Section 2 – Solid Fuels and Derived Gases

Key results show:

Overall coal production in the third quarter of 2018 fell to 0.7 million tonnes down 9.0 per cent compared with the third quarter of 2017. Surface mining production fell to 649 thousand tonnes. This is a result of mine closures and prevailing economic trends in the UK's coal industry, which has made imports of coal cheaper than domestic consumption. Some mines are not producing as they are restoring or under care and maintenance which has also contributed to lower production. **(Chart 2.1)**

Coal imports rose 17 per cent on levels shown in the third quarter of 2017 **(Charts 2.1 and 2.2)**

The demand for coal by electricity generators fell to 0.8 million tonnes and was 13 per cent lower than demand in the same quarter as last year. This was due to a lower demand for electricity accompanying the warmer weather and displacement by higher renewable generation. Despite the record low for coal-fired generation in August, the fall for the third quarter of 2018 is markedly smaller than those observed in previous months. This is due to a large increase in coal usage in September, as less gas was used for electricity generation due to higher gas prices. **(Chart 2.3)**

Total stock levels were down 26 per cent (-1.8 million tonnes) to 5.0 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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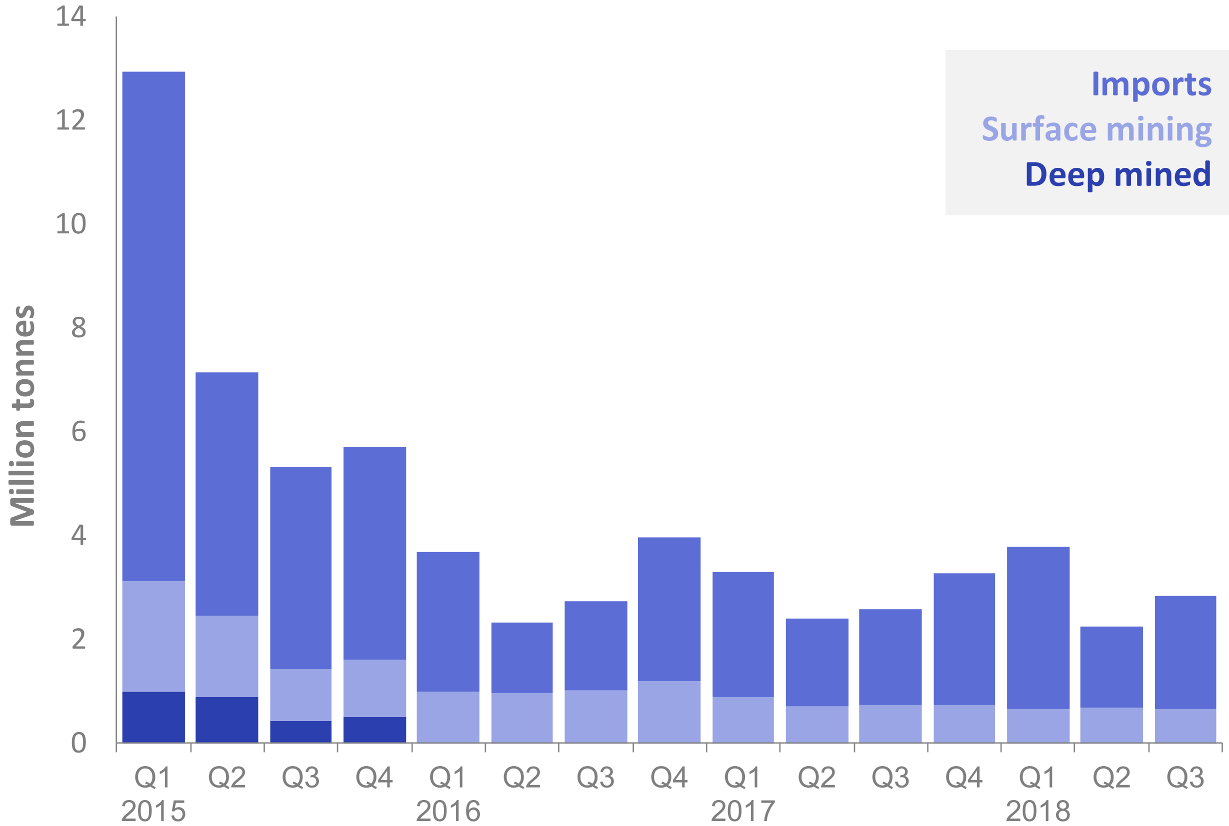
Chart 2.1 Coal supply (Table 2.1)



Coal production in the third quarter of 2018 fell to 0.7 million tonnes, 9.0 per cent down compared to the third quarter of 2017. The came from further contraction in surface mine output as deep mine production increased by 3 thousand tonnes to 7 thousand tonnes (though remains at around 1 per cent of production with only seven small deep mines remaining). The falls were due to decreased demand, particularly for electricity in a period of higher temperatures in July and August.

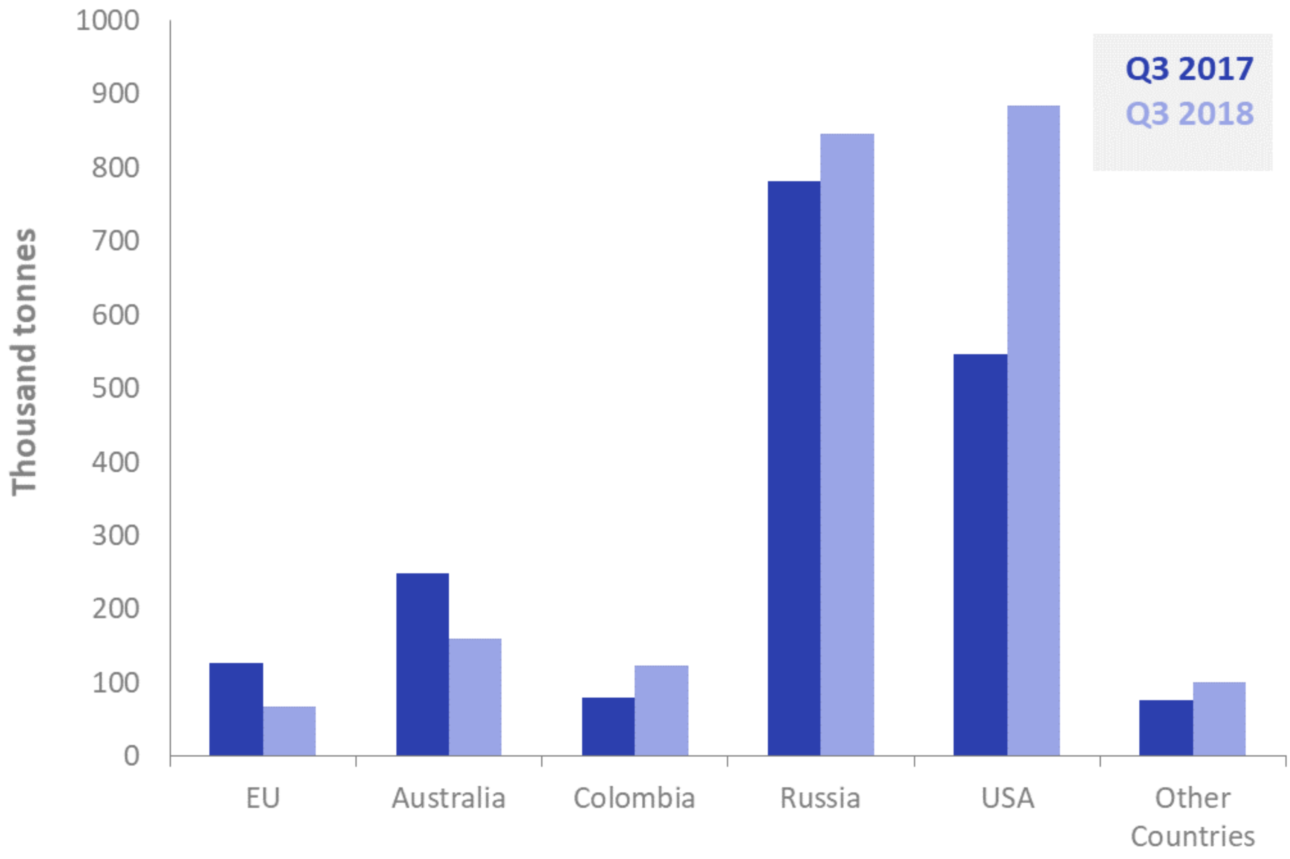
Table 2A Coal imports by origin

Thousand Tonnes

	2016	2017	2017 Q3	2018 Q3p
European Union	439	356	128	68
Russia	2,292	3,883	781	846
Colombia	2,667	731	80	123
USA	1,420	2,352	546	884
Australia	778	749	249	160
Other Countries	898	427	77	100
Total Imports	**8,494**	**8,498**	**1,862**	**2,181**

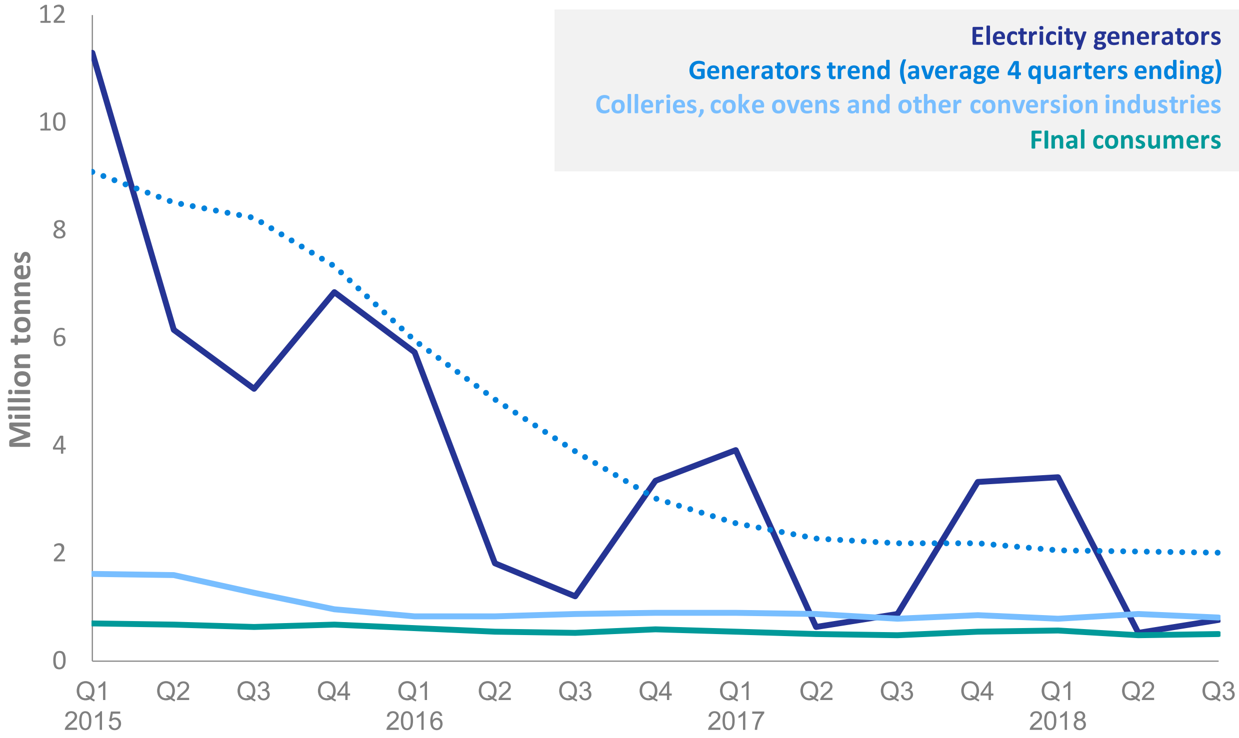
Imports of coal in the third quarter of 2018 were 17 per cent higher than in the third quarter of 2017 at 2.2 million tonnes.

Chart 2.2 Total coal imports [(Table 2.4)]



In the third quarter of 2018, total coal imports increased by 17 per cent to 2.2 million tonnes. The USA (41 per cent), Russia (39 per cent), Australia (7 per cent) and Colombia (6 per cent) accounted for 92 per cent of total coal imports. Steam coal imports in the third quarter of 2018 rose by 35 per cent to 1.4 million tonnes. Steam coal imports accounted for 66 per cent of total coal imports. Coking coal imports in the third quarter of 2018 fell by 7.6 per cent to 0.7 million tonnes and accounted for 33 per cent of total coal imports.

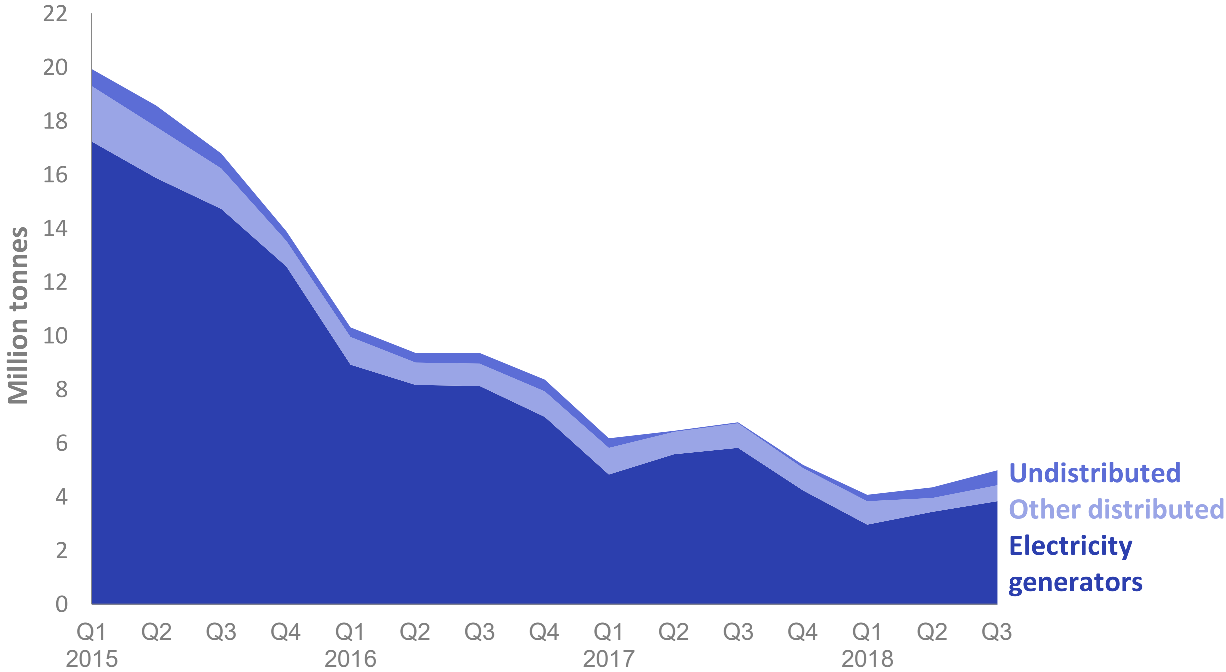
Chart 2.3 Coal consumption (Table 2.1)



Total demand for coal in the third quarter of 2018, at 2.0 million tonnes, was 3.9 per cent lower than in the third quarter of 2017. Consumption by electricity generators was down by 13 per cent to 0.8 million tonnes. Electricity generators accounted for 37 per cent of total coal use in the third quarter of 2018 compared with 41 per cent a year earlier. The falls were due to decreased demand for electricity as a result of warmer weather, and increased generation from renewables. Despite the record low for coal-fired generation in August, the fall for the third quarter of 2018 is markedly smaller than those observed in previous months. This is due to a large increase in coal usage in September, as less gas was used for electricity generation due to higher gas prices.

In the third quarter of 2018, sales to industrial users rose by 1.9 per cent to 0.4 million tonnes whilst sales to other final consumers (including domestic) increased by 4.5 per cent to 0.1 million tonnes. Coal used in blast furnaces was up 13 per cent compared to the third quarter of 2017, to 0.3 million tonnes.

Chart 2.4 Coal stocks (Table 2.1)



Coal stocks rose seasonally by 0.6 million tonnes from the second quarter of 2018 and at the end of September stood at 5.0 million tonnes. This was 1.8 million tonnes lower than at the end of September 2017.

The level of coal stocks at power stations at the end of the third quarter of 2018 was 3.8 million tonnes, 2.0 million tonnes lower than at the end of September 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 third quarter of 2018, this was 50 thousand tonnes higher than stock levels at the end of September 2017.

Stocks held by producers (undistributed stocks) at the end of the third quarter of 2018 were 0.5 million tonnes.

2 SOLID FUEL AND DERIVED GASES

Table 2.1 Supply and consumption of coal

Thousand tonnes

	2016	2017	*per cent change*	2016 3rd quarter	2016 4th quarter	2017 1st quarter	2017 2nd quarter	2017 3rd quarter	2017 4th quarter	2018 1st quarter	2018 2nd quarter	2018 3rd quarter p	*per cent change*[1]
SUPPLY													
Indigenous production	4,178	3,041	*-27.2*	1,027	1,188	888	708	721	724	649	694	656	*-9.0*
Deep mined	22	20	*-7.8*	5	5	5	5	5	5	4	4	7	*+45.9*
Surface mining[2]	4,156	3,021	*-27.3*	1,022	1,183	883	702	716	720	645	690	649	*-9.4*
Imports[4]	8,494	8,498	-	1,694	2,768	2,412	1,681	1,862	2,542	3,146	1,559	2,181	*+17.1*
Exports[5]	443	495	*+11.6*	137	128	120	100	142	133	144	111	159	*+12.3*
Stock change[6]	+5,547	+3,159	*-43.1*	-7	+1,012	+2,170	-281	-315	+1,585	+1,101r	-271r	-635	*(+)*
Total supply	17,775	14,203	*-20.1*	2,578	4,839	5,350	2,008	2,126	4,718	4,752r	1,871r	2,043	*-3.9*
Statistical difference	+30	+19		+1	+11	+14	+4	+0	+1	+12	+4	-0	
Total demand	17,745	14,183	*-20.1*	2,577	4,828	5,336	2,004	2,126	4,717	4,740r	1,867r	2,043	*-3.9*
TRANSFORMATION	15,468	12,126	*-21.6*	2,052	4,237	4,802	1,512	1,645	4,168	4,182r	1,386r	1,551	*-5.8*
Electricity generation	12,056	8,724	*-27.6*	1,186	3,341	3,907	638	864	3,315	3,402r	525	756	*-12.6*
Heat generation[7]	6	6	-	1	2	2	1	1	2	2	1	1	-
Coke manufacture	1,821	1,888	*+3.7*	464	475	482	469	474	462	430	472r	449	*-5.3*
Blast furnaces	1,364	1,301	*-4.6*	346	357	350	354	270	326	284	343r	305	*+12.7*
Patent fuel manufacture	223	207	*-7.1*	55	62	59	48	36	63	65	45	40	*+12.3*
Energy industry use	-	-		-	-	-	-	-	-	-	-	-	
FINAL CONSUMPTION	2,277	2,057	*-9.6*	525	592	535	493	481	549	558r	481r	493	*+2.5*
Iron & steel	35	33	*-5.7*	7	7	9	9	8	7	9r	9r	8	*-1.7*
Other industries	1,632	1,436	*-12.0*	404	397	356	359	357	364	370r	358r	364	*+2.0*
Domestic	550	535	*-2.6*	101	171	156	113	103	164	165r	101r	107	*+4.5*
Other final users	60	53	*-10.9*	13	18	14	12	13	14	15r	13r	13	*+4.0*
Stocks at end of period													
Distributed stocks	7,953	5,067	*-36.3*	8,976	7,953	5,834	6,431	6,755	5,067	3,823r	3,950r	4,439	*-34.3*
Of which:													
Major power producers[8]	6,962	4,257	*-38.8*	8,125	6,962	4,838	5,589	5,834	4,257	2,960r	3,464r	3,831	*-34.3*
Coke ovens	611	331	*-45.9*	328	611	451	470	460	331	525r	396r	510	*+10.9*
Undistributed stocks	406	134	*-67.1*	395	406	355	39	31	134	258r	403r	549	*(+)*
Total stocks[9]	8,359	5,200	*-37.8*	9,370	8,359	6,189	6,470	6,785	5,200	4,082r	4,352r	4,988	*-26.5*

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	*per cent change*	2016 3rd quarter	2016 4th quarter	2017 1st quarter	2017 2nd quarter	2017 3rd quarter	2017 4th quarter	2018 1st quarter	2018 2nd quarter	2018 3rd quarter p	*per cent change* [3]
SUPPLY													
Indigenous production	1,593	1,580	*-0.8*	409	424	408	384	395	393	377	391r	384	*-2.8*
Coke Oven Coke	1,332	1,361	*+2.2*	344	348	346	337	343	334	313	347r	327	*-4.7*
Coke Breeze	16	18	*+11.8*	4	4	4	4	5	4	4	5	4	*-6.9*
Other MSF	245	201	*-17.9*	61	71	57	42	47	55	60	39	53	*+11.7*
Imports	1,251	1,000	*-20.0*	284	397	187	233	264	316	278	385r	180	*-31.8*
Exports	22	20	*-12.3*	6	6	7	1	4	8	2	2	4	*-4.9*
Stock change[1]	-126	-3	*-97.7*	-15	-130	+65	+17	-25	-60	+19	-99r	-26	*+2.4*
Transfers	-4	-4		-0	-2	-1	-1	-1	-1	-1	-2	-14	
Total supply	2,691	2,554	*-5.1*	671	682	652	632	628	642	671	673r	520	*-17.1*
Statistical difference	0	-1		0	-0	-0	-	-0	-0	-0	-	-	
Total demand	2,691	2,554	*-5.1*	671	682	652	632	628	642	671	673r	520	*-17.2*
TRANSFORMATION	2,140	2,017	*-5.8*	533	535	508	507	502	499	537	552r	387	*-22.9*
Coke manufacture	-	-		-	-	-	-	-	-	-	-	-	
Blast furnaces	2,140	2,017	*-5.8*	533	535	508	507	502	499	537	552r	387	*-22.9*
Energy industry use	-	-		-	-	-	-	-	-	-	-	-	
FINAL CONSUMPTION	551	538	*-2.5*	138	146	144	126	125	143	134	121r	133	*+5.6*
Iron & steel	316	296	*-6.5*	84	78	76	70	74	76	61	69r	73	*-1.3*
Other industries	-	-		-	-	0	0	0	-0	0	0	0	
Domestic	236	242	*+2.9*	55	68	68	56	51	67	73	52r	59	*+15.7*
Stocks at end of period[2]	1,249	1,252	*+0.2*	1,142	1,249	1,185	1,167	1,197	1,252	1,233	1,397	1,393	*+16.3*

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	*per cent change*	2016 3rd quarter	2016 4th quarter	2017 1st quarter	2017 2nd quarter	2017 3rd quarter	2017 4th quarter	2018 1st quarter	2018 2nd quarter	2018 3rd quarter p	*per cent change* [1]
SUPPLY													
Indigenous production	14,089	14,064	*-0.2*	3,424	3,656	3,541	3,543	3,403	3,577	3,370	3,429	3,358	*-1.3*
Coke oven gas	3,468	3,745	*+8.0*	855	907	960	946	949	891	838	893	870	*-8.3*
Blast furnace gas	10,090	9,763	*-3.2*	2,439	2,603	2,444	2,451	2,332	2,536	2,396	2,394	2,341	*+0.4*
Benzole & tars	531	556	*+4.7*	129	145	138	146	122	150	136	142	147	*+20.6*
Transfers	344	148	*-56.9*	64	47	56	24	29	39	66	28	33	*+15.6*
Total supply	14,433	14,213	*-1.5*	3,487	3,703	3,597	3,568	3,431	3,616	3,436	3,457	3,392	*-1.2*
Statistical difference	+8	+21		+7	-8	+5	+0	+8	+7	-9	-6	-2	
Total demand	14,425	14,192	*-1.6*	3,480	3,711	3,592	3,567	3,423	3,609	3,445	3,463	3,394	*-0.9*
TRANSFORMATION	6,291	6,043	*-3.9*	1,507	1,725	1,586	1,519	1,427	1,511	1,704	1,426r	1,547	*+8.3*
Electricity generation	6,278	6,029	*-4.0*	1,504	1,721	1,582	1,516	1,424	1,507	1,701	1,422r	1,543	*+8.4*
Heat generation[2]	13	13	-	3	3	3	3	3	3	3	3	3	-
Energy industry use	5,446	5,324	*-2.2*	1,270	1,386	1,350	1,345	1,293	1,337	1,148	1,248	1,161	*-10.2*
Losses	1,116	1,272	*+14.0*	318	213	272	301	332	367	213	406	297	*-10.7*
FINAL CONSUMPTION	1,572	1,552	*-1.3*	385	388	384	402	370	395	379	384r	389	*+5.0*
Iron & steel	1,041	996	-4	256	242	247	256	249	245	243	241r	242	*-2.6*
Other industries[3]	-	-		-	-	-	-	-	-	-	-	-	
Non-Energy Use[4]	531	556	*+4.7*	129	145	138	146	122	150	136	142	147	*+20.6*

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 201

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