

# Gas to the West Application Information Pack:

## Annex 3 Form of Application reproduced from the Regulations

### Schedule 1

### Form of Application for a Gas Conveyance Licence, Gas Storage Licence, Gas Supply Licence or LNG Licence

1. Full name of the applicant.

Northern Ireland Energy Holdings Limited (NIEH)  
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2. Address of the applicant or, in the case of a body corporate, the registered or principal office.

First Floor, The Arena Building, 85 Ormeau Road, Belfast, BT7 1SH  
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3. Where the applicant is a partnership or other joint venture (other than a body corporate), the name and address of each party concerned.

Not Applicable  
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4. The name, address and telephone number of the person or persons to whom correspondence or enquiries concerning the application should be directed.

Gerard Mellroy  
First Floor, The Arena Building, 85 Ormeau Road, Belfast, BT7 1SH  
.....

Telephone 02890 437580

5. The particular type of licence(s) sought, that is to say whether to convey gas and/or store gas and/or supply gas and/or operate an LNG facility, or an extension of any of these types of licence granted to the applicant at the time of this application.

Gas Conveyance Licence

6. Details of any other licence application to which the applicant wishes this application to be connected (*see Note 1*).

This application is connected with the application for a low pressure gas conveyance licence being made simultaneously by:

Scotia Gas Networks Northern Ireland Limited (A company incorporated in England and Wales with company number - 8822715)

7. The date from which the licence or extension is desired to take effect.

Upon agreement with the Utility Regulator

8. Status of the applicant, that is to say whether the applicant is a public limited company, private limited company, overseas company, other body corporate, partnership, unincorporated association, sole trader or other entity (and in the last case particulars of the legal status).

Private Limited Company

9. If the applicant is a body corporate:—

(a) The jurisdiction under which it is incorporated.

Northern Ireland  
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(b) If applicable, its registration number.

NI 073229  
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(c) The full names and addresses of its current Directors (including any shadow director within the meaning of section 251 of the 2006 Act) or, where appropriate, the corresponding officers.

Mr Patrick Gerard Anthony Larkin - C/O Northern Ireland Energy Holdings Limited, First Floor, The Arena Building, 85 Ormeau Road, Belfast BT 7 1SH  
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Mr Gerard Myles McIlroy- C/O Northern Ireland Energy Holdings Limited, First Floor, The Arena Building, 85 Ormeau Road, Belfast BT 7 1SH  
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(d) The name, address and telephone number of a person or persons authorised to accept service of any notices or processes required to be served on the applicant.

Mr Gerard McIlroy- C/O Northern Ireland Energy Holdings Limited, First Floor, The Arena Building, 85 Ormeau Road, Belfast BT 7 1SH  
Telephone 028 90 437 580  
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(e) The name and registered office of any holding company (within the meaning of section 1159 of the 2006 Act) of the applicant and the name and registered or principal office of any parent undertaking (within the meaning of section 1162 of the 2006 Act) of the applicant.

Mutual Energy Limited, First Floor, The Arena Building, 85 Ormeau Road, Belfast BT 7 1SH  
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- .....
10. If the applicant is neither a body corporate nor a sole trader, the name(s) and address(es) of the person or persons in whom effective control of the applicant rests.

Not Applicable  
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11. Where a holding of 20% or more of the shares (see Note 2) of an applicant is held by a body corporate or partnership or an unincorporated association carrying on a trade or business with or without a view to profit, the name(s) and address(es) of the holder(s) of such shares shall be provided specifying in each case the class of share held, the number of shares so held and the percentage of the aggregate number of shares of that class represented thereby.

Mutual Energy Limited, First Floor, The Arena Building, 85 Ormeau Road, Belfast BT 7 1SH  
100% shareholding (One Ordinary share)  
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12. Details of any licences under the Order<sup>1</sup> or the Electricity (Northern Ireland) Order 1992<sup>2</sup> held, applied for (whether or not successfully) or intended to be applied for by the applicant or (so far as is known to the applicant) by any person who is a related person in relation to the applicant. (See Note 3).

Belfast Gas Transmission Limited holds a Licence for the Conveyance of gas in Northern Ireland  
Premier Transmission Limited holds a Licence for the Conveyance of gas in Northern Ireland  
Moyle Interconnector Limited holds a Licence for the transmission of electricity  
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<sup>1</sup> S.I. 1996/275 (N.I.2), relevant amendments were made by S.R. 2011 No. 155 and S.R. 2013 No. 92

<sup>2</sup> S.I. 1992 No. 231 (N.I. 1)



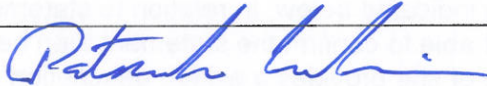
13. Confirmation of statement by the applicant:

<p>The applicant or, where the applicant is a company a senior officer of the company, must indicate his or her confirmation of statements (a) to (f) below by <b>initialling</b> next to those statements and <b>signing</b> where indicated below. In relation to statement (c) only, if the applicant or senior officer is not able to confirm the statement then he or she need not initial this statement provided that he or she provides a written description of the reasons why the senior officer cannot give such confirmation.</p>	
<p>"I, the applicant or a duly authorised officer of the applicant hereby confirm that:</p>	
(a) the information provided in this application is true, accurate and complete.	<b>Initial below:</b>
	
(b) the applicant has not breached any applicable legislation or regulations in preparing or making this application.	<b>Initial below:</b>
	
(c) the applicant is not aware of any application to place it in liquidation, administration or receivership, or to commence any analogous process or proceeding in any jurisdiction, and that no such process has been commenced.	<b>Initial below:</b>
	
(d) the applicant is acting as a principal in the licence application and not as an agent for any undisclosed person and the applicant has expressly authorised me to act on its behalf in completing this application.	<b>Initial below:</b>
	
(e) the applicant understands the obligations of a transmission system operator and/or distribution system operator; a gas storage operator; a gas supplier; or an LNG facility operator (as applicable) to comply with the conditions in the relevant licence.	<b>Initial below:</b>
	

(f) the applicant understands that knowingly or recklessly making a false, incomplete, or misleading statement in support of this application may lead to the grant of the licence being refused, and may result in criminal prosecution under Article 46 of the Order."

Initial below:



Signed:   
Name: PADDY LARKIN  
Position: DIRECTOR  
Dated: 2nd MAY 2014

14. In this schedule:-

“the 2006 Act” means the Companies Act 2006<sup>3</sup>;

“senior officer” means the chairman, chief executive, other director or company secretary of the applicant.

*Note 1*

An application is “connected” to one or more other applications (whether or not made by the same applicant) where the applicant indicates that, if any of the licences which is the subject of those other applications were not to be granted to the person applying for it, it would be its intention to withdraw that application.

*Note 2*

References to shares:—

- (a) in relation to an applicant with a share capital, are to allotted shares;
- (b) in relation to an applicant with capital but no share capital, are to rights to share in the capital of the applicant; and
- (c) in relation to an applicant without capital, are to interests:—
  - (i) conferring any rights to share in the profits or liability to contribute to the losses of the applicant; or
  - (ii) giving rise to an obligation to contribute to the debts or expenses of the applicant in the event of a winding up.

*Note 3*

“Related person” means:—

- (a) in relation to an applicant who is an undertaking within the meaning of section 1161 of the 2006 Act (“the principal undertaking”), a parent or subsidiary undertaking of the principal undertaking, or a subsidiary undertaking of a parent undertaking of the principal undertaking, in each case within the meaning given by section 1162 of the 2006 Act; and
- (b) in relation to any applicant (including such an undertaking) or connected person of the applicant with the meaning of Section 286 of the Taxation of Chargeable Gains Act 1992<sup>4</sup>.

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<sup>3</sup> 2006 c.46

<sup>4</sup> 1992 c.12



## Schedule II Part 1

### Financial information

1. If the applicant is a company copies of:—
  - (a) the most recent annual accounts of the applicant in respect of which an auditors' report has been prepared, together with that report;
  - (b) the annual accounts of the applicant for the two financial years preceding that to which the accounts referred to in sub-paragraph (a) above relate, together with the appropriate auditors' reports;
  - (c) such interim accounts (whether audited or not) as may have been prepared in respect of a period more recent than that covered by any of the documents specified in sub-paragraph (a) and (b) above.

*(Please list below supporting documentation provided)*

- a) Note that the applicant company has been dormant since incorporation therefore no auditors' reports have been prepared - Please find dormant accounts for the year ended 31 March 2013 enclosed referenced 1a
- b) As above, please find dormant accounts for the years ended 31 March 2012 and 2011 enclosed referenced 1b
- c) Not Applicable

2. In addition to the documents specified at paragraph 1 if the applicant is a subsidiary undertaking, copies of:—
  - (a) the most recent group accounts in respect of the group of which the subsidiary undertaking forms part and in respect of which an auditors' report has been prepared, together with that report;
  - (b) the group accounts in respect of that group for the two financial years preceding that to which the accounts referred in sub-paragraph (a) relate, together with the appropriate auditors' reports; and
  - (c) such interim accounts for that group (whether audited or not) as may have been prepared in respect of a period more recent than that covered by any of the documents specified in sub-paragraphs (a) and (b).

*(Please list below supporting documentation provided)*

- a) Please find enclosed group accounts for Mutual Energy Limited for the year ended 31 March 2013 referenced 2a
- b) Please find enclosed group accounts for Mutual Energy Limited for the years 31 March 2012 and 2011 referenced 2b
- c) Not Applicable

3. Where the documents specified at paragraph 2 do not include the consolidated accounts for any parent undertaking of the applicant established outside Northern Ireland, copies of such accounts together with any auditors' reports, as indicate the financial state of affairs of the group in question:—

- (a) at the time of the application; and
- (b) at the end of each of the three financial years preceding that time.

*(Please list below supporting documentation provided)*

Not Applicable

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**Note**

If the application is for an extension of a licence, the information and documents specified at paragraphs 1 to 3 above and paragraphs 4 to 7 below need only be given in so far as, in any material respect they differ from or add to the most recent information or documents which were provided in relation to the same requirement:—

- (a) with an application made by the applicant in accordance with these Regulations; or
- (b) subsequent to such an application in pursuance of a condition of the applicant's licence.

4. Where the applicant is not a company, such accounts or other information as indicate the financial state of affairs of the applicant, and of any person in whom effective control of the applicant resides:—

- (a) at the time of the application; and
- (b) at the end of each of the three financial years preceding that time.

*(Please list below supporting documentation provided)*

Not Applicable

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5. A statement giving such further particulars (if any), whether by way of financial projections, sources of finance (including the amount of any borrowings required or being sought from banks or other lending institutions) or otherwise, as will, in conjunction with such particulars and documents as are provided in accordance with paragraphs 1 to 4, indicate whether the applicant would be likely to be able to finance the activities authorised by its licence if the application were granted.

*(Please list below supporting documentation provided)*

NIEH has developed a robust financing plan for both the construction and operating phases. These are set out in detail in the business plan and entail construction phase financing and a long term bond refinancing. To evidence its ability to fully finance each phase, the parent company MEL has procured comfort letters for both the construction phase

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(from SGN) and the bond refinancing (from Barclays and RBC Capital Markets including supporting term sheets). The SGN comfort letter demonstrates our ability to access 120% of the minimum amount required (£97.24m) as specified by the authority - this is given further value by reference to the SGN accounts and related explanatory letter which accompanies their connected bid for a low pressure licence. Supporting documentation is enclosed and referenced 5a, 5b and 5c. The Barclays and RBC comfort letters support our intention for long term bond refinancing and refer to the forecast bond amount required i.e. net of subvention receipts.

### **Constitutional documents**

6. Where the applicant is a company:-
- (a) copies of its Memorandum and Articles of Association or other constitutional documents;
  - (b) the names of its directors as at the date of the application; and
  - (c) the names of its principal shareholders as at the date of the application.

*(Please list below supporting documentation provided)*

- a) Please find Memorandum and Articles of Association for Mutual Energy Limited enclosed along with evidence of the name change from Mutual Energy Limited to Northern Ireland Energy Holdings Limited enclosed referenced 6a
- b) Mr Patrick Larkin and Mr Gerard McIlroy
- c) Mutual Energy Limited

7. Details of each parent undertaking, holding company and ultimate controller of the applicant, and full details of the position of the applicant within any group structure.

*(Please list below supporting documentation provided)*

See enclosed current group structure referenced 7a and proposed group structure referenced 7b in which the applicant, NIEH, changes its name to West Transmission Limited.

### **Expertise of applicant**

8. A statement giving such particulars of the applicant, and of any sub-contractors or other persons on whose expertise or experience the applicant proposes to rely, as may indicate whether the applicant or that other person has or will acquire the necessary skills to undertake the activities to which the licence or, as the case may be, the extension, relates and any other activities which are incidental thereto.

*(Please list below supporting documentation provided)*

The extensive expertise of the applicant in relation to the provision of transmission services and of Scotia Gas Networks in relation to the construction is detailed in the enclosed business plan.



9. Details of any licence or authorisation held by the applicant in a jurisdiction other than Northern Ireland which is equivalent to a licence under the Order<sup>5</sup> or the Electricity (Northern Ireland) Order 1992<sup>6</sup>.

*(Please list below supporting documentation provided)*

Not Applicable

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**Proposed authorised area and Pipeline system**

10. A statement as to the type of gas conveyance licence for which the applicant is applying, being:–
- (a) a licence to convey gas through a system which mainly comprises pipelines with pressure above 7 bar;
  - (b) a licence to convey gas through a system which mainly comprises pipelines with pressure of 7 bar or below; or
  - (c) a licence to convey gas through both of the above types of systems.

(a) a licence to convey gas through a system which mainly comprises pipelines with pressure above 7 bar

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11. A map drawn to an appropriate scale showing:–
- (a) the area in which the applicant proposes to convey gas from one place to another (“the proposed area”);
  - (b) the proposed configuration of the pipeline system the applicant would use for that purpose if the application were granted; and
  - (c) any pipes used or to be used by the applicant wholly or mainly for the purpose of conveying gas to the proposed area if the application were granted.

See map referenced 11

12. A list of the district councils in whose area the proposed area lies.

Dungannon and South Tryone Borough Council, Fermanagh District Council, Magherafelt District Council, Omagh District Council, Strabane District Council, Cookstown

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<sup>5</sup> S.I. 1996/275 (N.I.2), relevant amendments were made by S.R. 2011 No. 155 and S.R. 2013 No. 92  
<sup>6</sup> S.I. 1992 No. 231 (N.I. 1)

## Development Plan

13. A development plan in respect of the activities ("the authorised activities") which would be authorised by the licence or, as the case may be, the extension, if the application were granted, including estimates, for each year of the period required to complete the development, of:-
- (a) the length(s) (in kilometres), diameter(s) and design operating pressure(s) of the pipelines to be used for the authorised activities;
  - (b) the number of premises which may be connected to the pipeline system;
  - (c) the amount of gas, in therms, expected to be conveyed, separately identifying any amount to be conveyed to domestic premises;
  - (d) the total revenue from the authorised activities;
  - (e) the total capital costs of the authorised activities, showing separately such costs in relation to procuring and laying pipe-lines, providing and installing meters, procuring and installing other operational plant and machinery, and overhead and administrative requirements (in all cases excluding finance charges);
  - (f) the total operating costs of the authorised activities, showing separately such costs in relation to fuel (including gas purchases), staff (including consultants') costs, rent and rates, development costs and insurance; and
  - (g) net annual cashflow, and stating, where appropriate, the assumptions underlying the figures provided.

*(Please list below supporting documentation provided)*

We refer to our business plan document which has an in-depth explanation of our plans and has been prepared in line with the "FMA study" design and costs as instructed by the Utility Regulator in its applicant information pack dated 6th February 2014. (a) to (c) are assumed to be in line with this study. We also attach financial model extracts (referenced 13) detailing revenue, capital costs, operating costs and net annual cashflow as requested in (d), (e), (f) and (g) above.

## System security standards

14. Particulars of the proposed system security standards for the pipeline network.

*(Please list below supporting documentation provided)*

The Pipeline system will be designed, constructed and operated in accordance with The Pipelines Safety Regulations (Northern Ireland) 1997, Gas Safety (Management) Regulations (Northern Ireland) 1997, Regulation (EU)994/2010 and IGEM Industry Recommendations and Guidance as described in Sections 3, 4 and 5 of the Business Plan. In relation to the security of physical assets, due to the absence of a Northern Ireland Standard the pipeline security measures will be commensurate with the advice of the relevant competent authority and subject to the capital funding stipulations of the authority. As a minimum we would expect to deploy security measures common to those currently deployed on Mutual Energy infrastructure.

**Safety requirements**

- 15. Such particulars as will indicate whether any pipeline system through which the applicant would be authorised to convey gas if the application or extension were granted would be operated safely.
  
- 16. Particulars of the applicant's proposed arrangements to secure the performance of any obligations in relation to escapes of gas imposed on him by Schedule 5 to the Order.

*(Please list below supporting documentation provided)*

The particulars pertaining to the safe operation of the West Transmission pipelines are described in section 5.1 and 5.3 of the Business Plan. Arrangements in relation to escapes of gas are described in section 5.8 of the Business Plan.

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**Exclusive authority**

- 17. Any exclusive authority to convey gas sought and justification for the conferral of such authority.

*(Please list below supporting documentation provided)*

We do not seek exclusive authority to convey gas.

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**Standard conditions**

- 18. Any modification requested to any of the standard conditions for a gas conveyance licence and the grounds on which the applicant believes that any such modification:—
  - (a) is requisite to meet the circumstances of a particular case; and
  - (b) is such that no other holder of such a licence would be unduly disadvantaged by the making of the modification.
  
- 19. Particulars of the applicant's proposed arrangements for compliance with those standard conditions for a gas conveyance licence which are identified for this purpose.

In relation to the standard conditions only, we do not envisage any modifications however we expect this would be subject to final review and agreement of .....



a mutual licence. The Mutual Energy Group have considerable experience of complying with gas conveyance licences as demonstrated in our business plan (examples in section 4.2). We currently operate under NI gas conveyance licences and have full policies, procedures and governance to ensure we operate in a fully compliant manner. We will extend these procedures to the new licence area, modifying where necessary once the new licence is agreed.

## Fit and Proper Person

20. One of the following:-

- (a) full particulars of all actual, pending or threatened regulatory enforcement actions that have been, are being, or are proposed to be taken by any competent authority against the applicant or any individuals listed in accordance with paragraph 6(b) ("relevant individuals") or any parent undertaking, holding company or ultimate controller of the applicant; or
- (b) a statement signed by a senior officer of the applicant confirming that there is no such actual, pending or threatened regulatory enforcement action.

a) Not Applicable

b) Please find enclosed referenced 20

21. One of the following:-

- (a) full particulars of all criminal convictions of the applicant or any relevant individuals or any parent undertaking, holding company or ultimate controller of the applicant other than convictions for minor road traffic offences or in respect of which the convicted person has become rehabilitated under the Rehabilitation of Offenders (Northern Ireland) Order 1978<sup>7</sup> or the Rehabilitation of Offenders Act 1974<sup>8</sup>; or
- (b) a statement signed by a senior officer of the applicant confirming that there are no such convictions.

a) Not Applicable

b) Please find enclosed referenced 20

22. One of the following:-

- (a) full particulars of all cautions given, prosecutions brought or threatened or any other action taken by a competent authority in respect of the applicant or any relevant individuals or any parent undertaking, holding company or ultimate controller of the applicant within the six years prior to the date of the application, in relation to any

<sup>7</sup> 1978 No. 1908 (N.I. 27)

<sup>8</sup> 1974 c. 53

actual or alleged contravention of environmental (including town and country planning) legislation; or

- (b) a statement signed by a senior officer of the applicant confirming that there have been no such actions.

a) Not Applicable

b) Please find enclosed referenced 20

23. One of the following:-

- (a) full particulars of every application made by the applicant or any parent undertaking, holding company or ultimate controller of the applicant for a licence under the Order or the Electricity (Northern Ireland) Order 1992, or for any equivalent form of licence or authorisation in a jurisdiction other than Northern Ireland, where that application has been refused; or

- (b) a statement signed by a senior officer of the applicant confirming that there have been no such refusals.

a) Not Applicable

b) Please find enclosed referenced 20

24. One of the following:-

- (a) full particulars of every licence held by the applicant or any parent undertaking, holding company or ultimate controller of the applicant under the Order or the Electricity (Northern Ireland) Order 1992, or any equivalent form of licence or authorisation in a jurisdiction other than Northern Ireland, which has been revoked or threatened to be revoked; or

- (b) a statement signed by a senior officer of the applicant confirming that there has been no such revocation or threat of revocation.

a) Not Applicable

b) Please find enclosed referenced 20

25. One of the following:-

- (a) full particulars of every instance of insolvency or corporate restructuring to which the applicant or any parent undertaking, holding company or ultimate controller of the applicant has been subject; or

- (b) a statement signed by a senior officer of the applicant confirming that there has been no such instance of insolvency or corporate restructuring.

a) Not Applicable

b) Please find enclosed referenced 20

26. One of the following:-

(a) full particulars of all actual, pending or threatened recovery orders in relation to illegal State aid that have been made, are being made, or have been proposed by the European Commission in respect of the applicant or any parent undertaking, holding company or ultimate controller of the applicant; or

(b) a statement signed by a senior officer of the applicant confirming that there have been no such actual, pending or threatened recovery orders.

a) Not Applicable

b) Please find enclosed referenced 20

## Interpretation

27. In this schedule:-

“the 2006 Act” means the Companies Act 2006<sup>9</sup>;

“annual accounts” has the meaning given by section 471 of the 2006 Act;

“auditors' report” means a report prepared under section 495 of the 2006 Act;

“company” has the meaning given by section 1 of the 2006 Act;

“competent authority” means any minister, ministry, department, agency, authority, official or statutory office holder;

“domestic premises” means premises to which gas is conveyed at a rate which is reasonably expected not to exceed 2,500 therms a year;

“group” has the meaning given by section 474(1) of the 2006 Act;

“group accounts” means such accounts as are required to be prepared by section 399 of the 2006 Act;

“holding company” has the meaning given by section 1159 of the 2006 Act;

“parent undertaking” and “subsidiary undertaking” have the meanings given by section 1162 of the 2006 Act;

“senior officer” means the chairman, chief executive, other director or company secretary of the applicant;

“ultimate controller” means, in respect of the applicant:-

(a) any holding company of the Licensee, which is not itself a subsidiary of another company; and/or

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<sup>9</sup> 2006 c.46



(b) any person who (whether alone or with a person or persons connected with him) is in a position to control, or to exercise significant influence over, the policy of the applicant, or any holding company of the applicant, by virtue of:

(i) rights under contractual arrangements to which he is a party or of which he is a beneficiary;

(ii) rights of ownership (including rights attached to or deriving from securities or rights under a trust) which are held by him or of which he is a beneficiary,

(and for these purposes a person shall be considered to be connected with another person if they are party to any arrangement regarding the exercise of any such rights as are described in (i) and/or (ii)),

but shall exclude any director or employee of a corporate body in his capacity as such and any minister, ministry, department, agency, authority, official or statutory office holder."



Mutual Energy Limited  
The Arena Buildings  
1st Floor, 85 Ormeau Road  
Belfast

For the attention of: Gerard McIlroy

15 April 2014

Dear Sirs

**Gas to the West Project (the "Project")**

We understand that Mutual Energy Limited ("MEL") and Scotia Gas Limited ("SGN") (and/or other members of their respective groups) have formed a consortium (the "Consortium") to submit a linked bid for the gas transmission and distribution licences to extend the existing network to the west of Northern Ireland ("the Project"). You have asked us to provide you with a comfort letter that can be submitted with your bid for the transmission licence to meet the Financial Standing criteria of the bid. Specifically, you have asked us to confirm that subject to certain criteria being met, Barclays Bank PLC, acting through its investment bank ("Barclays"), on completion of the construction and subject to normal legal, technical and insurance due diligence, would be prepared to consider underwriting a bond offering of up to 120% of the forecast net capital requirements (circa £72m) by, or guaranteed by, the company holding the Transmission licence ("the Company"). This would be on the basis that the Company has a cost pass through licence substantially the same as both Premier Transmission Limited and Belfast Gas Transmission Limited and the bond achieves a credit rating of single "A" from either Fitch, Moody's Investor Services or Standard & Poors.

Barclays has considerable experience in funding UK infrastructure transactions in each of the bank finance and bond markets. Barclays has been consistently placed in the top 3 of independently published Sterling bond arranger league tables and has a long history of operations as a Gilt Edged Market Maker and arranger of corporate and infrastructure bond issues.



Also highly relevant to the Project is our infrastructure finance experience. In the infrastructure market Barclays has a long history of arranging capital markets financing for utility companies, operational infrastructure businesses and project financings.

Subject to the conditions of this comfort letter and the conditions of the draft term sheet (attached as Appendix A to this letter) (the "Term Sheet"), Barclays would be pleased to act as Bond Arranger and Bookrunner in relation to the Project.

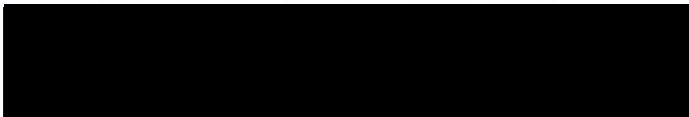
In particular, we are pleased to confirm, as at this date, that:

- i) we are aware of and comfortable with both the Premier Transmission Limited and Belfast Gas Transmission Limited licences on which West Transmission's licence will be based and which will provide the source of repayment for the long term financing;
- ii) we have reviewed and are comfortable with the term sheet in Appendix B which sets out a draft of the principal terms and conditions of the financing structure and which will form the basis of the long term financing documentation to be completed; and
- iii) we are satisfied with MEL's financing plan and approach.

You will appreciate that this comfort letter does not constitute an offer of financing, or a legally binding commitment of any kind to provide finance.

We look forward to working with further to deliver this exciting project.

Yours faithfully



For and on behalf of  
Barclays Bank PLC  
acting through its investment bank

Name



Title

MANAGING DIRECTOR

Date

15.4.2014

## Appendix A

### Draft Long Term Financing Termsheet

<b>ISSUER:</b>	West Financing [Plc]
<b>GUARANTORS:</b>	West Transmission Limited & West Holdings Limited
<b>LEAD ARRANGER:</b>	TBC
<b>SECURITY TRUSTEE:</b>	TBC
<b>INITIAL BOND AMOUNT:</b>	£72m
<b>TERM:</b>	[40] years assuming a perpetual licence
<b>COUPON:</b>	•% [principal and interest to be RPI linked]
<b>PURPOSE</b>	(a) Refinancing indebtedness incurred under the SGN construction subcontract and any associated rolled up costs; and (b) Funding of required cash reserves under the financing and transaction costs.
<b>SUPPORTING FACILITIES:</b>	(i) A Liquidity facility (the “ <b>Liquidity Facility</b> ”); and (ii) A capital expenditure and working capital revolving credit facility (the “ <b>Revolving Loan Facility</b> ”).
<b>DEBT SERVICE RESERVE FACILITY:</b>	Estimated required next 12 months debt service.
<b>SECURITY AND INTERCREDITOR POSITION:</b>	Security to be provided over the shares and all accounts of West Transmission Limited. The Liquidity Facility will be senior to all other secured creditors.
<b>PRECEDENT:</b>	The precedent for drafting the new financing will be the precedent terms and conditions constituting the bonds issued by Premier Transmission Limited and Belfast Gas Transmission Limited.
<b>REPAYMENT:</b>	Annuity style amortisation to allow full redemption during the term of the bond.
<b>PREPAYMENT:</b>	Allowed subject to make-whole provisions.

**FINANCIAL COVENANTS:**

For so long as the Bond is outstanding (but not otherwise), breach of the following Financial Covenant ratios will constitute an Event of Default:

- On any given Ratio Test Date, the average of the ADSCRs in respect of the year ending on that Ratio Test Date plus the two preceding years is below 1.10:1; and
- On any Ratio Test Date, the ADSCR in respect of the year ending on that Ratio Test Date is below 0.75:1. This is subject to the caveat that the Issuer has an opportunity to demonstrate to the reasonable satisfaction of the financiers that the ADSCR in respect of that year will be equal to or in excess of 0.75:1, when tested on the 18<sup>th</sup> January in the next year (this date aligns with the period following the end of the Gas Year in which reconciliation payments are made under the postalised charging regime)

**GENERAL COVENANTS:**

The following undertakings will be included in the Agreement:

- (a) Authorisations;
- (b) Compliance with laws;
- (c) Licences;
- (d) *Pari passu* ranking;
- (e) Insurance;
- (f) Restriction on Merger and demerger;
- (g) Abandonment and/or change of business;
- (h) Maintenance of essential Intellectual Property Rights;
- (i) No disposal of assets, save for certain de minimis exceptions;
- (j) Ability to incur additional Financial Indebtedness limited unless Compliance Certificate (taking into account the new debt) is delivered showing compliance with the financial covenants and any new creditor accedes to the inter-creditor agreement;



- (k) Maintenance of Liquidity Facilities;
- (l) Maintenance of ratings;
- (m) Maintenance of bond listing
- (n) Restriction on amendment of Licence and other regulatory documents;
- (o) no creation of security in favour of third party; and
- (p) Obligors will not take steps for winding-up.

**EVENTS OF DEFAULT:**

Each of the following will be included in the Agreement:

- (a) Non-payment;
- (b) Breach of obligations;
- (c) Misrepresentation;
- (d) Cross default;
- (e) Insolvency;
- (f) Insolvency proceedings;
- (g) Creditors' process;
- (h) Litigation which has a Material Adverse Effect;
- (i) Unlawfulness and invalidity of finance documents;
- (j) Ineffectiveness of security;
- (k) Repudiation and rescission of the finance documents; and
- (l) Expropriation.

**ADVERSE REGULATORY  
EVENT:**

Adverse Regulatory Event ("ARE") means any event or circumstance which;

- (a) will, or is likely to, or the effect of which is likely to, give grounds for revocation or termination of any Regulatory Document (i.e. the Licence and any supporting regulatory letter or other document); or

(b) will, or is likely to, result in a regulatory authority taking steps to amend any Regulatory Document, without the consent of the Issuer or Guarantor, in a way in which impairs the ability of the Guarantor to recover the regulated revenue entitlement which is written into the Licence on the date it is originally granted.

During an Adverse Regulatory Event, the Issuer must keep topping up the ARE Suspense Account until the ARE is remedied. The funds which will be used to top up will be raised from shippers via an enhanced revenue entitlement – broadly one year's debt service – during the continuance of an ARE.

**GOVERNING LAW:**

English.

**JURISDICTION:**

The Courts of England.



Mutual Energy Limited  
The Arena Buildings  
1st Floor, 85 Ormeau Road  
Belfast

For the attention of: Gerard McIlroy

28<sup>th</sup> April 2014

Dear Gerard

**Gas to the West Project (the “Project”)**

We understand that Mutual Energy Limited (“MEL”) and Scotia Gas Limited (“SGN”) (and/or other members of their respective groups) (the “Consortium”) have formed a consortium to submit a linked bid for the gas transmission and distribution licences to extend the existing network to the west of Northern Ireland (“the Project”). You have asked us to provide you with a comfort letter that can be submitted with your transmission licence bid to meet the Financial Standing criteria of the bid. Specifically, you have asked us to confirm that, subject to certain criteria being met, RBC Europe Limited (“RBC Capital Markets”), on completion of the construction and subject to normal legal, technical and insurance due diligence, would be prepared to consider underwriting a bond offering of up to 120% of the forecast net capital requirements (circa £[74]m) by, or guaranteed by, the licensed transmission company. This would be on the basis that the company has a cost pass through licence substantially the same as both Premier Transmission Limited and Belfast Gas Transmission Limited, and the bond achieves a credit rating of single “A” from either Fitch, Moody’s Investor Services or Standard & Pools.

RBC Capital Markets has considerable experience in funding UK infrastructure transactions in the bank and bond market. RBC Capital Markets has been consistently placed in the top 6 of the sterling bond arranger league tables and has a long history of operations as a Gilt Edged Market Maker and arranger of corporate and infrastructure bond issuers.

RBC has a longstanding relationship with MEL and its predecessor, Northern Ireland Energy Holdings (“NIEH”) and RBC has collaborated with MEL on a number of projects and financing initiatives over the course of the last 10 years or so.

Specifically, in 2005 RBC acted as joint financial advisor, bond arranger and swap provider in connection with NIEH’s acquisition from BG Group and KeySpan of Premier Transmission Limited, the owner / operator of the Scotland to Northern Ireland gas transmission pipeline. In 2008, RBC also acted as sole financial advisor and joint bond arranger in support of MEL’s acquisition from Phoenix Natural Gas of Belfast Gas Transmission Limited, the owner / operator of the gas transmission pipeline which transports gas from the Ballylumford Power Station to Greater Belfast.

Our relationship with SGN traces back to the original acquisition by the current consortium in 2005. RBC acted as one of the acquisition finance underwriting banks. Since then we have assisted SGN with refinancing into the debt capital markets. We also have a close and active relationship with each of SGN’s shareholders.

Also highly relevant to the Project is our infrastructure finance experience. In the infrastructure market RBC Capital Markets has a long history of arranging capital markets financing for utility companies, operational infrastructure businesses and project financings.





RBC Capital Markets' credentials in the UK infrastructure sector and the capital markets more generally are attached as Appendix A. Subject to the conditions of this comfort letter and the conditions of the draft term sheet (attached as Appendix B to this letter) (the "Term Sheet"), RBC Capital Markets would be pleased to act as Bond Arranger & Bookrunner in relation to the Project.

In particular, we are pleased to confirm, as at this date, that:

- i) we have reviewed the Consortium's transmission business[ and financing] proposals;
- ii) we are aware of and comfortable with both the Premier Transmission Limited and Belfast Gas Transmission Limited licences on which West Transmission's licence will be based and which will provide the source of repayment for the long term financing;
- iii) we have reviewed and are comfortable with the term sheet in Appendix B which sets out a draft of the principal terms and conditions of the financing structure and which will form the basis of the long term financing documentation to be completed; and
- iv) RBC Capital Markets is satisfied with MEL's financing plan and approach.


You will appreciate that this comfort letter does not constitute an offer of financing, or a legally binding commitment of any kind to provide finance.

We look forward to working with further to deliver this exciting project.

Yours sincerely



















**RBC Europe Limited**

Managing Director, Corporate Debt Capital Markets  
priya.nair@rbccm.com

020 7029 7475

Appendix A: RBC is One of the Leading Funders in the Infrastructure Sector

 <p>Senior Credit Facilities &amp; Senior Notes Refinancing of Existing Facilities</p> <hr/> <p><b>\$746,000,000</b></p> <hr/> <p>Left-Lead Arranger &amp; Bookrunner May 2013</p>	 <p>Oystercatcher Term Loan &amp; RCF Refinancing of Existing Facilities</p> <hr/> <p><b>€195,000,000</b></p> <hr/> <p>Mandated Lead Arranger March 2013</p>	 <p>Term Loan &amp; RCF Acquisition of Stansted Airport Limited</p> <hr/> <p><b>Undisclosed</b></p> <hr/> <p>Mandated Lead Arranger January 2013</p>	 <p>Senior Credit Facilities Acquisition by ArcLight Capital Partners</p> <hr/> <p><b>€95,000,000</b></p> <hr/> <p>Mandated Lead Arranger December 2012</p>
 <p>Senior Credit Facilities Refinancing of Existing Facilities</p> <hr/> <p><b>€218,500,000</b></p> <hr/> <p>Mandated Lead Arranger November 2012</p>	 <p>Senior Credit Facilities Acquisition of gas transmission network, Open Grid Europe For €3.2bn by a MEIF4, BCIMC, ADIA and MEAG consortium</p> <hr/> <p><b>€2,750,000,000</b></p> <hr/> <p>Mandated Lead Arranger and Joint Financial Advisor July 2012</p>	 <p>Senior Credit Facilities Acquisition of Veolia Environment's regulated UK water business by a consortium comprising, Infracapital, MSIP and SAFE</p> <hr/> <p><b>€652,100,000</b></p> <hr/> <p>Mandated Lead Arranger June 2012</p>	 <p>Senior Credit Facilities Refinancing of Existing Facilities</p> <hr/> <p><b>€2,705,000,000</b></p> <hr/> <p>Mandated Lead Arranger June 2012</p>
 <p>OpCo and HoldCo Facilities Refinancing of existing Facilities</p> <hr/> <p><b>€3,500,000,000</b></p> <hr/> <p>Mandated Lead Arranger and Bookrunner February 2012</p>	 <p>Senior Credit Facilities Acquisition of 24.1% stake in Gassco by ADIA, Allianz and CPPIB</p> <hr/> <p><b>NOK12,250,000,000</b></p> <hr/> <p>Mandated Lead Arranger and Bookrunner February 2012</p>	 <p>Senior Credit Facilities Acquisition of Finnish Electricity Distribution and Heat businesses by 3i, GSIP II and Ilmarinen consortium</p> <hr/> <p><b>€1,250,000,000</b></p> <hr/> <p>Mandated Lead Arranger and Bookrunner January 2012</p>	 <p>Senior Credit Facilities Acquisition of Northumbrian Water Group by CKI</p> <hr/> <p><b>€1,282,000,000</b></p> <hr/> <p>Lead Buy Side Advisor, Mandated Lead Arranger and Bookrunner August 2011</p>
 <p>Senior Credit Facilities Refinancing of Existing Facilities</p> <hr/> <p><b>DKK5,300,000,000</b></p> <hr/> <p>Mandated Lead Arranger and Bookrunner July 2011</p>	 <p>Senior Credit Facilities Refinancing of Existing Facilities</p> <hr/> <p><b>€1,250,000,000</b></p> <hr/> <p>Mandated Lead Arranger and Bookrunner April 2011</p>	 <p>Junior Holdco Facilities Bank and Bond Refinancing</p> <hr/> <p><b>€825,000,000</b></p> <hr/> <p>Mandated Lead Arranger and Bookrunner April 2011</p>	 <p>Senior Credit Facilities Acquisition Financing Facilities</p> <hr/> <p><b>€480,000,000</b></p> <hr/> <p>Mandated Lead Arranger March 2011</p>
 <p>Senior Credit Facilities Refinancing of Existing Facilities Acquisition of Eversholt Rail Group by Eversholt Investment Group</p> <hr/> <p><b>€1,707,350,000</b></p> <hr/> <p>Joint Mandated Lead Arranger, Bookrunner and Underwriter November 2010</p>	 <p>Senior Credit Facilities Refinancing of Existing Facilities Acquisition of the High Speed 1 rail link by Borealis and OMERS</p> <hr/> <p><b>€1,390,000,000</b></p> <hr/> <p>Joint Mandated Lead Arranger, Bookrunner and Underwriter November 2010</p>	 <p>Class B Debt Facility</p> <hr/> <p><b>€625,000,000</b></p> <hr/> <p>Mandated Lead Arranger August 2010</p>	 <p>Acquisition Facilities Acquisition of Gatwick Airport by Global Infrastructure Partners</p> <hr/> <p><b>€1,125,000,000</b></p> <hr/> <p>Mandated Lead Arranger &amp; Bookrunner December 2009</p>


- Following the acquisition of Veolia's UK water interests, the company was renamed to Affinity Water
- Solveig Gas Norway AS is the SPV created by the consortium for the acquisition of a 24.1% stake in Gassco
- Elenia is the SPV created by the consortium for the acquisition of Vattenfall AB's Finnish electricity distribution and heat business

Appendix A: RBC is One of the Leading Funders in the Infrastructure Sector

Utilities	<p>2.875% Due 2020 -/BBB/-</p> <p>€500,000,000</p> <p>Joint Bookrunner December 2013</p>	<p>2.375% Due 2022 A3/A-/-</p> <p>€500,000,000</p> <p>Joint Bookrunner December 2013</p>	<p>3.125% due 2023 -/A-/-</p> <p>€750,000,000</p> <p>Joint Bookrunner July 2013</p>	<p>€750m 2% 2020 €750m 2.875% 2025 /A-</p> <p>€1,500,000,000</p> <p>Joint Lead Manager June 2013</p>	
	<p>2.875% Due 2020 Baa1/BBB/BBB+</p> <p>€600,000,000</p> <p>Joint Lead Manager May 2013</p>	<p>£80m 3.625% 2022 £250m 4.5% 2036 £150m 1.548% /L 2045</p> <p>€480,000,000</p> <p>Joint Placement Agent January 2013</p>	<p>3.625% Due 2017 Baa3/BBB+</p> <p>€500,000,000</p> <p>Joint Bookrunner November 2012</p>	<p>4.375% Due 2019 Baa3/BBB+/BBB+</p> <p>€500,000,000</p> <p>Joint Bookrunner November 2012</p>	
	<p>4.25% Due 2044 A3/A-</p> <p>€500,000,000</p> <p>Joint Lead Manager August 2012</p>	<p>7% Perpetual Baa2/BBB</p> <p>€750,000,000</p> <p>Joint Bookrunner March 2012</p>	<p>4.75% Due 2021 Baa1/BBB+/BBB+</p> <p>€150,000,000</p> <p>Joint Lead Manager March 2012</p>	<p>4.875% Due 2020 A2/A+</p> <p>€250,000,000</p> <p>Joint Bookrunner February 2012</p>	
	Transport	<p>2.250% Due 2020 -/BBB/BBB+</p> <p>€500,000,000</p> <p>Joint Bookrunner January 2014</p>	<p>6.5% Due 2031 -/BBB/-</p> <p>€60,000,000 (tap)</p> <p>Joint Bookrunner November 2013</p>	<p>6m€L+180 Due 2023 -/BBB/-</p> <p>€60,000,000</p> <p>Joint Bookrunner July 2013</p>	<p>3.25% Due 2020 Baa1/-/BBB</p> <p>€500,000,000</p> <p>Joint Bookrunner June 2013</p>
		<p>3m€+58bps Senior Unsecured Baa1/BBB+</p> <p>€500,000,000</p> <p>Joint Bookrunner April 2013</p>	<p>3.334% Index Linked Due 2039 A-/A-</p> <p>€460,000,000</p> <p>Joint Lead Manager 2009, 2011, 2012</p>	<p>\$550m 3.79% 2028 £117m 4.21% 2031 £58m FRN 2031 £50m 4.72% 2036</p> <p>\$915,000,000 eq.</p> <p>Joint Placement Agent September 2012</p>	<p>7.125% Due 2024 BBB/BBB Class B</p> <p>€600,000,000</p> <p>Joint Lead Manager February 2012</p>



Appendix A: Unparalleled Experience in Leading and Trading Sterling Project Bonds

<p>Holyrood Student Accom.               5.533% due 2048            1.9713% (I/L) due 2048            A2/AA-/-</p> <hr/> <p><b>£63,000,000</b></p> <hr/> <p>Sole Bookrunner</p>	<p>            Unwrapped Project Bond            2.057% IL            Due 2054            (Rated A-)</p> <hr/> <p><b>€143,500,000</b></p> <hr/> <p>Sole Bookrunner</p>	<p>            University Partnerships            Programme            £307.1m 4.9023% 2040            £75m 2.7291% I/L 2047</p> <hr/> <p><b>£382,000,000</b></p> <hr/> <p>Joint Lead Manager</p>	<p>            Salford Hope Hospital            Index-Linked Bonds            due 2042</p> <hr/> <p><b>£158,900,000</b></p> <hr/> <p>Advisor &amp;            Joint Lead Arranger</p>
<p>            Broomfield Hospital            PFI Project            2.2212% Indexed Bonds due 2043</p> <hr/> <p><b>£193,000,000</b></p> <hr/> <p>Advisor &amp;            Lead Arranger</p>	<p>            M1 Westlink DBFO Road            FSA wrapped, 1.609% indexed            bonds due 2036</p> <hr/> <p><b>£152,000,000</b></p> <hr/> <p>Sole Lead Arranger</p>	<p>            M77 DBFO Road            XL wrapped, 5.404% fixed rate            bonds due 2034</p> <hr/> <p><b>£150,000,000</b></p> <hr/> <p>Sole Lead Arranger</p>	<p>            Central Manchester Hospitals            PFI Project            Ambac wrapped, 2.411% indexed            bonds due 2040</p> <hr/> <p><b>£218,000,000</b></p> <hr/> <p>Lead Arranger</p>
<p>            Colchester Garrison PFI Project            Ambac wrapped, 5.337% fixed rate            bonds due 2038</p> <hr/> <p><b>£580,000,000</b></p> <hr/> <p>Lead Arranger</p>	<p><b>Dundee Schools            PPP Project</b>            Ambac wrapped, 1.948% indexed            bonds due 2037</p> <hr/> <p><b>£104,000,000</b></p> <hr/> <p>Sole Lead Arranger</p>	<p>              Advice on Management of            RPI Linked Market            Barts &amp; Royal London</p> <hr/> <p><b>£750,000,000</b></p> <hr/> <p>Advisor to DH</p>	<p>            North Lanarkshire Schools            PPP Project            XL wrapped, 2.343% indexed            bonds due 2036</p> <hr/> <p><b>£88,000,000</b></p> <hr/> <p>Sole Lead Arranger</p>
<p>            Sheffield University            Student Accommodation            FSA wrapped, 1.8415% indexed            bonds due 2045</p> <hr/> <p><b>£152,000,000</b></p> <hr/> <p>Sole Lead Arranger</p>	<p><b>ANNES GATE            PROPERTY PLC</b>            Home Office Redevelopment            PFI Project            Ambac wrapped, 3.237% indexed            bonds due 2030 &amp; 5.661% fixed            rate bonds due 2031</p> <hr/> <p><b>£274,000,000</b></p> <hr/> <p>Sole Lead Arranger</p>	<p>            Treasury Building            – East PFI Project            FSA wrapped, 5.396%            fixed rate bonds            due 2036</p> <hr/> <p><b>£165,000,000</b></p> <hr/> <p>Sole Lead Arranger</p>	<p>            Tameside General Hospital            Index-Linked Bonds            due 2041</p> <hr/> <p><b>£93,300,000</b></p> <hr/> <p>Advisor &amp;            Joint Lead Arranger</p>
<p>            Amey Lagan            Roads Financial plc            Indexed-Linked Bonds            due 2037</p> <hr/> <p><b>£146,000,000</b></p> <hr/> <p>Joint Lead Arranger</p>	<p>            Newcastle Hospitals PFI Project            XL wrapped, 2.187% indexed            bonds due 2041</p> <hr/> <p><b>£238,000,000</b></p> <hr/> <p>Sole Lead Arranger</p>	<p>            Highlands Schools PPP Project            Ambac wrapped, 4.792% fixed rate            bonds due 2036</p> <hr/> <p><b>£100,000,000</b></p> <hr/> <p>Sole Lead Arranger</p>	<p>            Belfast Gas Transmission            FSA wrapped, 2.207% indexed            bonds due 2048</p> <hr/> <p><b>£119,000,000</b></p> <hr/> <p>Sole Lead Arranger</p>



## Appendix B

### Draft Long Term Financing Termsheet

<b>ISSUER:</b>	West Financing [Plc]
<b>GUARANTORS:</b>	West Transmission Limited & West Holdings Limited
<b>LEAD ARRANGER:</b>	TBC
<b>SECURITY TRUSTEE:</b>	TBC
<b>INITIAL BOND AMOUNT:</b>	£[74]m
<b>TERM:</b>	[40] years assuming a perpetual licence
<b>COUPON:</b>	•% [principal and interest to be RPI linked]
<b>PURPOSE</b>	(a) Refinancing indebtedness incurred under the SGN construction subcontract and any associated rolled up costs; and (b) Funding of required cash reserves under the financing and transaction costs.
<b>SUPPORTING FACILITIES:</b>	(i) A Liquidity facility (the “ <b>Liquidity Facility</b> ”); and (ii) A capital expenditure and working capital revolving credit facility (the “ <b>Revolving Loan Facility</b> ”).
<b>DEBT SERVICE RESERVE ACCOUNT:</b>	Cash balance to be the next 12 months debt service.
<b>SECURITY AND INTERCREDITOR POSITION:</b>	Security to be provided over the shares and all accounts of West Transmission Limited. The Liquidity Facility will be senior to all other secured creditors.
<b>PRECEDENT:</b>	The precedent for drafting the new financing will be the Premier Transmission and Belfast Gas Transmission Limited <b>financings</b> .
<b>REPAYMENT:</b>	Annuity to allow full redemption during the term of the bond.
<b>PREPAYMENT:</b>	Allowed subject to make-whole provisions.
<b>FINANCIAL COVENANTS:</b>	For so long as the Bond is outstanding (but not otherwise), breach of the following Financial Covenant ratios will constitute an Event of Default:



- On any given Ratio Test Date, the average of the ADSCRs in respect of the year ending on that Ratio Test Date plus the two preceding years is below 1.10:1; and
- On any Ratio Test Date, the ADSCR in respect of the year ending on that Ratio Test Date is below 0.75:1. This is subject to the caveat that the Issuer has an opportunity to demonstrate to the reasonable satisfaction of the financiers that the ADSCR in respect of that year will be equal to or in excess of 0.75:1, when tested on the 18<sup>th</sup> January in the next year (this date aligns with the period following the end of the Gas Year in which reconciliation payments are made under the postalised charging regime)

**GENERAL COVENANTS:**

The following undertakings will be included in the Agreement:

- (a) Authorisations;
- (b) Compliance with laws;
- (c) Licences;
- (d) *Pari passu* ranking;
- (e) Insurance;
- (f) Restriction on Merger and demerger;
- (g) Abandonment and/or change of business;
- (h) Maintenance of essential Intellectual Property Rights;
- (i) No disposal of assets, save for certain de minimis exceptions;
- (j) Ability to incur additional Financial Indebtedness limited unless Compliance Certificate (taking into account the new debt) is delivered showing compliance with the financial covenants and any new creditor accedes to the inter-creditor agreement;
- (k) Maintenance of Liquidity Facility;
- (l) Maintenance of shadow rating;
- (m) Maintenance of bond listing
- (n) Restriction an amendment of Licence and other regulatory documents;





- (o) no creation of security in favour of third party; and
- (p) Obligors will not take steps for winding-up.

**EVENTS OF DEFAULT:**

Each of the following will be included in the Agreement:

- (a) Non-payment;
- (b) Breach of obligations;
- (c) Misrepresentation;
- (d) Cross default;
- (e) Insolvency;
- (f) Insolvency proceedings;
- (g) Creditors' process;
- (h) Litigation which has a Material Adverse Effect;
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- (j) Ineffectiveness of security;
- (k) Repudiation and rescission of the finance documents; and
- (l) Expropriation.

**ADVERSE REGULATORY  
EVENT:**

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- (a) will, or is likely to, or the effect of which is likely to, give grounds for revocation or termination of any Regulatory Document (i.e. the Licence and any supporting regulatory letter or other document); or
- (b) will, or is likely to, result in a regulatory authority taking steps to amend any Regulatory Document, without the consent of the Issuer or Guarantor, in a way in which impairs the ability of the Guarantor to recover the regulated revenue entitlement which is written into the Licence on the date it is originally granted.



During an Adverse Regulatory Event, the Issuer must keep topping up the ARE Suspense Account until the ARE is remedied. The funds which will be used to top up will be raised from shippers via an enhanced revenue entitlement – broadly one year's debt service – during the continuance of an ARE.

**GOVERNING LAW:** English.

**JURISDICTION:** The Courts of England.







**Southern**  
**Gas Networks**  
A Scotia Gas Networks Company

St Lawrence House  
Station Approach  
Horley  
Surrey RH6 9HJ

Telephone: 01293 818020

Mutual Energy Limited  
The Arena Buildings  
1st Floor, 85 Ormeau Road  
Belfast BT7 1SH

For the attention of: Gerard McIlroy

6<sup>th</sup> May 2014

Dear Gerard

**Gas to the West Project (the "Project")**

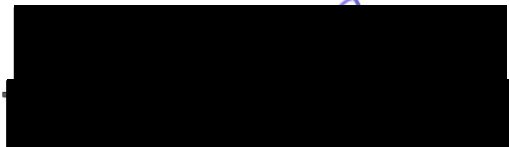
Further to the formation of our consortium to submit a linked bid for the gas transmission and distribution licences to extend the existing network to the west of Northern Ireland ("the Project"), you have asked us to provide you with a comfort letter that can be submitted with your transmission licence bid to meet the Financial Standing criteria of the bid. Specifically, you have asked us to confirm (and we duly confirm) that under our development and construction subcontracts, Scotia Gas Networks Limited ("SGN") will be responsible for providing bank Letters of Credit that allow you to fund working capital commitments under the sub-contract, including rolled up interest and other financing and legal costs prior to you accessing the long term capital markets on designation of the pipeline. We understand that you have procured comfort letters to cover the long term financing in accordance with the bid documents issued by UREG on 6 February 2014.

I can also confirm that the SGN Group meets the Financial Standing criteria in accordance with the bid documents issued by UREG on 6 February 2014. SGN Group clearly has, or can obtain, access to financial resources at least equal to 120% of the amount of capital (£97.24 million for the high pressure pipeline) that

is specified by the Authority as the minimum amount that is required to be available to the holder of the licence.

You will appreciate that this comfort letter is subject to the final form of the legal documents and the licence.

Yours sincerely



Chief Financial Officer

.....

Scotia Gas Networks Limited

Gas to the West Project (the "Project")

Further to the formation of our consortium to submit a linked bid for the gas transmission and distribution licences to extend the existing network to the west of Northern Ireland (the Project), you have asked us to provide you with a comfort letter that can be submitted with your transmission licence bid to meet the Financial Standing criteria of the bid. Specifically, you have asked us to confirm (and we duly confirm) that under our development and construction sub-contract, Scotia Gas Networks Limited ("SGN") will be responsible for providing bank facilities of Credit that allow you to fund working capital commitments under the sub-contract, including funded up interest and other financing and payments due to you against the long term capital markets on designation of the project. We understand that you have prepared comfort letters to cover the long term financing in accordance with the bid documents issued by UREG on 6 February 2014.

I can also confirm that the SGN Group meets the Financial Standing criteria in accordance with the bid documents issued by UREG on 6 February 2014. SGN Group clearly has or can obtain access to financing resources of at least equal to 120% of the amount of capital (£97.74 million for the gas transmission licence).



Companies (Northern Ireland) Orders 1986 to 1990  
and Companies Act 2006

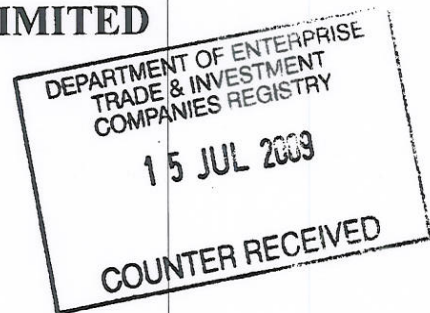
COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

of

**MUTUAL ENERGY LIMITED**

PRELIMINARY



1. In these articles:

“the Order” means the Companies (Northern Ireland) Order 1986 and any statutory modification or re-enactment for the time being in force thereof and any provisions of the Companies Act 2006 for the time being in force.

“Table A” means Table A in the Companies (Tables A to F) Regulations (Northern Ireland) 1986 (S.R. 1986 no. 264) as amended by the Companies (Tables A to F) (Amendment) Regulations (Northern Ireland) 2007 (S.R. 2007 No. 394) and the Companies (Tables A to F) (Amendment No. 2) Regulations (Northern Ireland) 2007 (S.R. 2007 No. 425)

2. Subject as hereinafter provided, the regulations contained in Table A shall apply to the Company.
3. Regulations 24, 64, 81, 89, 95 and 118 shall not apply to the Company, but the articles hereinafter contained and the remaining regulations of Table A, subject to the modifications hereinafter expressed, shall constitute the regulations of the Company.

**SHARE CAPITAL**

4. The share capital of the Company is £100 divided into 100 Ordinary Shares of £1.00 each.



5. Without prejudice to any special rights previously conferred on the holders of existing shares, any share (including shares which the Company shall have power to issue under Article 169 of the Order or otherwise) may be issued with such preferred, deferred or other special rights, or such restrictions whether in regard to dividend, voting, return of share capital or otherwise, as the Company may from time to time determine and any share may be issued on the terms that it is redeemable or at the option of the Company is liable to be redeemed. Subject to the provisions of the aforementioned Act, the redemption of such share may be effected in such manner as the directors may from time to time determine.

### ALLOTMENT

6. (a) The directors are hereby generally and unconditionally authorised to exercise all the powers of the Company to allot relevant securities within the meaning of Article 90 (2) of the Order. The maximum amount of relevant securities which may be allotted under the authority hereby conferred shall be the number of authorised but unissued relevant securities in the capital of the Company at the date of incorporation of the Company. The authority hereby conferred shall expire on the date which is five years after the date of incorporation of the Company. The Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement, notwithstanding that the authority hereby conferred has expired.
- (b) The directors are hereby empowered pursuant to Article 105 of the Order to allot equity securities within the meaning of Article 104(2) of the Order for cash pursuant to the authority conferred by paragraph (a) of this article as if Article 99(1) of the Order did not apply to any such allotment. The Company may before the expiry of such authority make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such an offer or agreement as if the power conferred by this paragraph (b) had not expired.
- (c) Subject to the provisions of the Order the Company may purchase or otherwise acquire on such terms and in such manner as it thinks fit any shares in the capital of the Company.

### TRANSFER OF SHARES

7. No share in the capital of the Company may be transferred without the approval of the directors who may, in their absolute discretion and without assigning any reason, decline to register any transfer of any share, whether or not it is a fully paid share.

## MEETINGS OF THE COMPANY

8. (a) A meeting of the Company shall be called by fourteen days' notice in writing at the least. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given and shall specify the day, the place and the hour of the meeting and in the case of special business the general nature of that business, and shall be given in a manner authorised by these regulations to such persons as are under the regulations of the Company entitled to receive such notices from the Company, so, however, that a meeting of the Company shall, notwithstanding that it is called by shorter notice than that specified in this article, be deemed to have been duly called, if it is so agreed:
- (i) in the case of a meeting called as an annual general meeting, by all the members entitled to attend and vote thereat; and
  - (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 90 per cent in nominal value of the shares giving that right.

Regulation 38 of Table A shall be modified accordingly.

- (b) All meetings (including extraordinary general and class meetings of the members of the Company) may be conducted by the use of a conference telephone or similar facility provided that all the members of the Company and the auditors have been notified of the convening of the meeting and the availability of the conference telephone or similar facility for the meeting and can hear and contribute to the meeting and such participation in a meeting shall constitute presence in person at the meeting and the members may be situated in any part of the world for any such meeting.
9. Subject to the provisions of the Order a resolution in writing signed by all of the members for the time being entitled to attend and vote on such resolutions at a general meeting (or being bodies corporate by their duly authorised representatives) or a resolution which has been approved by each member by confirmatory telex or facsimile transmission shall be as valid and effective for all purposes as if the resolution had been passed at a general meeting of the Company duly convened and held, and may consist of several documents in like form, each signed by one or more members.

## DIRECTORS

10. Unless otherwise determined by an ordinary resolution of the Company the minimum number of directors shall be one and there shall be no maximum number.
11. The directors may appoint a person who is willing to act to be a director, either to fill a vacancy or as an additional director, provided that the appointment does not cause the



number of directors to exceed any number fixed in accordance with article 9 as the maximum number of directors.

### PROCEEDINGS OF DIRECTORS

12. Provided that a director declares his interest in a contract or arrangement or proposed contract or arrangement with the Company in the manner provided by Article 325 of the Order he shall be counted in the quorum of any meeting of directors at which the same is considered and shall be entitled to vote as a director in respect thereof. Regulation 94 of Table A shall be modified accordingly.
13. The directors may exercise the voting powers conferred by the shares of any other company held or owned by the Company in such manner in all respects as they think fit and in particular they may exercise the voting powers in favour of any resolution appointing the directors or any of them as directors or officers of such other company or providing for the payment of remuneration or pensions to the directors or officers of such other company. Any director of the Company may vote in favour of the exercise of such voting rights notwithstanding that he may be or may be about to become a director or officer of such other company.
14. In Regulation 93 of Table A the words "or a resolution which has been approved by each such director by confirmatory telex or facsimile transmission" shall be deemed to be inserted after the introductory words "A resolution in writing signed by all the directors entitled to receive notice of a meeting of directors or of a committee of directors".
15. The quorum necessary for the transaction of the business of the directors shall, except when one director only is in office, be two directors present in person or by alternate, but so that, except as hereinafter provided, not less than two individuals shall be present. Provided that any director (or his alternate) may participate in a meeting of the directors by means of telephonic or other similar communication whereby all persons participating in the meeting can hear each other speak; and participation in a meeting in this manner shall be deemed to constitute presence in person (or as the case may be, by alternate) at such meeting and any director (or his alternate) may be situated in any part of the world for any such meeting. When one director only is in office he shall have and may exercise all the powers and authorities in and over the affairs of the Company as are conferred on the directors by these articles.
16. When forming a committee of the directors, the directors may authorise, or may authorise such committee to authorise, any person who is not a director to attend all or any meetings of any such committee on such terms as the directors (or as the case may be such committee) shall think fit, but any person so authorised shall not be entitled to vote at such meetings.



### ALTERNATE DIRECTOR

17. (a) A director may, with the approval of the directors, appoint any person to be his alternate director and at his own discretion may remove such person from office as his alternate director.
- (b) The alternate director shall be subject in all respects to the terms and conditions existing with reference to the other directors and shall be entitled to receive notices of all meetings of the directors and to attend, speak and vote at any such meeting at which his appointor is not present.
- (c) One person may act as an alternate director to more than one director and while he is so acting shall be entitled to a separate vote for each director he is representing and, if he is himself a director, his vote or votes as an alternate director shall be in addition to his own vote.
- (d) Any appointment or removal of an alternate director shall be in writing signed by the director making such appointment or removal and shall be served on the Company.
- (e) If a director shall cease to be a director for any reason then any person holding office as alternate director for that director shall cease ipso facto to hold such office.
- (f) An alternate director shall not be taken into account in reckoning the minimum or maximum number of directors allowed for the time being, but he shall be counted for the purpose of reckoning whether a quorum is present at any meeting of the directors attended by him at which he is entitled to vote.
- (g) Regulations 65 to 69 inclusive of Table A shall be modified accordingly.

### DISQUALIFICATION OF DIRECTORS

18. The office of a director shall be vacated ipso facto:
- (a) if he ceases to be a director by virtue of any provision of the Order or he becomes prohibited by law from being a director;
- (b) if he becomes bankrupt or insolvent or makes any arrangement or composition with his creditors generally;
- (c) if he is a person of unsound mind;
- (d) if he is absent from the meetings of the directors during a period of six successive calendar months without special leave of absence from the other directors, but this shall not apply to directors who are not ordinarily resident in Northern Ireland;

- (e) if he is requested in writing by all his co-directors to resign;
- (f) if he resigns his office by notice in writing served on the Company;
- (g) if he resigns his office by spoken declaration at any board meeting and such resignation is accepted by resolution of that meeting, in which case such resignation shall take effect at the conclusion of such meeting.

#### **ROTATION OF DIRECTORS**

19. The directors shall not retire by rotation and regulations 76 and 77 of Table A shall not apply and Regulation 78 shall be modified accordingly.

#### **EXECUTIVE DIRECTOR**

20. The directors from time to time may appoint any person (not being a director) to the office of "Executive Director" for such period and on such terms as they think fit, and fix, determine and vary his duties, powers and functions. The directors may revoke such appointment, but without prejudice to any claim such Executive Director may have for damages for breach of any contract of service between him and the Company. An Executive Director shall not be a member of the board of directors or any committee of directors, he shall not attend meetings of directors except on the invitation of the board and he shall not be entitled to vote at any meeting of directors.

#### **NOTICES**

21. (a) Any notice required to be given by the Company to any person ("the recipient") under these articles may be given by means of delivery, post, cable, telegram, telex, telefax, electronic mail or any other means of communication approved by the directors, to the address or number of the recipient notified to the Company by the recipient for such purpose (or, if not so notified, then to the address or number of the recipient last known to the Company). Any notice so given shall be deemed, in the absence of any agreement to the contrary between the Company and the recipient, to have been served at the time of delivery (or, if delivery is refused, then when tendered) in the case of delivery, at the expiration of 24 hours after despatch in the case of post, cables and telegrams and at the expiration of 12 hours after despatch in the case of telex, telefax, electronic mail or other method of communication approved by the directors.
- (b) Any document (including, but not limited to, any notice, appointment, removal and resolution) required or authorised by these articles to be sent to or served on the Company shall be in writing sent to or served on the Company at its registered office or its principal place of business in Northern Ireland, and may be sent or served by means of delivery, post, cable, telegram, telex, telefax, electronic mail or any other means of communication approved by the directors, and may bear a printed or facsimile signature of the person or persons required by these articles to



sign such document. The communication of such a document by such means shall be confirmed as soon as possible by delivery to the Company at its registered office or principal place of business in Northern Ireland of such document bearing an original signature of the person by whom it is required to be signed but (provided that the directors are satisfied as to the authenticity of the document communicated as aforesaid) shall be acted upon by the Company and the directors meanwhile; provided that any such document shall be valid and effective for all purposes notwithstanding that for any reason the document is not subsequently so confirmed. Any such document shall take effect, in the absence of any agreement to the contrary between the Company and the person by whom or on whose behalf the document was sent or served, at the time of receipt in the case of delivery and post, and at the expiration of six hours after receipt thereof at the Company's registered office or principal place of business in Northern Ireland in any other case.

#### INDEMNITY

- 22(a) Every director or other officer or auditor of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred by him in or about the execution of and discharge of the duties of his office or otherwise in relation thereto, including any liability incurred by him in defending proceedings whether civil or criminal, or in connection with any application under Article 154 or Article 675 of the Order in which relief is granted to him by the court, and no director or other officer shall be liable for any loss, damage or misfortune which may happen to or be incurred by the Company in the execution of the duties of his office or in relation to thereto. But this article shall only have effect in so far as its provisions are not avoided by Article 318 of the Order.
- (b) The directors shall have power to purchase and maintain for any director, officer or auditor of the Company, insurance against any such liability as is referred to in Article 318(1) of the Order.



Name, address and description  
of subscriber

Kerry Canavan  
40 Wandsworth Road  
Belfast  
BT4 3LT

*Kerry H. Canavan*

Dated the *25<sup>th</sup>* day of *June* 2009

Witness to the above signature: *Orla Sarsfield*

(Name) *ORLA SARSFIELD*  
(Occupation) *LEGAL EXECUTIVE*  
(Address) *ARTHUR COX  
CAPITAL HOUSE  
3 UPPER QUEEN STREET  
BELFAST  
BT1 6PU*

Companies (Northern Ireland) Order 1986

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COMPANY LIMITED BY SHARES  
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MEMORANDUM OF ASSOCIATION

of

**MUTUAL ENERGY LIMITED**

1. The name of the Company is MUTUAL ENERGY LIMITED
2. The registered office of the Company is to be situated in Northern Ireland.
3. The objects for which the Company is established are:
  - (1) To carry on business as a general commercial company.
  - (2) To purchase, acquire and hold (for investment or re-sale) and to buy, sell and generally deal in land, houses and other property of any tenure and any interest therein and to carry on the business of owners of property whether of freehold, leasehold or of any other tenure and as occupiers of the same and as landlords and Lessors of the same and as developers, exploiters and users of all such property, and to build, demolish, reconstruct or convert any buildings in which the Company is interested, and to manage or otherwise deal in or supervise the management of all forms of property (whether belonging to the Company or to other owners) and to collect rents or incomes and render all forms of services in connection therewith.
  - (3) To develop and turn to account any land acquired by or in which the Company is interested, and in particular by laying out and preparing the same for building purposes, constructing, erecting, altering, pulling down, decorating, maintaining, furnishing, fitting up and improving buildings and by planting, paving, draining, farming, cultivating, selling or letting on lease, whether by building lease or building agreement or otherwise

any buildings so erected, altered or improved, and by advancing money to and entering into contracts and arrangements of all kinds with builders, tenants, purchasers, and others.

- (4) To grant, convey, transfer or otherwise dispose of any property or asset of the Company of whatever nature or tenure for such price, consideration, sum or other return whether equal to or less than the market value thereof and whether by way of gift or otherwise as the directors shall deem fit and to grant any fee farm grant, lease, licence or right or to enter into any agreement for letting or hire of any such property or asset for a rent or return equal to or less than the market or rack rent thereof or at no rent and subject to or free from covenants and restrictions as the directors shall deem appropriate.
- (5) To borrow and make advances upon the security of land or houses or other property or any interest therein and generally to deal in, traffic by way of sale, purchase, lease, underlease, exchange, mortgage or otherwise deal with land and house property and any other property whether real, chattel real or personal, and to collect rents and to lend and advance money or give credit to customers and others with or without security, and upon such terms as the Company may approve including to lend money on mortgage or an equitable deposit of Title Deeds, and to guarantee the liabilities, obligations and contracts of customers and others.
- (6) To construct, maintain and alter any building or works necessary or convenient for any of the purposes of the Company or for the benefit of its employees.
- (7) To construct, improve, maintain, develop, work, manage, carry out or control any roads, ways, tramways, railways, branches or sidings, bridges, reservoirs, watercourses, wharves, factories, warehouses, electric works, shops, stores and other works and conveniences which may seem calculated directly or indirectly to advance the Company's interest and to contribute to, subsidise or otherwise assist or take part in the construction, improvement, maintenance, working, management, carrying out or control thereof.
- (8) To acquire and undertake the whole or any part of the business, property and liabilities of any person or company carrying on any business which the Company is authorised to carry on, or possessed of property suitable for the purposes of the Company.
- (9) To amalgamate with any other company.
- (10) To apply for, purchase or otherwise acquire any patents, brevets d'invention, licences, concessions and the like conferring any exclusive or



non-exclusive or limited rights to use or any secret or other information as to any invention which may seem capable of being used for any of the purposes of the Company or the acquisition of which may seem calculated directly or indirectly to benefit the Company, and to use, exercise, develop or grant licences in respect of or otherwise turn to account the property, rights or information so acquired.

- (11) To enter into partnership or into any arrangement for sharing profits, union of interests, co-operation, joint venture, reciprocal concession or otherwise with any person or company carrying on or engaged in or about to carry on or engage in any business or transaction which the Company is authorised to carry on or engage in or any business or transaction capable of being conducted so as directly or indirectly to benefit this Company.
- (12) To take or otherwise acquire and to hold shares and securities of any company and to sell, hold, reissue with or without guarantee or otherwise deal with the same.
- (13) To enter into any arrangements with any governments or authorities, supreme, municipal, local or otherwise, that may seem conducive to the Company's objects or any of them and to obtain from any such government or authority any rights, privileges and concessions which the Company may think it desirable to obtain and to carry out, exercise and comply with any such arrangements, rights, privileges and concessions.
- (14) To establish and support or aid in the establishment and support of associations, institutions, funds, trusts and conveniences calculated to benefit directors and ex-directors, employees or ex-employees of the Company or the dependants or connections of such persons, and to grant pensions and allowances and to do any acts or things or make any arrangements or provisions enabling employees of the Company or other persons aforesaid to become shareholders in the Company, or otherwise to participate in the profits of the Company upon such terms and in such manner as the Company thinks fit, and to make payments towards insurance and to subscribe or guarantee money for charitable or benevolent objects or for any exhibition or for any public, general or useful object, or any other object whatsoever which the Company may think advisable.
- (15) To promote any company or companies for the purpose of acquiring all or any of the property and liabilities of this Company or for any other purpose which may seem directly or indirectly calculated to benefit this Company.
- (16) To invest and deal with the moneys of the Company not immediately required in such manner as may from time to time be determined.

- (17) To lend money or give credit to such persons or companies either with or without security and upon such terms as may seem expedient and in particular to customers and others having dealings with the Company and to guarantee and give indemnities in respect of and otherwise secure the performance of contracts by any such persons or companies.
- (18) To engage in currency exchange and interest rate transactions including, but not limited to, dealings in foreign currency, spot and forward rate exchange contracts, futures, options, forward rate agreements, swaps, caps, floors, collars and any other foreign exchange or interest rate hedging arrangements and such other instruments as are similar to, or derived from, any of the foregoing whether for the purpose of making a profit or avoiding a loss or managing a currency or interest rate exposure or any other exposure or for any other purpose.
- (19) To receive money on deposit or loan and borrow or raise money in such manner as the Company shall think fit and in particular by the issue of debentures or debenture stock, perpetual or otherwise, and to secure the repayment of any money borrowed, raised or owing by mortgage, charge or lien upon all or any of the property or assets of the Company both present and future, including its uncalled capital, and also by a similar mortgage, charge or lien to secure and guarantee the performance by the Company or any other person or company of any obligation undertaken by the Company, and to purchase, redeem or pay off any such securities.
- (20) To guarantee, support or secure, whether by personal covenant (including any indemnity) or by mortgaging or charging all or any part of the undertaking, property and assets (both present and future) and uncalled capital of the Company, or by indemnity or undertaking, or by any one or more of such methods, the performance of the obligations of, and the repayment or payment of the principal amounts of and premiums, interest and dividends on any securities of, indebtedness or obligation of any person, firm or company including (without prejudice to the generality of the foregoing) any company which is for the time being the Company's holding company or subsidiary as defined by Article 4 of The Companies (Northern Ireland) Order 1986, or another subsidiary as defined by the said section of the Company's holding company or otherwise associated with the Company in business.
- (21) To remunerate any person or company for services rendered or to be rendered in placing or assisting to place or guaranteeing the placing of any of the shares of the Company's capital or any debentures, debenture stock or other securities of the Company or in or about the formation or promotion of the Company or the conduct of its business.



- (22) To draw, make, accept, endorse, discount, negotiate, execute and issue promissory notes, bills of exchange, bills of lading, warrants, debentures and other negotiable or transferable instruments.
- (23) To undertake and execute any trusts the undertaking whereof may seem desirable and either gratuitously or otherwise.
- (24) To sell or dispose of the undertaking of the Company or any part thereof for such consideration as the Company may think fit, and in particular for shares, debentures or securities of any other company having objects altogether or in part similar to those of this Company.
- (25) To adopt such means of making known the products of the Company as may seem expedient and in particular by advertising in the press, by circulars, by purchase and exhibition of works of art or interest, by publication of books and periodicals and by granting prizes, rewards and donations.
- (26) To apply for, promote and obtain any Act of Parliament, charter, privilege, concession, licence or authorisation of any government, state or municipality, provisional order or licence of any Government Department or other authority for enabling the Company to carry any of its objects into effect or for effecting any modification of the Company's constitution or for any other purpose which may seem expedient and to oppose any proceedings or applications which may seem calculated directly or indirectly to prejudice the Company's interests.
- (27) To procure the Company to be registered or recognised in any country or place.
- (28) To promote freedom of contract, and to resist, insure against, counteract and discourage interference therewith, to join any lawful federation, union or association, or do any other lawful act or thing with a view to preventing or resisting directly or indirectly any interruption of or interference with the Company's or any other trade or business or providing or safeguarding against the same, or resisting or opposing any strike, movement or organisation which may be thought detrimental to the interests of the Company or its employees and to subscribe to any association or fund for any such purposes.
- (29) To make gifts or grant bonuses to the directors or any other persons who are or have been in the employment of the Company including substitute and alternate directors.
- (30) To insure the life of any person who may, in the opinion of the Company, be of value to the Company as having or holding for the Company



interests, goodwill or influence or other assets and to pay the premiums on such insurance.

- (31) To do all or any of the above things in any part of the world, and as principals, agents, contractors, trustees or otherwise and by or through trustees, agents or otherwise and either alone or in conjunction with others.
- (32) To distribute any of the property of the Company in specie among the members.
- (33) To do all such other things as the Company may think incidental or conducive to the attainment of the above objects or any of them.
- (34) To carry on all or any of the businesses as aforesaid either as a separate business or as the principal business of the Company and to carry on any other business which may seem to the Company capable of being conveniently carried on in connection with the above objects or calculated directly or indirectly to enhance the value of or render more profitable any of the Company's property.

NOTE: It is hereby declared that:

- (a) the word "company" in this clause, except where used in reference to this Company, shall be deemed to include any partnership or other body of persons whether incorporated or not incorporated and whether domiciled in Northern Ireland or elsewhere; and
- (b) the intention is that the objects specified in each paragraph in this clause shall, except where otherwise expressed in such paragraph, be separate and distinct objects of the Company and shall not be in any way limited or restricted by reference to or inference from the terms of any other paragraph or the order in which the paragraphs of this clause occur or the name of the Company.

- 4. The liability of the members is limited.
- 5. The share capital of the Company is £100 divided into 100 Ordinary Shares of £1.00 each.
- 6. The shares forming the capital may be increased or reduced and be divided into such classes and issued with any special rights, privileges and conditions or with such qualifications as regards preference, dividend, capital, voting or other special incidents, and be held upon such terms as may be attached thereto or as may from time to time be provided by the original or any substituted or amended articles of association and regulations of the Company for the time being, but so that where shares are issued with

any preferential or special rights attached thereto such rights shall not be alterable otherwise than pursuant to the provisions of the Company's articles of association for the time being.

We, the subscriber to this Memorandum of Association, wish to be formed into a Company pursuant to this Memorandum; and we agree to take the number of shares shown opposite our name.

**Name, address and description  
of subscriber**

**Number of shares taken  
by subscriber**

Kerry Canavan  
40 Wandsworth Road  
Belfast  
BT4 3LT

One Ordinary Share

*Kerry H. Canavan*

TOTAL SHARES TAKEN:

ONE

Dated the *25<sup>th</sup>* day of *June* 2009

Witness to the above signature:

*Orla Starfield*

(Name) *ORLA STARFIELD*  
(Occupation) *LEGAL EXECUTIVE*  
(Address) *ARTHUR COX*  
*CAPITAL HOUSE*  
*3 UPPER QUEEN STREET*  
*BELFAST*  
*BT1 6PU*

Companies (Northern Ireland) Order 1986





## **CERTIFICATE OF INCORPORATION ON CHANGE OF NAME**

Company No. NI73229

The Registrar of Companies for Northern Ireland hereby certifies that  
under the Companies Act 2006:

**MUTUAL ENERGY LIMITED**

a company incorporated as private limited by shares; having its registered  
office situated in Northern Ireland; has changed its name to:

**NORTHERN IRELAND ENERGY HOLDINGS LIMITED**

Given at Companies House on **13th January 2010**

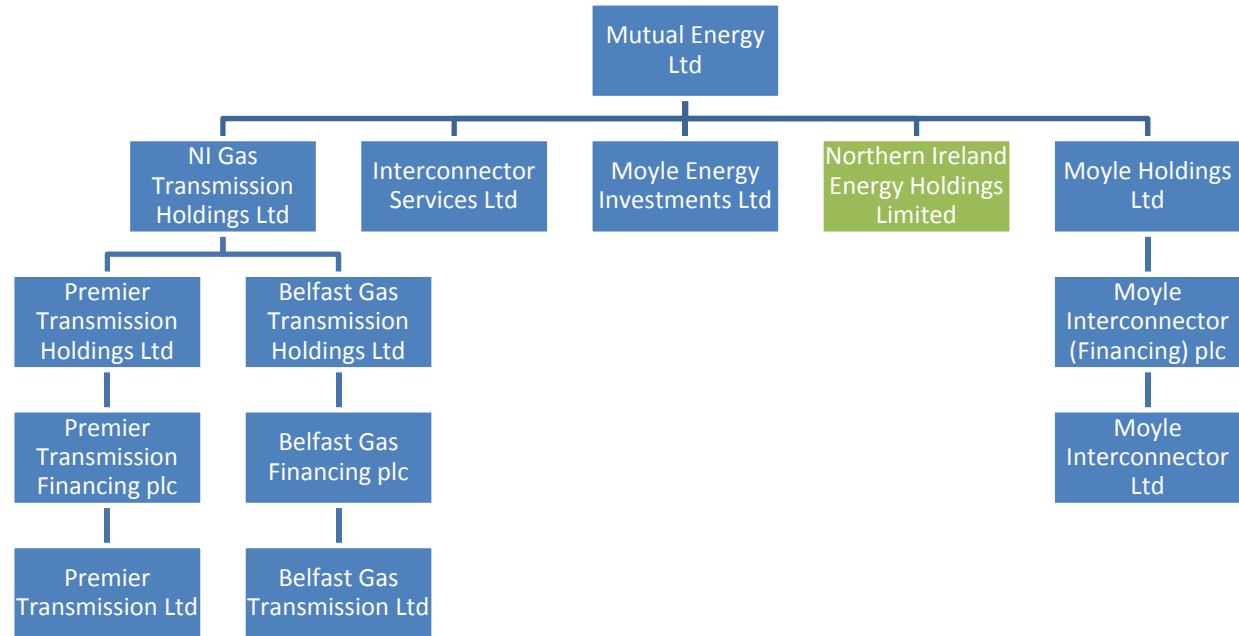


*Companies House*  
— for the record —

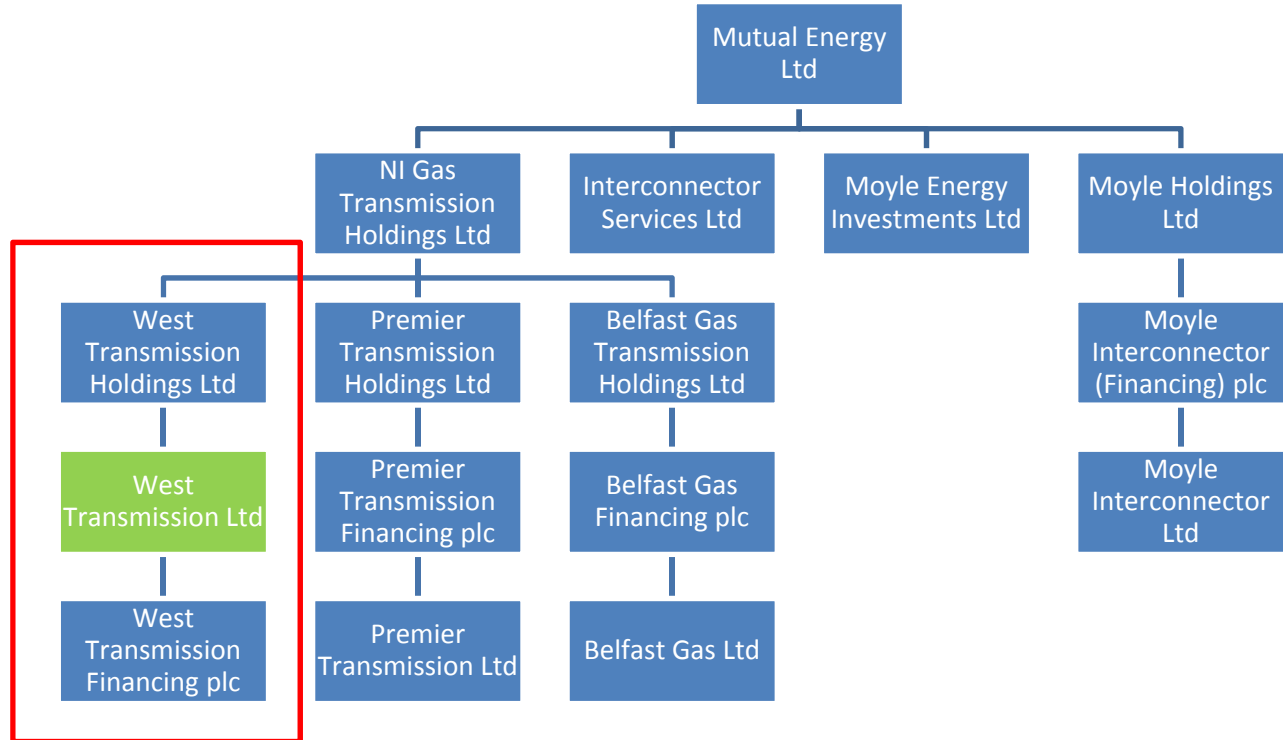


THE OFFICIAL SEAL OF THE  
REGISTRAR OF COMPANIES

# Current Mutual Energy Group Structure



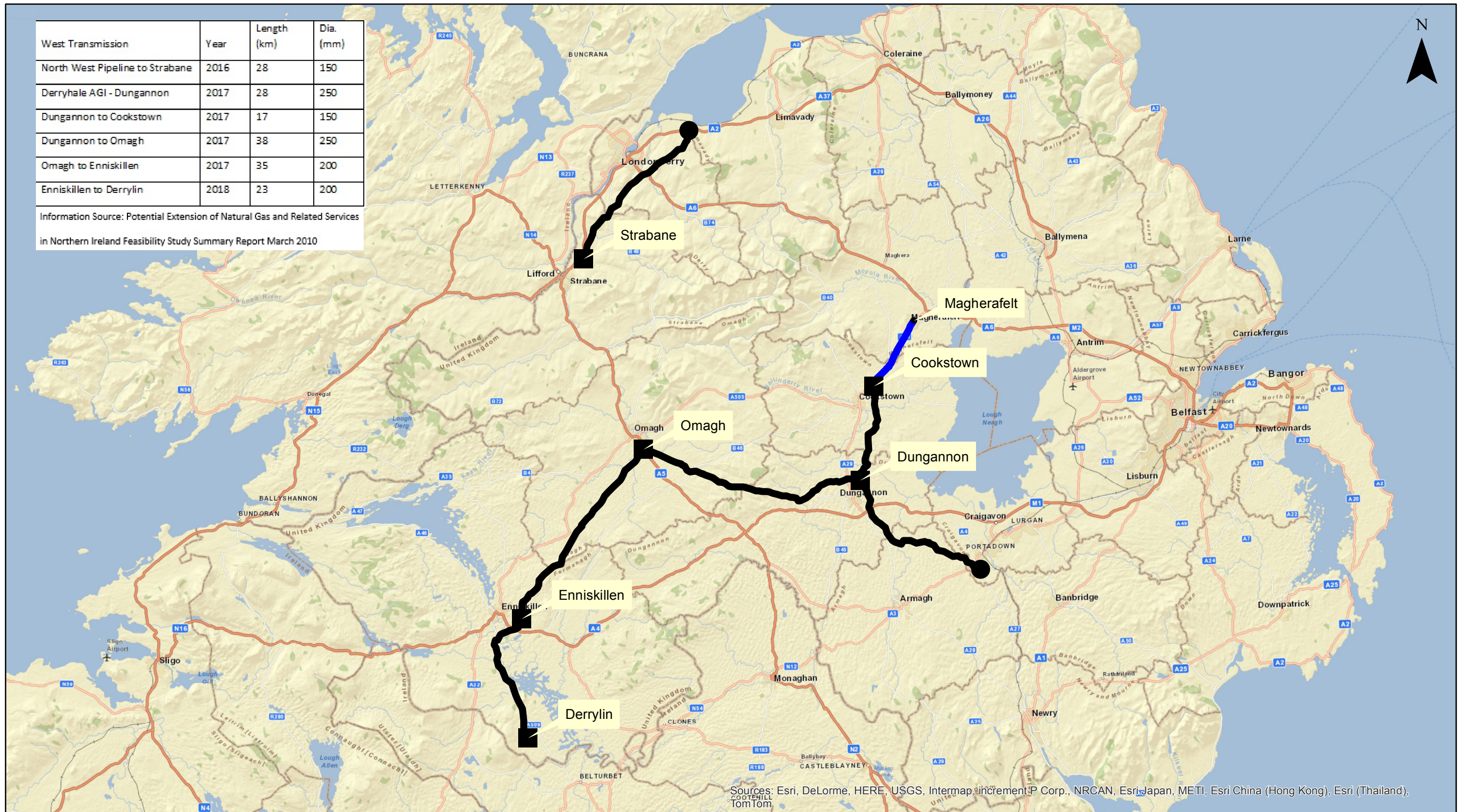
# Proposed Group Structure post licence award





West Transmission	Year	Length (km)	Dia. (mm)
North West Pipeline to Strabane	2016	28	150
Derryhale AGI - Dungannon	2017	28	250
Dungannon to Cookstown	2017	17	150
Dungannon to Omagh	2017	38	250
Omagh to Enniskillen	2017	35	200
Enniskillen to Derrylin	2018	23	200

Information Source: Potential Extension of Natural Gas and Related Services in Northern Ireland Feasibility Study Summary Report March 2010



Sources: Esri, DeLorme, HERE, USGS, Intermap, increment P Corp., NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand), TomTom

**Map Name:**  
West Transmission Routes

**Date:** 01/05/2014

**Scale:** 1:628,103

**Description:**  
West Transmission Pipeline Configuration

**NOTE:** The information on this plan is given without obligation or warranty. The accuracy is not guaranteed. PTL Ltd, its agents and servants accept no liability for any error or omission. The position of mains must be fixed on-site before any mechanical plant is used. Contact PTL on 02890-437580 prior to excavation.

**Legend**

- Above Ground Installation (AGI)
- Connection Points
- 4 Bar Feeder Main
- Transmission Pipeline

**A Northern Ireland company working for consumers**



**OPERATING COSTS**

Semi-annual period number	1
Start date	01-Apr-14
End date	31-Mar-57
Units	£000

**SYSTEM OPERATION COSTS**

<b>Before indexation</b>	
Grid Control	██████████
Total	██████████
<b>After indexation</b>	
Grid Control	██████████
Total	██████████

**MAINTENANCE COSTS**

<b>Before indexation</b>	
Engineering Works	██████████
Engineering Compliance	██████████
Emergency Response	██████████
Vendor maintenance	██████████
Total	██████████
<b>After indexation</b>	
Engineering Works	██████████
Engineering Compliance	██████████
Emergency Response	██████████
Vendor maintenance	██████████
<b>Total (nominal)</b>	██████████

**PROPERTY MANAGEMENT COSTS**

<b>Real</b>	
Rent and business rates,	██████████
Utilities gas / electricity / water	██████████
Maintenance and repair	██████████
Facility services reception / security / access	██████████
Total	██████████
<b>Nominal</b>	
Rent and business rates,	██████████
Utilities gas / electricity / water	██████████
Maintenance and repair	██████████
Facility services reception / security / access	██████████
Total	██████████

**INSURANCE COSTS**

<b>Real</b>	
Insurance premiums Insurance premium tax; Insurance contract negotiating and monitori	██████████
Brokers fees.	██████████
Total	██████████
<b>Nominal</b>	
Insurance premiums Insurance premium tax; Insurance contract negotiating and monitori	██████████
Brokers fees.	██████████
Total	██████████

**BUSINESS SERVICES COSTS**

<b>Real</b>	
HR	██████████
Audit / Finance / Regulation	██████████
Marketing	██████████
CEO / CFO and Other Overhead Costs	██████████
Total	██████████
<b>Nominal</b>	
HR	██████████
Audit / Finance / Regulation	██████████
Marketing	██████████
CEO / CFO and Other Overhead Costs	██████████
Total	██████████

**OTHER COSTS**

<b>Real</b>	
Agricultural liaison and Remediation,	██████████
Security	██████████
Total	██████████
<b>Nominal</b>	
Agricultural liaison and Remediation,	██████████
Security	██████████
Total	██████████

**PASSTHROUGH COSTS**

<b>Real</b>	
Licence fees/rates	██████████
Total	██████████
<b>Nominal</b>	
Licence fees/rates	██████████
Total	██████████

**CASH FLOW STATEMENT (SEMI-ANNUAL)**

Semi-annual period number	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
Year	1	1	2	2	3	3	4	4	5	5	6	6	7	7	8	8	9	9	10	10	11	11	12	12
Start date	01-Apr-14	01-Oct-14	01-Apr-15	01-Oct-15	01-Apr-16	01-Oct-16	01-Apr-17	01-Oct-17	01-Apr-18	01-Oct-18	01-Apr-19	01-Oct-19	01-Apr-20	01-Oct-20	01-Apr-21	01-Oct-21	01-Apr-22	01-Oct-22	01-Apr-23	01-Oct-23	01-Apr-24	01-Oct-24	01-Apr-25	01-Oct-25
End date	30-Sep-14	31-Mar-15	30-Sep-15	31-Mar-16	30-Sep-16	31-Mar-17	30-Sep-17	31-Mar-18	30-Sep-18	31-Mar-19	30-Sep-19	31-Mar-20	30-Sep-20	31-Mar-21	30-Sep-21	31-Mar-22	30-Sep-22	31-Mar-23	30-Sep-23	31-Mar-24	30-Sep-24	31-Mar-25	30-Sep-25	31-Mar-26
Units	TOTAL	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000

Revenues	[REDACTED]																							
Subvention payments	[REDACTED]																							
<b>Total revenue</b>	[REDACTED]																							
Capex	[REDACTED]																							
Mobilisation costs	[REDACTED]																							
System operation costs	[REDACTED]																							
Maintenance costs	[REDACTED]																							
Property management costs	[REDACTED]																							
Insurance costs	[REDACTED]																							
Business services costs	[REDACTED]																							
Other costs	[REDACTED]																							
Pass-through costs	[REDACTED]																							
Development costs	[REDACTED]																							
<b>Total costs</b>	[REDACTED]																							
Corporation tax	[REDACTED]																							
Recoverable VAT received/(paid)	[REDACTED]																							
Interest receivable	[REDACTED]																							

**OPERATING CASH FLOW**

Stakeholder contribution for funding costs	[REDACTED]																							
<b>SGN working capital facility</b>	[REDACTED]																							
Drawdowns	[REDACTED]																							
Interest paid	[REDACTED]																							
Fees paid	[REDACTED]																							
Repayments	[REDACTED]																							
<b>Construction loan facility</b>	[REDACTED]																							
Drawdowns	[REDACTED]																							
Interest paid	[REDACTED]																							
Fees paid	[REDACTED]																							
Repayments	[REDACTED]																							
<b>Indexed bond</b>	[REDACTED]																							
Drawdowns	[REDACTED]																							
Interest paid	[REDACTED]																							
Fees paid	[REDACTED]																							
Repayments	[REDACTED]																							
<b>Revolving credit facility</b>	[REDACTED]																							
Drawdowns	[REDACTED]																							
Interest paid	[REDACTED]																							
Fees paid	[REDACTED]																							
Repayments	[REDACTED]																							
<b>Reserves</b>	[REDACTED]																							
Transfers (to)/from GIC account	[REDACTED]																							
Transfers (to)/from senior debt service res	[REDACTED]																							
Transfers (to)/from maintenance reserve a	[REDACTED]																							
Transfers (to)/from working capital accoun	[REDACTED]																							
Fees on debt service reserve facility	[REDACTED]																							
Fees on O&M reserve facility	[REDACTED]																							
<b>Equity</b>	[REDACTED]																							
Injected	[REDACTED]																							
Redeemed	[REDACTED]																							
Dividends	[REDACTED]																							

**FINANCING CASH FLOW**

**NET CASH FLOW**

<b>Revenue Account</b>	[REDACTED]																							
Opening balance	[REDACTED]																							
Net cash flow	[REDACTED]																							
Closing balance	[REDACTED]																							



**CASH FLOW STATE**

Semi-annual period n.	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48
Year	13	13	14	14	15	15	16	16	17	17	18	18	19	19	20	20	21	21	22	22	23	23	24	24
Start date	01-Apr-26	01-Oct-26	01-Apr-27	01-Oct-27	01-Apr-28	01-Oct-28	01-Apr-29	01-Oct-29	01-Apr-30	01-Oct-30	01-Apr-31	01-Oct-31	01-Apr-32	01-Oct-32	01-Apr-33	01-Oct-33	01-Apr-34	01-Oct-34	01-Apr-35	01-Oct-35	01-Apr-36	01-Oct-36	01-Apr-37	01-Oct-37
End date	30-Sep-26	31-Mar-27	30-Sep-27	31-Mar-28	30-Sep-28	31-Mar-29	30-Sep-29	31-Mar-30	30-Sep-30	31-Mar-31	30-Sep-31	31-Mar-32	30-Sep-32	31-Mar-33	30-Sep-33	31-Mar-34	30-Sep-34	31-Mar-35	30-Sep-35	31-Mar-36	30-Sep-36	31-Mar-37	30-Sep-37	31-Mar-38
Units	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Revenues	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Subvention payments																								
<b>Total revenue</b>	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Capex																								
Mobilisation costs	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
System operation cost	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Maintenance costs	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Property management	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Insurance costs	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Business services cos	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Other costs	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Pass-through costs	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Development costs	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
<b>Total costs</b>	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Corporation tax																								
Recoverable VAT recd																								
Interest receivable																								
<b>OPERATING CASH F</b>	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Stakeholder contribut																								
<b>SGN working capital</b>																								
Drawdowns																								
Interest paid																								
Fees paid																								
Repayments																								
<b>Construction loan fa</b>																								
Drawdowns																								
Interest paid																								
Fees paid																								
Repayments																								
<b>Indexed bond</b>																								
Drawdowns	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Interest paid	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Fees paid	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Repayments	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
<b>Revolving credit faci</b>																								
Drawdowns																								
Interest paid																								
Fees paid																								
Repayments																								
<b>Reserves</b>																								
Transfers (to)/from GI																								
Transfers (to)/from sei																								
Transfers (to)/from mc																								
Transfers (to)/from wo																								
Fees on debt service r																								
Fees on O&M reserve																								
<b>Equity</b>																								
Injected																								
Redeemed																								
Dividends																								
<b>FINANCING CASH F</b>	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
<b>NET CASH FLOW</b>	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
<b>Revenue Account</b>																								
Opening balance	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Net cash flow	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Closing balance	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█

**CASH FLOW STATE**

Semi-annual period n.	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72
Year	25	25	26	26	27	27	28	28	29	29	30	30	31	31	32	32	33	33	34	34	35	35	36	36
Start date	01-Apr-38	01-Oct-38	01-Apr-39	01-Oct-39	01-Apr-40	01-Oct-40	01-Apr-41	01-Oct-41	01-Apr-42	01-Oct-42	01-Apr-43	01-Oct-43	01-Apr-44	01-Oct-44	01-Apr-45	01-Oct-45	01-Apr-46	01-Oct-46	01-Apr-47	01-Oct-47	01-Apr-48	01-Oct-48	01-Apr-49	01-Oct-49
End date	30-Sep-38	31-Mar-39	30-Sep-39	31-Mar-40	30-Sep-40	31-Mar-41	30-Sep-41	31-Mar-42	30-Sep-42	31-Mar-43	30-Sep-43	31-Mar-44	30-Sep-44	31-Mar-45	30-Sep-45	31-Mar-46	30-Sep-46	31-Mar-47	30-Sep-47	31-Mar-48	30-Sep-48	31-Mar-49	30-Sep-49	31-Mar-50
Units	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Revenues	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Subvention payments																								
<b>Total revenue</b>	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Capex																								
Mobilisation costs	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
System operation cost	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Maintenance costs	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Property management	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Insurance costs	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Business services cos	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Other costs	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Pass-through costs	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Development costs	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
<b>Total costs</b>	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Corporation tax																								
Recoverable VAT recd																								
Interest receivable																								
<b>OPERATING CASH F</b>	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Stakeholder contribut																								
<b>SGN working capital</b>																								
Drawdowns																								
Interest paid																								
Fees paid																								
Repayments																								
<b>Construction loan fa</b>																								
Drawdowns																								
Interest paid																								
Fees paid																								
Repayments																								
<b>Indexed bond</b>																								
Drawdowns	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Interest paid	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Fees paid	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Repayments	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
<b>Revolving credit faci</b>																								
Drawdowns																								
Interest paid																								
Fees paid																								
Repayments																								
<b>Reserves</b>																								
Transfers (to)/from GI																								
Transfers (to)/from se																								
Transfers (to)/from m																								
Transfers (to)/from wo																								
Fees on debt service r																								
Fees on O&M reserve																								
<b>Equity</b>																								
Injected																								
Redeemed																								
Dividends																								
<b>FINANCING CASH F</b>	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
<b>NET CASH FLOW</b>	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
<b>Revenue Account</b>																								
Opening balance	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Net cash flow	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Closing balance	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█

**CASH FLOW STATE**

Semi-annual period n.	73	74	75	76	77	78	79	80	81	82	83	84	85	86
Year	37	37	38	38	39	39	40	40	41	41	42	42	43	43
Start date	01-Apr-50	01-Oct-50	01-Apr-51	01-Oct-51	01-Apr-52	01-Oct-52	01-Apr-53	01-Oct-53	01-Apr-54	01-Oct-54	01-Apr-55	01-Oct-55	01-Apr-56	01-Oct-56
End date	30-Sep-50	31-Mar-51	30-Sep-51	31-Mar-52	30-Sep-52	31-Mar-53	30-Sep-53	31-Mar-54	30-Sep-54	31-Mar-55	30-Sep-55	31-Mar-56	30-Sep-56	31-Mar-57
Units	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Revenues	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Subvention payments	█	█	█	█	█	█	█	█	█	█	█	█	█	█
<b>Total revenue</b>	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Capex	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Mobilisation costs	█	█	█	█	█	█	█	█	█	█	█	█	█	█
System operation cost	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Maintenance costs	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Property management	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Insurance costs	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Business services cos	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Other costs	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Pass-through costs	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Development costs	█	█	█	█	█	█	█	█	█	█	█	█	█	█
<b>Total costs</b>	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Corporation tax	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Recoverable VAT recd	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Interest receivable	█	█	█	█	█	█	█	█	█	█	█	█	█	█
<b>OPERATING CASH F</b>	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Stakeholder contributi	█	█	█	█	█	█	█	█	█	█	█	█	█	█
<b>SGN working capital</b>	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Drawdowns	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Interest paid	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Fees paid	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Repayments	█	█	█	█	█	█	█	█	█	█	█	█	█	█
<b>Construction loan fa</b>	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Drawdowns	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Interest paid	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Fees paid	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Repayments	█	█	█	█	█	█	█	█	█	█	█	█	█	█
<b>Indexed bond</b>	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Drawdowns	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Interest paid	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Fees paid	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Repayments	█	█	█	█	█	█	█	█	█	█	█	█	█	█
<b>Revolving credit faci</b>	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Drawdowns	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Interest paid	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Fees paid	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Repayments	█	█	█	█	█	█	█	█	█	█	█	█	█	█
<b>Reserves</b>	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Transfers (to)/from GI	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Transfers (to)/from sei	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Transfers (to)/from me	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Transfers (to)/from wo	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Fees on debt service r	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Fees on O&M reserve	█	█	█	█	█	█	█	█	█	█	█	█	█	█
<b>Equity</b>	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Injected	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Redeemed	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Dividends	█	█	█	█	█	█	█	█	█	█	█	█	█	█
<b>FINANCING CASH F</b>	█	█	█	█	█	█	█	█	█	█	█	█	█	█
<b>NET CASH FLOW</b>	█	█	█	█	█	█	█	█	█	█	█	█	█	█
<b>Revenue Account</b>	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Opening balance	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Net cash flow	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Closing balance	█	█	█	█	█	█	█	█	█	█	█	█	█	█



**Capital Expenditure Years t-3, t-2 and t-1**

All numbers in blue are input by the Utility Regulator  
 All numbers in black are calculated  
 Applicants only permitted to input data into blank cells

	0.000
	0.000

Capitalised Interest (real)	
LIBOR	0.48%
Premium	0.50%
Total	0.98%

Capital Expenditure		Capital Expenditure £m
Controllable	Materials (procuring pipelines)	14.398
	Construction (laying pipelines)	49.477
	Wayleaves	16.144
	Design / Project Management	3.645
	Site Investigation / C & I / Commissioning	2.924
	Contingency	10.823
Uncontrollable		4.609

Capital Expenditure Pattern FMA					
	t-3		t-2		t-1
	10.0%		70.0%		20.0%
	0.0%		15.0%		85.0%
	10.0%		70.0%		20.0%
	30.0%		30.0%		40.0%
	20.0%		30.0%		50.0%
	0.0%		15.0%		85.0%
	20.0%		30.0%		50.0%

Opening Asset Value	Capital Expenditure	102.020
	Subvention	-32.500
	Mobilisation	0.542
	Opening RAB	0.000
	Capitalised Interest	0.649
	Closing RAB	70.711
	Other Applicant Costs	0.000
	Pain Gain Mechanism	0.000
	Total	70.711

	5.654	33.778	62.588
	-1.801	-10.760	-19.939
	0.030	0.179	0.333
	0.000	3.902	27.251
	0.019	0.152	0.478
	3.902	27.251	70.711

## Development plan

13. A development plan in respect of the activities (“the authorised activities”) which would be authorised by the licence or, as the case may be, the extension, if the application were granted, including estimates, for each year of the period required to complete the development, of:–

- (a) the length(s) (in kilometres), diameter(s) and design operating pressure(s) of the pipelines to be used for the authorised activities;
- (b) the number of premises which may be connected to the pipeline system;
- (c) the amount of gas, in therms, expected to be conveyed, separately identifying any amount to be conveyed to domestic premises;
- (d) the total revenue from the authorised activities;
- (e) the total capital costs of the authorised activities, showing separately such costs in relation to procuring and laying pipe-lines, providing and installing meters, procuring and installing other operational plant and machinery, and overhead and administrative requirements (in all cases excluding finance charges);
- (f) the total operating costs of the authorised activities, showing separately such costs in relation to fuel (including gas purchases), staff (including consultants’) costs, rent and rates, development costs and insurance; and
- (g) net annual cashflow, and stating, where appropriate, the assumptions underlying the figures provided.

## Notes

As per our application form, parts (a) to (c) are assumed to be in line with the “FMA study” as instructed by the Utility Regulator in its applicant information pack.

We have attached financial model extracts to satisfy the requirements of Schedule II part 1 question 13 parts (d) to (g).

(d) Total revenue from authorised activities is included in the attached cashflow. Please note there is assumed to be zero revenue “for each year of the period required to complete the development” but we have included forecasts for the post construction period.

(e) Total yearly capital costs of authorised activities are included in the attached cashflow. Also attached is a breakdown of assumed capital costs by activity in the format provided by the Utility Regulator and consistent with the FMA study. This includes design, project management and mobilisation costs developed by the applicant, detailed breakdowns of which are included in sections 9.2 and 3.4 of the business plan.

(f) Total operating costs of the authorised activities are included in the attached cashflow. Please note operating costs are not incurred until after the development is completed but we have included forecasts for the post construction period. We have also included a more detailed breakdown of operating costs over the licence period which shows the line items included in each category in the cashflow statement.

(g) This is included in the attached cashflow and is driven by the revenue and cost items mentioned above. It also assumes the financing structure as set out in our business plan with short term facilities used to fund construction being refinanced by a long term bond on completion in March 2017, after which revenue collection is assumed to commence on a pass-through licence basis.

Gas to the west project team  
Utility Regulator  
Queens House  
14 Queen Street  
Belfast  
BT1 6ED

6<sup>th</sup> May 2014

### Fit and Proper Person Declarations

In accordance with the Gas to the West Application Information Pack: Annex 3 Form of Application reproduced from the Regulations we present declarations for Schedule II Part 1 20 to 26 below.

20. (b)

I confirm that there are no actual, pending or threatened regulatory enforcement actions that have been, are being, or are proposed to be taken by any competent authority against Northern Ireland Energy Holdings Limited or any individuals listed in accordance with paragraph 6(b) ("relevant individuals") or any parent undertaking, holding company or ultimate controller of Northern Ireland Energy Holdings Limited.

21. (b)

I confirm that there are no criminal convictions of Northern Ireland Energy Holdings Limited or any relevant individuals or any parent undertaking, holding company or ultimate controller of the Northern Ireland Energy Holdings Limited other than convictions for minor road traffic offences or in respect of which the convicted person has become rehabilitated under the Rehabilitation of Offenders (Northern Ireland) Order 1978 or the Rehabilitation of Offenders Act 1974.

22. (b)

I confirm that there are no cautions given, prosecutions brought or threatened or any other action taken by a competent authority in respect of Northern Ireland Energy Holdings Limited or any relevant individuals or any parent undertaking, holding company or ultimate controller of Northern Ireland Energy Holdings Limited within the six years prior to the date of the application, in relation to any actual or alleged contravention of environmental (including town and country planning) legislation.

23. (b)

I confirm that there have been no refusals on any application made by Northern Ireland Energy Holdings Limited or any parent undertaking, holding company or ultimate controller of Northern Ireland Energy Holdings Limited for a licence under the Order or the Electricity (Northern Ireland)





Order 1992, or for any equivalent form of licence or authorisation in a jurisdiction other than Northern Ireland.

24. (b)

I confirm that there has been no revocation or threat of revocation of any licence held by Northern Ireland Energy Holdings Limited or any parent undertaking, holding company or ultimate controller of Northern Ireland Energy Holdings Limited under the Order or the Electricity (Northern Ireland) Order 1992, or any equivalent form of licence or authorisation in a jurisdiction other than Northern Ireland.

25. (b)

I confirm that there has been no instance of insolvency or corporate restructuring to which Northern Ireland Energy Holdings Limited or any parent undertaking, holding company or ultimate controller of Northern Ireland Energy Holdings Limited has been subject

26. (b)

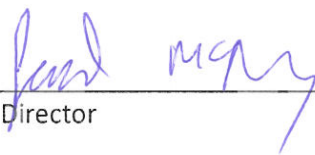
I confirm that there has been no actual, pending or threatened recovery orders in relation to illegal State aid that have been made, are being made, or have been proposed by the European Commission in respect of Northern Ireland Energy Holdings Limited or any parent undertaking, holding company or ultimate controller of Northern Ireland Energy Holdings Limited.

Signed on behalf of Northern Ireland Energy Holdings Limited



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Patrick Larkin, Chief Executive Officer



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Gerard McIlroy, Finance Director