

First Annual Coal Industry Meeting
15:15 –17:00 on 9 December 2010
Boothroyd Room, Portcullis House, Lond

Attendees

Chair: John Harris

Government

Charles Hendry MP, Minister of State for Energy
Ian McKenzie, Head of Coal Liabilities Unit, DECC
Louise Barr, Office of Carbon Capture Storage, DECC
Jeremy Cousins, Coal Liabilities Unit, DECC
Fiona Hepplewhite, Scottish Government

Industry

Alastair Black – ATH
Brian Seabourne - E.ON UK.
Chris McGlen – UK Coal PLC
David Brewer – CoalPro
David Jerome - Clydeport Operations Ltd
David Love – Drax Power Limited
David Porter - Association of Electricity Producers
Dr Jeff Chapman - The Carbon Capture & Storage Association
John Topper – IEA
Nigel Yaxley – Coallmp
Pat Carragher – BACMTeam
Philip Cave - Kier group
Philip Lawrence – Coal Authority
Philip Pearson – TUC
Terry Fox – NACODS

Agenda

1. Welcome and introductions by John Harris
2. Introductory remarks by Charles Hendry MP
3. CCS Update including a report on the first meeting of the CCS Forum on 8 November 2010
4. Presentation on issues arising from the Coal Forum paper and response by the Minister, and followed by open discussion.
5. Next Steps.

1. Welcome and Introductions

1. John Harris welcomed the Minister and Members and detailed the new procedures that had been put in place since the last Coal Forum meeting. It was noted that the Forum sub-groups would meet 2-3 times a year to consider issues affecting the coal industry. With their last meetings being held in November to agree issues to be raised with the Minister at the Annual Coal Industry Meeting in December.
2. John Harris noted that it had also been agreed that an annual update on CCS issues would be made at the Annual Meeting but there would not be a general discussion as this fell within the remit of the CCS Development Forum.

3. John Harris informed members that the Coal Forum web pages would need to be moved from the DECC website and he would discuss with the s group Chairs whether they had the capacity to host them.

2. Introductory Remarks by Charles Hendry MP

4. The Minister thanked the Chair and Members for their welcome and noted the work that had previously been carried out by the Coal Forum. The Minister reassured members that there would always be a need for clean coal within the energy mix and that it was integral to moving to a low carbon future. The Minister said the Government had shown this by already committing £1bn to one CCS demonstration plant and that a further three plants were planned.

3. CCS Update by Louise Barr

5. Louise Barr took members through an update presentation on the current position with regard to CCS. A copy of which is attached to the Minutes.
6. In the ensuing discussion Members noted that the target number of demonstration plants had increased to thirty but the timescale had been extended to 2020. Members had anticipated there would be at least 100 plants up and running by then. Members noted that gas fired power stations were now to be included but suggested that any strategy should also include large industry such steel works so that they could be a joined up network. Members also asked what guarantee there was that funding would continue given the current financial climate.
7. The Chair asked in particular whether, given the importance of CCS in the achievement of emission reduction targets, the Minister could give an assurance that the budget of OCCS (including support to meet international obligations) would not be reduced as he was sure that the Coal Forum would wish to make representations if this was to occur.
8. In response the Minister said that the Government was committed to the introduction of CCS to maintain the need for clean coal within the energy mix and that was part of the CCS Roadmap that would be set out in the Electricity Market Reform. The Minister added that through the development of the CCS Roadmap the Department would be looking at the strategic issues affecting CCS, such as the inclusion of heavy industry. With regard to funding the Minister confirmed that the settlement DECC had received under the spending review meant it was able to confirm to all parties that it had the necessary funding and work was underway on confirming whether future demonstration plants would be funded by a levy or taxation.
9. John Harris thanked Louise Barr for her presentation and said he felt the issues relating to CCS in the Coal Forum's Paper had been covered by the presentation and subsequent discussion.

4. Coal Forum paper

10 Jo Harris gave a brief summary of the establishment of the Forum and its work and asked the Chairs of the sub-groups to give a brief summary of the issues raised in the Coal Forum's Paper.

4. (a) Investment in Existing Plant

11. David Porter took Members through the key points within Paragraph 6 of the Coal Forum's Paper and noted that in relation to bullet point three this was no longer an issue as Members had successfully lobbied against it. In relation to bullet four, Mr Porter said that Members looked forward to seeing the consultation.

12. The Minister responded that the Government were also happy with the outcome of the IED discussions. The Minister added that they had no intention of gold plating any regulations and would keep the regulation to the bare minimum. .

13. In relation to the EPS, the Minister encouraged the Members to take part in the consultation and that this would give the Government the opportunity to give a clear steer to investors as to the nature of the opportunities available in the future.

4. (b) Encouraging Indigenous Coal Production

14. David Brewer gave a brief summary of the issues detailed in Paragraph 7a of the Coal Forum's Paper. Mr Brewer made particular reference to ensuring that coal producers have the assurances that there will be future markets for indigenous coal of more than 20mt per annum. Mr Brewer also noted that a fair playing field was required for coal in relation to planning and Carbon Reduction Commitments (CRC) particularly regarding the Private Members Bill calling for a 500m buffer zone in England and the inclusion of off-road vehicles in the scope of the CRC.

15. In response the Minister said he did not feel that coal was treated unfairly compared to other fuels as there were lots of questions regarding the futures of nuclear and renewables as well. The Minister said the EMR would address the need for the inclusion of all forms of generating capacity within the energy mix to retain the current security of supply.

16. In relation to the CRC, the Minister responded that he understood the concerns and encouraged Members to comment on the current consultation. The Minister welcomed a separate meeting with those directly affected by the proposals.

17. On the 500m buffer, the Minister noted that this was a DCLG matter. The Minister said he understood that DCLG were to meet with Andrew Bridgen to discuss the actual wording of his Private Members Bill and they would then be in a position to agree a response. The Minister added that he believed that this should be dealt with at a local level and he hoped the Localism Bill would mean that communities would see the direct positive impact that industries such as open cast mining have on their local areas.

4. (c) Investment to Maintain Coal Imports

18 Nigel Yaxley briefly mentioned Paragraph 7b of the Coal Forum's Paper about the dropping of the import levy, and that this was affecting the UK ports but was still seeing imports rise.

4. (d) Government Policy

19. John Harris noted the reference at Paragraph 8 of the Coal Forum's Paper to confirming Government Policy on coal-fired generation and the need for it to be included in the energy mix.

20. The Minister said that the creation of the OCCS had raised the profile of the need for clean coal in the energy mix and recognised that this was one of the pillars to a secure energy policy.

5. Next Steps

21. The Minister thanked the members for their paper and the work they had done during the year and confirmed that the Minutes of the meeting would be the Government's formal response.

22. John Harris thanked the Minister for his comments and looked forward to meeting with him again.

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