
All Party Parliamentary Coalfield Communities Group

Chair: Michael Clapham MP
Hon. Secretaries: John Grogan MP
John Trickett MP

Allan Brereton (Energy Review)
Cabinet Office
PIU Room 4.8, Admiralty Arch
The Mall
London SW1A 2WH

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Dear Sir,

Submission to the PIU Review of UK Energy Policy

The MPs Group

The All Party Parliamentary Coalfield Communities Group consists of MPs from constituencies in current and former coal mining areas of the UK as well as sympathetic MPs from other areas. Our aim is to provide a Parliamentary voice for coalfield communities across a wide spectrum of government economic and social policy and to defend employment prospects in what remains of the industry.

A welcome for the review

As Chair of the Coalfield Communities MPs Group, I broadly welcome the instigation of this review and particular and I am pleased that the scope of the review invites a fundamental re-think of energy policy in the long-term. A continuing concern of many people associated with the coal industry over the last decade or more has been reluctance by government to grapple with long-term issues and a tendency to allow short-term market forces undue influence

over strategic policy objectives. Recent White Papers (1993 & 1998¹) were responses to crises and provided only partial, short or medium term solutions.

We are told that the “key challenges” in this review are: “managing potential conflict with environmental objectives”, “ensuring continued security and diversity of energy supplies over the long term, including ensuring appropriate investment incentives...” and “managing potential conflicting policy goals for energy prices...”

¹ *The Prospects for Coal: Conclusions of the Government's Coal Review*, Cm 2235 and *Conclusions of the Review of Energy Sources for Power Generation*, Cm 4071.

This indicates that the government is now prepared to take a fresh look at the issues. We find the 'policy triangle' (economic, environment and security) referred to by one of the key contributors, Gordon MacKerron, as a useful framework in which to consider options.

Flawed energy projections

If the intention is to take a fresh look, it is important at the outset not to be constrained by projections and assumptions that in recent years have guided government policy. There is now sufficient doubt cast on the usefulness of, for example, Energy Paper 68², to suggest it is not a sound basis for policy evaluation.

Although the review covers many aspects of energy, both with regard to supply and demand, this submission confines its observations principally to the role of coal in electricity supply. In particular, our concern is the continued use of indigenous coal as an important element contributing to diversity and security of supply.

Security and diversity

It is now no longer a matter of conjecture - the UK will be a net importer of natural gas in the very near future. Unless current trends in gas use in power stations is altered, the UK will be up to 90% dependent on gas imports by 2020 (DTI contribution to the PIU Energy Policy Review, page 12). In terms of diversity (a balanced range of different fuels from different sources) the UK is currently enjoying an optimum position. However, this will quickly change as gas takes over. Coal is the cheapest form of fossil fuel available and the geographical distribution of reserves means that there are virtually no political constraints on its continued availability.

An added important factor is that indigenous European sources of coal can provide additional fuel security. In the UK alone it is estimated that there are some one billion tonnes of proven coal reserves (BP World Energy Review, 2001). In order to maintain access to a valuable UK indigenous energy resource and maintain diversity and security, coal-fired power generation will be needed to contribute for many decades to come.

Support for clean coal technologies

For coal to continue with such a contribution it will require new coal-fired stations that can meet new requirements for efficiency and drastically reduced emissions. The DTI working paper submitted to the PIU Energy Review (July, 2001) highlights the problems for coal and points to some positive solutions involving support for clean coal generation technologies (pages 34, 35.) Rather than further develop this argument here, The MPs Group intends to make a submission to the parallel DTI consultation on demonstration plant for clean coal technologies.

² Colin Godfrey, CLG Energy Consultants, presented a well-argued critique of this paper to MPs Group in July 2001.

If the government is to resolve some of the conflicts between objectives referred to in the scoping notes for this review, it will need to recognise that the market alone cannot produce the best long-term outcome. Promoting the most environmentally satisfactory outcome will come at a price. The hoped for expansion of renewable energy technologies will require significant support for the foreseeable future. The government is active in doing just that. Developing other technologies, such as clean coal will, at least initially, require similar support.

In concluding, I reiterate support for this review and urge the Government to do all it can to make sure that coal, the largest and most secure source of energy we have, can continue to contribute to our energy needs and fulfil its environmental obligations.

Yours sincerely,

Michael Clapham MP
Chair, All Party Parliamentary Coalfield