

Section 2 – Solid Fuels and Derived Gases

Key results show:

Overall coal production in the second quarter of 2017 fell to a new record low, down 28 per cent compared with the second quarter of 2016. The decrease is due to low demand for coal-fired electricity generation. **(Chart 2.1)**

Coal imports rose 18 per cent on levels shown in the second quarter of 2016. Imports of coking coal (used in coke manufacture) overtook imports of steam coal (used for power generation) for only the second time. **(Charts 2.1 and 2.2)**

The demand for coal by electricity generators in the second quarter of 2017 fell to a new record low of 0.6 million tonnes and was 65 per cent lower than demand in the second quarter of 2016. This decline is in line with previous quarters where gas and other fuels have displaced coal due to the higher costs for coal-fired generation. The seasonal drop in demand due to warmer weather also contributed to the fall in coal-fired electricity generation. **(Chart 2.3)**

Total stock levels were down 33 per cent (-3.0 million tonnes) to 6.3 million tonnes compared to a year earlier. This was due to generators using more coal stocks for electricity generation. **(Chart 2.4)**

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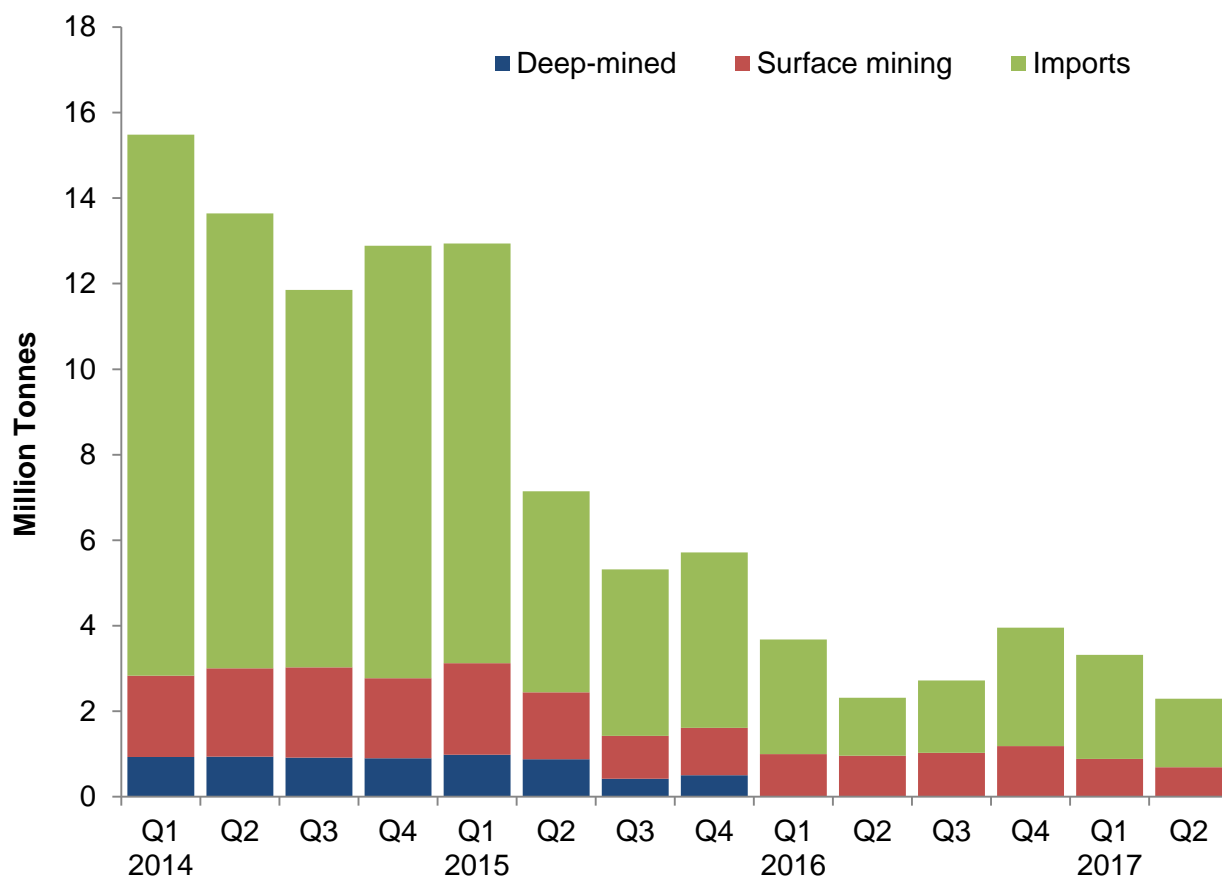
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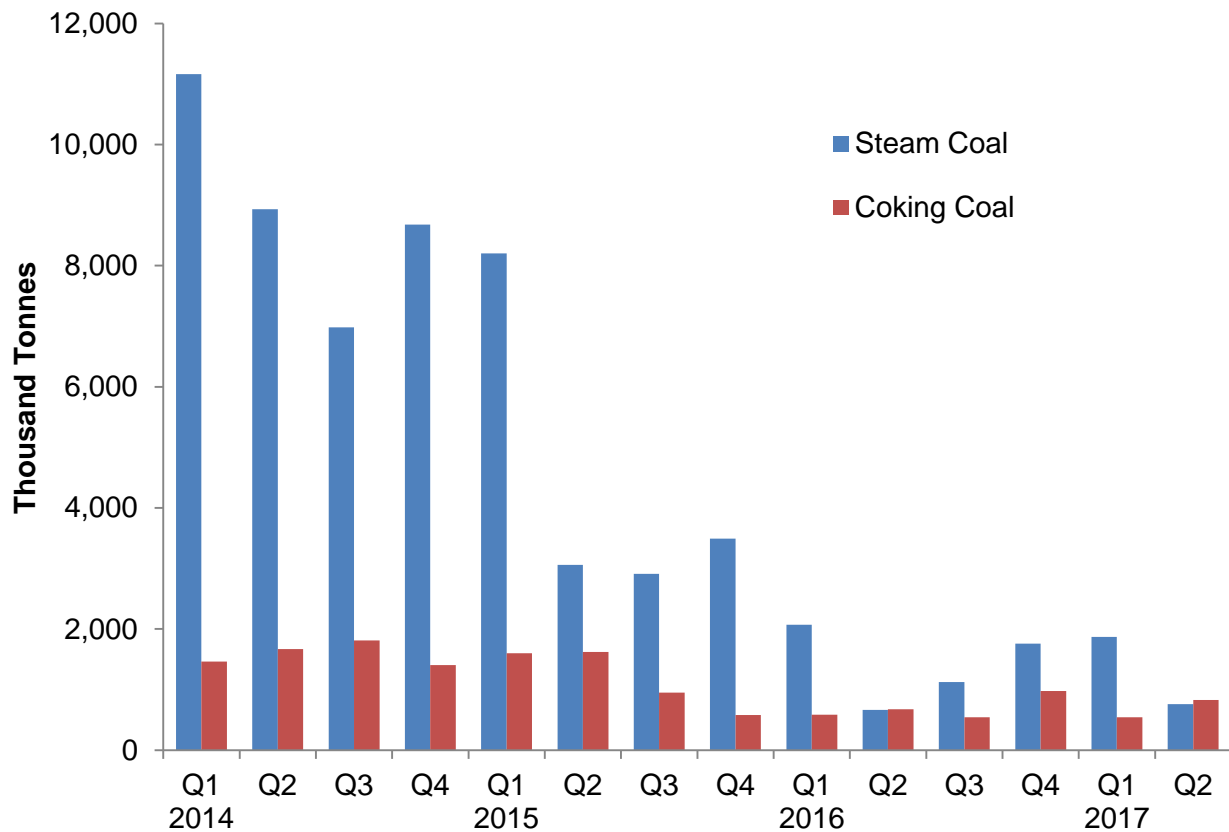
Chart 2.1 Coal supply ([Table 2.1](#))

Coal production in the second quarter of 2017 reached a record low of 0.7 million tonnes, 28 per cent down compared to the second quarter of 2016. The falls were due to decreased demand, particularly for electricity generation.

Table 2A Coal imports by origin

	Thousand Tonnes			
	2015	2016	2016 Q2	2017 Q2p
European Union	614	439	96	81
Russia	8,380	2,292	287	633
Colombia	6,553	2,667	172	38
USA	5,018	1,420	234	454
Australia	910	778	166	203
Other Countries	1,042	898	401	194
Total Imports	22,518	8,494	1,356	1,601

Imports of coal in the second quarter of 2017 were 18 per cent higher than in the second quarter of 2016 at 1.6 million tonnes.

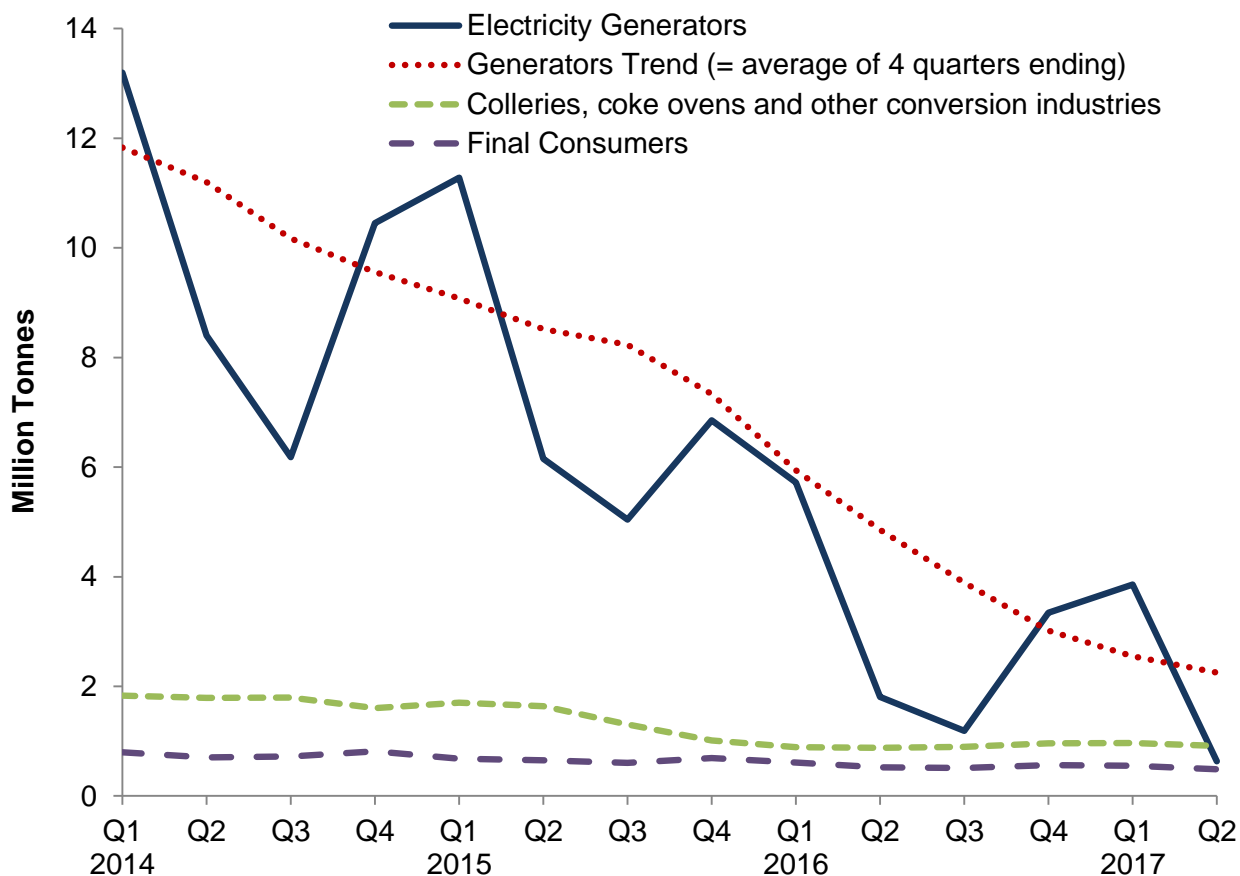
Chart 2.2 Steam coal and coking coal imports [\(Table 2.4\)](#)

Coking coal imports overtook steam imports in the second quarter of 2017 as steam coal imports fell due to a drop in demand for electricity generation. Steam coal comprised 47 per cent of coal imports and coking coal comprised 52 per cent. Coking coal imports had also been higher than steam coal imports in the second quarter of 2016. Imports of both were higher compared to the second quarter of 2016, with steam coal imports up 15 per cent to 0.8 million tonnes and coking coal imports up 23 per cent to 0.8 million tonnes.

Russia was the highest supplier of steam coal imports with 42 per cent share. The second highest supplier was the USA with 24 per cent. Kazakhstan was now the third highest supplier of steam coal imports with a 6.9 per cent share (52 thousand tonnes). Kazakhstan had been a major source of steam coal imports in the first two quarters of 2016, but provided no steam coal to the UK in the first quarter of 2017.

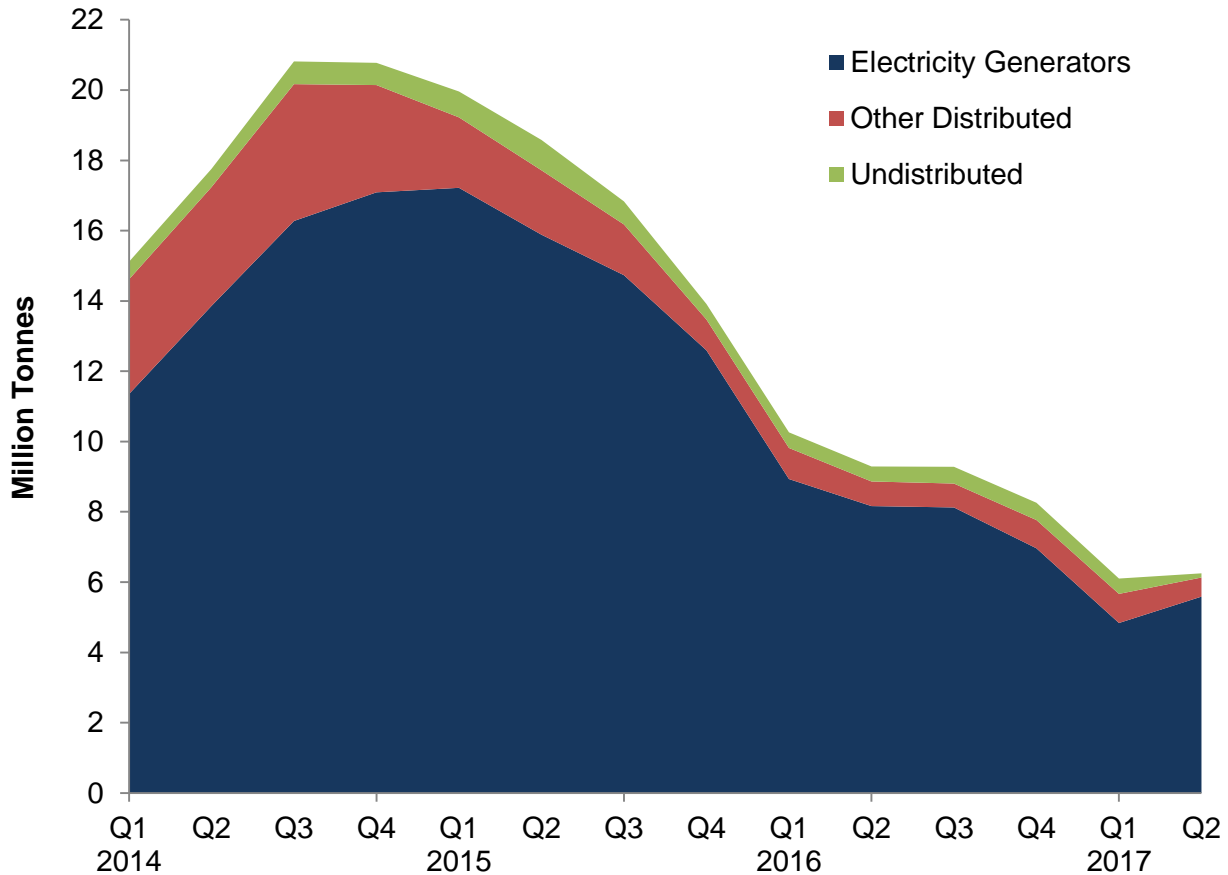
For coking coal, the USA was the leading supplier with 38 per cent share, followed by Australia with 28 per cent and Russia with 26 per cent.

Chart 2.3 Coal consumption [\(Table 2.1\)](#)



Total demand for coal in the second quarter of 2017, at 2.0 million tonnes, was 37 per cent lower than in the second quarter of 2016. Consumption by electricity generators was down by 65 per cent to 0.6 million tonnes. Electricity generators accounted for 31 per cent of total coal use in the second quarter of 2017 compared with 56 per cent a year earlier.

In the second quarter of 2017, sales to industrial users fell by 6.2 per cent to 0.4 million tonnes whilst sales to other final consumers (including domestic) decreased by 9.0 per cent to 0.1 million tonnes. Coal used in blast furnaces was up 2.6 per cent compared to the second quarter of 2016, to 0.4 million tonnes.

Chart 2.4 Coal stocks ([Table 2.1](#))

Coal stocks rose seasonally by 0.1 million tonnes during the second quarter of 2017 and at the end of June stood at 6.3 million tonnes. This was 3.0 million tonnes lower than at the end of June 2016.

The level of coal stocks at power stations at the end of the second quarter of 2017 was 5.6 million tonnes, 2.6 million tonnes lower than at the end of June 2016, reflecting higher use of coal stocks.

Stocks held by coke ovens were 0.5 million tonnes at the end of the second quarter of 2017, this was 24 thousand tonnes lower than stock levels at the end of June 2016.

Stocks held by producers (undistributed stocks) at the end of the second quarter of 2017 were 0.1 million tonnes, 0.3 million tonnes lower than at the end of June 2016.

2 SOLID FUEL AND DERIVED GASES

Table 2.1 Supply and consumption of coal

Thousand tonnes

	2015	2016	per cent change	2015 2nd quarter	2015 3rd quarter	2015 4th quarter	2016 1st quarter	2016 2nd quarter	2016 3rd quarter	2016 4th quarter	2017 1st quarter	2017 2nd quarter p	per cent change ¹
SUPPLY													
Indigenous production	8,598	4,178	-51.4	2,441	1,424	1,612	1,001	962	1,027	1,188	883	691	-28.2
Deep mined	2,784	22	-99.2	880	420	504	7	6	5	5	5	5	-4.8
Surface mining ²	5,814	4,156	-28.5	1,561	1,004	1,108	994	957	1,022	1,183	878	685	-28.4
Imports ⁴	22,518	8,494	-62.3	4,707	3,891	4,103	2,675	1,356	1,694	2,768	2,434r	1,601	+18.0
Exports ⁵	385	443	+15.1	75	104	96	103	76	137	128	119	100	+30.6
Stock change ⁶	+6,862	+5,655	-17.6	+1,378	+1,749	+2,920	+3,651	+971	+9	+1,023	+2,152r	-148	
Total supply	37,593	17,883	-52.4	8,451	6,960	8,539	7,225	3,213	2,594	4,851	5,350r	2,044	-36.4
Statistical difference	-18	-6		+11	+6	-16	+2	+4	-1	-11	-27r	+9	
Total demand	37,612	17,889	-52.4	8,440	6,954	8,555	7,223	3,209	2,595	4,863	5,377r	2,034	-36.6
TRANSFORMATION	34,988	15,678	-55.2	7,791	6,349	7,865	6,611	2,685	2,081	4,301	4,824r	1,546	-42.4
Electricity generation	29,330	12,058	-58.9	6,154	5,041	6,851	5,722	1,808	1,187	3,341	3,856r	632	-65.1
Heat generation ⁷	213	213	-	42	32	58	76	43	29	65	76	43	-
Coke manufacture	3,673	1,821	-50.4	1,083	880	545	443	438	464	475	482	469	+7.3
Blast furnaces	1,544	1,364	-11.7	447	330	344	316	345	346	357	350	354	+2.6
Patent fuel manufacture	228	223	-2.5	64	65	66	55	51	55	62	59r	48	-6.3
Energy industry use	-	-	-	-	-	-	-	-	-	-	-	-	-
FINAL CONSUMPTION	2,624	2,211	-15.7	649	605	691	612	524	514	562	553r	488	-6.9
Iron & steel	44	35	-21.7	12	11	10	10	10	7	7	9	9	-17.4
Other industries	1,999	1,580	-20.9	504	474	519	431	381	393	376	375r	358	-5.8
Domestic	552	550	-0.4	127	113	154	156	123	101	171	155r	112	-9.0
Other final users	29	47	+60.5	6	7	8	15	11	12	9	14	10	-9.1
Stocks at end of period													
Distributed stocks	13,471	7,766	-42.4	17,718	16,176	13,471	9,817	8,863	8,805	7,766	5,665r	6,131	-30.8
Of which:													
Major power producers ⁸	12,595	6,962	-44.7	15,885	14,733	12,595	8,933	8,163	8,125	6,962	4,837r	5,588	-31.5
Coke ovens	547	605	+10.6	955	742	547	457	488	322	605	445	464	-4.9
Undistributed stocks	441	492	+11.4	863	656	441	444	427	476	492	436r	119	-72.1
Total stocks⁹	13,913	8,258	-40.6	18,581	16,832	13,913	10,261	9,291	9,281	8,258	6,101r	6,250	-32.7

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 2017 heat generation figures currently shown are the 2016 figures carried forward - these will be updated in June 2018.

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												
	2015	2016	per cent change	2015 2nd quarter	2015 3rd quarter	2015 4th quarter	2016 1st quarter	2016 2nd quarter	2016 3rd quarter	2016 4th quarter	2017 1st quarter	2017 2nd quarter p	per cent change ³
SUPPLY													
Indigenous production	2,965	1,593	-46.3	868	727	474	376	385	409	424	408	384	-0.2
Coke Oven Coke	2,716	1,332	-51.0	800	658	404	320	319	344	348	346	337	+5.6
Coke Breeze	18	16	-10.6	5	4	5	4	4	4	4	4	4	+5.5
Other MSF	231	245	+6.2	64	65	66	51	61	61	71	57	42	-31.0
Imports	1,132	1,251	+10.5	290	215	325	287	284	284	397	187	233	-18.0
Exports	111	22	-79.9	74	7	8	6	4	6	6	7	1	-87.9
Stock change ¹	64	-126	(-)	+37	-50	+4	-2	+21	-15	-130	+65	+17	-19.8
Transfers	-3	-4		-1	-	-	-1	-1	-0	-2	-1	-1	
Total supply	4,047	2,691	-33.5	1,121	885	796	654	685	671	682	652	632	-7.7
Statistical difference	0	0		-	0	-0	-0	-	0	-0	-0	-	
Total demand	4,047	2,691	-33.5	1,121	885	796	654	685	671	682	652	632	-7.7
TRANSFORMATION	3,257	2,140	-34.3	908	705	635	525	548	533	535	508	507	-7.5
Coke manufacture	-	-		-	-	-	-	-	-	-	-	-	
Blast furnaces	3,257	2,140	-34.3	908	705	635	525	548	533	535	508	507	-7.5
Energy industry use	-	-		-	-	-	-	-	-	-	-	-	
FINAL CONSUMPTION	790	551	-30.2	213	179	161	130	137	138	146	144	126	-8.4
Iron & steel	539	316	-41.4	151	125	98	75	79	84	78	76	70	-11.5
Other industries	17	-	-100.0	6	-	-	-	-	-	-	0	0	
Domestic	235	236	+0.4	56	54	63	55	58	55	68	68	56	-4.1
Stocks at end of period²	1,124	1,249	+11.2	1,028	1,038	1,124	1,126	1,108	1,142	1,249	1,187	1,170	+5.6

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												
	2015	2016	<i>per cent change</i>	2015 2nd quarter	2015 3rd quarter	2015 4th quarter	2016 1st quarter	2016 2nd quarter	2016 3rd quarter	2016 4th quarter	2017 1st quarter	2017 2nd quarter p	<i>per cent change¹</i>
SUPPLY													
Indigenous production	22,156	14,089	-36.4	6,315	4,972	3,874	3,406	3,603	3,424	3,656	3,541	3,543	-1.7
Coke oven gas	6,890	3,468	-49.7	2,030	1,595	1,000	870	836	855	907	960	946	+13.2
Blast furnace gas	14,131	10,090	-28.6	3,941	3,117	2,713	2,403	2,645	2,439	2,603	2,444	2,451	-7.3
Benzole & tars	1,136	531	-53.2	344	260	161	134	123	129	145	138	146	+19.1
Transfers	420	344	-18.2	96	99	132	127	106	64	47	56	24	-77.0
Total supply	22,576	14,433	-36.1	6,411	5,071	4,006	3,534	3,709	3,487	3,703	3,597	3,568	-3.8
Statistical difference	+41	+9		-14	+5	+17	-6	+10	+10	-5	+5	+3	
Total demand	22,535	14,424	-36.0	6,425	5,066	3,989	3,540	3,699	3,477	3,708	3,592	3,565	-3.6
TRANSFORMATION	9,704	6,875	-29.2	2,580	2,053	1,880	1,669	1,682	1,653	1,871	1,716	1,651	-1.9
Electricity generation	9,107	6,278	-31.1	2,430	1,904	1,731	1,520	1,533	1,504	1,721	1,566	1,502	-2.0
Heat generation ²	598	598	-	149	149	149	149	149	149	149	149	149	-
Energy industry use	8,330	4,846	-41.8	2,358	1,894	1,497	1,236	1,235	1,150	1,226	1,200	1,185	-4.0
Losses	2,646	1,116	-57.8	912	737	323	248	337	318	213	272	301	-10.6
FINAL CONSUMPTION	1,855	1,587	-14.5	576	383	289	387	445	356	399	404	428	-3.8
Iron & steel	719	1,056	+46.8	231	123	128	254	322	227	254	267	282	-12.6
Other industries ³	-	-		-	-	-	-	-	-	-	-	-	
Non-Energy Use ⁴	1,136	531	-53.2	344	260	161	134	123	129	145	138	146	+19.1

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 2017 heat generation figures currently shown are the 2016 figures carried forward - these will be updated in June 2018.

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