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Industry news : June 2006

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Centrica to develop new UK power station

Power generation in the UK
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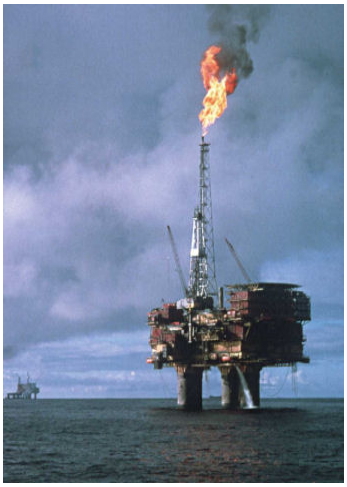
Centrica plc, the UK firm which owns British Gas, has announced it is investing £400 million to develop the first major power station to start construction in the UK in almost five years. The station will be developed at Langage, near Plymouth in Devon. Commercial operations at the 885MW gas-fired plant, are scheduled to start during winter 2008/2009, providing an additional source of power for the UK . Langage will be one of the UK's most efficient power stations, capable of supplying electricity to over one million homes. The decision to build the station, which is one of only a limited number of large scale power station projects in the UK with planning consent, comes at a time of increasing uncertainty over the future of Britain's energy supply. The UK currently faces significant challenges in the way it produces energy and as a result the Government has commissioned an Energy Review, due for publication by the end of July.

Source: http://www.centrica.co.uk/index.asp?pageid=107&newsid=950

North Sea licence applications hit 35-year peak



North Sea platform
Photo Copyright: BGS©NERC

News from the Department of Trade and Industry (DTI) indicates applications for North Sea oil and gas exploration and production licences are at their highest level for 35 years. Energy Minister Malcolm Wicks said 147 applications had been made by 121 companies for new UK oil and gas exploration and production licences. Malcolm Wicks added "Interest in the North Sea is still high because determined companies realise that our remaining reserves almost match what we have already exploited. " "Lately the spotlight has rightly been on cleaner energy - renewables and nuclear - but we still need oil and gas and this surge of interest in the North Sea reflects that." The resurgence of interest in the North Sea in recent years has been helped by new technologies which "now make it easier to tap previously hard-to-reach reserves".

Source:
http://www.gnn.gov.uk/environment/detail.asp?ReleaseID=209615&NewsAreaID=2&NavigatedFromDepartment=False

Oil exploration in Cardigan Bay

Three companies have bid for licences to explore for oil and gas in Cardigan Bay, west Wales. Each of the three licences covers an area of 250 square km, one located north of Fishguard and the second two north of Cardigan. The names of the three companies have not yet been disclosed. However, environmental groups and local politicians are concerned over the impact of the work. Liberal Democrat MP for Ceredigion Mark Williams said the drilling could cause "enormous damage" to the environment and marine life. Paul Dymond, from the UK Offshore Operators Association, said the DTI only offered areas for drilling after conducting "strategic environmental assessments". If the companies were successful in obtaining the licences, they would have four years to conduct their prospecting, but would have to go back to the DTI for new licences if they wanted to extract oil or gas commercially.

UK extractive industry geology conference

The BGS stand at EIG
Photo Copyright: BGS©NERC

The 14th Extractive Industry Geology (EIG) Conference, held in Edinburgh this year, was extremely well attended by industry professionals, government representatives, planners and academics. Around fifty papers were presented covering many issues critical to the UK's extractive industry including exploration, minerals planning, reserve and resource estimations, quarry and mine design and restoration and after-use. The final session this year focused on communication and education, highlighting the need for communities and the public to understand the importance and necessity of the UK's extractive industry. In addition delegates were provided with the opportunity to attend fieldtrips to operational extractive sites in southern and central Scotland.

Source: http://www.eigconference.org/documents/EIGFinalCircular2006-03v6.pdf

UK Coal confirms mothballing of Harworth Colliery

Harworth Colliery, Nottinghamshire
Photo Copyright: BGS©NERC

UK Coal, Britain's biggest producer of coal, has confirmed that it will proceed with the planned mothballing of Harworth Colliery, south of Doncaster. The decision is due to the failure to secure a sales contract to justify the investment (around £16m) required to access additional reserves at the colliery. In addition the colliery had been blighted by technical problems including difficult geological conditions and high methane levels. UK Coal Chief Executive Gerry Spindler commented “Everyone has worked tirelessly to find a solution. The performance and dedication of the workforce at Harworth has been exemplary. We have all worked extremely hard to save the colliery at a time of increasing demand for coal, and will continue to do so.” The colliery employs 310 people and is one of six collieries operated by UK Coal.

Source: http://miranda.hemscott.com/ir/ukc/pdf/press/2006_06_12_harworth_mothballing.pdf

Coal price rise for Northern Ireland

UK coal production
Photo Copyright: BGS©NERC

It is reported that the price of coal in Northern Ireland is set to rise by an average 6.5%. The increase is the result of higher transport costs and will lead to consumers paying an additional £1 for a bag of house coal and 50p for a bag of smokeless coal. Joanne Gamble of the General Consumers Council commented "Although the number of people using coal to heat their homes is dropping, it is still an important fuel for Northern Ireland". Following the rise Northern Ireland's largest coal supplier guaranteed prices will not increase further during the next 12 months.

Source: http://news.bbc.co.uk/1/hi/northern_ireland/5110770.stm

Closure of UK copper rod plant

Prysmian, the Italian-based energy and telecom cable producer, plans to close its Prescot copper rod producing operation in Lancashire, at the end of 2006. The company wants to focus on cable production and sold its enameled wire operations some time ago. The rod plant, which has a capacity of 130 000 tonnes per year, had been operating at a reduced rate of 90 000 tonnes per year during 2006. The decision to shut the facility was also blamed on high operating costs, resulting from record copper prices and rising energy costs. The close of the plant will result in around 50 job losses. However, most of the 156 workers employed in the company's components business, also in Prescot, will be offered the chance to relocate to Wrexham.

Source: Metal Bulletin, 19 June 2006.

Energy prices dent Corus's first quarter profits

Molten metal being prepared for casting
Photo Copyright: Getty Images

Corus, the Anglo-Dutch steel giant, has reported first quarter operating profit of £176 million, a fall from £218 million in the first quarter of 2005. The steel producer blames the drop in profits on rising energy prices and said its first quarter UK energy costs were some £20

million higher than in the fourth quarter of 2005. Corus expects its total energy bill to rise by around £120 million in 2006, equating to 30-35 percent extra on top of last year's bill. Philippe Varin, Chief Executive, commented “Against the background of low steel prices and high raw material and energy costs, our financial performance has held up well in the first quarter of 2006. Corus is well positioned to take advantage of the recovery in demand and spot prices”.

Sources: http://www.corusgroup.com/en/news/news/2006_q1_results_release

http://business.scotsman.com/topics.cfm?tid=801&id=1841212005

Impact of energy prices on UK inflation

The Bank of England's latest inflation report suggests higher energy prices helped push UK inflation up to 2.2% in May, from 2% the previous month. This increase now means the Consumer Price Index (CPI) rate of inflation has risen above the government's 2% target. Energy prices have risen through 2006 with spot oil prices touching a record high. Wholesale gas prices have been volatile since February, and remain somewhat higher than a year ago. Although efforts to increase the capacity to supply gas to the domestic market are under way, the short-term prospect for gas prices remains uncertain.

Business investment is reported to have risen only moderately in recent years. One factor that could have depressed capital spending is uncertainty, related perhaps to the recent increase in energy costs. Import price inflation has risen to its highest rate for five years, partially reflecting the impact of higher energy prices. If oil prices stabilise, then import price inflation can be expected to fall back. In summary inflation rises in the near term reflect higher energy and import costs. As energy and import price inflation ease, so CPI inflation should fall back to around the 2% target.

Source: http://www.bankofengland.co.uk/publications/inflationreport/ir06may.pdf

Hanson closes Yorkshire brickworks

UK brick production
Photo Copyright: BGS©NERC

Hanson Plc, the international building materials company, has announced it will close its Waingroves Brickworks, in Ripley , with the loss of 63 jobs. Hanson Building Products stated that the factory was closing because of a general drop in demand nationally. They added "There are just not enough houses being built. Making bricks is intensive and the cost of production has risen. We are better off concentrating on newer sites." Hanson plans to mothball the site, with the hope of returning in the future should market conditions improve.

Sources: http://www.ukbusinesspark.co.uk/hansonaa.htm

http://www.ripleynews.co.uk/ViewArticle2.aspx?SectionID=797&ArticleID=1495719

Completion of £14m restoration of eight colliery sites

Restored mineral workings
Photo Copyright: BGS©NERC

A ten-year project to restore eight colliery sites in Nottinghamshire into eight country parks is close to completion. Seven of the sites, at Bevercotes, Blidworth, Manton, Ollerton, Sherwood, Shirebrook and Silverhill, will be handed over to the Forestry Commission for management. The County Council will retain the remaining site at Cotgrave. The £14 million project, which restored fourteen spoil tips, was funded by the Coal Authority and was designed and supervised by Nottinghamshire County Council, working alongside the Forestry Commission. The eight country parks now contain over 30 miles of woodland tracks and numerous water and wetland features.

Source:
http://www.nottinghamshire.gov.uk/home/newshome/prarticle.htm?id=63429&Environment=t

Company prepares to re-open tin mine

Local authorities in Cornwall are being blamed for causing long delays to the re-opening of South Crofty tin mine. Owners, Baseresult Holdings, are distributing leaflets to gain support for its restoration from the local community. Baseresult Holdings are working to re-open the mine more than eight years after its closure. The company has recently transferred processing equipment from Wheal Jane mine, near Truro, to South Crofty in Pool, Redruth. In a statement Cornwall County Council “expressed surprise today at Baseresult's allegations that the County Council is deploying delaying tactics to thwart the re-opening of South Crofty Mine.” The County Council indicates that it supports responsible mining and is expected to determine modern conditions under which the mine should operate, to protect the environment and local residents. Part of the problem relates to a sister company of Baseresult Holdings, which has submitted a planning application for “mixed use development” on the site. The Council believe this “is entirely incompatible with the proposals for mining which the company is asking the Council to consider.”

Sources: http://www.southcrofty.co.uk

http://www.cornwall.gov.uk/index.cfm?articleid=32649