

CHEMICAL INDUSTRIES' ASSOCIATION

Hello,

Please find attached our thoughts on the remit of Ofgem's corporate strategy for 2006-2011. CIA believes that Ofgem should:

1. Continue to monitor energy markets;
2. Review the fundamental competition issues in the supply of gas and electricity;
3. Review key transportation infrastructure which link our market to other European markets; and
4. Investigate security of supply for the coming years.

In terms of actions:

1. We note that Ofgem is already working in this area and request more frequent updates on the work being carried out so consumers know what Ofgem is doing for them on the issue of price.
2. We note that Ofgem is reviewing the supply licences but would also like some investigations to be carried out to determine if there are any barriers to supply for industrial consumers. Many members state that the products or number of companies willing to enter into contract negotiations is very limited.
3. We are in contact with Interconnector Shippers who have informed CIA that they have no UIOLI provision. We would like Ofgem to look into this area.
4. Where will our gas come from? Is there any impact on electricity markets? Our members would like certainty that they will have access to a reliable source of gas at a competitive price.

We're also interested in the work that Ofgem carries out to ensure efficient and economic use of networks, and note that the next price control for both gas and electricity is in 2007, with the majority of work to be completed in 2006. We also note that Ofgem is increasing its European focus and we hope to work with Ofgem through our involvement with both CEFIC and IFIEC.

The CIA has enjoyed working with Ofgem throughout 2005 and we hope that we can continue this relationship.

Kind regards,

Helen

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