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Coal will still be needed to keep bills down and lights on until new power capacity is built

CoalImp (the Association of UK Coal Importers) believes that coal's role in keeping bills down and lights on will remain essential for the next ten years, and quite possibly beyond, despite last week's Government announcement of plans to close all UK coal power stations by 2025.

Whilst the announcement appears to add clarity on an end-date for unabated coal in the UK, it fails to address the question of what new policy instruments will be introduced to bring about this outcome.

CoalImp believes that the move therefore represents wishful thinking in terms of how, and at what cost, secure new capacity will be brought forward to replace existing coal plants.

The leading industry voice insists that the UK's key policy change in fact came over five years ago, outlawing the construction of new, highly efficient coal-fired power stations – a step that was at odds with our main industrial competitors and denied a key pathway to carbon capture and storage (CCS).

Furthermore, the carbon tax – set at around four times the level paid by our European competitors – is inevitably leading to old coal plants becoming increasingly uncompetitive and hastening their closure.

Managing Director of CoalImp, Nigel Yaxley said: "The UK's decision to turn its back on the world's most abundant and low cost fuel will be welcomed by many climate campaigners in the developed world but, importantly, will not be followed by many in the developing world from whom we increasingly import the goods we all take for granted.

"If the UK takes a step which others cannot reasonably follow, there is a serious question over its effectiveness in climate change policy.

"It is all the more essential that development of coal-fired CCS in the UK is accelerated and broadened so that, as existing plant closes, the country retains some diversity in its energy mix and is not overly dependent on gas, which will also need to be fitted with CCS in due course.

"This would be a way of showing real leadership to other countries which, cannot, and will not, consign coal to history."

He added: "In the meantime, Government should consider how the country can derive maximum value from its old coal plants before they close.

"A relaxation of the punitive carbon tax would give some relief to electricity consumers, and mitigate the risks of supply shortages. The alternative is to rely on other short-term, and in many cases, less efficient and more polluting, solutions and on paying industrial users to switch off – essentially, power cuts in all but name."

Jobs continue to be lost in industry – often in areas of already high unemployment – with Tata Steel citing the UK's "cripplingly high electricity costs", which are inflated by the UK's unilateral carbon tax.

CoalImp agrees that high electricity prices damage the UK economy, and export carbon emissions and jobs, as well as deepening fuel poverty.

Mr Yaxley continued: "The existing fleet of coal stations remains a bridge to a lower carbon future - and that bridge should not be burnt too early. Clarity is needed on how the transition will be managed.

"Existing coal plants should remain a part of that transition, and a new fleet of coal plants with carbon capture and storage should be brought on stream to replace them, avoiding over-dependence on expensive gas."

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For Additional Information

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Notes for Editors

CoalImp represents major coal users, rail companies, ports and other service providers in the UK coal supply chain.

The nineteen members account for the handling, transportation and use of the majority of imported supplies into the country, and are responsible for the transportation and receipt of the majority of all coal carried on the rail network for the electricity supply industry.

In the new circular *Coal is needed to keep bills down and lights on during UK's decarbonisation* CoalImp explores how the security and affordability of electricity supply is being threatened by the premature closure of coal-fired power stations, and how there is no credible solution to climate change that does not include coal.

CoalImp points out that the UK's unilateral carbon tax does nothing to reduce CO₂ emissions, which are subject to a pan-EU cap, enabling our European competitors simply to increase emissions and enjoy lower bills at our expense.

Political and industrial commentators increasingly see the carbon tax as unsustainable, given its effect on electricity bills not seen elsewhere in the world. It also cuts across European and international efforts to develop consistent and co-ordinated emissions trading schemes. A relaxation of the tax may ensure that overall Treasury revenues from the tax are supported by avoiding further short term plant closures in addition to the three stations which are due to close by March 2016.

The circular is available from the CoalImp website www.coalimp.org.uk or in hard copy on request.