

L36/11/12

13 November 2012



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Re: Treatment of Gas Transportation Capacity Costs (SEM-12-089)

Dear Kenny,

QPANI welcomes the opportunity to comment on the consultation in respect of the Treatment of Gas Transportation Capacity Costs (SEM-12-089).

Comments on the Consultation

- We are extremely concerned at the way this Consultation was communicated to trade representative organisations in Northern Ireland and the short consultation time period.
- We appreciate that the regulator did grant the Cubes request for a one month extension to the consultation. However, the lack of information provided in the consultation to allow us to fully respond to the consultation still remains.
- It is very difficult for non-experts to fully grasp the significant impact this will have on average electricity prices given the technical and legalistic nature of the consultation. It is clear given the feedback from Industry in the short timeframe we have had that more needs to be done to assist companies affected by this to fully understand the impact the proposals will have.
- Energy costs remain a key issue of competitiveness for our construction materials industry in Northern Ireland who are directly competing with manufacturers and suppliers from other lower energy cost regions of the UK, Ireland and Europe. It is essential that we continue to protect our energy intensive industry in Northern Ireland - a 9% increase in average electricity price threatens to undermine their competitiveness, future investment plans, and for some their likely survival.
- There is growing concern that the cumulative impact of energy policies - such as the European target market and in particular the proposed carbon floor price - risks making our industrial base further uncompetitive within the SEM as well as globally.

The trade association for all aggregates, asphalt, ready-mixed concrete, mortar, silica sand and lime



The peregrine falcon symbol appears in recognition of the outstanding work being carried out by many QPANI companies to protect this important bird of prey

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The QPANI fully support the recommendations put forward by the CBI Northern Ireland;

- The SEM committee must extend the period of consultation to allow for proper cost modelling
- The regulator must host a workshop with large energy users, and other key stakeholders, to inform them of the "true" cost implications.
- On a more general point the regulator should provide key stakeholders with the one page summary of all existing consultations that is currently provided to the NIAUR board
- The regulator should implement a traffic light system for each consultation that would clearly highlight to large energy users, and other consumers, the risk impact on electricity costs.

It is with regret that our members were unable to fully engage in this consultation process due to lack of information and an ill- informed consultation process. We look forward to the opportunity to engage with you further to discuss our concerns further.

Yours sincerely,



Gordon Best
Regional Director QPANI