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Key Role for Affordable Coal in Controlling Energy Costs

Coal will again keep the lights on in the UK this winter - but EU and UK policies risk a dramatic reduction in the use of the world's most low cost fuel, a leading industry voice has insisted.

With the current debate over the cost of power just ahead of winter, the role of coal as a vital energy source has never been more relevant.

The Association of UK Coal Importers (CoalImp) believes that there is huge continuing potential for dependable coal to play a secure, flexible and cost-effective role as part of a diverse and balanced energy mix.

CoalImp – which represents major coal users, rail companies, ports and other infrastructure operators in the UK coal supply chain – says that, in order for it to continue in the mix as the country struggles to keep the lights on, coal requires common sense in terms of climate and emissions policies.

“Attitudes towards coal in the UK have suffered in comparison with other countries that value its security, affordability and flexibility, but with growing concerns about energy prices, there has never been a better time to place it back at the centre of the debate,” said Nigel Yaxley, managing director of CoalImp.

“Unilateral UK action, such as the steep rise in the Carbon Price Floor, continues to pose a threat to competitiveness and will do little to enhance the Government's aim of decarbonising our electricity supplies.

“Affordable electricity from existing coal plants, with their tried-and-tested infrastructure, can play a key role as we make the transition to a low carbon future.”

In today's energy mix, coal is currently generating 40 per cent of our electricity, and CoalImp says it can and should fuel the Carbon Capture and Storage (CCS) equipped plants of the future.

The key objectives of energy policy are often described in terms of the so-called 'trilemma' of security, affordability and sustainability – a theme taken up in CoalImp's new report 'Coal – from security to sustainability'.

And Yaxley says that coal can play a key role in resolving the trilemma, especially when utilised alongside other fuels in a balanced way.

He added: “In some eyes, sustainability, especially with respect to climate change mitigation, has become the dominant policy objective – but if security

and affordability are ignored, the policy cannot ultimately succeed, especially when viewed in a global context.

“In 2012, coal provided around 40 per cent of UK electricity. As electricity customers become increasingly concerned about their bills this winter, the affordability of coal is a key factor in keeping costs under control.

“Furthermore, coal-fired electricity is the most secure and flexible low-cost capacity on the system - and with coal less than half the price of gas it is a key element in managing energy bills, fuel poverty and UK energy competitiveness.”

UK coal resources amount to around 4½ billion tonnes, and the UK has good access to imported supplies through well-developed port and rail infrastructure.

Over 10,000 people are directly employed in the coal sector, including production, utilisation and infrastructure, with a similar number in jobs dependent on the sector.

“We believe that international coal supply complements indigenous supply with the security, flexibility and quality attributes of a highly liquid and diverse international market, while boosting UK jobs,” says Mr Yaxley.

“Coal is the world’s fastest growing and cheapest fuel, reflecting its abundant supply across all continents – and it can still have a role in the future low-carbon energy mix through Carbon Capture and Storage (CCS).

“For a long time, UK consumers have been protected from the full impact of high prices of gas-fired electricity by the diversity of our power generation system. And as electricity customers become increasingly concerned about their bills, coal is a key factor in keeping energy costs under control.”

Ends.

For Additional Information

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Notes for Editors

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

The twenty 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.

CoalImp believes that imported coal complements indigenous supply as a secure, economic, and essential part of the UK energy balance. Coal resources are plentiful, distributed more evenly around the globe than oil or gas, and coal is capable of being transported and stored safely.

The CoalImp report '*Coal – from security to sustainability*' is available from the CoalImp website www.coalimp.org.uk or in hard copy on request