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**from:** British Ceramic Confederation

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## RESPONSE TO CONSULTATION ON CUSC MODIFICATION PROPOSAL 224

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 ceramic products and comprise over 90% of the industry's manufacturing capacity.

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

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

**The principal message in this response made by the British Ceramic Confederation on behalf of our members is that an increase in network costs will directly affect our members' ability to do business. As UK ceramic manufacturers operate within a global market they cannot pass on rising energy costs to their customers; therefore we are concerned that the escalating cumulative cost of energy will dissuade investment in the UK ceramic sector.**

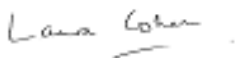
The following points are highly relevant to ceramic manufacturers / material suppliers and the UK's other energy intensive industries:

1. Transmission network Use of System (TNUoS) charges are projected to increase 41% between 2014/15 and 2018/19. This dramatic increase will have a detrimental effect on energy intensive industries whose TNUoS charges are recovered via the TRIAD system.
2. It is becoming increasingly difficult to predict TRIAD days and this unpredictability means energy intensive users are vulnerable to increased TNUoS charges. This unpredictability is costly for ceramic manufacturers and it is not helpful for National Grid who seek to balance the system.
3. The modifications currently proposed are concerned with limiting the amount the generator pays, however there is no intention to place a cap on the amount that the demand side pays. Between 2000 and 2014/15, demand tariffs have more than doubled. If CMP224 is implemented the charges will have quadrupled between 2000 and 2018/19. At a national level there is insufficient action being taken to combat the rapidly escalating costs incurred on the demand side.
4. Although it is argued that the change in the split will be cost neutral, we are very concerned that the saving from the generator will not be passed onto consumers, who will therefore bear all the burden being unable to pass this cost on themselves.

5. There are currently three modifications concerned with transmission charges; however there is very little information available on how these interact and their impacts on half-hourly demand tariffs. It is important that demand users are aware of proposed changes and what impact these have on tariffs.

Based on the current legislative uncertainties (as recognised by Ofgem), incomplete assessment to identify the cost to demand side users, and also the lack of information for demand users going forward, we would recommend that Ofgem not implement CMP224.

Yours sincerely,



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Chief Executive



Miss Stephanie Palmer  
Technical and Sustainability Advisor