



CHEMICAL INDUSTRIES
ASSOCIATION

OFGEM's open letter on REMIT
(Regulation on wholesale energy market integrity and transparency)

Chemical Industry Association response

CIA welcomes this opportunity to respond to OFGEM on the implications of REMIT. While we welcome REMIT's commitment to tackle abuse in the wholesale market, we remain concerned that some of the articles within REMIT will unnecessarily impact our large companies and even some who are medium sized. Our chief concerns are centred on the following aspects:

- Registration of market participants
- Thresholds
- Transparency

CIA is concerned that the registration of market participants is another administrative burden for companies and that the registration of both end users and suppliers will lead to duplication of work.

CIA believes that the 600GWH threshold at which final consumers need to register as market participants is too low. This will result in company's having to register as market participants when their consumption levels have no real impact on the functioning of the wholesale energy market.

We do not believe that an outage in the electricity market of 100MW constitutes inside information capable of influencing the wholesale market. The threshold for gas outages has yet to be set and we would urge OFGEM to determine a threshold which is better aligned with market influence.

Furthermore, we are concerned that publication of outage information on a transparency platform could provide a source of commercially sensitive information to competitors in the product markets our members operate in.. We would urge OFGEM to reconsider the level of transparency needed and, at minimum, ask that information on interruptions to consumption is anonymised.

Response to OFGEM's questions

1. Are there specific issues you would like the user manual to cover or other questions you have about registration?

We do not agree that final customers with consumption greater than 600GW should need to register as market participants. We do not believe their actions and consumption patterns have any real impact on the functioning of the wholesale energy market.

Additionally, the registration process represents an unnecessary administrative burden for companies whose energy transactions have no real impact on the process in the first place.

2. ACER may make extracts of the participant register publically available, provided that commercially sensitive information is not disclosed. What registration data on market participants would you value being made public by ACER? What data would you be concerned about being made public in this way?

The CIA remains very concerned about the disclosure of information relating to industrial companies' consumption patterns. We believe that all information relating to both consumption levels and outages is commercially sensitive and do not see how publicising this information tackles abuse in the wholesale energy market.

3. What do you see as the advantages and disadvantages of moving towards the use of transparency platforms, either at EU level, regional or national level?

Although there may be some merit in a transparency platform relating to the significant players on the supply-side of the energy market, we do not see how disclosing information on lower level chemical companies' outages would produce any advantages.

7. What is an appropriate GB gas market threshold for inside information disclosure and why?

OFGEM need to determine a threshold for GB gas market information that ensures that energy intensive users do not fall within the threshold. We do not believe that a single company's outage would have the same effect on the gas market as an outage in the North Sea. Therefore we ask OFGEM to be cognisant of this when determining an appropriate threshold for the gas market.