

Coal Forum: Infrastructure Sub-group

1st Meeting: 10 January 2007

This note has been approved by the Chair but is subject to possible amendment following circulation to Sub-group members.

Present:

Dorothy Thompson (Chair)	-	Drax Power Limited
Melanie Wedgbury	-	Drax Power Limited
John Lowen	-	Drax Power Limited
Guy Buckenham	-	EdF Energy
Phil Cairns	-	UK Coal plc
Mark Sanderson	-	International Power
Simon Brett	-	Associated British Ports
Owen Michaelson	-	Peel Holdings (Management) Ltd
Susie Northfield	-	Department for Transport
Matthew Hunt	-	Port of Tyne Authority
Steve Taylor	-	E.on
Stephen Tillman	-	Miller Argent
Ian Cleland	-	Network Rail
David White	-	EWS Energy
David Brewer	-	CoalPro
Adam Lent	-	TUC
David Leitch	-	Department for Trade and Industry

Introductions and Remit

The Chair opened the meeting by asking those present to introduce themselves and briefly outline their interest in the Group's work. Discussion then moved on to the draft remit which had been circulated prior to the meeting (see Annex A).

There was general agreement that the remit appropriately captured the areas the Group ought to cover. It was, however, noted that the Group should examine a range of possible future scenarios in terms of high and low coal burn, and high and low indigenous production and consider the network capability around those extremes. In doing so, it ought also to address the specifics of regional flows and the likely impact of new coal generating capacity which might come on stream post the closure of plant which had "opted-out" of LCPD.

As a stimulus for discussion DTI had, prior to the meeting, circulated extracts from a Mott MacDonald report of March 2004 which had been commissioned with a view to evaluating the potential for UK coal production up to 2016 under alternative LCPD implementation scenarios. These extracts addressed coal transport logistics and port capacity. The Group noted straightaway that the assumptions upon which this 2004 work had been predicated understated current levels of both coal demand and coal movements.

As regards rail movement:

- There seemed to be few serious problems on rail pathways within England. It was noted that there had been improvement on the Settle–Carlisle line.
- There also seemed to have been improvement on Anglo-Scottish routes, although delays and cancellations did, on occasion cause cashflow difficulties for coal operators. It was unclear whether these were attributable to paths or above-rail resources. There was scope for improvement on the Glasgow/South Western route but the demand for such improvement was only sporadic.
- While it was noted that freight volumes in South Wales were considerably lower than they had been even 5 years ago, the view was expressed that competition with traffic to and from the Corus steelworks could cause difficulties and that the Severn Tunnel and Cardiff itself appeared to be the main “pinch-points” in the region.
- There was general recognition that the variability of demand for coal movement, both in terms of volume and pathway, presented inevitable difficulties for forward planning - it was in the interests of both producers and generators to smooth the supply/receipt of coal as far as possible.
- Discussing the need for a simplified explanation of the “pinch-points” throughout the network and an understanding of the likely timeframes for activity to address the problems they caused, the meeting’s attention was drawn to Network Rail’s consultation draft on the Route Utilisation Strategy for freight published in September 2006. Some, but not all attendees had considered the draft and provided responses. It was noted that the growth targets outlined in the document (e.g. for Humber) had already been achieved.
- Although the consultation deadline had passed, the meeting agreed that a principal action for a future meeting of the group would be to consider the forward strategy Network Rail envisaged and discuss the extent to which it accorded with the Group’s own predictions for the future.

ACTION 1: Group members to consider Network Rail’s Freight Route Utilisation Strategy draft and be prepared to discuss its content in greater detail at a subsequent meeting of the Sub-group.

There was brief discussion of another consultation, this time by the Office of the Rail Regulator and concerning the potential changes to the regime of Track Access Charges. This consultation closed later in the month and group members agreed that they would examine the scope for responding in their individual capacities as well as developing a collective position from the sub-group.

ACTION 2: Members collectively to consider the Track Access Charges consultation document and be prepared to discuss its content in greater detail at a subsequent meeting of the Sub-group.

As regards coal import capacity:

- The most pressing constraint to imminent short-term growth appeared to be, not port capacity per se, but restrictions in the immediate rail capacity to move coal onto the network. It was observed that significant and fairly costly improvements would be necessary in this area to put the ports in a position to import meaningful additional volumes were indigenous production to fall significantly. It was, however, noted that Transport Innovation Fund money might become available for improvements around Immingham.
- The major obstacle to timely demand-led increases in port capacity itself lay in the long lead times for obtaining planning consent for expansion; a period of 5 years was cited as the likely timeframe for securing a Harbour Revision Order for berth expansion at Hull. There was discussion as to whether port planning issues were best considered by this Group or by the Forum's Planning Sub-group, due to meet later that week. It was agreed that the matter would be highlighted with the latter's secretariat prior to its meeting.
- The significance of the source region of coal imports was noted. It was observed that a major move away from Russian coal would leave ports (or, certainly East coast ports) unable to accommodate sufficient numbers of the larger vessels shipping coal from other regions.
- There was a word of warning that future changes in the manner in which Corus operated in South Wales might have an impact on traffic into Port Talbot. The suggestion was that Corus was likely to be importing less coal but more semi-finished products which, because they could not be handled through Port Talbot, would result in pressure on other ports.
- It was noted that, as well as investment, good management was important. Operators should be exploiting opportunities to utilise capacity both into and from ports fully and more efficiently. An example was cited where, through negotiation, an operator had expanded its ability to access the rail network outside "normal working hours".

Drawing to a close, the meeting returned to the subject of its remit and, specifically, the types of scenario within which it should continue discussions at subsequent meetings.

ACTION 3: Both DTI and Miller Argent representatives undertook to prepare, for the next meeting, papers/presentations which would rehearse a number of different scenarios as the basis for discussion.

Other Business

The sub-group agreed that it would be beneficial to have greater clarity on how input to the White Paper could be achieved, if at all, in the timeframe and, if not, what reporting role/purpose the Coal Forum would have. Acknowledging the tensions between the Coal Forum and the White Paper's respective timetables, DTI explained that the Forum Secretariat was nonetheless in liaison with the White Paper team and suggested that it might be appropriate for the Department to report on this issue at the second Forum meeting.

Membership and Next Meeting

DTI had received further expressions of interest for membership of the Sub-group and it was agreed that membership should be extended to those who had a clear interest in its work. It was noted that it would be beneficial to secure representation from both Freightliner and GB Freight.

Following the meeting, the Chair indicated a preference for a further meeting of the Sub-group in early-mid February. It was agreed with her that Drax officials would endeavour to establish members' availability with a view to setting a date for a further meeting either in London or at Drax itself.

Coal Forum
Infrastructure Sub-group

Proposed remit

- To examine and report to the Forum on any constraints likely to be imposed on the use of coal by the transport infrastructure, over a time span to 2020.
- To examine and report to the Forum on any port capacity constraints which might undermine the ability to sustain or expand import levels necessary to support coal's likely share of the energy market, over a time span to 2020.
- To suggest ways in which any constraints might be avoided.