

EIUG Response to the Consultation on Ofgem's Forward Work Programme – 2023/24

Introduction

1. The Energy Intensive Users Group (EIUG) is an umbrella organisation that represents the interests of energy intensive industrial (EII) consumers. Its objective is to achieve fair and competitive energy prices for British industry. It represents manufacturers of steel, chemicals, fertilisers, paper, glass, cement, lime, ceramics, and industrial gases. EIUG members produce materials which are essential inputs to UK manufacturing supply chains, including materials that support climate solutions in the energy, transport, construction, agriculture, and household sectors. They add an annual contribution of £29bn GVA to the UK economy and support 210,000 jobs directly and 800,000 jobs indirectly around the country.
2. These industries are both energy and trade intensive – remaining located & continuing to invest in the UK and competing globally requires secure, internationally competitive energy supplies and freedom to export without tariff barriers. However, inward investment, growth and competitiveness have been hampered for years by UK energy costs higher than those of international competitors.
3. The EIUG would like to emphasise that consumers include non-domestic energy consumers, such as energy intensive industries (EIIs). Too often when energy industry stakeholders, including Ofgem, speak about consumers, they have domestic energy consumers only in mind thereby ignoring non-domestic energy consumers. Issue for domestic and non-domestic energy consumers can be similar, but also quite different. It would be useful if Ofgem acknowledges better in its publications that, when it talks about consumers, it means domestic and non-domestic energy consumers.
4. Key points
 - The EIUG generally agrees with Ofgem's forward work programme;
 - Key priority for the EIUG is to ensure that all energy intensive industries that should benefit from the Energy Bill Reduction Scheme (EBRS) do benefit from it and that the Energy Bill Discount Scheme (EBDS) is designed and implemented in a way that works for them;

- The EIUG would caution applying any retail market reform of the domestic market to the non-domestic market, as this may reduce competition and increase energy costs.
- The EIUG support the proposal in the work programme to support a secure energy supply for winter 2023/24 and beyond, but would add Ofgem supporting National Grid in its work to further develop demand side response (DSR) products for both electricity and gas.

Energy Bill Support

5. Key priority for the EIUG is to ensure that all EIs that should benefit from the EBRS do benefit from it and that the EBDS is designed and implemented in a way that works. Since energy suppliers have a role to play in their administration and implementation, it will be key that they comply with the requirements in the EBRS and EBDS and pass on the benefits to non-domestic consumers, and in particular energy and trade intensive industries (ETIs) in case of the EBDS.

Retail Energy Market

6. The EIUG would like to point out that the non-domestic energy supply market has not seen the same upheaval as the domestic energy supply market. There are no occurrences of non-domestic supplier failures since energy prices started to escalate, though some energy suppliers have withdrawn from the non-domestic market though consumer choice and competition is less. The EIUG would caution applying any retail market reform of the domestic market to the non-domestic market, as this may reduce competition and increase energy costs.

Security of Energy Supply

7. The EIUG support the proposal in the work programme to support a secure energy supply for winter 2023/24 and beyond, but would add supporting National Grid in its further development of demand side response (DSR) products for both electricity and gas. The EIUG proposes that this includes the role of National Grid GSO as residual balancer and whether to allow it to take DSR measures that are more than one day out. From the EIUG's perspective, DSR measures and measures to increase gas supply can act in parallel.

Wholesale market reforms and network charging arrangements

8. The EIUG suggests to align this work with the Government's review of electricity market arrangements (REMA) and therefore Ofgem could deprioritise this, depending on the Government's timetable. In case of reforming network charging arrangement to incentivise to locate and dispatch in the right place, the EIUG would like to refer to its [response](#) to the Government's REMA call for evidence.

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