



British Ceramic Confederation

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lc/sm

13 September 2009

Rachel Fletcher,
Director, Distribution
Ofgem, 9 Millbank
London, SW1P 3GE

Dear Ms Fletcher,

Consultation: ref 92/09 Electricity Distribution Price Control Review

The British Ceramic Confederation (BCC) is the trade association for the UK Ceramic Manufacturing Industry, representing the common and collective interests of all sectors of the Industry. Its 100 member companies cover the full spectrum of materials and plant and machinery, and comprise over 90% of the Industry's manufacturing capacity.

Membership of the Confederation includes manufacturers from the following industry sectors:-

- Gift and Tableware
- Bricks
- Refractories
- Plant and Machinery
- Floor and Wall Tiles
- Clay Roof Tiles
- Industrial Ceramics
- Sanitaryware
- Clay Pipes
- Material Suppliers

The industry is energy-intensive: energy bills / taxes can be up to 30-35% of total production costs. BCC is a member of the Energy Intensive Users Group: we discussed these proposals at our meeting on 8th September.

Our members do require electricity supplies to be reliable: interruption can cause major problems with production and serious consequences with kilns. While recognising that there will be higher costs for investment in electricity distribution in the future, particularly to meet the challenges of supply reliability and the environmental agenda/ low carbon requirements, the annual cost increase proposed in table 3.1 (p27) - which averages 5.3% per year - does seem excessive, particularly in the current economic climate. We know that distribution costs can be a significant proportion of total electricity prices. Site specific charges inevitably mean that many of our members will pay more than the average annual increase. This is at a time, too, when they will be facing significant increases in costs through a wide range of energy taxes in the UK. Many businesses now are considering where to invest when the economic upturn comes: this extra proposed increase will make the UK less attractive for energy-intensive manufacturing investment. I know that my colleagues from other industries who are part of EIUG share these concerns.

Yours sincerely,

Lana Cohen

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