



# A Level Playing Field for Coal and the Future of UK Energy Security

## Introduction

As both industry and domestic consumers face ever increasing costs for their energy it has become abundantly clear that UK energy policy has rarely been higher up the political agenda than it is right now.

Successive governments face having to secure and decarbonise energy generation and supply, whilst at the same time attempt to ensure that industry is not disadvantaged by disproportionate costs and that the population is not plunged into fuel poverty.

Imagine then, if the UK were to have access to an indigenous supply of an energy source that would be available for generations, had a secure and established supply process and was protected from fluctuations in the ever tenuous and competitive global market.

Unite the Union and the National Union of Mineworkers (hereafter referred to as 'the Unions') believe that such a source does exist and it is quite simply the same coal that the UK has been extracting for hundreds of years.

## Energy Security

Alongside the laudable drive to reduce carbon emissions, the key driver of energy policy moving forward will be the need to secure energy supplies.

In order to achieve a period of sustained growth the UK economy cannot become over reliant on imported fuel sources or over dependent on intermittent and inflexible generation.

The Unions are particularly mindful of the recent statement from the Royal Academy of Engineering that, "In the short term we judge that, given the current uncertainties in market conditions, the regulatory uncertainties associated with the EMR (Electricity Market Reform) transition and the recent hiatus in investment in new plant, there is a risk that, between now and winter 2015, the capacity margin could reduce to a level that puts security of supply

at risk, particularly if various stress factors were to coincide with the peak of system demand”.<sup>1</sup>

This is a salient observation indeed considering the objective fact that in 2012 41% of electricity was generated from coal fired power stations, since which time a number of coal fired power stations have already been decommissioned, including Ironbridge, Kingsnorth, Didcot A, Tilbury, Ferrybridge and Cockerhale.

In consideration of the increasing potential for blackouts, the Unions would fully endorse the position taken by Malcolm Wicks MP, in the authoritative report *Energy Security: A National Challenge in a Changing World* which concluded that “Given the abundance of proven coal reserves and its relative low costs and flexibility to meet fluctuations in demand for power, I believe that there is a long-term future for coal in the UK’s energy mix”.<sup>2</sup>

## **Economic Potential of Coal**

The Unions are progressively mindful of those sectors of the wider UK economy where opportunities exist to increase economic activity and employment opportunities.

Increasing demand, especially from emerging economies, will inevitably lead to a sustained increase in the international price of coal over time. This will result in an increasing number of sites becoming commercially viable, providing the UK coal mining industry with a major opportunity to increase activity and output.

The geographical location of viable coal reserves means that an increase in mining activity will not only retain but create jobs in areas where there are otherwise extremely limited opportunities for skilled and permanent employment, most significantly in Scotland, Wales and the north of England.

In addition to providing well-paid and skilled jobs in economically depressed areas the coal mining industry generates significant funds for local economies. It should be noted for example that, UK Coal pays around £50 million in rates to local authorities every year.

Further to the objective economic benefits, the UK coal mining industry – particularly surface mining - plays a significant role in the rejuvenation of derelict land which subsequently reduces such costs to the taxpayer.

## **Economic Potential of Carbon Capture & Storage**

Government must recognise the opportunity to meet the fundamental requirements of affordable, low-carbon and secure energy through substantial

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<sup>1</sup> *GB Electricity Capacity Margin – Royal Academy of Engineering October 2013*

<sup>2</sup> *Energy Security: A National Challenge in a Changing World – Malcolm Wicks MP 2009*

economic growth that provides jobs, tax revenue, inward investment and export potential for UK PLC.

The Unions are convinced that, with the correct approach to co-ordinated and strategic investment, carbon capture & storage (CCS) technology can deliver on all counts.

The fact that the UK currently has a number of “shovel ready” CCS projects should not be overlooked, which if properly funded could stimulate economic growth even in the short term.

Early deployment of CCS would establish the UK as a leading player in the emerging technology and ensure that UK-based companies capture a significant share of the domestic and global market.

## **The Energy Mix**

In light of the constraints on carbon emissions CCS is clearly the deployable technology which would ensure that the UK can continue to utilise its indigenous supply of coal for the generation of energy.

Not only that, early deployment of CCS would enable the continued use of existing energy production, transportation and generation infrastructure, which would in effect delay the premature retirement of valuable assets and avoid significant increases in production costs.

Further, coal fired power stations fitted with CCS technology would be a particularly effective player within a mixed energy portfolio that includes increasing quantities of renewable generation, providing a secure back-up load to mitigate against the intermittent nature of renewables, particularly from wind turbines.

## **Consequences for Skilled Employment**

The UK still retains a highly skilled workforce - albeit with an ageing demographic - in related engineering fields, primarily resulting from long-standing experience in the oil and gas, energy supply, process industries and in engineering construction, alongside established research & development capacity.

The Unions are convinced of the fact that the UK thus has both the skills, and physical resources to develop a world class domestic industry in CCS.

Not only will the early deployment ensure retention of these skills, it will also ensure that quality employment opportunities will be created outside of the south east of the UK in manufacturing, mining, construction, transport and the related service industries.

Consider for example the devastating consequences of the premature closure of coal fired power stations without the deployment of CCS for a constituency such as Selby and Ainsty.

Not only is the constituency the location of the Drax and Eggborough coal fired power stations, it also encompasses the Kellingley deep mine and is the location of the proposed White Rose CCS project.

The constituency currently has 1,212 unemployed workers 355 of which are aged between 18 and 24. Without doubt these figures would increase exponentially without the early deployment of CCS.

Whereas if the White Rose CCS project goes ahead the immediate short term effect would be to create over 1,000 construction jobs during a four year period as well as securing the jobs within local existing supply chain.

## **Conclusion**

The Unions have very real concerns that the contribution domestic coal reserves can make to securing energy supply is being hampered by the negative perception of the industry.

Unfortunately this perception is also coupled with a lack of understanding of the fact that future deployment of CCS technologies could significantly reduce the overall carbon emissions from coal fired power stations by around 90%.

The Unions are therefore calling on policy and decision makers to overcome their negative perceptions of the UK coal mining industry and recognise the essential contribution that the extraction of indigenous coal supplies can make to both driving economic growth and achieving energy security.

## **Recommendations for Government**

*Articulate these in order of priority*

### ***Additional content***

- *What is happening with CCS elsewhere? Norway, USA etc?*
- *Potential for worker involvement – Crofton mine.*
- *Need to use local coal - UK coal for UK power stations*
- *Coal Authority Reserves Statistics – 100 years of self-sufficiency?*
- *CCS grossly underfunded.*
- *Coal prices don't fluctuate + using own reserves provides protection from price variance*
- *Proximity of storage capacity under North Sea*