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Your ref: APP/P2935/V/16/3158266; PCU/RARE/X1355/78388

Our ref: DAJ1-001/MM/LF
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26 April, 2019

Dear Sirs

**Bradley Opencast Coalmine, Land Adjacent to the A692 Road, known as Bradley,
Near Leadgate, Consett, County Durham, DH8 7SL**

AND

**Land at Land at Highthorn, Widdrington, Northumberland NE61 5EE, Application Ref:
APP/P2935/V/16/3158266**

1. We write further to your letter of 11 April 2019 in relation to the Secretary of State's pending decisions in relation to the above two matters. As you know, we represent the Coal Action Network, the Campaign to Protect Pont Valley, and 33 individuals and business owners local to the Bradley site, including June Davison.
2. Our clients' responses to the issues raised in your letter of 11 April 2019 are as follows:

Revised National Planning Policy Framework

3. Since the Secretary of State's previous decisions in relation to both the Bradley and Highthorn sites, a revised National Planning Policy Framework ("the current NPPF") has been published. In contrast to the previous version of the NPPF, the current NPPF (footnote 65) excludes proposals for the extraction of coal from the general rule that "great weight should be given to the benefits of mineral extraction, including to the economy."
4. It is therefore clear in the context of current policy that it is improper to give great weight to the benefits of coal extraction, including to any economic benefits.

5. Similar to the previous version of the NPPF, the current NPPF sets out that

Planning permission should not be granted for the extraction of coal unless:

- a) the proposal is environmentally acceptable, or can be made so by planning conditions or obligations; or
 - b) if it is not environmentally acceptable, then it provides national, local or community benefits which clearly outweigh its likely impacts (taking all relevant matters into account, including any residual environmental impacts).
6. In the context of the Bradley mine, the Inspector who granted permission found that the “proposal as a whole would result in a moderate net disbenefit in ecological terms” (para. 87) and that despite mitigation and enhancement measures “negative effects in relation to landscape, outlook, ecology and the local economy” would remain (para. 88).
 7. The Inspector therefore concluded that “the proposal could not be made environmentally acceptable by conditions and the mitigation measures dealt with through the planning obligation.” (para. 89)
 8. However, the Inspector concluded that once great weight was given to the benefits of mineral extraction, along with other factors (including giving modest weight to *benefits* the Inspector determined the coal mine would have in relation to greenhouse gas emissions), the test set out in the NPPF would be met – i.e. the benefits of the proposal would “clearly outweigh the residual impacts identified.” (para. 105)
 9. It is therefore clear that, considering (1) the updated approach to coal extraction in the current NPPF and (2) the proper approach to greenhouse gas emissions from opencast coal mines (as set out in this letter and in our other correspondence with the Secretary of State in relation to the Bradley mine), the Inspector’s decision was grossly wrong.

Greenhouse Gas Emissions due to UK Opencast Coal Mining

10. It has been claimed by HJ Banks and Co. (“Banks”), in the context of both the Bradley and Highthorn sites that UK coal mining projects would contribute to a net reduction in greenhouse gas (“GHG”) emissions because this domestic supply of coal would displace coal imported from abroad, saving GHG emissions in transportation.
11. There are two assumptions inherent in this claim:
 - a. The assumption that domestic coal would necessarily substitute directly for imported coal on the UK market
 - b. The assumption that domestic coal necessarily has a lower carbon footprint per tonne than imported coal
12. Both of these assumptions are flawed and founded on incomplete or erroneous evidence. In fact, the evidence shows that there is sufficient coal currently in the UK to meet future electricity generation needs (and therefore that neither domestic mining nor imports are necessary), that perfect substitution is highly unlikely, and that there is no evidence that foreign coal has a lower carbon footprint than UK coal (and in fact the evidence points to a conclusion that North American coal may have substantially lower total life-cycle emissions). On this basis, it is clear that the proposed surface mine at Highthorn and the continuing operations at Bradley would have negative impacts on greenhouse gas emissions and are inconsistent with UK government policies and measures to limit climate change.

Surplus Coal Stock

13. The government's most up-to-date projections of the amount of coal that is expected to be burnt in UK power stations during the proposed productive lives of the Bradley and Highthorn mines is well below the amount of coal that currently exists in UK stockpiles. It is therefore clear that there is no need for any further coal extraction to meet UK energy requirements.
14. According to government projections published in April 2019, the UK is expected to generate a total of 4 TWh of electricity from unabated coal from 2019 to 2025¹ (after which Government policy requires closure of any remaining unabated coal generation units). Analysis by Friends of the Earth indicates that each TWh of electricity equates to approximately 400,000 tonnes of coal. The 4.1 million tonnes of coal in stockpiles at UK power stations at the end of 2018² are therefore currently more than double the approximately 1.6 million tonnes of coal that is projected to be needed for future UK electricity generation.
15. This means that coal extracted in any new, or currently operating opencast coal mine results in coal production in excess of the UK's current projected 'need' for all future unabated electricity generation.
16. It should be noted specifically in relation to the Bradley opencast site that, according to the 2014 environmental statement relating to the mine, and to the Inspector's report (para. 28), 520,000 tonnes of coal were expected to be extracted in total, of which 75,000 tonnes (14.4%) were expected to be suitable for coking coal. We note that Banks Group are promoting the need for coal based on steel and cement production.³ It is, however, clear that the Inspector found that the vast majority of the coal extracted from the Bradley site would not be suitable for use as coking coal. Extracting 445,000 tonnes of steam coal which is surplus to the UK's energy requirements cannot be justified by the relatively small contribution that Bradley would make to steel and cement production.
17. For the proposed productive period of Highthorn (2020-2025), the projected coal use in the UK drops even further; to 2TWh over the 5-year period; which again requires far less coal than is held within the current stockpiles at UK power stations, making the grounds for pursuing the project unjustifiable.
18. The 3.5 million tonne contribution from the Bradley and Highthorn sites, to coal stocks in the UK, are indisputably surplus to requirements. It therefore cannot be argued that they will simply substitute for coal imported from abroad that would be burned anyway. Current government figures indicate that no further coal needs to be imported or extracted domestically, and the question of substitution is therefore irrelevant.

Exports of Coal from the UK

19. With coal stockpiles significantly outweighing projected demand for coal-fired power, one consequence we might expect from opening more coal mines is for exports of coal to increase, to be burned internationally and contribute to global GHG emissions.

¹ Annex G: Major Power Producers by Source: <https://www.gov.uk/government/publications/updated-energy-and-emissions-projections-2018>

² Energy Trends March 2019. Chart 2.4 (Table 2.1) available at https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/791293/Energy_Trends_March_2019.pdf

³ <https://www.banksgroup.co.uk/mining/need-for-coal/>

20. Recent export data suggests this is already occurring. Exports of steam coal rose 28% in 2018, to its highest point since 2011.⁴
21. Banks Group have stated their intention to seek new export markets and have exported coal in recent years.⁵ Hargreaves, who opened the Fieldhouse opencast in Derbyshire in spring 2018, are exporting coal from the UK, as are Celtic Energy who operate three coal mines in Wales (Selar, Nant Helen and East Pit)⁶.
22. Opening new coal mines therefore carries a strong risk of increasing global GHG emissions, contributing unnecessarily to climate change whilst making no contribution to the UK's energy needs.
23. It is clearly inconsistent with government policy, and in particular the UK's lead role in launching the Global Powering Past Coal Alliance to be allowing for the opening of new coal mines and the continuance of existing mines which export coal to other countries who the UK government is simultaneously exhorting to "accelerate clean growth and climate protection through the rapid phase-out of traditional coal power."⁷

Coal Prices and Global Supply

24. Even absent the fact that current stockpiles indicate that there is no "need" for UK coal, UK mining is also likely to lead to more coal burnt.
25. Firstly, at a UK-level, since transport costs are likely to be lower for UK-mined coal, it is possible that a UK coal power plant might be in a position to buy UK-mined coal at a price that is sufficiently cheaper than international coal in order to change the economics of the coal power plant and generate more electricity and burn more coal. This would almost certainly displace lower-CO₂ electricity, either from UK gas plants or from foreign gas plants via reduced electricity imports, increasing overall CO₂ emissions.
26. Secondly, at an international-level, coal that is extracted anywhere for sale on any global free-trade market will be sold and burned. In terms of global emissions, if Banks believe that they are contributing to a net reduction by substituting coal from the import market, then they must explain where, internationally, less coal will be extracted as a result; which mine will close (and why), and how much coal will be left underground as a result of the Bradley and Highthorn mines being operational.
27. It should be noted that Banks' argument that each tonne of coal produced domestically will offset a tonne of imported coal is also irrelevant to an analysis of global climate impacts. Even if this were true (which is not accepted) it would still result in excess tonnes of previously-imported coal being burnt elsewhere.
28. Banks' argument also strains credulity in basic economic terms. In general, in almost all markets, more supply leads to a lower price, which means more demand. In basic economic terms, Banks' argument that each tonne of coal produced at a UK mine will substitute for precisely one tonne of imported coal requires that there is no effect whatsoever on price from producing more coal. In economic parlance, the elasticity

⁴ BEIS Coal production and foreign trade March 2019 Import and Exports of Solid Fuels Table 2 At:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/728446/DUKES_G.2.xls.

⁵ <https://www.thenorthernecho.co.uk/business/14754283.county-durhams-banks-mining-exports-first-ever-coal-to-spain/>.

⁶ Panjiva database: energy exporters list. Accessed 18.04.2019

⁷ See Powering Past Coal Alliance: Declaration *available at* https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/660041/powering-past-coal-alliance.pdf.

of price with respect to supply would have to be “perfectly inelastic.” This is a highly implausible assumption and Banks has supplied no reason to believe that the price of coal is completely unresponsive to changes in supply. It should also be noted that Courts elsewhere in the world have rejected decisionmaker’s reliance on such an assumption in the context of granting licenses for coal mines. For instance, the United States Court of Appeals (10th Circuit) found that the reliance of the US Bureau of Land Management on “this perfect substitution assumption [was] arbitrary and capricious because the assumption itself is irrational (i.e., contrary to basic supply and demand principles)” and therefore required a new environmental impact analysis to be undertaken. *WildEarth Guardians v. Bureau of Land Management*, No. 15-8109 (10th Cir., Sept. 15, 2017).

29. Dr Richard Denniss, Chief Economist at the Australia Institute has provided his analysis (see Annex 1). His response to the question of substitution is unequivocal:

“[I] can state, unambiguously, that the construction of a new coal mine will lead to an increase in the supply of coal (both in the short term and in decades to come) and likely lead to a reduction in the price of coal. Lower coal prices are likely to lead to an increase in the demand for coal, a delay in the introduction of lower emission forms of electricity generation, or both.”

30. To support the argument that substitution is occurring, Banks Group’s representatives have also argued that a finite amount of coal will circulate globally because the Paris Agreement restricts coal burning on nations to the effect of staying within the 1.5 degrees temperature rise necessary in order to avert the worst impact of climate change.⁸ The flaw in this is that coal burning restrictions are voluntary, and therefore they agreement does not restrict the free market in coal. The United States has pulled out of the agreement and therefore coal mined there which is not imported to the UK will be burned there or elsewhere, so coal mined in the UK cannot be said to substitute it in terms of global emissions.
31. On the basis of the above, it is clear that even in an implausible scenario in which government projections change and coal stocks become depleted, the evidence still indicates that any UK coal extraction is highly likely to increase global GHG emissions.

Lifecycle Emissions of UK versus Imported Coal

32. As set out above, additional coal extraction is likely to lead to additional use of coal and therefore increased GHG emissions. Compared with the additional GHGs which would be caused by introducing more coal into the market, any savings in GHG emissions that might arguably arise from the use of domestic coal as opposed to imported coal would be marginal.
33. Nonetheless, we have commissioned a life-cycle analysis (attached as Annex 2) examining the contention by Banks that reduced transport emissions imply that UK coal has lower overall life-cycle GHG emissions when compared with imported coal. The conclusions of the analysis cast doubt on the assumption that ‘local’ coal is necessarily lower carbon.
34. The life-cycle analysis was prepared by Tom Bradley, NAREC Distributed Energy.
35. The methodology and conclusions have been reviewed and affirmed by Dr Grant Wilson, University of Birmingham.

⁸ CD15.16 Rebuttal Proof of Alon Carmel – Climate Change (clause 3.11).

36. Banks' assertion about the carbon footprint of UK versus imported coal considers only GHG emissions from transportation. The enclosed analysis includes additional factors including methane emissions from the mines and the operational scale of UK versus foreign mines, as well as the likely GHG emissions from transport, factoring in GHGs in developing infrastructure. It compares Western European coal to coal from Russia and North America.⁹
37. Banks have not submitted reports or data which would meet the requirements of a full ISO standard LCA. Without a detailed LCA ISO compliant study, there is little evidence for their assertion that coal produced at Highthorn/Bradley will lead to lower emissions than the average presented by the Western European model.
38. The results of the modelling within the report shows the following;
- a. Coal from North America, despite transport emissions, has a significantly lower climate change impact than Western European coal over both 100 and 20 years when compared with an average Western European coal mine.
 - b. Coal from Russia, despite transport emissions, has a lower climate change impact over 20 years when compared with an average Western European coal mine with a slightly higher impact over 100 years. However, the differences at both time scales are relatively small.
 - c. The assertion that surface-mined coal at the Highthorn and Bradley mines will have lower intrinsic environmental impacts than imported coal is difficult to gauge without further details about the mines themselves.
 - d. Transport is not the only or even the dominant factor in determining total life-cycle emissions of coal production.
39. The LCA report makes clear that transport emissions are only one component of total life-cycle emissions and are not necessarily likely to eclipse other factors such as operational efficiencies at large foreign mines.
40. In short, there is no reason to assume the coal produced by Highthorn or Bradley has an intrinsically lower carbon footprint than mines from other countries. A detailed ISO-compliant Life Cycle Analysis would be needed to determine whether this is the case. In the absence of such an analysis, there is no evidence on which to conclude that imported coal has higher life-cycle emissions than UK-mined coal.

Conclusion

41. The claim that coal from the Highthorn and Bradley mines would substitute for coal that is imported from abroad, saving GHG emissions in transportation, is based on the assumption that the UK must continue to rely on further coal sources of one kind or other to meet its energy needs. A comparison of the UK's stockpiles and its projected need make clear that there are sufficient existing stocks of coal in the UK to comfortably provide for the total need until 2025.
42. If any justification could be found for sourcing further coal either domestically or internationally, the attached life-cycle analysis shows that the GHG impacts of domestic mining cannot be said to improve upon sourcing coal from abroad.
43. Based on all the available evidence, it is extremely likely that any further coal that is

⁹ Russia and North American coal are used as comparators because they represent the bulk of UK imports. Of total coal imports in 2017, 49% were from Russia and 31% were from North America (HMRC,2019). See <https://www.uktradeinfo.com/Statistics/BuildYourOwnTables/Pages/Table.aspx?myreport=f393e647-ed6f-4803-9956-bd93e270c48a>.

exploited will produce additional greenhouse gases, either in domestic or international power stations.

44. The consequences for the UK of doing so could include (1) exceeding government projections of coal use in coal-fired power stations, and (2) exporting coal to other countries.
45. Either of these scenarios would undermine the UK's standing as an international leader in 'Powering Past Coal' as well as introduce unnecessary additional GHGs into the atmosphere. They are also in conflict with government policy to support the transition to a low carbon future, in particular by contributing to radical reductions in greenhouse gas emissions. (NPPF para. 148).
46. According to the IPCC special report on 1.5 degrees C, coal use internationally would need to decline by as much as 78% by 2030 to have a reasonable chance of averting the most catastrophic impacts of climate change.¹⁰ Even to avert the less ambitious scenario of 2 degrees temperature rise, 80% of known coal reserves would need to stay in the ground.¹¹
47. The UK is in strong position to commit to leaving coal in the ground. Refusing permission for Highthorn and revoking permission for Bradley would assert the UK's climate leadership, affirming the Government's commitment to taking serious action to curb climate change.

Yours faithfully


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¹⁰ IPCC 2018, Special Report on the Impacts of Global Warming of 1.5°C Summary for Policymakers (SR15), SPM figure 3b.

¹¹ McGlade C & Elkins P, Nature, *The geographical distribution of fossil fuels unused when limiting global warming to 2 °C*, (Jan 2015) available at <https://www.nature.com/articles/nature14016>.