



CHEMICAL INDUSTRIES  
ASSOCIATION

*Ofgem Corporate Strategy and Plan 2005 to 2010*

*Response by the Chemical Industries Association*

The Chemical Industries Association welcomes the opportunity to respond Ofgem's corporate strategy and plan 2005 to 2010. The CIA would like to make the following comments:

- we support the fact that Ofgem's principal objective is to protect the interests of consumers present and future, wherever appropriate by promoting effective competition. We request that Ofgem considers the requirement of business customers and the potential impact of market reform on their global competitiveness;
- the CIA agrees that the development of a liberalised wholesale gas market in Europe is a priority, particularly in terms of facilitating the unfettered transmission of gas across the rest of Europe on a fair and non-discriminatory basis;
- the CIA notes that Ofgem recognises that it is for Government and environmental regulators to set environmental targets; however, we agree that Ofgem has an important role to play in the debate about how targets should be met in ways that minimise the impact on consumers;
- the CIA supports Ofgem's close surveillance of the wholesale gas market and agrees that this is especially important due to the coming winter 2005/06;
- we have been working with Ofgem and Transco regarding reform of the arrangements for gas network exit capacity. There is more work to be carried out especially regarding how long-term efficient signals can be derived and to ensure that any reform does not cause undue discrimination or unnecessary complication;
- the CIA would like Ofgem to note that gas quality is an important issue for the chemical industry. Impurities in the gas can cause major problems to processes and we would like to offer our support for and active participation in the DTI, Ofgem, the Health and Safety Executive and DEFRA three-phase joint study on future gas quality issues; and
- the CIA agrees that network regulation will be important for as long as the networks retain their monopolistic characteristics and certainly throughout the period of the plan. We welcome increase data transparency on the performance of networks in relation to their price controls and consultation on amendments to charging methodologies.

If you would like to discuss any of the above issues, please contact myself on 020 7963 6718.

Kind regards,

Helen Bray  
Utilities Policy Manager