The second question which was raised by Ian Lavery MP and concerned the proposed CCS plant adjacent to Hatfield Colliery

The Committee is aware that this project was not selected to be in the final cut of the DECC competition but to clarify its current status as we understand it, the project is in a state of preparedness but awaits some confirmation of a Feed In Tariff with a Contract for Differences before it will commit to a being a CCS plant. There is also the barrier that the pipeline proposed for the White Rose Project is not planned to be extended to this site to capture the emissions as it currently stands. In light of this the project which was going to be an Integrated Gasifier Combined Cycle coal fed plant is now planned purely as a gas-fired plant which could potentially have a coal Gasifier built at its front end at a later date. The logic here is that UK will not allow a coal plant to be built without CCS so in absence of infrastructure and a CFD the plant ironically becomes gas fired within sight of the Hatfield Colliery offices.

We also noted your invitation on page 14 of the transcript at the end of the first evidence session that could provide additional information which could be kept confidential if we believed that would assist the Committee to hold Government to account

The next 18 months are absolutely critical for the deep mines in the UK and thorough scrutiny of the consequences of the closure plan for Kellingley and Thoresby should have been undertaken by Government before executing agreeing in principle to loan for a plan which will lead to the loss of access to over 100 mt of UK coal resource with the possible closure of Kellingley, Thoresby and abandonment of the Harworth mothballed prospect.

Was a proper evaluation carried out of:

- the impact on Treasury revenues from the taxes paid by workers paid well above the average for the localities of these mines,

- the associated and dependent employment in the supply chain and

- the possible effect on Hatfield colliery costs as the critical volume of supply challenges the equipment manufacturer’s ability to continue to serve the mine with the products it needs?
We request that Government is questioned on whether it has thoroughly analysed these plans and whether alternative offers for the mines which might have led to a longer period of operation were considered from these perspectives rather than least risk/most cash positive outcome for the current stakeholders.

**An additional comment** which we did not get the opportunity to make during the evidence session is that statements by the Secretary of State for Energy and Climate Change eliciting the support of other nations to outlaw lending by banks to coal projects (a clear demonstration of the fact that coal in the UK does not compete on a level playing field with other types of energy fuels) provides a major reason why coal companies find it difficult to raise finance for their operations in the UK.

We hope these comments assist in the formulation of questions for the new Minister of State for Energy when he appears to respond to the points which we raised and of course to your own questions regarding energy policy and in particular action on CCS projects. We are agreed that we need urgency to start to deliver commercialised CCS on coal-fired plants which is required for a global solution to CO2 emissions from fossil fuels. A further ridiculous effect of the closure of Kellingley colliery could be that if the White Rose CCS project is approved and part funded by DECC we will see that supplied by imported coal in the shadow of the colliery which is less than 8 miles from Drax.

**Finally** in the light of the crisis in Crimea, exacerbated by the tragic loss of life when flight MH17 was destroyed, and the call from our Prime Minister for further and tougher sanctions against Russia by the EU Member States, we should also remember that some 20mt of Russian coal lands on these shores annually and replacing that and the imports to the rest of North-West Europe (total Russian coal in the Atlantic market supply in 2013 was 116mt (source: Euracoal market report 2013)), would cause significant price spikes in the short term.

Yours sincerely

Philip Garner  
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Confederation of UK Coal Producers