

November 2014

Affordability of Coal Important to UK Economy

CoalImp (the Association of UK Coal Importers) has welcomed a new report which shows that the affordability of coal remains hugely important to the UK economy.

In commissioning the report from NERA – one of the UK’s leading economic consultancies, with a reputation for independent modelling and analysis of energy markets – Coalpro (the Confederation of UK Coal Producers) has made an important contribution to the debate over the future of the UK’s unilateral carbon tax.

The report, entitled *Review of the impact on the GB Electricity Market and wider UK economy of removing the UK’s Carbon Tax on Electricity Generators*, demonstrates the benefits of coal-powered electricity to the wider economy – both now and in the future.

Managing Director of CoalImp, Nigel Yaxley said: “When considering this report, and balancing coal’s place in the future energy mix, politicians should be mindful that it is the world’s fastest growing fuel, reflecting its affordability as well as its abundant supply across all continents.

“Coal provided almost 40 per cent of UK electricity in 2013, and as customers become increasingly concerned about their bills, the affordability of coal can and should form the cornerstone of a renewed focus on keeping energy costs as low as possible.”

The NERA report demonstrates that utilising existing coal plant, upgraded to meet the NOx and SOx emissions limits of the Industrial Emissions Directive, is a more economic solution to future security needs than building new gas plant simply for back-up.

However the UK’s unilateral carbon tax is militating against this, increasing electricity bills, undermining industrial competitiveness, exporting jobs and encouraging imports of fossil-fuelled power from the continent.

Yaxley also insists that the tax does nothing to reduce overall CO₂ emissions, which are subject to a pan-EU cap, allowing European competitors to simply increase emissions and enjoy lower bills at the UK’s expense.

Yaxley added: “For the longer term, evidence shows that coal with carbon capture and storage (CCS) will be economic alongside other low-carbon technologies, and is not only an essential technology for carbon mitigation, but an export opportunity for companies with an early-mover advantage.

“However, existing coal generation capacity in the UK is under serious threat from current energy policies, with many coal plants facing potential closure by the early 2020’s, without credible plans for alternative, affordable new build capacity to fill the gap.

“We insist that this ‘cliff edge’ would detract from the UK’s capability to deliver coal with CCS, as the skills and experience along the whole chain – including ports, mining, logistical infrastructure, and generation – were lost, and investments undermined.

“There’s never been a more important time for driving the benefits of indigenous and imported coal as part of a diverse energy mix, and we believe that it’s time for urgent action to place it back at the heart of UK policy.”

Ends

For Additional Information

Nigel Yaxley	0207 1936108 / 07774 184841	nigelyaxley@coalimp.org.uk
Neil McDonald	01698 787855 / 07725 466737	neil.mcdonald@onlybeattie.com

Notes for Editors

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

The twenty two 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.

In its report *Coal – a manifesto for affordable energy*, the Association of UK Coal Importers (CoalImp) says that keeping the lights on and delivering affordable energy to business and domestic consumers is so basic to a developed economy, that it must be central to future political and economic plans. The report is available from the CoalImp website www.coalimp.org.uk or in hard copy on request.

The report by NERA Economic Consulting – *Review of the impact on the GB Electricity Market and wider UK economy of removing the UK’s Carbon Tax on Electricity Generators* – is available from Coalpro (Confederation of UK Coal Producers) at www.coalpro.co.uk/downloads.shtml