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INTERNATIONAL

Rt Hon Matthew Hancock MP
Minister of State for Business and Enterprise and Minister of State for Energy
Department for Business, Innovation and Skills
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16 July 2014

Dear Matthew Hancock,

**Halite Energy Group
Preesall Gas Storage Project**

As the Chief Executive of Steelite International plc, I am writing to ask that HM Government gives the Preesall Gas Storage Project its full support.

I understand that the construction of the Preesall facility will improve security of supply and, as the largest onshore gas storage facility in the UK, add 20 percent to our gas storage capacity – equivalent to three days' supply.

Steelite International plc is a manufacture of high quality ceramic tabletop products for the global hospitality market. We are committed to manufacturing in the UK and currently employ over 1000 people across our two factories in Stoke-on-Trent and Derby.

Like other ceramic manufacturers in the UK, we are gas intensive businesses and are both heavily reliant on a reliable gas supply, and heavily affected by the gas price. The UK gas wholesale prices are among some of the most volatile in Europe which puts us at a competitive disadvantage compared to European manufacturers. Price volatility, extended increased gas prices and the resulting inability to maintain a predictable business model have a severe and damaging impact on the UK ceramics industry, investment and inevitably, the wider economy.

Continuous high temperature processes such as those within the ceramics industry are not able to stop production quickly at times of energy shortages; shut downs at Steelite International are planned months in advance and carefully monitored and controlled. The loss of gas supply, even for a short period of time, can cause extensive damage to our kiln structure and kiln cars which could in turn take months to repair. In the current financial climate, such extensive damage to production facilities could, for many businesses, cause permanent closure.

I strongly believe that additional gas storage is essential to ensure gas security and reduce price volatility for all gas users.

I am sure that I speak on behalf of many other Stoke-on-Trent businesses when I say that, to maintain and build on our success, the industry needs secure, predictable and internationally competitively priced energy, including gas.

I would like to conclude by urging the Government and DECC to carefully consider the Preesall project.

Yours sincerely,



Richard Poole
Group Finance Director