

## **Second Meeting of the UK Coal Forum**

**10:15 –12:15 on 23 January 2007**

**Scottish & Southern Energy Conference Centre, Ferrybridge**

### **Attendees**

#### **Chair**

Sir John Collins, President of the Energy Institute

#### **Government**

Lord Truscott, Minister for Energy, DTI

Peter Waller, Head of Energy Technologies Unit, DTI

Richard Bellingham, Energy, Scottish Executive

John Cockaday, Secretary to the Coal Forum, DTI

Ron Loveland, Director, Energy Wales, Welsh Assembly Government

Philip Lawrence, Chief Executive, Coal Authority

#### **Industry**

Ian Marchant, CEO, Scottish& Southern Electricity Ltd

Guy Buckenham, EdF Energy

David Porter, Association of Electricity Providers

Tony Cocker, E.on

Dorothy Thompson, Drax

Peter Brown, Scottish Power for John Campbell

David Brewer, CoalPro

Niall Crabb, Scottish Coal

Gerry Spindler, UK Coal

Mel Hunt, H J Banks

Stephen Tillman, Miller Argent, for James Poyner

Tom Allchurch, ATH Resources

Nigel Yaxley, for Tom Fergusson, Fergusson Coal

Owen Michaelson, Peel Holdings

Pat Carragher, BACM

Steve Kemp, NUM for Ian Lavery

Adam Lent, TUC

Mike Benson, Alstom Power, for Nick Otter

Mike Farley, Doosan Babcock

John Topper, IEA Clean Coal Centre

#### **In attendance**

Clare Harding, Coal Policy, Energy Technologies Unit, DTI

Ian McKenzie, Director, Coal Liabilities Unit, DTI

David Leitch, Energy Technologies Unit, DTI

Phil Garner, UK Coal

Paul Smith, Scottish & Southern Energy

## Apologies

Rhidian Davies, Nick Otter, Ian Lavery, Tom Fergusson, John Campbell

## Agenda

- Welcome by Ian Marchant, CEO, Scottish & Southern Energy
- Introduction from Sir John Collins, Chair, Coal Forum
- Introduction of new members
- Role of the Coal Forum, Lord Truscott, Energy Minister, DTI
- Notes of the last meeting, DTI Secretariat
- Reports from the Sub-Groups
  - (a) Future generation, John Topper, SG Chair
  - (b) Infrastructure, Dorothy Thompson, SG Chair
  - (c) Planning, Niall Crabb, SG Chair
  - (d) Formation of Future World Markets Sub-Group, Chair
- Coal Forum Work Plan, Peter Waller, DTI
- Future meetings and AOB, Chair
- Wrap-up, confirmation points, close of formal business
- Presentation on Clean Coal Technologies, Scottish & Southern Energy
- Tour of Ferrybridge Site

## Preliminary matters

1 **Lord Truscott** expressed his condolences to the family, friends and work colleagues of the miner killed at Daw Mill colliery on 17 January. He was confident that all necessary steps were being taken to secure the safety of Daw Mill and all underground mines. HM Inspector of Mines, the Health and Safety Executive and UK Coal were all working to review the circumstances of the accident.

## 2 Welcome and Introductions

**Sir John Collins** thanked Ian Marchant and Scottish and Southern Energy for their hospitality in hosting the meeting at Ferrybridge power station. He welcomed two new members to the Coal Forum: Tom Allchurch, CEO of ATH Resources plc and Peter Brown, standing in for John Campbell, representing Scottish Power plc. **Sir John** thanked the three sub-groups established at the first meeting of the Forum for the work they had already done. He felt that the Forum was making good progress.

## 3 Role of the Coal Forum

**The Chair** said that discussion of this item was intended to clarify the role of the Forum to maintain current positive perceptions of its work.

**Lord Truscott** said that he had asked for an opportunity to speak in the context of previous discussions of a possible target for coal production in the UK. The Forum's aim, as set out in the Energy Policy Review report of July 2006, was to promote dialogue and improve communication among the groups represented

around the table, which was already happening. It should not be seen as a decision-making or policy setting body. It could neither tell generators how much indigenous or other coal they should take, nor mine operators how much coal they should produce. Ministers were looking to the Forum for fact-based analysis and views of possible ways forward. Central and devolved administrations would consider carefully such advice on matters that government can influence, but could not endorse a target for future UK coal production, which it was not in a position to deliver. The coal producers and their customers were best placed to do this, and the Forum was created to help them to explore relevant issues and possible solutions.

It was argued that, if the Coal Forum was to be more than a 'talking shop', it had to be able to measure its results. The parties around the table could work on the basis of considering what might be needed to enable 20 million tonnes a year to be produced, recognising this to be a challenging objective, without binding Government to this as a target. An agreed benchmark figure would help the detailed work being done in the sub-groups analysis by providing a common standard against which to assess barriers to its achievement and the economics of alternative strategies.

**The Chair** commented that, since the Forum included those best placed to influence the future of the UK industry, we should take it forward on the basis that 20 million tonnes a year of UK production would be a useful benchmark against which to assess barriers and identify solutions. He cautioned, however, that it must not be seen as a production target. **Lord Truscott** endorsed this conclusion.

#### **4 Minutes of Previous Meeting**

**The Secretary** noted some corrections to the original draft and the minutes were agreed. They would be published on the Coal Forum website as soon as this was available. He asked if in future it would be possible to agree minutes electronically without waiting for the next meeting so that they could be published with the minimum delay and this was also agreed.

#### **5 Reports from Sub-Groups**

##### **a) Future Generation**

**John Topper, Chair of the sub-group**, reported on its meeting of 16 January. As that was recent, no notes were yet available and he summarised the main points arising from the meeting, speaking to the slides attached at Annex A and to a summary of the main points (Annex B):

- The group had decided to focus on capacity issues initially, not addressing the provenance of coal at present.
- A sub-group member had supplied a 'straw man' for discussion, which envisaged a total generation gap for the UK of 20 Gigawatt (arising from assumptions about Magnox and LCPD [Large Combustion Plant Directive] opt-out closures, increased demand, etc) that could be filled by new coal-fired build (including replacement capacity) of

- 10 Gigawatt - medium coal scenario
- 15 Gigawatt – high coal scenario
- 5 Gigawatt – low coal scenario
- The group had also identified issues around build timing (e.g. already too late to have new nuclear plant in service to bridge the gap) and availability of equipment, technology, and skilled manpower.
- The ‘straw man’ was now being prepared in more detail in the light of discussions.

The current UK new-build situation was outlined, including proposed IGCC [Integrated Gasification Combined Cycle] plant and supercritical units (all at early stages of planning). It was said that lack of certainty on matters such as the future of EU ETS [Emissions Trading Scheme] was discouraging commitment to these projects. For the rest of the world, the rate of projected new build suggested that kit availability may be an issue for UK developments.

The subsequent discussion covered the continuing use of coal-fired generation, given that gas inherently emits less carbon. It was noted that diversity was the key to security of supply and that recent CCT [Clean Coal Technology] developments had already improved the efficiency of coal-fired plant to 47% and 50% was likely to be achieved at supercritical plant already in planning. It was recognised, however, that an anti-coal lobby could hinder new coal build, even of plant designed to be carbon capture ready, and it was noted that the Forum did not include any environmental NGOs [Non-Governmental Organisations] – **Sir John Collins** asked DTI officials to consider a meeting involving them.

#### **b) Infrastructure**

**Dorothy Thompson**, sub-group Chair, reported that the group had had a useful first meeting (notes at Annex C) and identified two areas for work: constraints on internal infrastructure and constraints on import infrastructure. The focus of the first of these was on rail deliveries, where the freight companies are looking for greater certainty on forward demand than the generators can give them. Total demand is higher than was envisaged five years ago, helped by some easing of constraints, although the priority given to passenger traffic was raised as a continuing issue. Two Department of Transport consultation papers were mentioned, on infrastructure and access charges. Although the first had closed, the group members agreed to review it for discussion at their next meeting. It was hoped to provide a group response to the second.

With regard to import infrastructure constraints, the main concern was the time taken to obtain planning consent for port developments, which might fall within the Planning sub-group’s remit. It was agreed that it should be raised with DTI officials looking at energy infrastructure projects, and that consideration should be given to inviting a port company to join the planning sub-group.

#### **c) Planning**

Chair of the sub-group, **Niall Crabb** spoke to the report at Annex D. The Group’s first meeting had concentrated on identifying the work needed to take forward

its remit and allocating responsibility for it. It recognised that Government's role in planning gave it more potential influence in this area than in the remit of other sub-groups. The sub-group will focus on exploring the facts, building on initial statistics provided by the Coal Authority, to assess whether the 'presumption against' development in English and Scottish planning guidance (which does not apply to any other minerals sector) is having a real effect on planning consents for mines. It would address issues such as the time taken to complete the application process and what steps could be taken to improve planner/developer dialogues.

Five working groups had been formed to take this work forward before a second sub-group meeting in early March:

- Statistical analysis – to provide fact-based evidence
- Planning policy – has a succession of documents, including the introduction of Development Plans, helped to nuance the application of previous texts?
- Code of Best Practice for industry and planning officers – does the existing code need up-dating, and do Planning Authorities have the expertise they need?
- Time lines in the application process – why does it take so long?
- Case for Indigenous Coal – can the Group underpin the argument for this to be a material consideration when considering planning applications?

In discussion, the importance of getting the facts on this issue was noted. A Government member pointed out that, while the timetable was tight to incorporate results into the Energy White Paper, a Planning White Paper was also in preparation, and neither would preclude other policy developments. **Lord Truscott** said that the application process had to take due account of the interests of local communities, but that it was important to air all the issues and to give developers a decision within a reasonable timescale.

In response to a comment that the Energy Review report had failed to recognise the continuing role of coal in the energy mix, and that the Energy White Paper was an opportunity for a Government statement that could underpin the case for new developments, **Lord Truscott** said that the Government had not ruled out a 'statement of need' for continuing supplies of indigenous coal. In the subsequent discussion there was strong support around the table for such a statement. It was pointed out that, while there were such statements in relation to nuclear, renewables and energy infrastructure, there was none for coal. Others commented that a 'statement of need' for coal would build on what they saw as the positive line in DCLG's recent Minerals Planning Statement 1. It would also help any plans coming forward for new deep mine developments, which are equally subject to the 'presumption against'. The anti-opencast stance of MPs who intervened in a recent Westminster Hall debate on mining in Nottinghamshire was noted. However, the underlying economic realities meant that a tonne of indigenous coal not mined as a result of opencast planning refusal would be replaced with a tonne of imported coal - not by deep-mined coal from the UK. Nevertheless, it was recognised that MPs were subject

to strong local sentiment and opencast can still be resented in former deep-mining areas.

Another suggestion was that there could be statement on the benefits of diversity of feedstock sources, especially given the recent growth in imports of coal, as well as gas, from Russia. This could also be influential if other policy developments, such as future carbon targets, would otherwise lead to another 'dash for gas'.

On the issue of the 'presumption against', it was pointed out that six out of seven applications determined in Scotland since its introduction there, had been successful. On the other hand, the seventh application had met all planning requirements, and had been recommended for approval by the planning officers, but had been refused by the local planning committee because the inclusion of the 'presumption against' in planning guidance made them feel able to use it. As a result, the mining company was faced a long and expensive appeal process. Several generators' representatives said that they had written to support planning applications and make the case for continuing access to local supplies of coal.

**The Chair** felt there had been a useful discussion of the impact of the 'presumption against' and the possible benefits of a statement of need.

## **6 Proposed Future World Markets Sub-Group**

**The Chair** invited comments on the mandate circulated with the meeting papers, either now or following the meeting.

Formation of the new sub-group was strongly supported. However, it was suggested that the remit should require consideration of the implications for indigenous coal, rather than for the generators' strategies, while it was questioned whether the generators had access to the data they would need to deliver the remit as drafted. It was seen as important to test the view that 'why worry when we can import all we need' with input from the generators and clear analysis of the shared risks to ensure that the UK's security of supply was not put at risk.

**The Chair** noted that the formation of the further group had been agreed and that the Terms of Reference would be reviewed as discussed. Anyone wishing to volunteer to participate, especially to chair the group, would be welcome and should contact the Secretary.

## **7 Coal Forum Work Plan**

All members of the Forum were urged to participate in the work of the sub-groups. DTI officials committed themselves to considering what emerging thinking could be included in the Energy and Planning White Papers. They asked members to consider if there were any gaps in the work already in hand and if so, how best to fill them.

Responding to a suggestion that, while it was good to have DTI fully involved, the Coal Forum might achieve more in the longer term if it were at arm's length from Government, **Lord Truscott** commented that Government had, to an extent,

stepped back from its previous engagement with the coal industry in recent years. The creation of the Coal Forum was an opportunity for participants to raise specific issues and inform Ministers, so bringing the industry closer to the heart of current policy making. If the consensus of the Forum was that it wished to continue its work beyond the summer, then Government would continue to support it. I

It was agreed that published timelines for the work of the sub-groups would help to drive them forward with a sense of urgency. The Secretary would bring these together and circulate them.

## **8 Date of Next Meeting**

20 March 2007 at 10.00 am in the Conference Centre at DTI, 1 Victoria Street, London SW1H 0ET.

## **9 Conclusion**

**Sir John Collins** thanked members for a useful discussion and noted the following emerging points:

- the Coal Forum must be more than just a 'talking shop' – it has to deliver on its remit;
- a benchmark for UK coal production will help to focus the Forum's work;
- there is a widespread view that previous Government energy policy papers had understated the continuing importance of coal in the energy mix, and the Energy White Paper is an opportunity to achieve a better balance;
- the useful discussion of a statement of need suggests this needs further consideration;
- the existing sub-groups have already identified areas for further work and have started to take this forward;
- the proposed sub-group on Future World Markets promises to provide another perspective on these issues; and
- clear timelines for the work of the Forum will help it to make good progress by the middle of June.

In closing he praised the exceptional spirit of co-operation around the table, and looked forward to hearing of further progress at the next meeting.

## **Presentation by Scottish and Southern Energy**

After the formal business of the meeting was completed Scottish and Southern Energy, together with Doosan Babcock, spoke to the attached slides (Annex E) on their plans for a carbon capture ready 500MW cleaner coal plant at Ferrybridge. The development of the plant would involve the 'retrofit' of a supercritical boiler and turbine providing a thermal cycle efficiency of more than 45%. It would be made 'capture ready' to facilitate the subsequent deployment of carbon dioxide capture equipment.

On completion, the installation of the supercritical plant would save around 500,000 tonnes of carbon dioxide a year compared with a conventional plant. The subsequent deployment of carbon capture equipment would save a further 1.7 million tonnes of carbon dioxide.

After the presentation, Forum members were conducted on a very interesting tour of the Ferrybridge site.

25 January 2007