



Anna Barker,  
Senior Economist  
Ofgem,  
9 Millbank,  
London,  
SW1P 3GE

31<sup>st</sup> January 2011

Dear Sirs,

**RE: GAS SECURITY of SUPPLY CODE CONSULTATION**

We refer to the above consultation, and would like to submit the following response on behalf of the Mineral Wool insulation sector as consumers.

By way of background, MINESCO represents all 6 UK mineral wool manufacturing plants for the purposes of the sector Climate Change Agreements and EU Emissions Trading Scheme. Mineral Wool insulation is produced using one of two competing processes, the stone wool process using cupolas or the glass wool process based on glass furnaces. The entire UK mineral wool production is dependent on 5 glass wool furnaces and 3 stone wool cupolas. Therefore the loss of even a single glass furnace represents a major interruption of supply of a significant energy saving product.

Continuity of operation in glass melting is absolutely imperative to avoid damage occurring to the furnace. At some sites the loss of gas can be replaced by standby fuels, but others do not have standby capabilities. Change over to standby fuels also requires adequate notice be given by the Network Coordinator to the switch can be undertaken in a safe manner.

If standby fuels cannot be sourced due to the effect of the gas interruption on the supply chain the result could be catastrophic failure of the furnace refractories. Whilst in theory it may be possible to try and close a furnace down by draining and cooling, this is not normal practice and at best would likely lead to shortening of furnace life and significant loss of production.

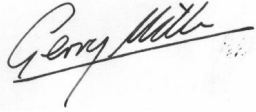
The foregoing illustrates the financial and market implications of involuntary interruptions occurring at mineral wool sites, and we therefore welcome the broad proposals to ensure that arrangements more fully reflect the financial costs incurred by firm customers. In particular we welcome proposals to:

- 1) Ensure that cash out costs provide appropriate market signals to drive investment in minimising possible interruptions.
- 2) Provide that firm customers whose supply is involuntarily interrupted receive financial compensation

However, we feel that further evidence is required on the implications of interruptions, as this could exceed the proposed payments based on MBS and domestic value of lost load, and in the case of a glass wool furnace could necessitate a rebuild.

We hope that the above background and comments are helpful in explaining the profile of our sector, and obviously we would be happy to expand on any of the points raised.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Gerry Miller". The signature is written in a cursive style with a long horizontal stroke at the end.

Gerry Miller  
MINESCO