



**Bord Gáis Energy
Proposed Gas Price Reductions
2009/2010**

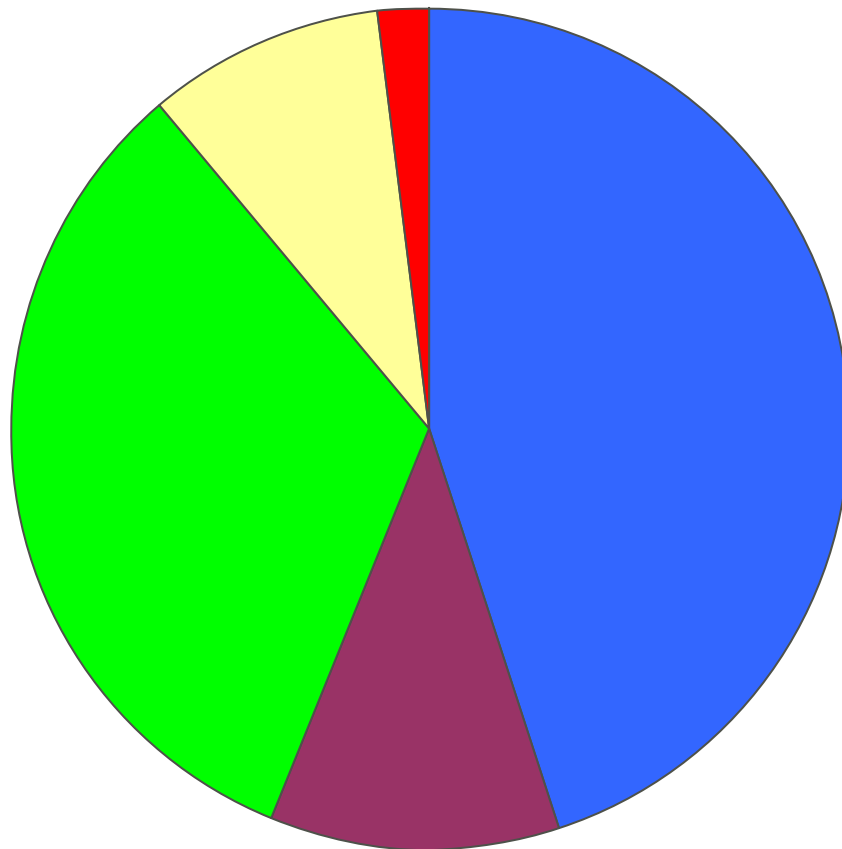
Price Decrease

	October 2009	Total for 2009 (May + Oct)
Average Decrease	9.81%	21%
Domestic (Standard Domestic Rate): <small>* Based on annual consumption of 13,800 kWh</small>		
Average Decrease	9.3%	19.5%
Average reduction in annual bill (inc VAT)	€76	€179
SME (Medium Business User Rate): <small>* Based on annual consumption of 400,000 kWh</small>		
Average Decrease	13.6%	24.1%
Average reduction in annual bill (ex VAT)	€2,400	€3,600

- ◆ 5 Year Revenue Review
- ◆ Affects SME & Domestic Customers
- ◆ Annual Review
 - Option for mid year review
 - 12% average decrease in May 2009 already implemented
- ◆ Must submit tariff changes to CER for approval as per Supply licence
- ◆ Open, Transparent and Consultative approach

- ◆ Separate business within Bord Gáis Éireann
- ◆ Over 600,000 gas customers & 150,000 electricity customers
- ◆ Regulated as incumbent gas supplier
- ◆ Circa 27% gas market share

What makes up your gas bill?



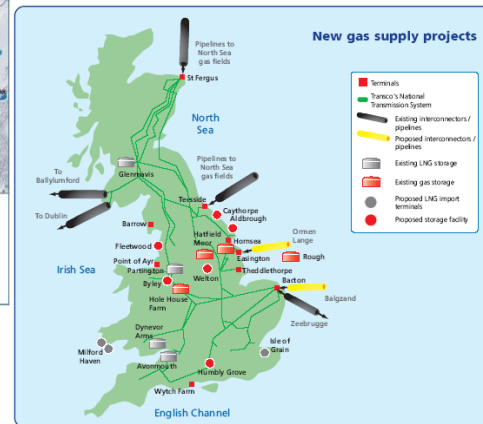
- Gas - Wholesale Market Prices
- Transmission - Regulated charge for all suppliers
- Distribution - Regulated charge for all suppliers
- Retail - Regulated with 3% Efficiency Improvement
- Profit Margin - Regulated 2%

World Oil Prices



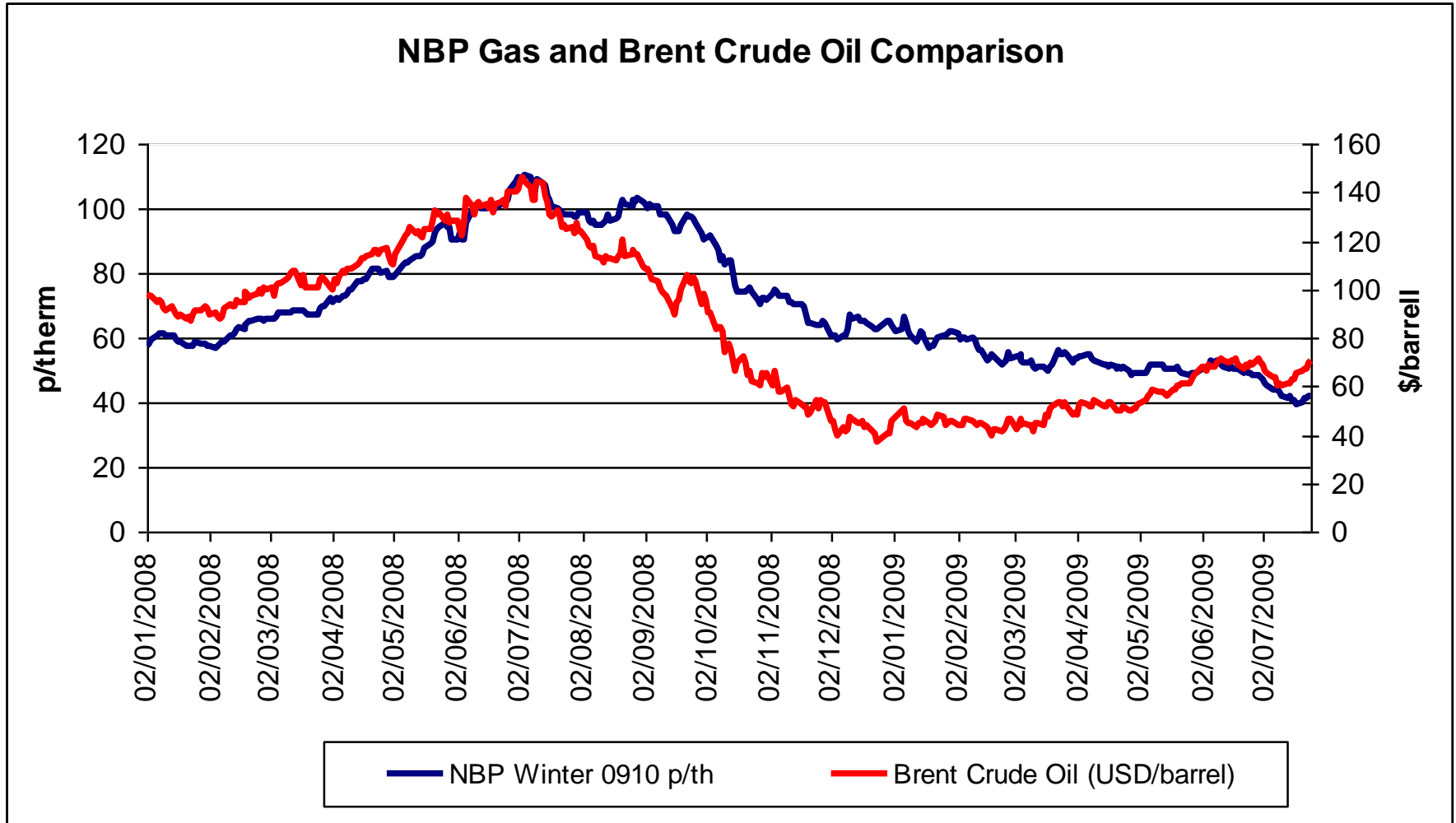
Drive European Gas indices

Influencing UK Gas (NBP) Prices

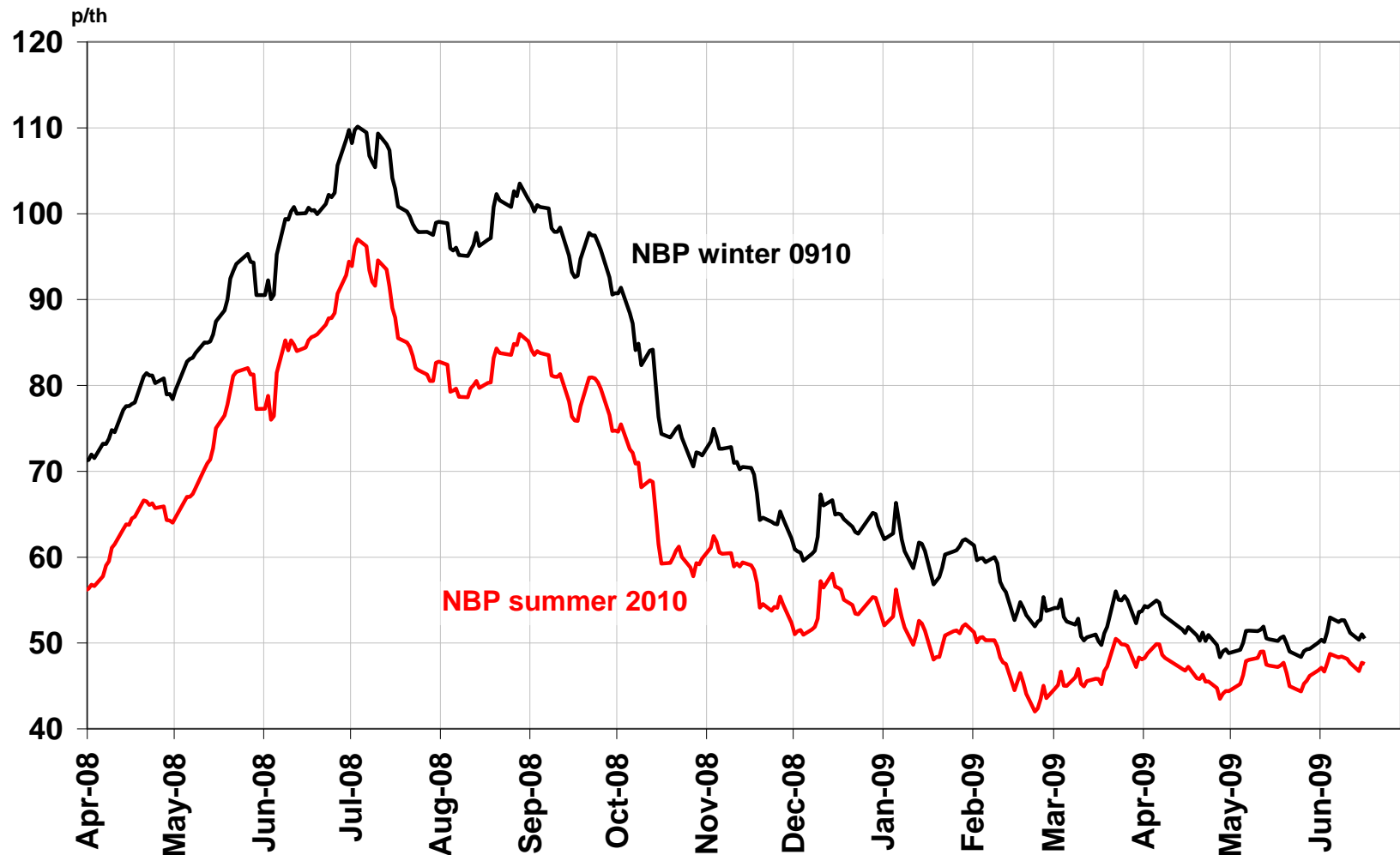


Which determine Irish Gas and Power Prices

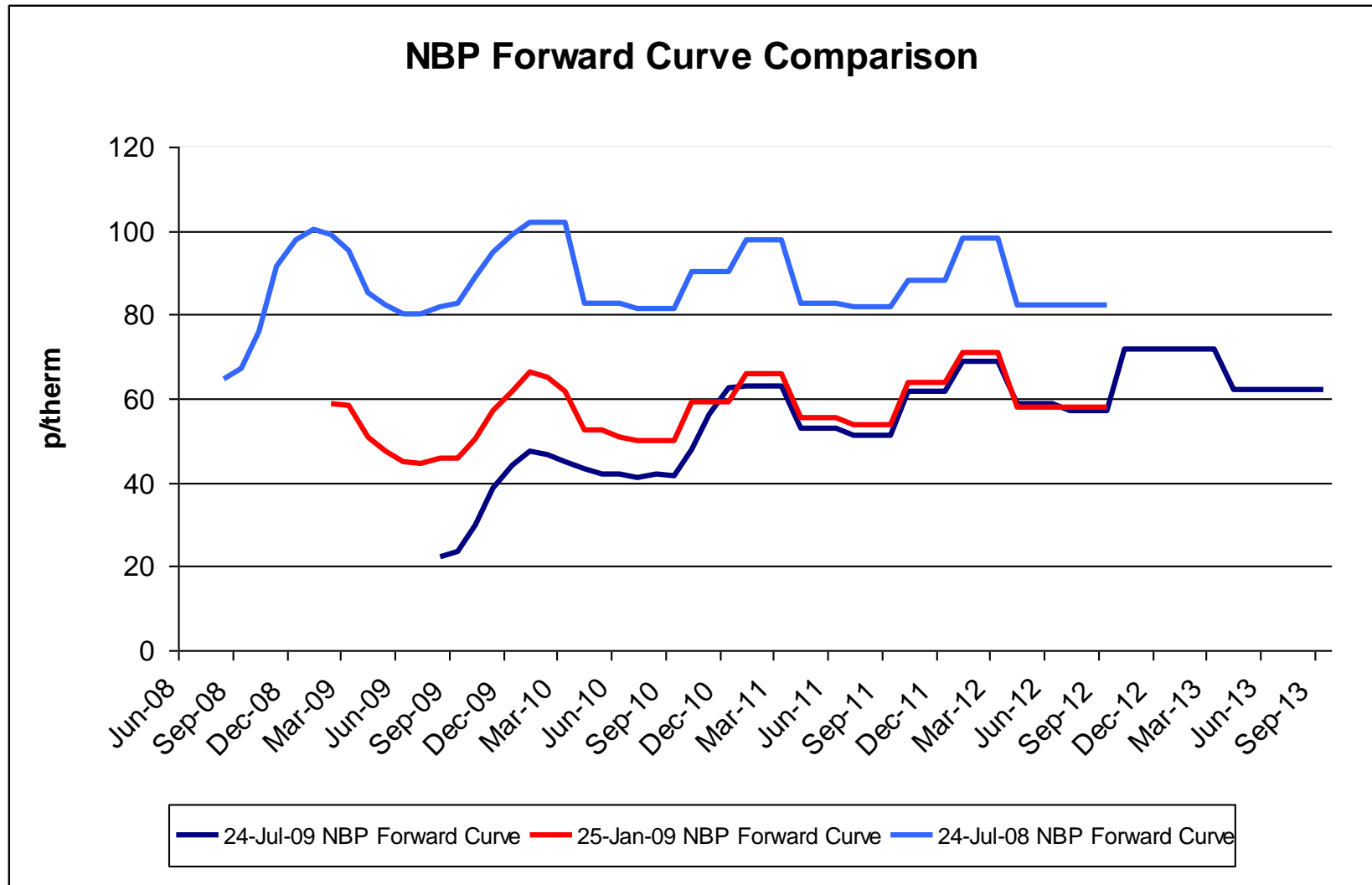
Wholesale Commodity Prices



NBP Prices – winter 09 & summer 10

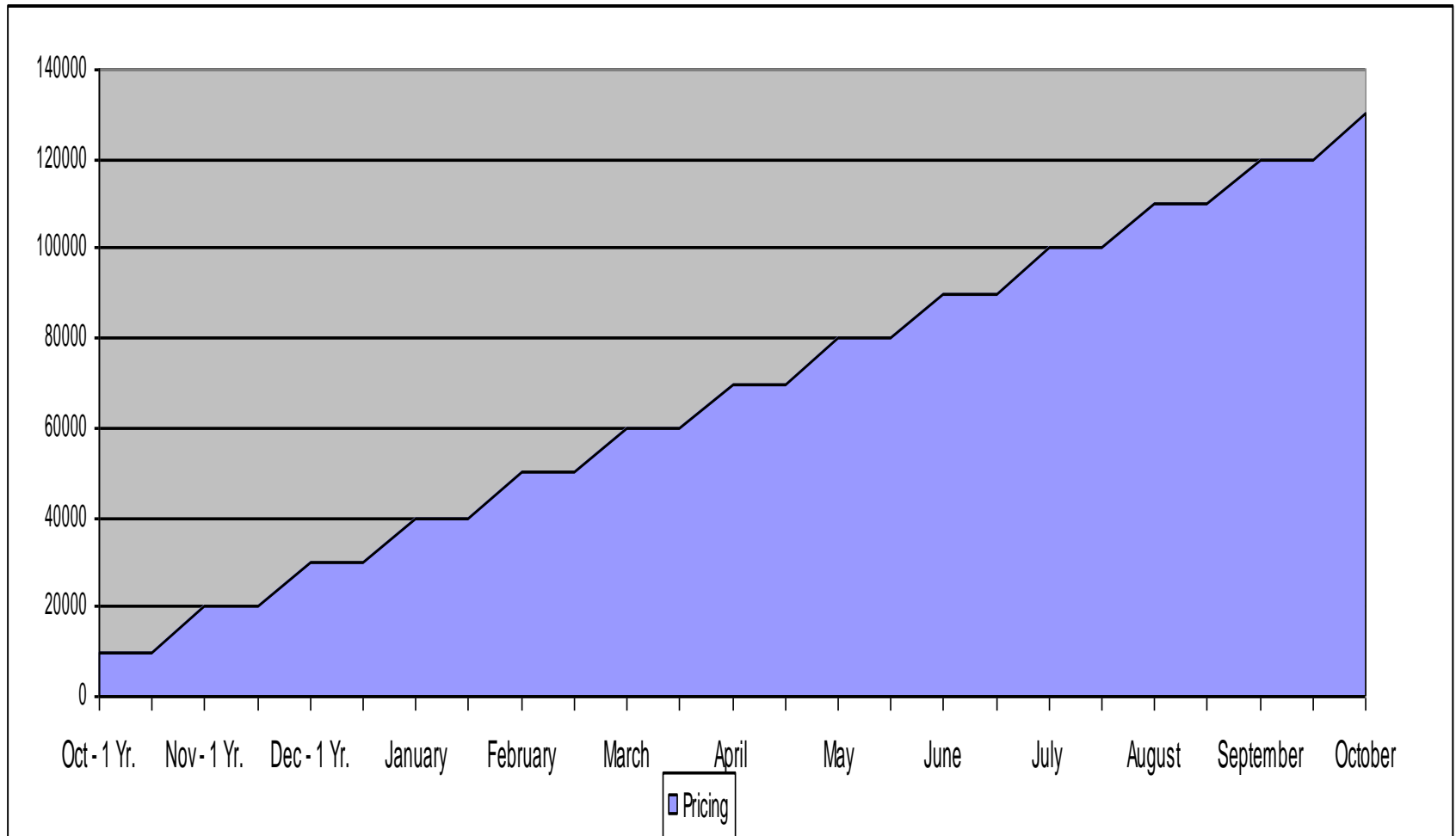


Changes in Forward Prices

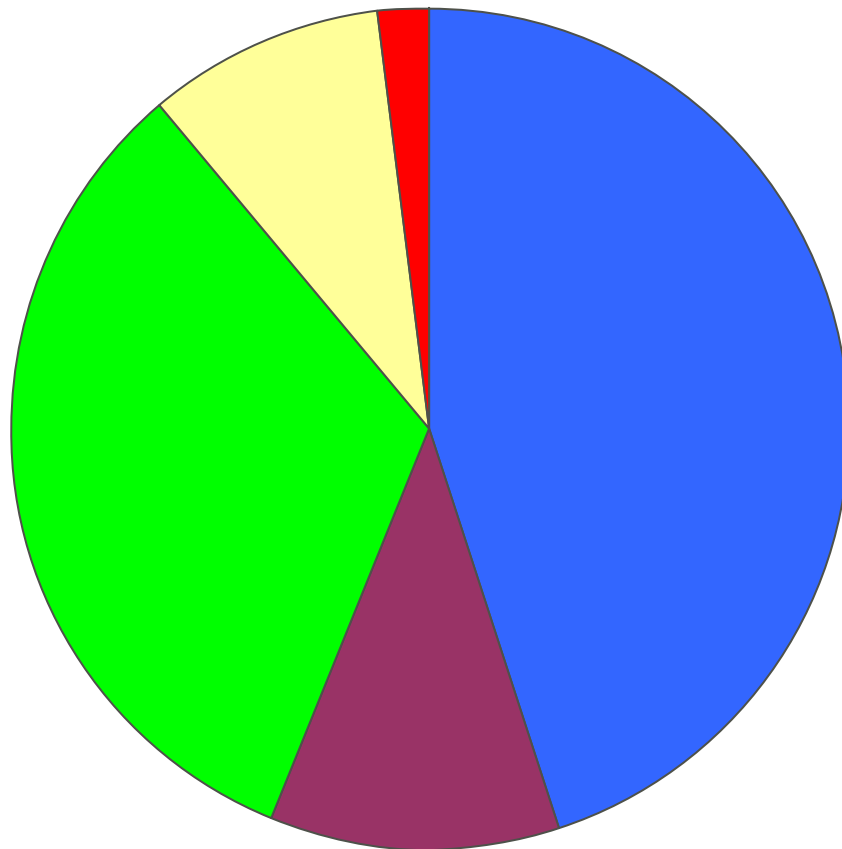


Gas Procurement – Market Benchmark

Smoothed Gas Cost = Laddered Approach



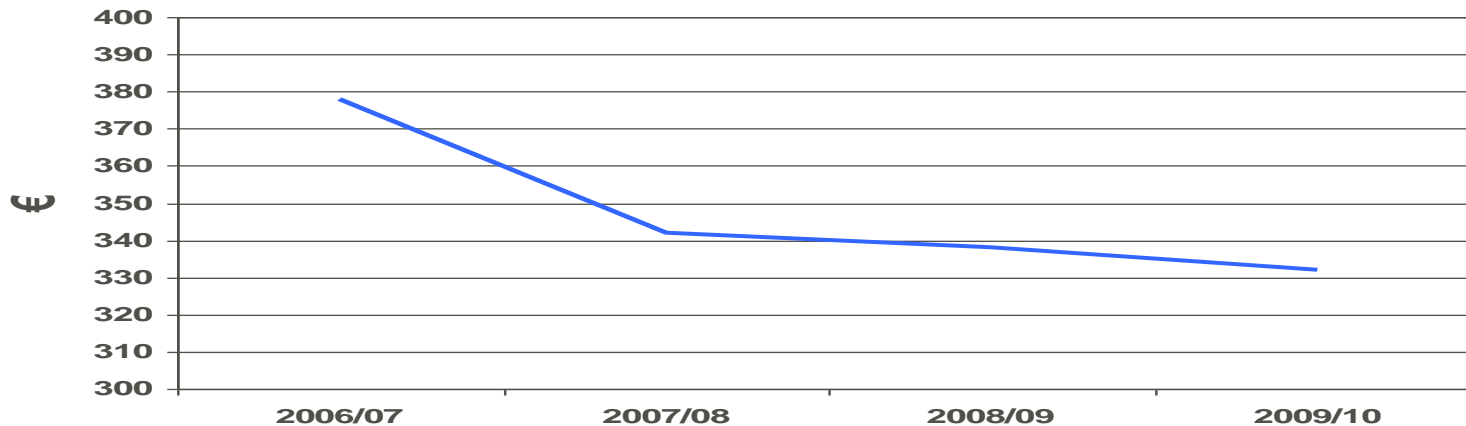
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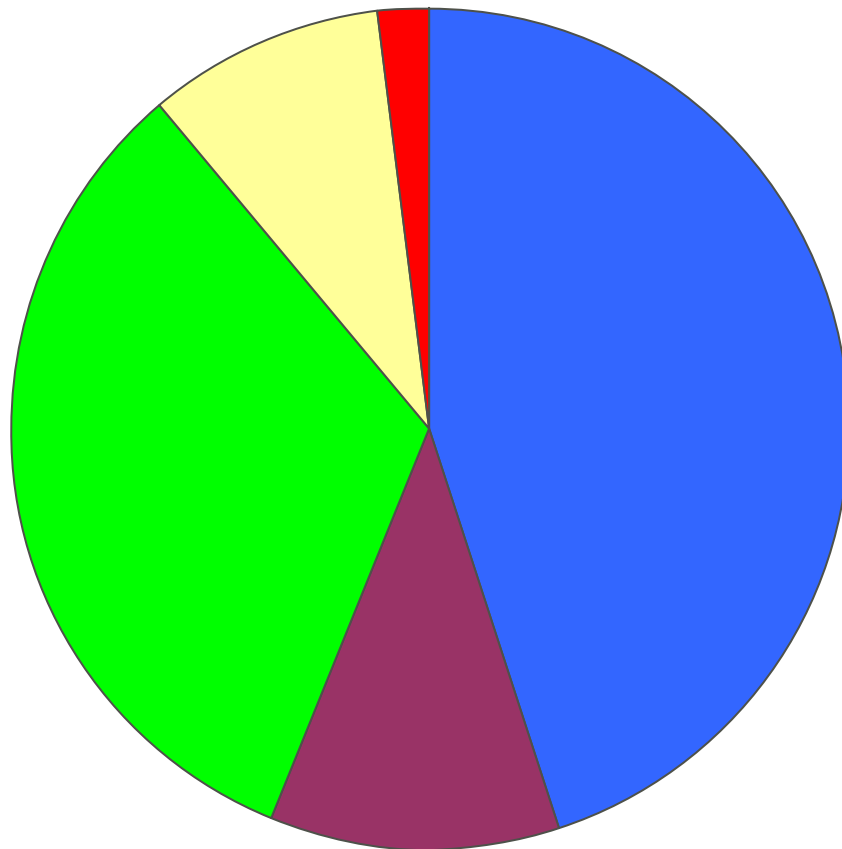
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- ◆ Subject to regulatory review
- ◆ Regulated charges applied to all suppliers equally
- ◆ Overall transportation charges reducing

Cost Per Customer



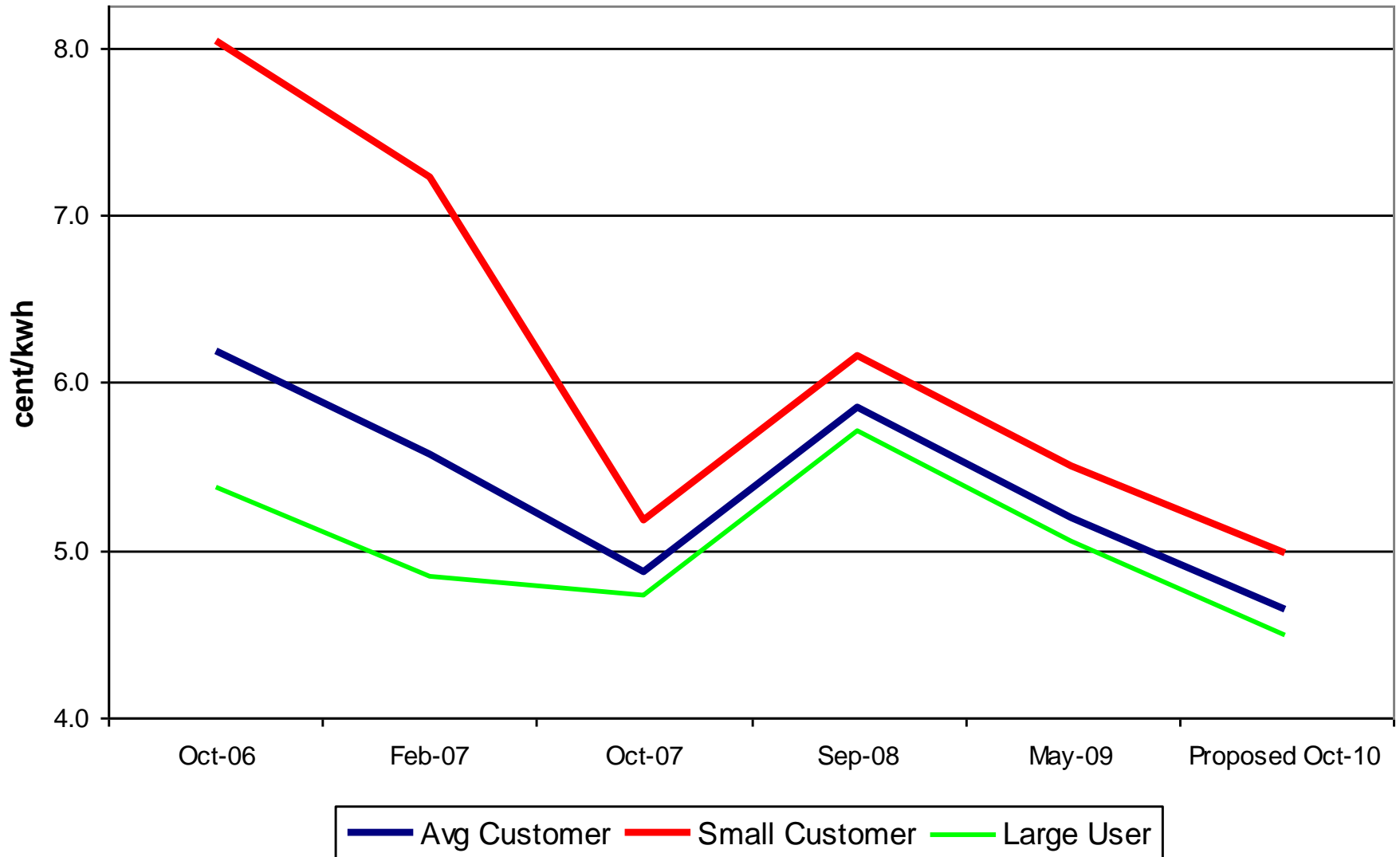
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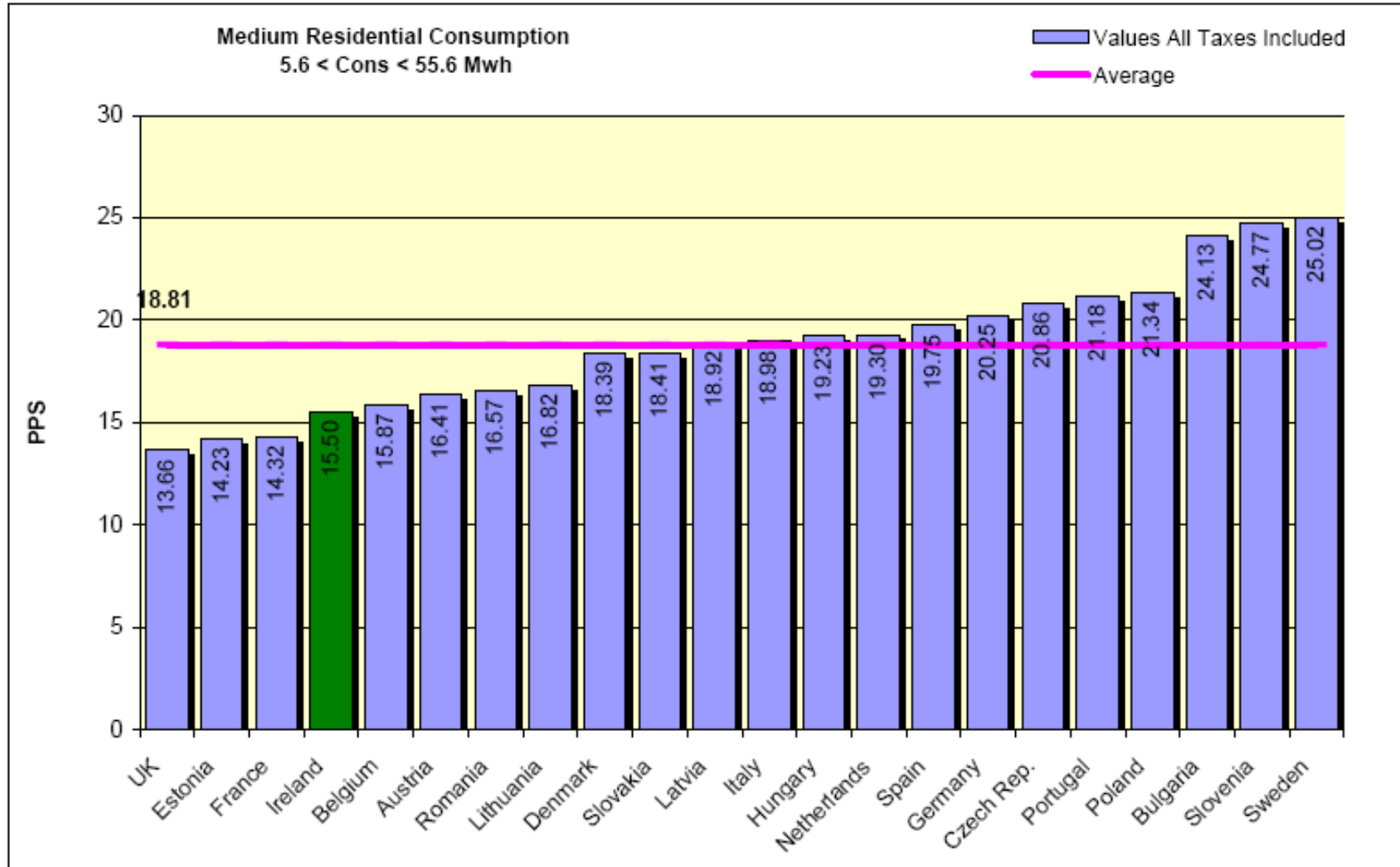
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- ◆ Based on formula agreed with CER
- ◆ Base cost set by CER in 2006
- ◆ Changes year on year relative to:
 - Customer Numbers
 - Volume of Gas
 - Inflation
 - Efficiency factor of 3% year on year (9% in 2009)
- ◆ Bord Gáis Energy required to accept a regulated profit margin of 2% as directed by the CER.

Recent Gas Price Movements



BG Energy Tariff Comparison



- ◆ **Natural gas - the most cost effective fuel**
- ◆ Clean burning, environmentally friendly energy source
 - 30% & 50% less carbon emissions compared to oil and coal respectively
- ◆ Convenient – piped underground – no storage required

Price Decrease

Proposed Decrease for October **9.81%**

Overall Average Decrease in 2009 **21%**

Thank You