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Mike O'Brien MP
MINISTER FOR ENERGY and e-COMMERCE

14 December 2004

The Rt Hon Rhodri Morgan AM
First Minister for Wales
Welsh Assembly Government
Cardiff Bay
Cardiff
CF99 1NA

Dear Rhodri

FFOS Y FRAN RECLAMATION SITE

I understand that the Welsh Assembly Planning Branch has now received the report of the Inspector on Miller Argent's application for planning permission for the above site, which was 'called in' by the Assembly in November 2003, and that a summary report will shortly be provided to a Planning Decisions Committee of the Assembly.

I am sure you are fully aware of the potential importance of this site to security of energy supplies in South Wales. Its expected output could help to ensure that local coal meets around half the 3.5 million tonnes (Mt) forecast requirement of Aberthaw power station if its operators decide to fit the flue gas desulphurisation (FGD) equipment which will enable it to continue operating to 2016 and beyond in compliance with current and impending emissions control legislation.

Remaining local deep mines (assisted by Coal Investment Aid) and existing opencast sites are expected to be producing around 1.1 Mt of coal in 2008. With its ability to bring in coal from elsewhere constrained by port and railway capacity limits, this level of local output could be insufficient to keep Aberthaw in operation until 2016. Lack of assured local supplies could lead its operators to decide not to fit FGD, in which case it would have to close by that date under the Large Combustion Plants Directive, but it could close sooner. Early closure of Aberthaw would not only remove the market for most remaining local coal, it could also put additional pressure on electricity supply in South Wales, and hence also on its scope for local economic growth. The need to compensate for the loss of Aberthaw could also affect electricity supplies in the rest of the UK.

Department of Trade and Industry

These are important issues which the Planning Decisions Committee will wish to consider when reaching a decision on Miller Argent's application. A prompt decision is particularly important for Ffos y Fran since, if development is approved, the initial site work must take place between April and July for habitat protection reasons, so a few weeks' delay could mean another year lost on a project which should bring environmental and economic benefits to its locality and which has been in the planning system for more than a decade.

May I take this opportunity to say how pleased I was to hear that the East Pit opencast development has been approved at the end of a similar process. The Planning Decision Committee's acceptance of the Inspector's conclusions that the need for the coal and the economic benefits would outweigh the harm to the environment and the amenity of local residents is particularly noteworthy. I hope that these arguments will also carry weight with the Committee which decides the Ffos y Fran application, where the benefits of reclamation of hazardous, derelict land and recovery of landfill and other waste at the developer's expense must also be important factors in their decision.

I hope the eventual success of the East Pit application will encourage plans currently at a preliminary stage for other new deep and opencast mines in South Wales, such as the Margam coking coal project. Current Coal State Aids rules constrain Member States' ability to assist deep mines which were not in operation in July-December 2002, but my officials stand ready to raise this issue with the European Commission if a viable project is brought to us. In the meantime, they will continue to maintain close contact with your officials dealing with this sector.

I am copying this letter to Peter Hain.

Yours sincerely

Mike O'Brien