PHOENIX NATURAL GAS

CONVEYANCE CHARGE

STATEMENT

1st January to 31st December 2018
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 2018.

These conveyance charges have been approved by the Northern Ireland Authority for Utility Regulation (the Authority).

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 Phoenix’s Connection Policy.

i. 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.

ii. The Connection Policy provides full details of how a consumer can obtain a connection to the Phoenix network including connection charges, terms for connection, maintaining, repairing, altering, renewing and removing connections. It sets out Phoenix’s schedules of current charges, allowances, indicative costs, and technical requirements for Property Owners or Licensed Gas Suppliers.

Copies of the Network Code and the Connection Policy are available on Phoenix’s website.
**DETAILED OF CHARGES**

Conveyance charges applicable from **1st January to 31st December 2018** are as follows:

<table>
<thead>
<tr>
<th>Licence Category</th>
<th>Subcategory</th>
<th>Equivalent Network Code Category</th>
<th>Commodity</th>
<th>Capacity</th>
<th>Customer Charge</th>
</tr>
</thead>
<tbody>
<tr>
<td>P1 Firm less than 2,500 therms (73,200 kWh)</td>
<td>Credit</td>
<td>EUC1</td>
<td>£32.86</td>
<td>£1.121</td>
<td>£2.452</td>
</tr>
<tr>
<td></td>
<td>PAYG</td>
<td>EUC1</td>
<td>£32.86</td>
<td>£1.121</td>
<td>£2.452</td>
</tr>
<tr>
<td>P2 – Firm 2,500 - 25,000 therms (73,200 - 732,000 kWh)</td>
<td></td>
<td>EUC2</td>
<td>£32.23</td>
<td>£1.100</td>
<td>£2.175</td>
</tr>
<tr>
<td>P3 – Firm over 25,000 therms (732,000 kWh)</td>
<td>Firm CHP 25,000 - 75,000 therms (732,000 - 2,196,000 kWh)</td>
<td>EUC3</td>
<td>£12.77</td>
<td>£0.436</td>
<td>£5.753</td>
</tr>
<tr>
<td></td>
<td>Firm CHP over 75,000 therms (2,196,000 kWh)</td>
<td>DM Firm</td>
<td>£12.77</td>
<td>£0.436</td>
<td>£5.753</td>
</tr>
<tr>
<td></td>
<td>Firm 25,000 - 75,000 therms (732,000 - 2,196,000 kWh)</td>
<td>EUC3</td>
<td>£18.51</td>
<td>£0.632</td>
<td>£7.042</td>
</tr>
<tr>
<td></td>
<td>Firm over 75,000 therms (2,196,000 kWh)</td>
<td>DM Firm</td>
<td>£18.51</td>
<td>£0.632</td>
<td>£7.042</td>
</tr>
<tr>
<td>P4 – Interruptible over 75,000 therms (2,196,000 kWh)</td>
<td>DM Interruptible</td>
<td></td>
<td>£14.32</td>
<td>£0.489</td>
<td></td>
</tr>
</tbody>
</table>

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.
ADDITIONAL NETWORK CODE INFORMATION

As per Section L 18.5 of the Network Code the Interruption Allowance for 2018 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, is 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 EXIT CAPACITY AND TRANSMISSION EXIT RATCHETS

As per Section B7.4 of the Phoenix Distribution Network Code, Phoenix is also permitted to recover from Users all charges associated with the exit capacity it books and holds on behalf of Users on the Northern Ireland Transmission system. These include costs relating to Postalised Exit Capacity and Transmission Exit Ratchets.

The methodology for the recovery of these Northern Ireland transmission system costs is outlined in more detail in Appendix I of this Statement.

ENQUIRIES

Any queries concerning information contained within this Statement or requests for additional information on the conveyance services offered by Phoenix should be addressed to:

Christopher Doherty
Transportation Services Manager
Phoenix Natural Gas Ltd.
197 Airport Road West
Belfast
BT3 9ED

Telephone enquiries can be made to Christopher Doherty on 028 9055 5824.
APPENDIX I - POSTALISED EXIT CAPACITY AND TRANSMISSION EXIT RATCHETS

Postalised Exit Capacity
Users delivering gas to Phoenix's distribution pipeline system are treated as utilising capacity in the Premier Transmission Ltd. (PTL) Scotland to Northern Ireland Pipeline (SNIP), the Belfast Gas Transmission Ltd. pipeline system and GNI (UK) transmission pipeline system. In relation to the utilisation by Users of capacity in these transmission pipeline systems, Phoenix is responsible for the payment of all Postalised Exit Capacity charges including costs associated with a Transmission Exit Ratchet which are levied by PTL for capacity utilised on all three Northern Ireland transmission pipeline systems.

For the purposes of recovering the Postalised Exit 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 Gas Year using the volume forecasts used to determine the transmission tariffs as published by the Transmission Network Operators. This is charged to Users on the basis of their monthly distribution commodity and is subject to an annual reconciliation using actual Distribution volumes.

Transmission Exit Ratchets
For the purposes of recovering the Transmission Exit Ratchet penalties from Users, Phoenix will pass to Users charges levied by PTL in the month in which they are incurred by Phoenix. The amount owing by each User will be determined on their percentage of total distribution throughput for the number of months for which the penalty associated with the Transmission Exit Ratchet amount applies.

Phoenix will also pay PTL each month for the Transmission Exit Capacity booking increased by the Transmission Exit Ratchet amount for the remaining months of the Gas Year. Users will continue to pay Phoenix for the Transmission Exit Capacity using the Postalised Exit Capacity charge as published prior to the start of the Gas Year. Any additional monies paid by Phoenix for the Transmission Exit Capacity will be recovered from Users as part of the annual reconciliation process.

Further Information
Details of applicable Postalised Exit Capacity charges payable by Phoenix are available on the PTL website.

Details of applicable Postalised Exit capacity charges recoverable from Users by Phoenix and further information on the methodology for the recovery of a Transmission Exit Ratchet are set out in the Phoenix Postalised Exit Capacity Charge Statement. A copy of this statement is available on Phoenix's website.

Phoenix Natural Gas Ltd. website address: www.phoenixnaturalgas.com

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