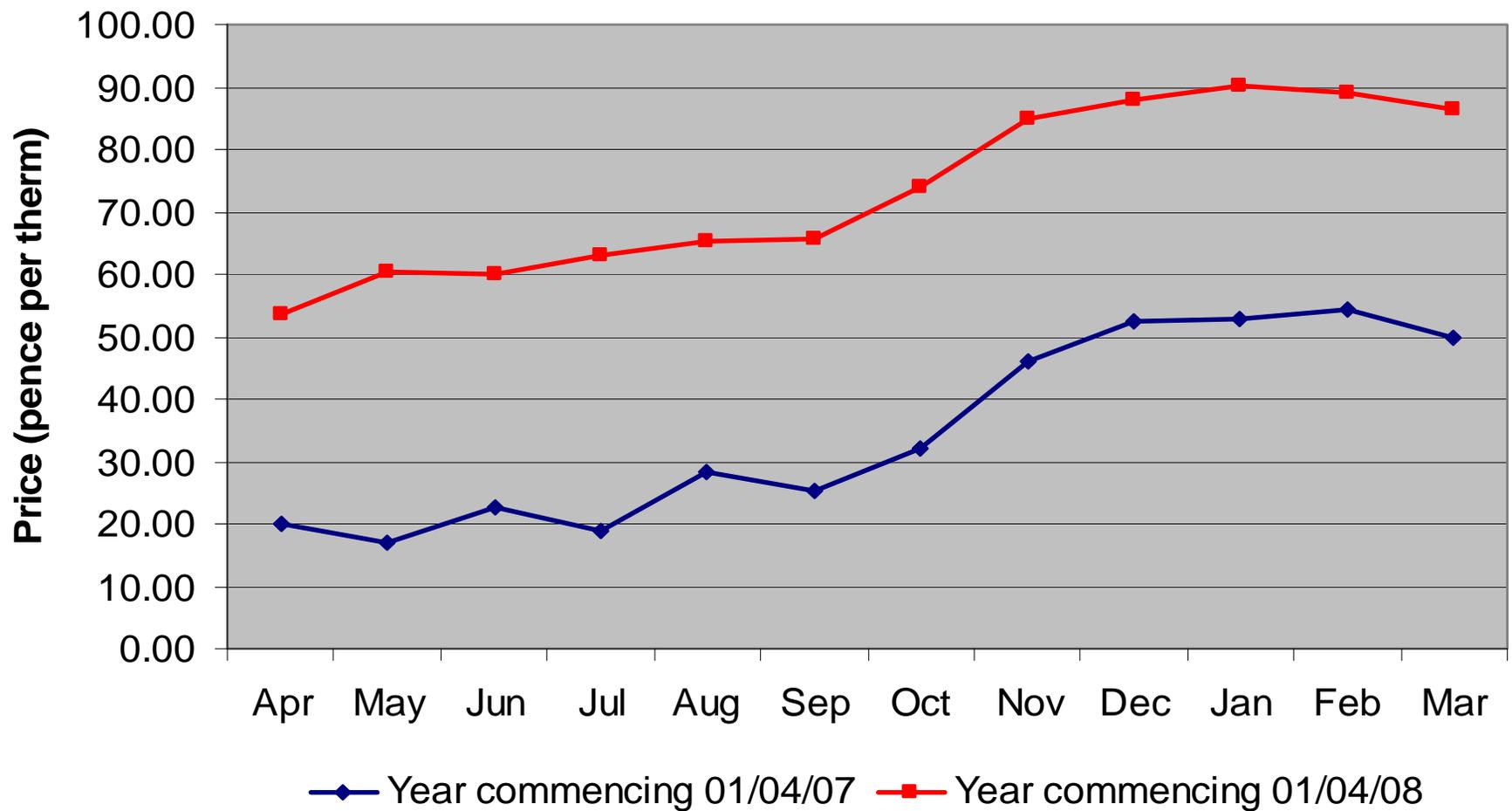
Greater Belfast Domestic Heating Market



Oil Gas Electric Solid Fuel

Wholesale Gas Market Volatility

Wholesale Gas Costs

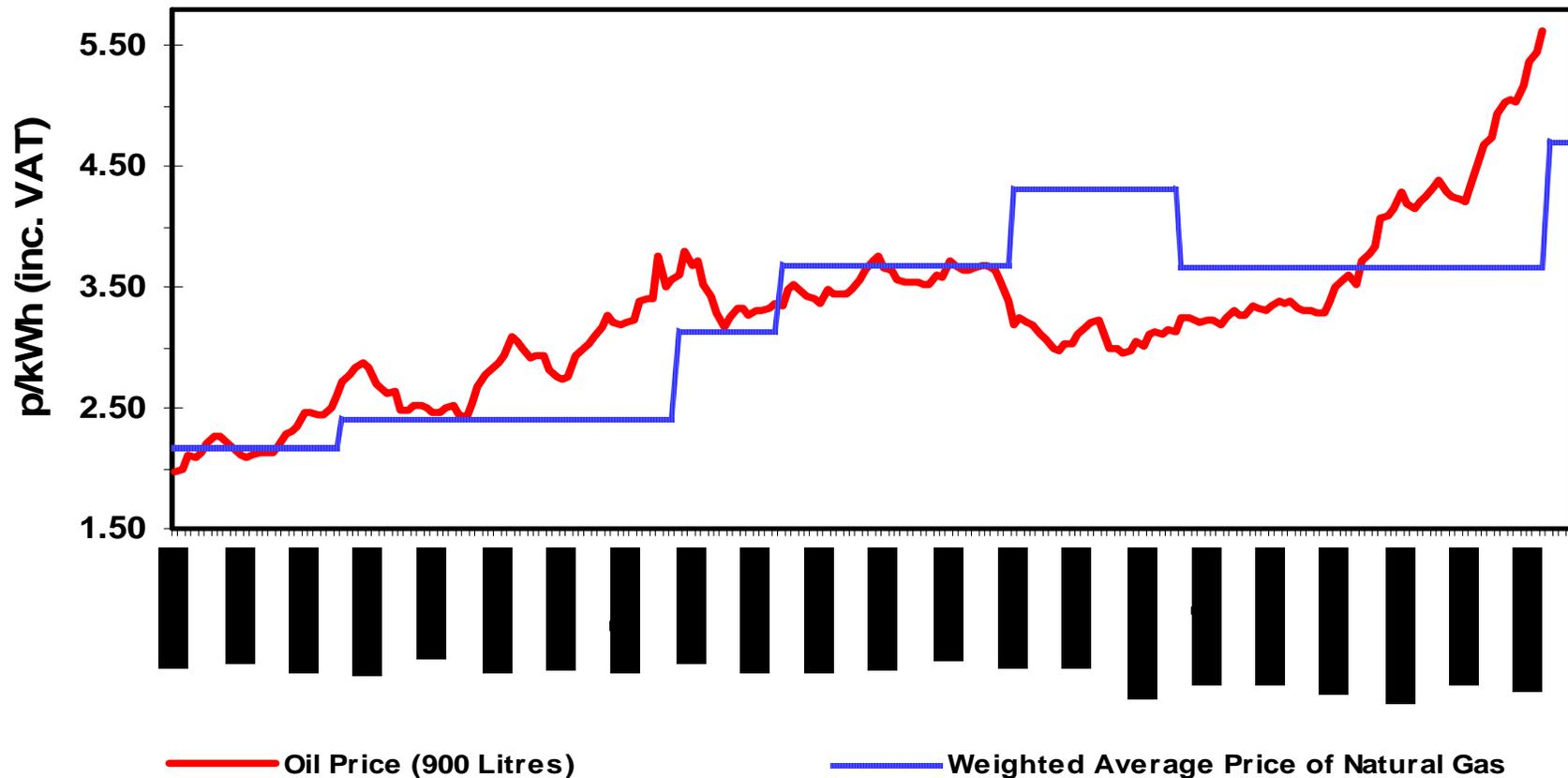


Wholesale Gas Costs

- Summer 08 prices c.63ppt
 - Summer 07 prices c.25ppt
 - Increase of 150%
- Winter 08 prices c.85ppt
 - Winter 07 prices c.50ppt
 - Increase of 70%
- Prompt currently c.58ppt
 - Winter 07 prompt c.55ppt
 - Summer gas more expensive than winter

Local Impact on Gas Prices – Phoenix Area only

Rolling Oil Retail Price (Apr 07 to May 08)



Average gas bill in Phoenix Area

Average Phoenix Gas Bill

- Our average customer pays £584 per annum (c.£50 per month)
- Phoenix customers use c.25% less gas than their GB counterparts
- GB average customer pays £625 per annum
- While NI prices higher (because of infrastructure issues) efficiency savings mean our average bill is comparable to GB

Payment Methods

- Quarterly Credit (23% of customer base)
 - 4 bills per annum
 - Energy Saver Card Budgeting Tool (21% of quarterly credit customers use this form of payment)
- Direct Debit (24% of customer base)
 - 1 bill per annum
- Pay-As-You-Go (53% of customer base)
 - No premium for using this facility unlike GB

Pay-As-You-Go (PAYG)

- Most popular payment method – 53% of customer base use PAYG
- PAYG tariff is at same level as standard credit customer, unlike GB where PAYG customers pay up to 31%* more for their energy
- Limited Number of meters can be installed

Gas on Gas Competition

Gas on Gas Competition

- Greater Belfast Area - open to competition for large Industrial & Commercial customers for circa 7-years.
- Greater Belfast Area - open to competition for domestic and small I&C customers since January 2007.
- Other Licence Areas in NI not open to gas on gas competition.

Gas on Gas Competition

- Large Industrial & Commercial
 - Greater Belfast had 3-year period of exclusivity from date gas available in the district
 - Other Areas have 5-year period of exclusivity commencing on 1st April following the start date of development in that area

GB vs. NI CO2 Position

NI vs. GB

Fuel Type	*NI	GB
Natural Gas	8%	85%
Oil	65%	4%
Renewable	0%	2%
Other (Economy 7, LPG and solid fuel)	27%	9%

* Estimates of NI and GB fuel usage