

CIA response to draft modification 470 “Notification of Minimal Safety operating gas needs of large customers”

The Chemical Industries Association (CIA) is the trade association and employers federation for chemical and pharmaceutical businesses located throughout the UK. The chemical and pharmaceutical industry contributes £20 billion per year to the UK economy, provides direct and indirect employment for over half a million people and is the UK's number one manufacturing exporter. The chemical and pharmaceutical industry is therefore highly exposed to international competition and it is also energy intensive being the largest consuming industrial sub-sector (at 51TWh) in 2011.

CIA welcomes the chance to respond to this draft modification 470 “Notification of Minimal Safety operating gas needs of large customers”. Although we are pleased that the modification aims to protect sites in the event of a supply constraint, we have a number of concerns with some of the proposals contained within the text:

- The modification states that Daily Read customers connected to Distribution Network (DN) would be able to register their system needs under local emergency conditions when shutting down. In the event of an emergency the DN would have ‘regard’ for those site needs when shutting down. This process would only be eligible for those sites that will suffer damage exceeding £25 million.

We are concerned that the £25M damage threshold is set on absolute basis, and should be set relative to an appropriate activity measure, e.g. damage repair cost as a proportion of the annual turnover. This provides protection for sites that suffer a lesser damage repair cost in absolute terms, but one which is highly significant to their business.

- The modification clearly states that a customer having their needs registered in the network does not provide them from any further protection or leeway from being disconnected. It is our view that having a register which does not provide any further protection and providing transporters with discretion on how to handle the emergency would make the register meaningless.
- The modification clearly states that a site which has priority status nationally would not be able to use this protection status in the event of a localised supply constraint. CIA argues that if an end-user holds priority status nationally, then it should apply to local constraints also.

Overall, the modification in its current form does not seem to offer any protection to end-users who would suffer damage in the event of a supply constraint as the transporter still maintains complete discretion over how to handle the emergency. We are also very concerned that those sites who hold priority status nationally are not able to use this status in the event of a supply constraint. CIA request that these anomalies are addressed before the modification is finalised.