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Andrew MacFaul
Consultation Co-ordinator
Ofgem
9 Millbank
London
SW1P 3GE

Eddie Proffitt
Gas Group Chairman
PO Box 30
London
W5 3ZT
Phone 07879 255251
eddie.proffitt@meuc.co.uk

Dear Andrew

Significant Code Review – Gas Security of Supply

I am writing on behalf of the Major Energy Users' Council (MEUC) which is an independent consumer led body representing the interests of a large number of industrial, commercial, retail and public sector organisations and for which the use of electricity and gas is a significant factor in their operations' costs.

The Major Energy Users Council welcomes the SCR being carried out by Ofgem and this opportunity of providing customers' views on the proposals.

Having provided my written views on this topic on two previous occasions, presented at two of the seminars, been interviewed by five of your staff and attended 23 meetings I believe my views are well known to Ofgem.

My first comment has to be on the length of time taken so far on the SCR, almost two years since it was first proposed. From a consumer view point we have entered yet another winter without any proposals to prevent a gas deficit emergency occurring nor have we any compensation in place if one did. The whole point of an SCR was to give Ofgem additional powers to speed up the change procedure, however if we had followed the normal UNC workgroup procedure a solution would surely have emerged in a shorter time frame.

One of the main assumptions in the SCR is that the high level of compensation at £20/therm will force suppliers to contract for commercial interruption with their customers. I have repeatedly reported at your meetings that consumers' are unwilling to contract for commercial interruption, so much so that at the last meeting it was suggested that you need to involve more consumers. I would point out that over the period that the SCR has been in operation the number of consumers has dropped to the point that I have been the sole consumer representative at a number of your recent meetings.

Having taken Ofgem's comment on board about involving more consumers I questioned whether it was purely my own view that consumers would not contract for commercial interruption with their supplier. As a result I have recently carried out a quick email survey asking a simple question "would you be willing to contract for commercial interruption with your supplier?" The highest response rate was from the "out of office" automatic replies, however I did receive 55 responses of which 53 were straight NO, one was a conditional yes, with conditions around an emergency situation and the second yes was for part of their load. I realise this is not very scientific but I believe it is an indication of consumers feelings on this topic.

Returning to the Proposed Final Decision I see little if any difference from the original proposal, therefore I would say please proceed with implementation as quickly as

possible but also put in a monitoring system to review how many commercial interruptible contracts are agreed post implementation, thereby providing an indication of protection for next winter and whether further measures are required to prevent an emergency occurring.

Finally you asked the following specific questions;

Do you have any comments about the overall process, which was adopted for this consultation?

Far too long with very long delays between various stages. The initial timetable in early 2011 with seminars and workgroups only days apart suggested urgency for resolution. This was not borne out by the overall process.

Do you have any comments about the overall tone and content of the report?

As an active participant it is impossible to give a view

Was the report easy to read and understand, could it have been better written?

Ditto

To what extent did the report's conclusions provide a balanced view?

I think the report and the conclusions give an Ofgem view, it certainly does not reflect my recollection of the views expressed at the numerous meetings I attended.

To what extent did the report make reasoned recommendations for improvement?

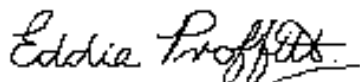
The report made reasoned recommendations to support the Ofgem view.

Please add any further comments?

None

This submission is not confidential.

Yours truly,



Eddie Proffitt
Gas Group Chairman