Section 2 – Solid Fuels and Derived Gases

Key results show:

Overall coal production in the first quarter of 2018 fell to a new record low of 649 thousand tonnes, down 27 per cent (0.2 million tonnes) compared with the first quarter of 2017. Surface mining production fell to a new record low of 645 thousand tonnes as less coal was used for electricity generation. Some mines were not producing as they are restoring or under care and maintenance which also contributed to lower production. Coal production was at a record low in January 2018 **(Chart 2.1)**

Coal imports rose 30 per cent (0.7 million tonnes) on levels shown in the first quarter of 2017. **(Charts 2.1 and 2.2)**

The demand for coal by electricity generators in the first quarter of 2018 was 13 per cent (-0.5 million tonnes) lower than demand in the first quarter of 2017 due to generators favouring gas for economic reasons and increased wind generation. **(Chart 2.3)**

Total stock levels were down 34 per cent to 4.1 million tonnes compared to a year earlier. This was mainly due to closing power stations using up their stocks. **(Chart 2.4)**

Relevant tables

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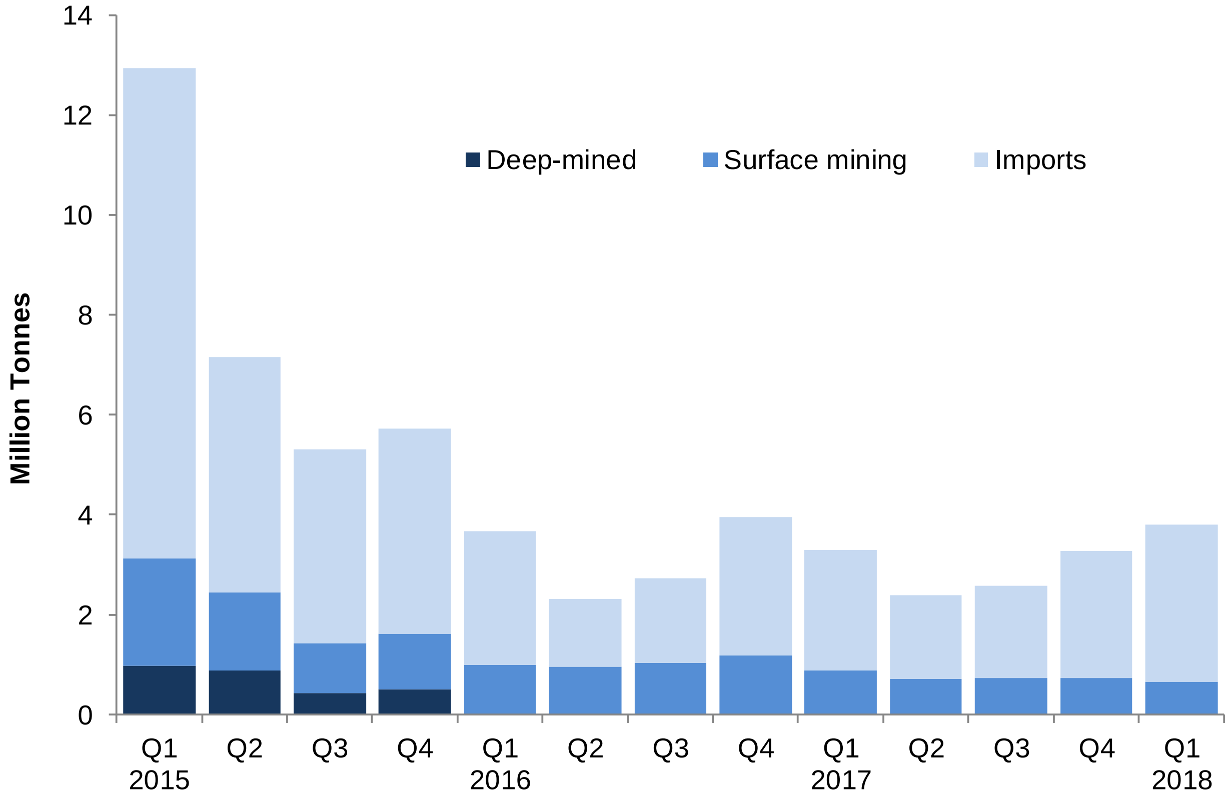
Chart 2.1 Coal supply (Table 2.1)



Coal production in the first quarter of 2018 reached a record low of 0.6 million tonnes, 27 per cent down compared to the first quarter of 2017. The bulk of this decrease came from the contraction in surface mine output as deep mine production is now under 1 per cent of production with only seven small deep mines remaining. The falls were due to decreased demand, particularly for electricity generation. Some mines were not producing as they are restoring or under care and maintenance which also contributed to lower production. Coal production was at a record low in January 2018.

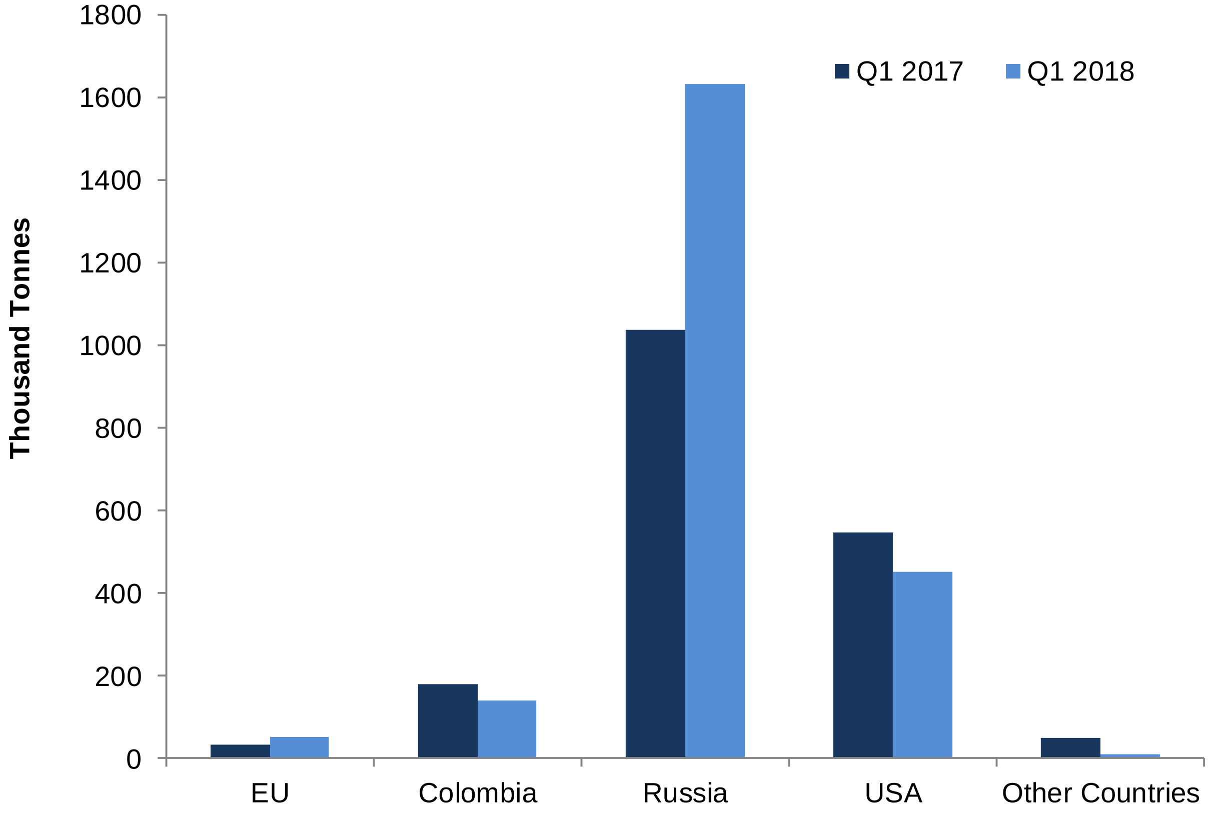
Table 2A Coal imports by origin

Thousand Tonnes

	2016	**2017p**	**2017 Q1**	**2018 Q1p**
European Union	439	356	46	77
Russia	2,292	3,883	1,341	1,886
Colombia	2,667	731	179	140
USA	1,420	2,352	726	645
Australia	778	749	56	288
Other Countries	898	427	65	108
Total Imports	**8,494**	**8,498**	**2,412**	**3,145**

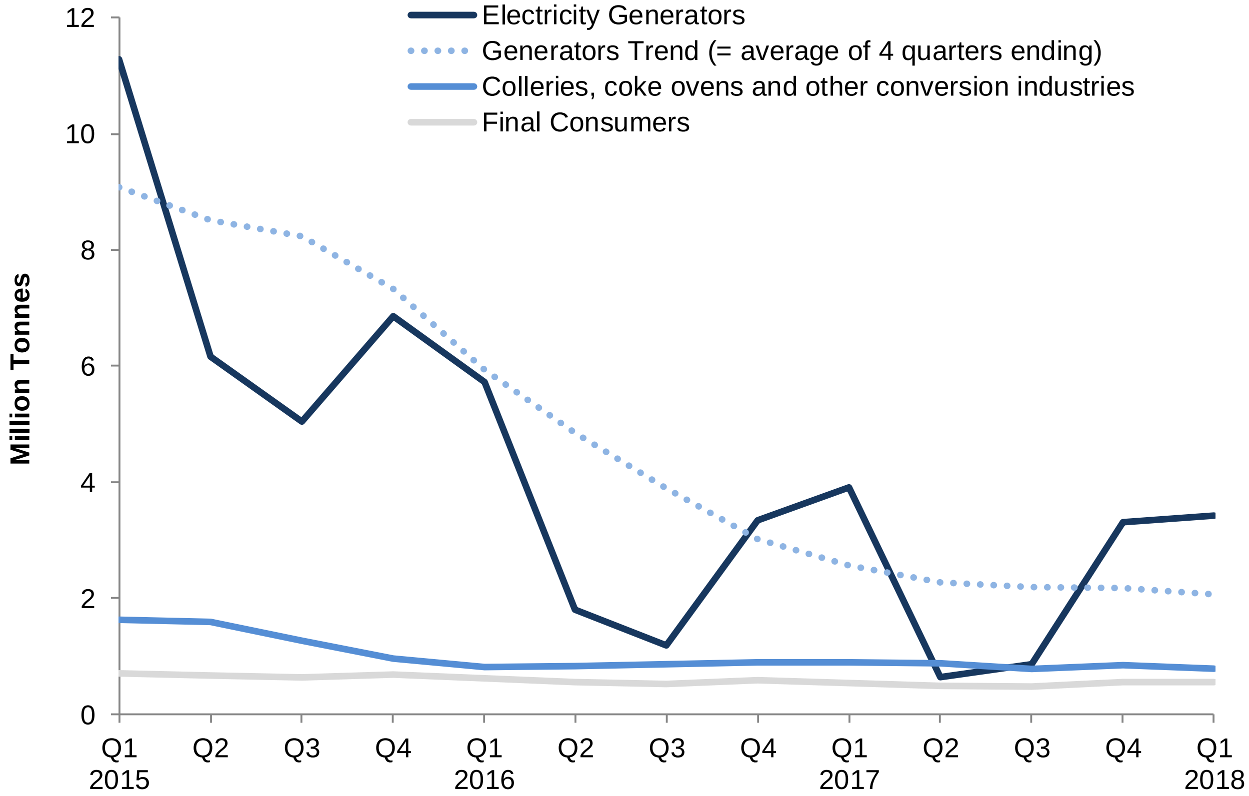
Imports of coal in the first quarter of 2018 were 30 per cent higher than in the first quarter of 2017 at 3.1 million tonnes.

Chart 2.2 Steam coal imports (Table 2.4)



In the first quarter of 2018, total coal imports increased by 30 per cent to 3.1 million tonnes. Russia (60 per cent) and the USA (21 per cent) accounted for 81 per cent of total coal imports. Steam coal imports in the first quarter of 2018 rose by 28 per cent to 2.4 million tonnes. Steam coal imports accounted for 75 per cent of total coal imports. Coking coal imports in the first quarter of 2018 rose by 39 per cent to 0.8 million tonnes and accounted for 24 per cent of total coal imports.

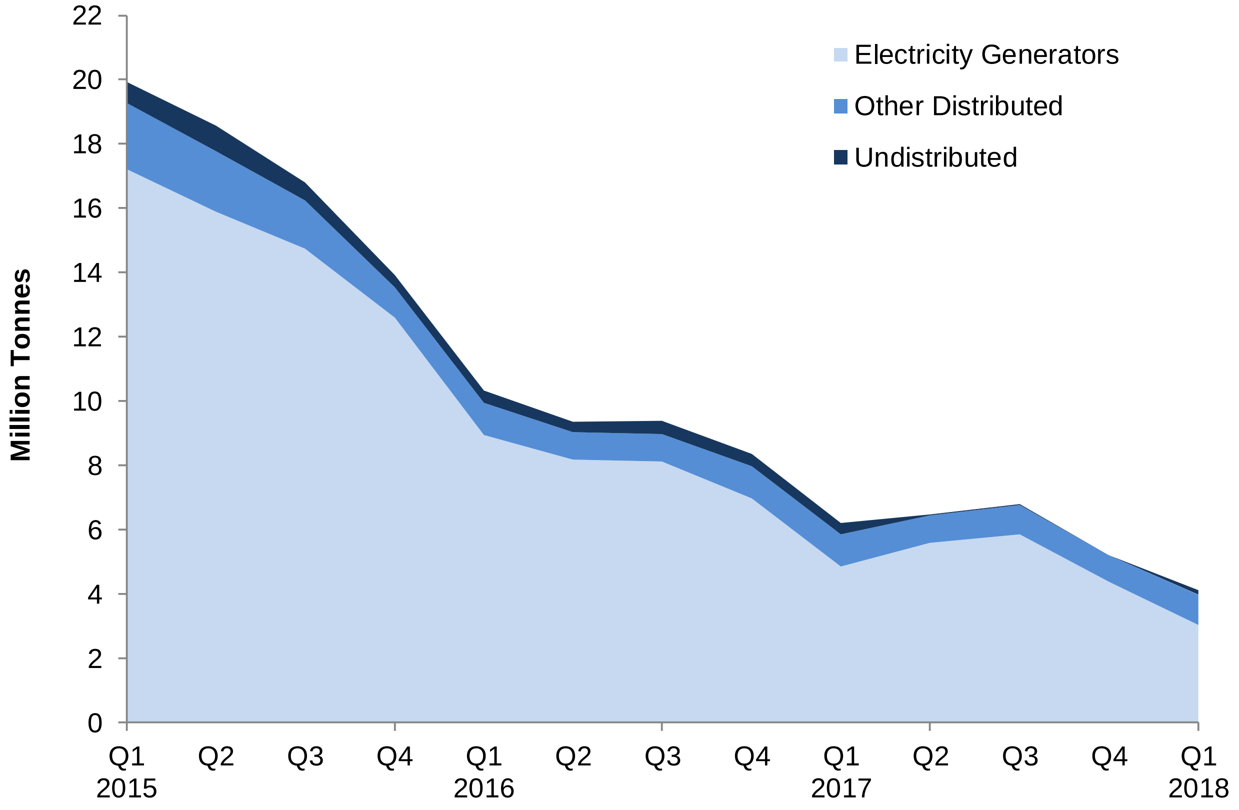
Chart 2.3 Coal consumption (Table 2.1)



Total demand for coal in the first quarter of 2018, at 4.8 million tonnes, was 11 per cent lower than in the first quarter of 2017 with the bulk of demand (72 per cent) relating to electricity generation. Consumption by electricity generators was down by 13 per cent to 3.4 million tonnes in the first quarter of 2017 due to generators favouring gas for economic reasons and increased wind generation.

In the first quarter of 2018, sales to industrial users rose by 2.5 per cent to 0.4 million tonnes whilst sales to other final consumers (including domestic) increased by 5.6 per cent to 0.2 million tonnes. Coal used in blast furnaces was down 19 per cent compared to the first quarter of 2017, to 0.3 million tonnes.

Chart 2.4 Coal stocks (Table 2.1)



Coal stocks fell seasonally by 1.1 million tonnes during the first quarter of 2018 and at the end of March stood at 4.1 million tonnes (lowest value for at least 19 years). This was 2.1 million tonnes lower than at the end of March 2017.

The level of coal stocks at power stations at the end of the first quarter of 2018 was 3.0 million tonnes, 1.8 million tonnes lower than at the end of March 2017. This was mainly due to closing power stations using up their stocks.

Stocks held by coke ovens were 0.5 million tonnes at the end of the first quarter of 2018, this was 0.1 million tonnes higher than stock levels at the end of March 2017.

Stocks held by producers (undistributed stocks) at the end of the first quarter of 2018 were 0.1 million tonnes, 0.2 million tonnes lower than at the end of March 2017.

2 SOLID FUEL AND DERIVED GASES

Table 2.1 Supply and consumption of coal

Thousand tonnes

	2016	2017 p	*per cent change*	2016 1st quarter	2016 2nd quarter	2016 3rd quarter	2016 4th quarter	2017 1st quarter	2017 2nd quarter	2017 3rd quarter	2017 4th quarter	2018 1st quarter p	*per cent change*[1]
SUPPLY													
Indigenous production	4,178	3,041	*-27.2*	1,001	962	1,027	1,188	888	708	721	724	649	*-26.9*
Deep mined	22	20	*-7.8*	7	6	5	5	5	5	5	5	4	*-18.5*
Surface mining[2]	4,156	3,021	*-27.3*	994	957	1,022	1,183	883	702	716	720	645	*-27.0*
Imports[4]	8,494	8,498r	-	2,675	1,356	1,694	2,768	2,412	1,681	1,862	2,542r	3,145	*+30.4*
Exports[5]	443	495	*+11.6*	103	76	137	128	120	100	142	133	144	*+19.4*
Stock change[6]	+5,547r	+3,159r	*-43.1*	+3,590r	+952r	-7r	+1,012r	+2,170r	-281r	-315r	+1,585r	+1,096	*-49.5*
Total supply	17,775r	14,203r	*-20.1*	7,163r	3,194r	2,578r	4,839r	5,350r	2,008r	2,126r	4,718r	4,747	*-11.3*
Statistical difference	+30r	+19r		+14r	+4	+1	+11	+14r	+4r	+0r	+1r	-5	
Total demand	17,745r	14,183r	*-20.1*	7,150r	3,190r	2,577r	4,828r	5,336r	2,004r	2,126r	4,717r	4,752	*-11.0*
TRANSFORMATION	15,468r	12,126r	*-21.6*	6,537r	2,643r	2,052r	4,237r	4,802r	1,512r	1,645r	4,168r	4,198	*-12.6*
Electricity generation	12,056	8,724	*-27.6*	5,721r	1,808	1,186r	3,341	3,907r	638	864	3,315	3,418	*-12.5*
Heat generation[7]	6r	6r	-	2r	1r	1r	2r	2r	1r	1r	2r	2	-
Coke manufacture	1,821	1,888	*+3.7*	443	438	464	475	482	469	474	462	430	*-10.8*
Blast furnaces	1,364	1,301	*-4.6*	316	345	346	357	350	354	270	326	284	*-19.0*
Patent fuel manufacture	223	207r	*-7.1*	55	51	55	62	59	48	36	63r	65	*+8.6*
Energy industry use	-	-		-	-	-	-	-	-	-	-	-	
FINAL CONSUMPTION	2,277r	2,057r	*-9.6*	613r	547r	525r	592r	535r	493r	481r	549r	553	*+3.5*
Iron & steel	35	33r	*-5.7*	10	10	7	7	9	9	8	7r	4	*-52.9*
Other industries	1,632r	1,436r	*-12.0*	431	400r	404r	397r	356r	359r	357r	364r	370	*+3.9*
Domestic	550	535r	*-2.6*	156	123	101	171	156	113r	103	164r	165	*+5.9*
Other final users	60r	53r	*-10.9*	15	14r	13r	18r	14	12r	13r	14r	15	*+2.8*
Stocks at end of period													
Distributed stocks	7,953r	5,197r	*-34.7*	9,953r	9,018r	8,976r	7,953r	5,834r	6,431r	6,755r	5,197r	3,976	*-31.9*
Of which:													
Major power producers[8]	6,962	4,387	*-37.0*	8,933	8,163	8,125	6,962	4,838r	5,589	5,834	4,387	3,039	*-37.2*
Coke ovens	611r	331r	*-45.9*	463r	494r	328r	611r	451	470r	460r	331r	543	*+20.3*
Undistributed stocks	406r	4r	*-99.1*	363r	345r	395r	406r	355r	39r	31r	4r	128	*-63.8*
Total stocks[9]	8,359r	5,200r	*-37.8*	10,316r	9,364r	9,370r	8,359r	6,189r	6,470r	6,785r	5,200r	4,104	*-33.7*

1. Percentage change between the most recent quarter and the same quarter a year earlier.
2. The term 'surface mining' has now replaced opencast production. Opencast production is a surface mining technique.
3. Not produced since 2013 as the only mine producing slurry has ceased trading
4. For a detailed breakdown of UK Imports by country and grade of coal refer to Table 2.4 Coal imports (internet table only).
5. Trade is counted as an export under three conditions, when it is recorded as an import and is subsequently exported; it enters the UK port with the intention of being imported but due to a change of ownership at the port it is exported without having cleared the port; and when items leave the warehouse and are exported. Trade is not classified as exports when it is resting at a UK port and the UK is not the intended final destination.
6. Stock change + = stock draw, - = stock build.
7. Heat generation is based on an annual figure and is then split over a quarterly period. The 2018 heat generation figures currently shown are the 2017 figures carried forward - these will be updated in June 2019.
8. This includes stocks held at ports.
9. For some quarters, closing stocks may not be consistent with stock changes, due to additional stock adjustments

2 SOLID FUEL AND DERIVED GASES

Table 2.2 Supply and consumption of coke oven coke, coke breeze and other manufactured solid fuels

Thousand tonnes

	2016	2017 p	*per cent change*	2016 1st quarter	2016 2nd quarter	2016 3rd quarter	2016 4th quarter	2017 1st quarter	2017 2nd quarter	2017 3rd quarter	2017 4th quarter	2018 1st quarter p	*per cent change* [3]
SUPPLY													
Indigenous production	1,593	1,580	*-0.8*	376	385	409	424	408	384	395	393	377	*-7.6*
Coke Oven Coke	1,332	1,361	*+2.2*	320	319	344	348	346	337	343	334	313	*-9.6*
Coke Breeze	16	18	*+11.8*	4	4	4	4	4	4	5	4	4	*-21.2*
Other MSF	245	201	*-17.9*	51	61	61	71	57	42	47	55	60	*+5.2*
Imports	1,251	1,000	*-20.0*	287	284	284	397	187	233	264	316	278	*+48.2*
Exports	22	20	*-12.3*	6	4	6	6	7	1	4	8	2	*-73.5*
Stock change [1]	-126	-3	*-97.7*	-2	+21	-15	-130	+65	+17	-25	-60	+19	*-70.0*
Transfers	-4	-4		-1	-1	-0	-2	-1	-1	-1	-1	-1	
Total supply	2,691	2,554	*-5.1*	654	685	671	682	652	632	628	642	671	*+2.8*
Statistical difference	0	-1		-0	-	0	-0	-0	-	-0	-0	-0	
Total demand	2,691	2,554	*-5.1*	654	685	671	682	652	632	628	642	671	*+2.8*
TRANSFORMATION	2,140	2,017	*-5.8*	525	548	533	535	508	507	502	499	537	*+5.7*
Coke manufacture	-	-		-	-	-	-	-	-	-	-	-	
Blast furnaces	2,140	2,017	*-5.8*	525	548	533	535	508	507	502	499	537	*+5.7*
Energy industry use	-	-		-	-	-	-	-	-	-	-	-	
FINAL CONSUMPTION	551	538	*-2.5*	130	137	138	146	144	126	125	143	133	*-7.3*
Iron & steel	316	296	*-6.5*	75	79	84	78	76	70	74	76	61	*-19.3*
Other industries	-	-		-	-	-	-	0	0	0	-0	0	
Domestic	236	242	*+2.9*	55	58	55	68	68	56	51	67	72	*+5.9*
Stocks at end of period [2]	1,249	1,252	*+0.2*	1,126	1,108	1,142	1,249	1,185	1,167	1,197	1,252	1,233	*+4.1*

1. Stock change + = stock draw, - = stock build.
2. For some quarters, closing stocks may not be consistent with stock changes, due to additional stock adjustments
3. Percentage change between the most recent quarter and the same quarter a year earlier; (+) represents a positive percentage change greater than 100%.

2 SOLID FUEL AND DERIVED GASES

Table 2.3 Supply and consumption of coke oven gas, blast furnace gas, benzole and tars

GWh

	2016	2017 p	*per cent change*	2016 1st quarter	2016 2nd quarter	2016 3rd quarter	2016 4th quarter	2017 1st quarter	2017 2nd quarter	2017 3rd quarter	2017 4th quarter	2018 1st quarter p	*per cent change* [1]
SUPPLY													
Indigenous production	14,089	14,064	*-0.2*	3,406	3,603	3,424	3,656	3,541	3,543	3,403	3,577	3,370	*-4.8*
Coke oven gas	3,468	3,745	*+8.0*	870	836	855	907	960	946	949	891	838	*-12.7*
Blast furnace gas	10,090	9,763	*-3.2*	2,403	2,645	2,439	2,603	2,444	2,451	2,332	2,536	2,396	*-2.0*
Benzole & tars	531	556	*+4.7*	134	123	129	145	138	146	122	150	136	*-1.2*
Transfers	344	148	*-56.9*	127	106	64	47	56	24	29	39	66	*+17.2*
Total supply	14,433	14,213	*-1.5*	3,534	3,709	3,487	3,703	3,597	3,568	3,431	3,616	3,436	*-4.5*
Statistical difference	+8r	+21r		-4r	+12r	+7r	-8r	+5	+0r	+8r	+7r	-9	
Total demand	14,425r	14,192r	*-1.6*	3,538r	3,697r	3,480r	3,711r	3,592	3,567r	3,423r	3,609r	3,445	*-4.1*
TRANSFORMATION	6,291r	6,043r	*-3.9*	1,523r	1,536r	1,507r	1,725r	1,586r	1,519r	1,427r	1,511r	1,704	*+7.5*
Electricity generation	6,278	6,029r	*-4.0*	1,520	1,533	1,504	1,721	1,582r	1,516r	1,424r	1,507r	1,701	*+7.5*
Heat generation[2]	13r	13r	-	3r	3r	3r	3r	3r	3r	3r	3r	3	-
Energy industry use	5,446	5,324	*-2.2*	1,376	1,415	1,270	1,386	1,350	1,345	1,293	1,337	1,148	*-14.9*
Losses	1,116	1,272	*+14.0*	248	337	318	213	272	301	332	367	213	*-21.7*
FINAL CONSUMPTION	1,572r	1,552r	*-1.3*	391r	409r	385r	388r	384r	402r	370r	395r	379	*-1.3*
Iron & steel	1,041r	996r	*-4.3*	257r	286r	256r	242r	247r	256r	249r	245r	243	*-1.4*
Other industries[3]	-	-		-	-	-	-	-	-	-	-	-	
Non-Energy Use[4]	531	556	*+4.7*	134	123	129	145	138	146	122	150	136	*-1.2*

1. Percentage change between the most recent quarter and the same quarter a year earlier; (+) represents a positive percentage change greater than 100%.
2. Heat generation is based on an annual figure and is then split over a quarterly period. The 2018 heat generation figures currently shown are the 2017 figures carried forward - these will be updated in June 2019
3. The main industrial consumer of derived gases Monckton coke-works (also a producer of them) closed in December 2014.
4. From 2009, unclassified final consumption for benzole and tars has been recorded under non energy use