



PHOENIX NATURAL GAS
CONVEYANCE CHARGE
STATEMENT

1st January to 31st December 2010

INTRODUCTION

This document sets out the Phoenix Natural Gas Limited (Phoenix) conveyance charges and refers to other terms for use of its Network, as required by Condition 2.3.2 of its Conveyance Licence. The charges described below are applicable for the period **1st January to 31st December 2010**.

Conveyance charges are derived from the third Phoenix Distribution Price Control determined by the Northern Ireland Authority for Utility Regulation (The Authority) which dictates the maximum revenue Phoenix can recover each calendar year for gas transported through its network.

In this document charges are expressed in units of both kilowatt hours (kWh) and therms. The charges expressed in pence per kilowatt hour or pence per peak day kilowatt hour are the definitive charges for billing purposes.

The charges below should be read in conjunction with Phoenix's Distribution Network Code and Connection Policy. The Network Code defines the rights and responsibilities for all Users of Phoenix's gas transportation system. It provides all system Users with equal access to the transportation services. The Connection Policy includes the methods and principles of charges and other terms for connection to the Network.

DETAILS OF CHARGES

Conveyance charges applicable from **1st January to 31st December 2010** are as follows:

	Commodity		Capacity		Customer Charge		
	pence per therm	pence per kWh	pence per SMP Capacity therm per day	pence per SMP Capacity kWh per day	pence per day	pence per SMP Capacity therm per day	pence per SMP Capacity kWh per day
P1 - Credit	28.26	0.964	2.300	0.078			
P1 - PAYG	28.26	0.964	2.300	0.078	4.786		
P2 - Firm 2,500 - 25,000 therms (73,200 - 732,000 kWh)	28.29	0.965	1.613	0.055			
P3 - Firm CHP 25,000 + therms (732,000+ kWh)	7.60	0.259	4.387	0.150			
P3 - Firm 25,000 + therms (732,000+ kWh)	14.52	0.495	6.561	0.224			
P4 - Interruptible 75,000+ therms (2,196,000+ kWh)	8.63	0.295				3.000	0.102

A customer can only be categorised in the Interruptible sector if that customer meets all the requirements as detailed in Section L of the Network Code.

INCENTIVE TO CONVERT TO NATURAL GAS

The continued development of the natural gas market in Northern Ireland is seen as a prime objective for Phoenix. Therefore to encourage energy users to choose natural gas for the first time Phoenix may offer an incentive to help cover the initial capital cost of converting fuel burning equipment. The incentive will be based on an economic assessment of the conversion. In addition any incentive offered will apply only to validated efficient conversion costs and will be considered on a customer by customer basis regardless of which gas supplier is supplying that customer.

ADDITIONAL NETWORK CODE INFORMATION

As per Section L 18.5 of the Network Code the Interruption Allowance for 2010 is **35 days**.

As per Section L 16 of the Network Code the Interruption Allowance for Operator Nominated Interruption sites is an additional **5 days** on top of the 35 days Interruption Allowance.

OTHER TERMS

Phoenix will require each User of its distribution system to enter into an agreement, which will bind them to the terms and conditions detailed within Phoenix's Network Code.

In addition, each User, by becoming a User on Phoenix's Distribution Network, are agreeing to the following conditions:

- The User must accept applicable connection charges as amended, and approved by the Authority, from time to time.
- The User must warrant to Phoenix that when delivering gas into its distribution network that it has at all times the necessary consents, approvals and documentation to exit gas lawfully from both the Premier Transmission Limited (PTL) network and the Belfast Gas Transmission Limited (BGTL) network, and that it has made appropriate and proper nominations on the PTL network;
- The User must have sufficient financial strength to comply with its contractual obligations, or a guarantee from a body with such financial strength.

Phoenix will not provide gas conveyance services to a User if:

- Offering such services would prejudice the efficient and economic operation of the Network;
- Insufficient capacity remains or is expected to remain available in the Network to provide such services; or
- Providing such services would prejudice Phoenix's ability to comply with its obligations under its licence to convey gas.

POSTALISED TRANSMISSION CAPACITY

Users delivering gas to Phoenix's distribution pipeline system are treated as utilising capacity in the Scotland to Northern Ireland Pipeline (SNIP), the Belfast Gas Transmission Limited pipeline system and BGE (NI) transmission pipeline system. In relation to the utilisation by Users of capacity in these transmission pipeline systems, Phoenix is responsible for the payment of Postalised capacity charges to Belfast Gas Transmission Ltd. and BGE (NI) in accordance with the terms of both operator's Transportation Codes.

For the purposes of recovering the Postalised capacity charge from Users, Phoenix makes a commodity charge on Users on a monthly basis. Phoenix forecasts that commodity charge at the start of the year using the volume forecasts as provided by Suppliers operating in the Phoenix Licence Area. This is charged to Users on the basis of their monthly distribution commodity and is subject to an annual reconciliation using actual Distribution volumes.

Details of applicable Postalised capacity charges payable by Phoenix are available on the Premier Transmission Limited website.

Details of applicable Postalised capacity charges recoverable from Users by Phoenix are available on Phoenix's website.

Any queries concerning information contained within this Statement or requests for additional information on the conveyance services offered by Phoenix should be addressed to Mrs Joanne Quinn at 197 Airport Road West, Belfast, BT3 9ED. Telephone enquiries can be made to Mrs Quinn on 028 9055 5571.

Phoenix Natural Gas website address: www.phoenixnaturalgas.com

Premier Transmission Limited website address: www.premier-transmission.com