

Sixth Meeting of the UK Coal Forum
10:30 –12:30 on 25 October 2007
BERR Conference Centre, 1 Victoria Street, London SW1H 0ET

Attendees

Chair: John Harris

Government

Malcolm Wicks, Minister for Energy, BERR
Jeremy Cousins, Head of Secretariat to the Coal Forum, BERR
Peter Waller, Energy Technologies Unit, BERR
Paul Harrington, Welsh Assembly
David Rennie, Scottish Government
Philip Lawrence, Chief Executive, Coal Authority

Industry

Philip Pearson, TUC
Alistair Black, ATH Resources
David Brewer, CoalPro
David Jerome, Clyde Port
David Porter, Association of Electricity Providers
Melanie Wedgbury, Drax
Guy Buckenham, EDF Energy
Keith Stanley, NUM
Jon Lloyd, UK Coal
Mel Hunt, H J Banks
Mike Farley, Doosan Babcock Energy
Niall Crabb, Scottish Coal
Nick Otter, Alstom Power
Nigel Yaxley, Coallmp (Association of Coal Importers)
Pat Carragher, BACM
Phil Garner, UK Coal
Bob Taylor, E.ON UK
Rhidian Davies, Energybuild
Ian Marchant, SSE
Simon Brett, Associated British Ports
Sandy Rae, Scottish Power

In attendance

Ian McKenzie, Director, Coal Liabilities Unit, BERR
Clare Harding, Coal Policy, Energy Technologies Unit, BERR
David Leitch, Coal Policy, Energy Technologies Unit, BERR

Apologies

Adam Lent, Dorothy Thompson, Ian Lavery, James Poyner, Owen Michaelson,
Philip Cave, Stephen Tillman, Tom Allchurch, John Topper and Philip Cave.

Agenda

- Welcome and introduction from John Harris, newly appointed Chair, Coal Forum
- Notes of the last meeting, BERR Secretariat
- CCS Competition, Peter Waller, Energy Technologies Unit, BERR
- Energy Bill, Malcolm Wicks, Minister for Energy, BERR
- Future Work of the Coal Forum, Chair
- Invitation to speak at Coal UK Conference 2008, Chair
- AOB, Chair
- Wrap-up, close, Chair

Preliminary matters

1 Welcome and Introductions

John Harris welcomed all the members and thanked them for inviting him to be Chair of the Forum; he was delighted to accept. John Harris added that he understood Sir John Collins was a tough act to follow and that he saw his role as being to facilitate positive outcomes to the Forum's work.

2 Minutes of Previous Meeting

John Harris said that no comments had been received on the minutes and they would be published on the Coal Forum pages on the BERR web site.

3 CCS Competition

Peter Waller gave a presentation on the latest developments on the CCS Demonstrator Competition. The demonstration envisaged a single project, off-shore storage, a 300 MW coal plant, post combustion through a phased approach. A copy of the presentation was circulated to members after the meeting.

The subsequent discussion addressed a number of key areas that were raised by members of the Forum. The choice of post-combustion was questioned; the decision was not the government taking a view on the relative merits of the technology available but was in recognition that post combustion capture is most relevant to the vast proportion of coal fired generation capacity globally as well as in the UK - the capture technology could be retrofitted.

There was a clear consensus amongst members welcoming the Government decision to proceed with a demonstrator.

It was questioned why this was being done via a competition, suggesting that a joint industry/government collaboration or a state owned public interest company could have been more appropriate. There was a suggestion that Yorkshire was the ideal location for the demonstrator because of its geographical significance and because engagement of key players was already in place through the Yorkshire Forward Coal Task Force. **Peter Waller** responded by saying the competition had come about through historical reasons because a number of companies had put forward suggestions for demonstrators and it was felt appropriate that a choice should be made via a competition. He added that there were a number of viable locations for the demonstrator and no decision could be made till submissions (which could be from consortia) had been received.

Some members also believed that the possibilities for exporting the technology to China and India had not been looked into fully and the technology may not be compatible with the current overseas build. **Peter Waller** said that the primary driver behind the decision had not been the interests of UK Plc, but rather that the route chosen was believed to offer the biggest impact in terms of climate change and that it complimented rather than replicated other international projects. He added that whoever wins the competition will want to look at the commercial values but this will not be the overriding factor. In relation to China, **Peter Waller** felt that the Chinese would not introduce new technology without seeing others do it first.

In addition members raised concerns over the 2014 target and whether the project was directed at new build only or whether retro fitting at existing plant would be eligible. **Peter Waller** felt that it was still open for retrofitting to be proposed.

Members felt that it was important all the elements involved in CCS should be covered by the demonstrator, including the infrastructure. **Peter Waller** said that those entering the competition would have to detail what elements of infrastructure already exist and what new facilities were required. He added that there were likely to have to be negotiation on requirements as proposals were assessed.

Members raised the issue of the financing of the demonstrator and what would be covered. **Peter Waller** reported that the government would **focus on** the cost of the additional build required to accommodate and deliver CCS and any loss in running costs.

John Harris concluded the discussion by thanking **Peter Waller** for his presentation and said if members had any further comments they should pass these to BERR as soon as possible. It was welcome that the government had announced a demonstration project, that government funding was available - and that it was to be coal.

4 The Energy Bill

Malcolm Wicks welcomed the continuing work of the Forum and thanked **John Harris** for taking on the role of Chair. The Minister said that Energy was a lively and exciting area at the moment, was the greatest challenge to be faced in the 21st Century, with many of its priorities having a global impact, namely climate change and energy security.

He confirmed that there were three major Bills which would impact on the Energy area – the Energy, Planning and Climate Change Bills – and the on going work for the energy sector could be summed up in three words – Clean, Secure and Fair. The Minister said that the UK needed to become a centre of excellence for new technologies and the CCS Demonstrator competition was a start for this.

Malcolm Wicks concluded by stating that Coal was important to the energy mix. He said he understood the difficulties regarding the public perception of surface mining and the economic impact on deep mining but there is a future for coal.

5 The Future Work of the Coal Forum

John Harris said the Secretariat had circulated a paper on the future work of the Forum and asked members for their views.

In the subsequent discussion members agreed that the remit of the Forum as set out in the Energy Review should remain the same, especially in light of the Minister's comments on securing indigenous coal production. It was also agreed that the current membership should remain unchanged with the addition of Network Rail. **John Harris** asked members to give further thought to the membership and to provide suggestions to the Secretariat.

Members agreed that the Forum should meet on 19th February, 13th May and 23rd October next year, and were delighted that the Minister would be attending them all. It was agreed that the meeting time should be from 10.30am to 12.30 and the venue would normally be at BERR, Victoria Street.

With regard to presentations, it was agreed that the Secretariat would approach Jan Pánek of the European Commission with a view to him attending the next meeting and presenting on EU energy policy issues. Further suggestions included presentations on the Rail Infrastructure by Network Rail; Devolved Matters by the Welsh Assembly and Scottish Government officials; Challenges on Public Perception of Surface Mining by CoalPro; Nuclear in the Energy Mix by BERR; and Energy Research and Development, including Coal R&D. **John Harris** asked members to give further thought to presentations and to provide suggestions to the Secretariat.

In relation to the Forum's sub-groups, members agreed that the Infrastructure and Future Generation Sub-groups should continue and that the Secretariat would approach members regarding appropriate dates. It was noted that Dorothy Thompson would step down as Chair of the Infrastructure sub-group but welcomed that **John Topper** had agreed to continue to chair the Future Generation Sub group which would include CCT and CCS issues.

It was noted that since the work on Scenarios for coal in the generation mix had been produced all the power plant projects consented/started have been gas-fired and it was increasingly unlikely that the proportion of coal in the generation mix would be maintained. It was agreed that **Nigel Yaxley** would provide a regular update on the Coal World Markets.

Members believed that there was still work to be done on Planning and World Markets but these could be encompassed in a new Coal Production sub-group which would also look at the areas of Public Perception; Red Diesel; and Unconventional Coal – such as Underground Coal Gasification and Coal Mine and Coal Bed Methane. Specific concerns were raised that without a reasonable picture on what types of power plant may be built it is very difficult to plan for training/recruitment which was leading to a skills gap.

On the issue of Future Key Issues, **Peter Waller** said the Secretariat would draw up a list of priorities from those provided previous by members and those raised at the meeting. This would be circulated shortly after the meeting for further consideration.

Members agreed an annual review of the Forum's work was required and this would be done after the October meeting.

6 Invitation to the Coal forum to present at Coal UK 2008 Conference 6th Feb

Members agreed that **John Harris** and representatives from the sub-groups should give a presentation on the work of the Forum to date and its future priorities. The Secretariat agreed to produce the first draft of a basic presentation to be used for this event which members could also use if they received further requests and which could be put on the website in due course.

7 Any Other Business

Members asked that all papers be put on the Forum web pages as soon as possible to aid transparency.

8 Wrap Up

John Harris welcomed a positive and constructive meeting, and that the future work of the Forum would be focused on the work of the sub-groups. CCS and Energy Security were obviously key issues that would impact on the work of the Forum.

8 Date of Next Meeting

19 February from 10.30am to 12.30pm with refreshments from 10am, in the BERR Conference Centre, 1 Victoria Street, London SW1H 0ET

30 January 2008