

Date: 4th February 2019

Dear Mr Andrew Self,

We are writing to you in connection with the consultation exercise being carried by Ofgem in relation to changes to how the Triads system calculates charges by 2021. Lotte Chemical would like this letter to form a part of that consultation process and consideration be acknowledged with regard to the decision making process and subsequent impact to our business situation as a result of any particular final decisions.

As a Customer within a transmission connected industrial site we would like to take the opportunity to make the case that "final demand user" for a fixed charge is confirmed as the Balancing Mechanism Unit (BMU) settlement meter point to avoid potentially unequal treatment between industrial sites.

Large industrial sites are quite often similar in nature in terms of connections to the Grid and the demands that they place on the system; however, some may be dominated by one single user whereas others have multiple users. If final demand is based on the number of users or sub-meters this would mean sites with multiple users will pay disproportionately high charges compared to sites with one user.

In practical terms if a decision is made to charge based on the number of users the impact financially on our business would be an annual increase of triad charges of approx. 350 percent. Our calculations show that an increase based on a "final demand user" for any fixed charge would still result in increased cost to our business in relation to current costs.

We urge Ofgem to ensure that the changes being considered to the Triad's annual charges takes into account the potential significant impact on our business and that "final demand user" for a fixed charge is confirmed as the Balancing Mechanism Unit (BMU) settlement meter point on transmission connected industrial sites is considered the correct mechanism following your consultation process,

Yours Sincerely,



Steve Scott

Human Resources, HSEQ, Technology and Business Services Director

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