



Rt Hon Andrea Leadsom MP  
Secretary of State for Business Energy and Industrial Strategy  
House of Commons  
London  
SW1A 0AA

October 2019

**RE: A 2022 coal phase-out is now feasible, and would secure the UK's position as a global leader on climate change**

Dear Secretary of State,

On 18th November 2015, the UK Government announced it would phase-out coal power by 2025, and consider limiting coal use from 2023. Since then, the UK has spearheaded coal phase-out diplomacy, including founding the Powering Past Coal Alliance. For climate change, no issue is more important, since almost a third of global energy CO<sub>2</sub> emissions were from coal power plants last year.<sup>1</sup> To limit climate change to 1.5 degrees of warming, global coal use must fall by 80% in the next 11 years, and every coal plant must close within the next 21 years.<sup>2</sup> Continued UK leadership internationally remains important, and the opportunity now arises for that leadership to be enhanced.

The UK coal phase-out is proceeding well ahead of schedule. The success of UK renewables - especially offshore wind - and a solid carbon price means that coal provided just 2% of the UK's electricity in the first half of 2019,<sup>3</sup> down from 40% in 2012. Beyond carbon emissions reductions, the UK's successful cut in coal use has had enormous co-benefits in reducing harmful air pollution. The Government has stated that it plans to introduce primary legislation to ensure that unabated coal is phased out by October 2025, but has not yet done so.

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<sup>1</sup> See [IEA GECO \(2019\)](#)

<sup>2</sup> See [Climate Analytics paper \(Sept 2019\)](#), using IPCC analysis

<sup>3</sup> See [The Great Coal Collapse, Sandbag \(June 2019\)](#)

- **There is now an opportunity to bring forward the coal phase-out date to 2024 at the latest.** Recently, BEIS consulted on a Capacity Market emissions intensity limit, requesting feedback on whether it should be implemented mid-year of 2025 or from the start of the annual contract period in October 2024. Coal plant viability rests on capacity market contracts - favouring an October 2024 emissions limit would bring forward the coal phase-out date to 2024 and follow the logic of the consultation, where the Government states it “does not believe it is appropriate or good value for money to support investment in refurbishing and extending the life of generation capacity that will exceed the emissions limits...”
- **A coal phase-out in 2022 is possible while keeping the lights on and without significant costs to consumers.** There are only two coal power plants in Great Britain that have capacity market contracts in the period October-2021 to September-2022.<sup>4</sup> In early 2020, Capacity Market contracts will be awarded for the period October 2022 - September 2024 in the T-3 and T-4 auctions. By bringing forward the emissions intensity limit to apply to all contracts awarded in these auctions, coal power plants will lose access to Capacity Market revenues from 2022. The UK Government's own projections already show that the last coal plant will close in 2022.<sup>5</sup> Recent modelling by Aurora Energy Research corroborates this view: in scenarios with stable or increasing total UK carbon prices, coal generation is “negligible” from 2021.<sup>6</sup> Applying the emissions intensity limit from October-2022 will ensure coal closure - saving public money, reducing inefficient investment, and sending a powerful signal of international climate leadership.

Restricting capacity payments to coal, alongside the continuation of robust carbon pricing, with a clear commitment to the coal end date, may be sufficient to shepherd the end of coal power before the introduction of primary legislation, with no requirement for further CCGT capacity or coal-to-biomass conversions. We would, however, underline that if changes are not made to the Capacity Market regulations, or if the carbon price on power is significantly reduced, there would then be an urgent need to introduce legislation to deliver the UK's coal phase-out commitment.

An earlier UK phase-out date would be an important commitment for COP26 in Glasgow, demonstrating that a major economy can eliminate coal within a decade.

We would be happy to meet to discuss this.

Signatories:

**Friends of the Earth UK**  
**Coal Action Network**  
**WWF UK**

**Greenpeace UK**  
**E3G**  
**Sandbag**

**Client Earth**  
**Green Alliance**

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<sup>4</sup> Three units at Ratcliffe, and 2 units at Drax - see [here](#). Northern Ireland's Kilroot retains a Capacity Market contract [until 2022/23](#).

<sup>5</sup> See [BEIS Energy & Emissions Projections](#) 2018

<sup>6</sup> See [Aurora Energy paper](#) (October 2018)

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**CC.**

Kwasi Kwarteng MP, Minister of State for Business, Energy and Industrial Strategy

Lord Ian Duncan, Parliamentary Under Secretary of State for Business, Energy and Industrial Strategy

Claire Perry MP, UNFCCC COP26 President

Simon Clarke MP, Exchequer Secretary to the Treasury