

Developments in the Wholesale Gas Market

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Agenda

- _ About Phoenix Energy Ltd
- _ Wholesale Gas Market Developments
- _ Unconventional Gas

About Phoenix Energy

_ Part of Phoenix Energy Holdings Ltd Group of companies

PHOENIX ENERGY HOLDINGS GROUP



_ Phoenix Natural Gas is the largest distribution network owner in Northern Ireland

_ Phoenix Supply is the largest natural gas supplier in Northern Ireland

_ Owned by Terra Firma

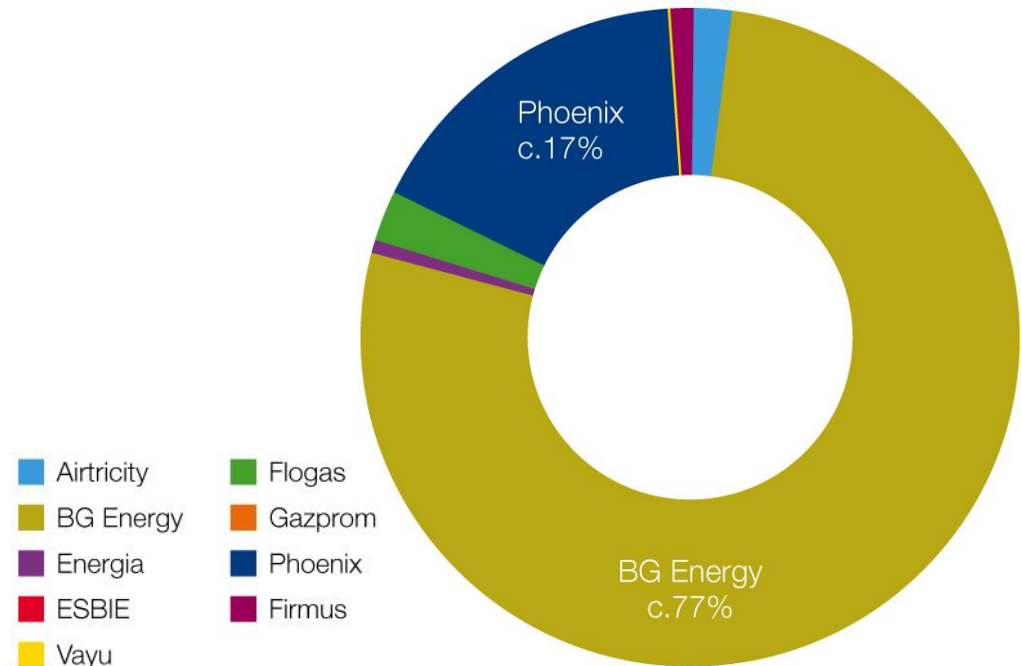
Customers Supplied on the island of Ireland

_ In customer number terms, Phoenix is the second largest natural gas supplier on the island of Ireland

_ Phoenix has 135,000 customers



Number of natural gas customers supplied on the island of Ireland (June 2010)



Customer numbers based on Commission for Energy Regulation Gas Market Update – 2010 (Q2) (CER/10/133) and NIAUR consultation on the options for co-ordinating the relinquishing of firmus energy's supply exclusivity in the ten towns area

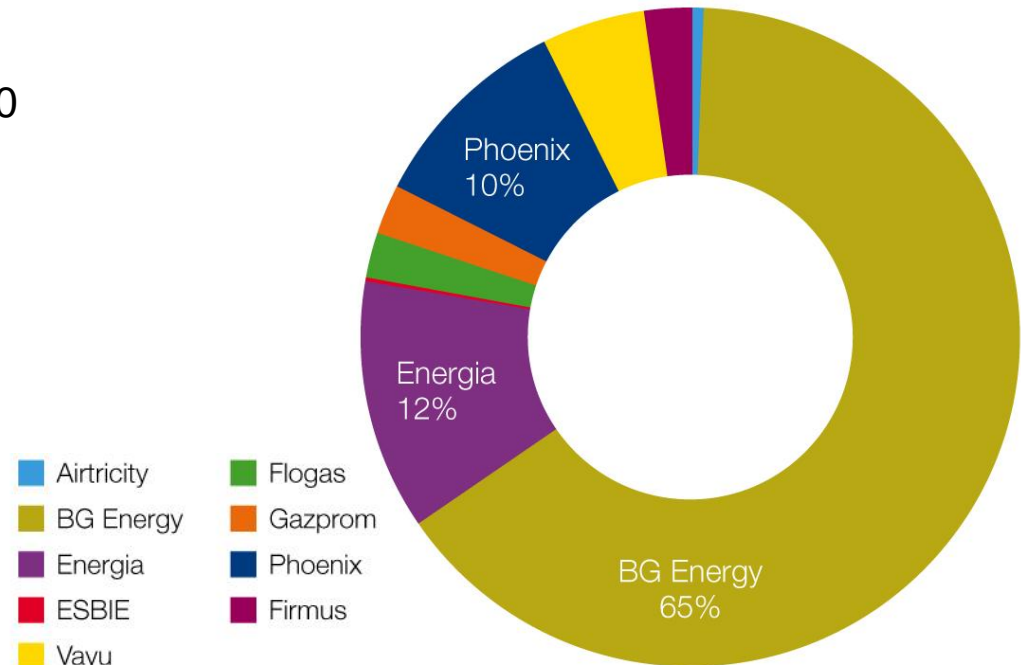
Gas Supplied on the island of Ireland

- _ In volume terms, Phoenix is the third largest natural gas supplier on the island of Ireland
- _ Phoenix is growing by around 8,000 new customers each year



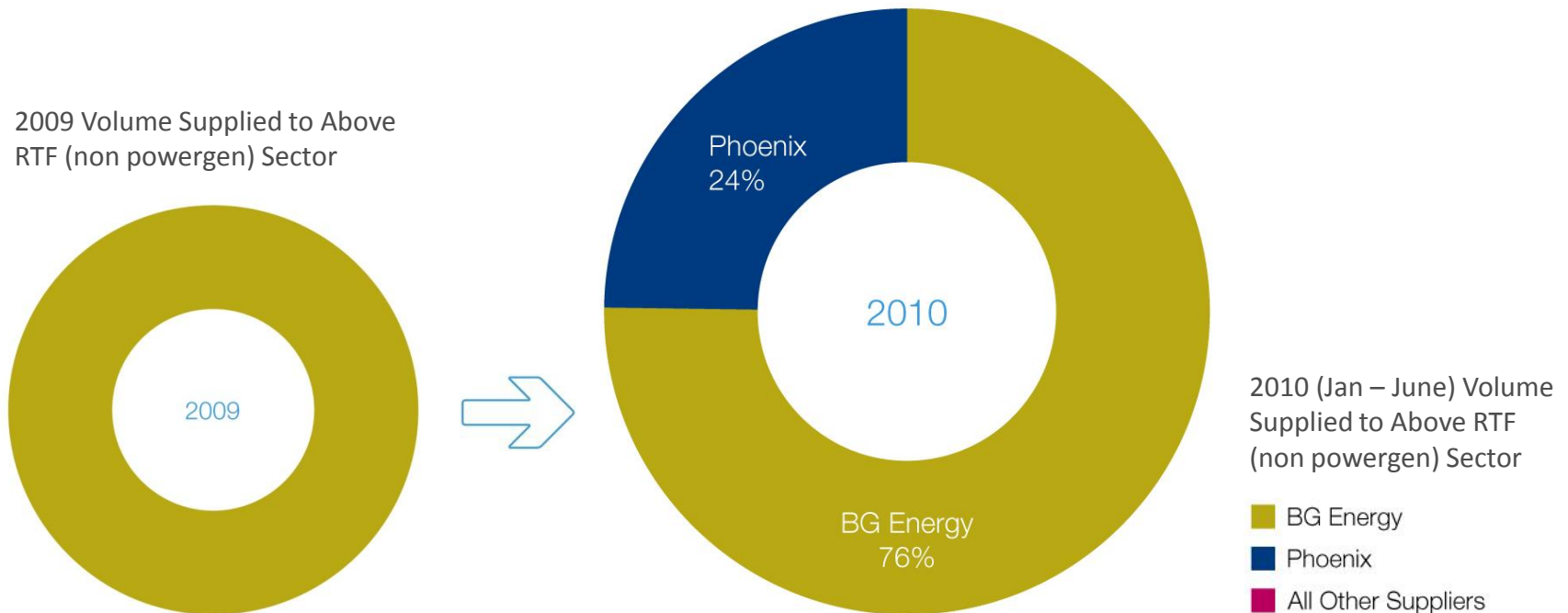
Volume supplied based on Commission for Energy Regulation Gas Market Updates and NIAUR consultation on the options for co-ordinating the relinquishing of firmus energy's supply exclusivity in the ten towns area

Volume of natural gas supplied on the island of Ireland (January 2010 - June 2010) (excluding power generation)



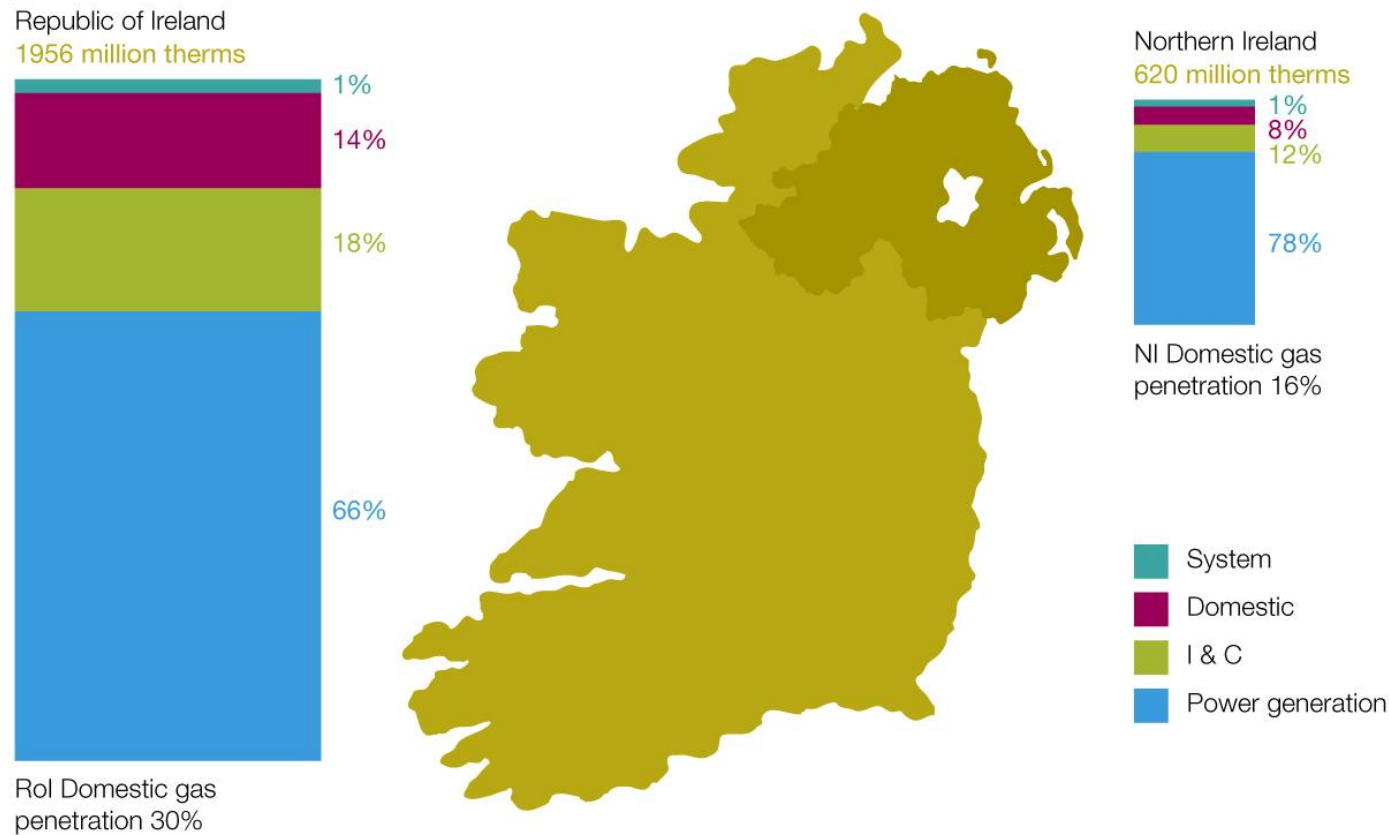
About Phoenix Energy

_ Our aim is to achieve 30% market share within 3 years



Volume supplied based on Commission for Energy Regulation Gas Market Update Reports

Gas Consumption in Ireland



Liquefied Natural Gas (“LNG”) Facts

- _ Cooled to -160°C (takes up to 600 times less space than when in gas form)
- _ Vessels
 - c.136 ships
 - 260,000 cubic metres
- _ Key Producing Nations
 - Qatar (15%), Indonesia (14%), Malaysia (13%), Algeria (12%), Australia (9%), Trinidad (8%), Nigeria (8%)
- _ Links UK and Ireland to global energy prices to a much greater degree



South Hook LNG

_ Location

- Milford Haven, South West Wales

_ Owners

- Joint venture between Qatar Petroleum (67.5%), ExxonMobil (24.15%) and Total (8.35%)

_ Capacity

- 21bcm per annum
- c.18% of current UK demand
- Europe's largest LNG terminal

_ Source

- Qatar's North Field Gas Reserve
- 6,000 km² – half the size of the state of Qatar
- 900 trillion cubic feet – world's largest gas reservoir

Isle of Grain LNG

_ Location

- Kent

_ Owner

- National Grid

_ Capacity

- 13bcm per annum. Phase 3 takes it to 20bcm per annum
- c.11% (rising to c.17%) of current UK demand
- Three of worlds largest above ground LNG storage tanks

_ Customers

- Long term capacity contracts
 - 2005: BP/Sonatrach
 - 2008: Centrica, GDF Suez, Sonatrach
 - 2010: Centrica, E.ON, Iberdrola

Dragon LNG

_ Location

- Milford Haven, South West Wales

_ Capacity

- 6bcm per annum
- c.5% of current UK demand

_ Owners

- Three shareholders: BG Group (50%), Petronas (30%) and 4Gas (20%)

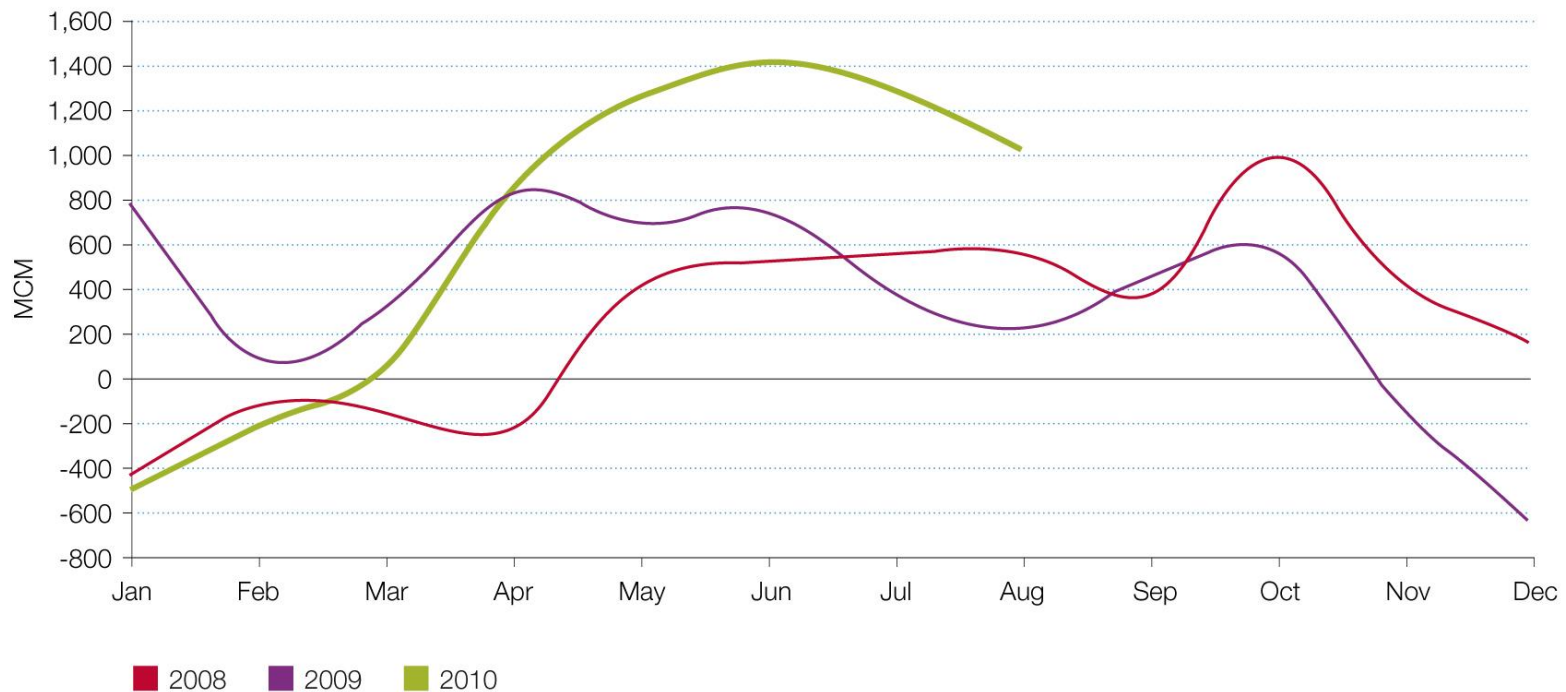
_ Customers

- Long term capacity contract
 - BG and Petronas have contracted for the full capacity at Dragon
- Petronas is owned by Malaysian government with operations in 30 countries

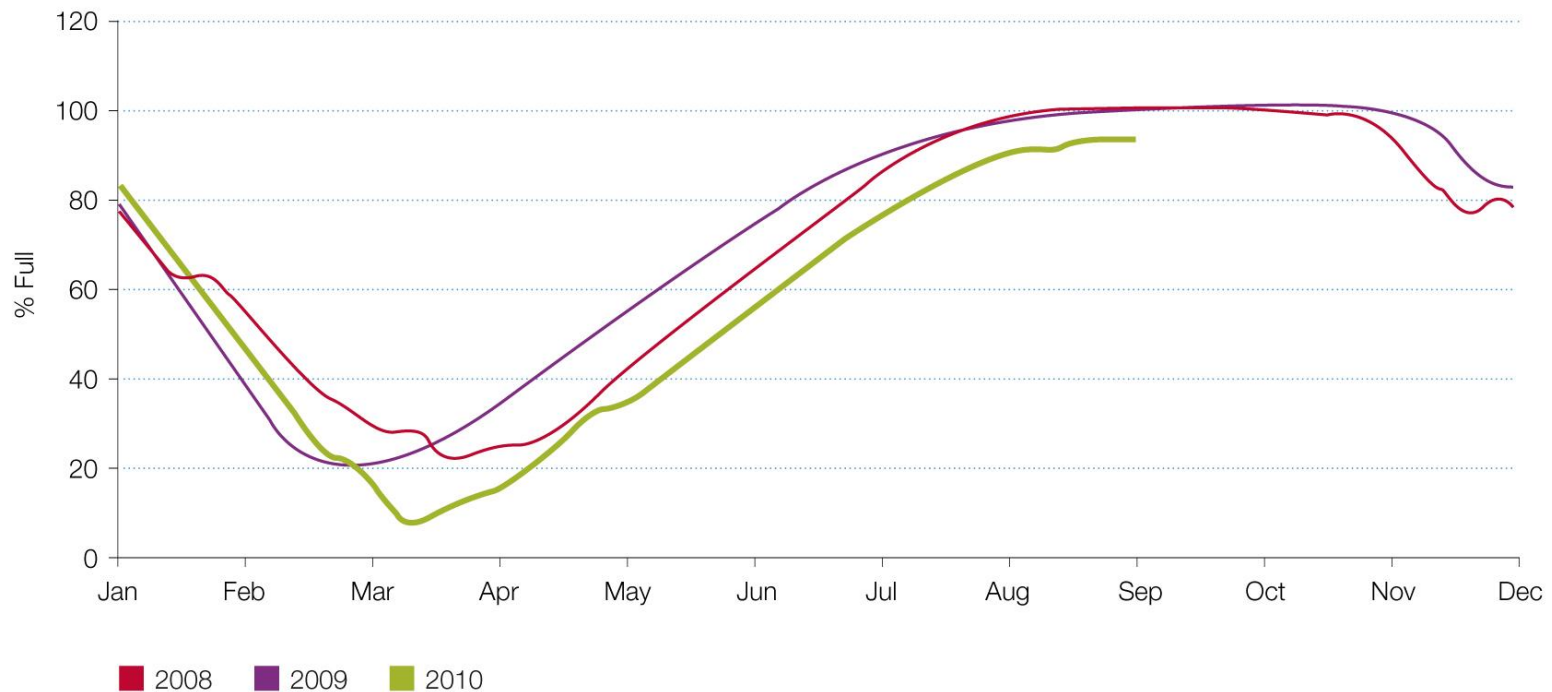
Volume of UK LNG Imports



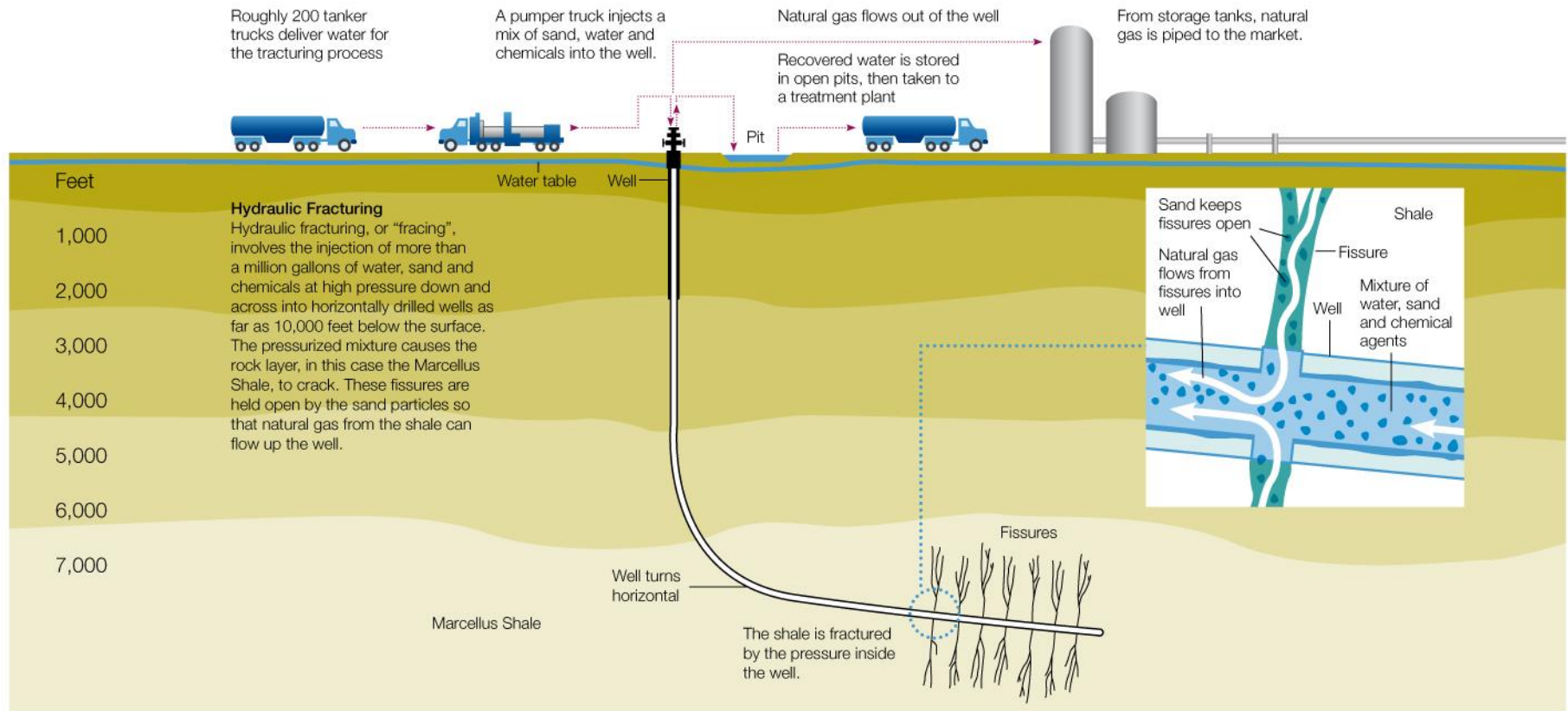
Net Interconnector Flows



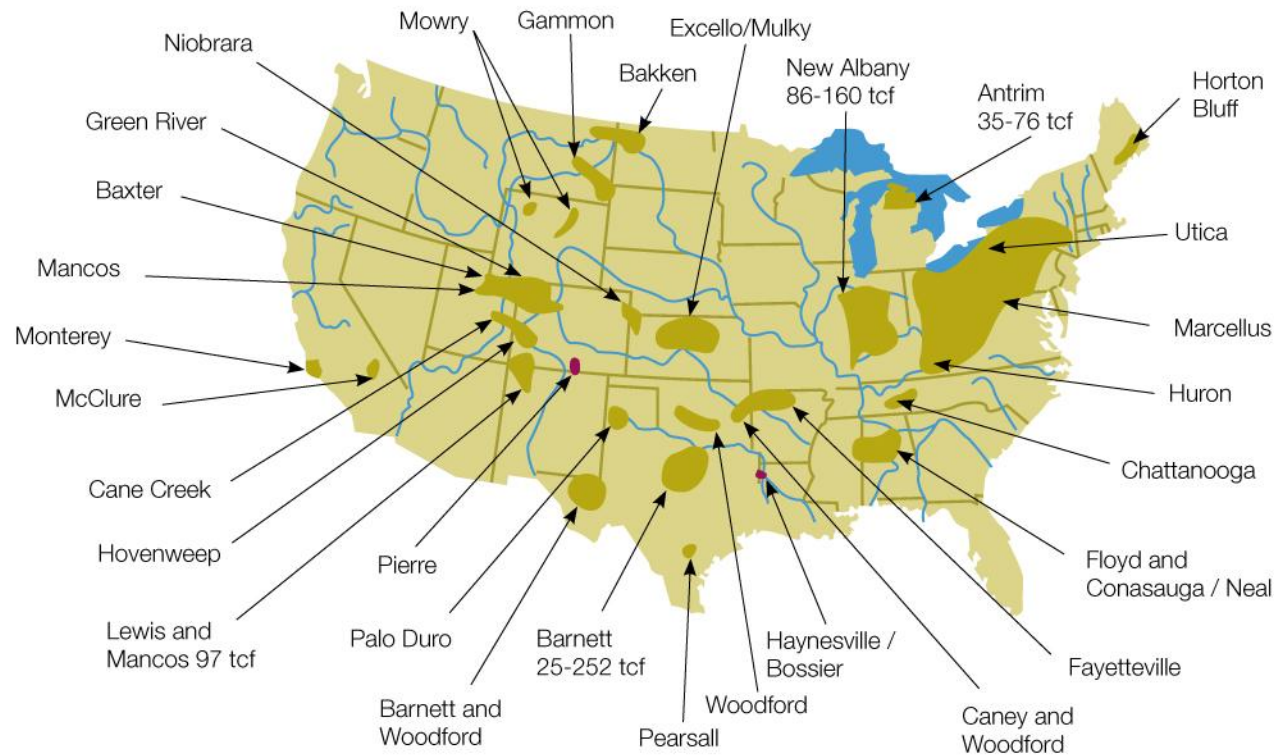
Rough Storage Levels



Shale Gas Production



Potential United States Shale Gas Resources



Shale Gas – Words of Warning

_ Environmental impact

- Visual
- Greenhouse gas emissions
 - Natural gas obtained through “hydrofracking” produces greater emissions than “conventional” natural gas – could it be worse than coal?

_ Radically changes supply / demand balance

- Markets do not respond well to “shocks”
- Could relatively low price levels accelerate gas demand growth?

Contact us

_ If you wish to discuss what Phoenix Energy Ltd can do for you, please contact:

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