

EIUG represents consumers in the energy intensive sectors of UK industry, and is the UK member of IFIEC Europe (the International Federation of Industrial Energy Consumers).

British Energy has specialist expertise as an independent supplier to the UK's industrial sector, a market segment which is served by a relatively limited and declining number of competitors. Many companies within the sectors that EIUG represents have had supply contracts with British Energy and wish to be able to continue this relationship.

EIUG agrees with the UK authorities that there is no structural over-capacity in generation. National Grid's most recent estimates of winter supply margins are evidence of this, as is their increased interest in procuring 'turndown' load management services from industrial consumers, many of them within the sectors EIUG represents. We believe that recent increases in forward prices in the wholesale market also reflect this narrowing supply margin, and note that prices for 2004 are above those in Germany and significantly above those in France. We emphatically disagree with the argument that any compulsory closure of capacity is required, as this would undoubtedly threaten security of supply.

It would in any case be especially undesirable to lose nuclear capacity because of the impact this will have on CO<sub>2</sub> emissions, threatening the ability of the UK and the EU as a whole to meet their international obligations under the Kyoto protocol. It is in consumers' interests that these are met in an economic manner without threatening security of supply, e.g. by over-dependence on costly, intermittent alternatives such as wind generation. There is no doubt that, for any of these objectives to be achieved, a substantial, continuing nuclear input will be required for the foreseeable future.

EIUG believes the proposed restructuring package is an essential contribution to ensuring that UK and EU environmental objectives can be met, and trusts that the Commission will find to this effect.