Ciara Shannon
EdenWorks

Ms Elizabeth Humphrey
The Planning Inspectorate Room
3/J Kite Wing Temple Quay House
2 The Square Bristol BS1 6PN

May 5, 2021

Dear Ms Humphrey,

It is welcome news that there will be an impartial and independent public inquiry on Woodhouse Colliery, West Cumbria. Please see below my objection for your consideration.

Case reference: APP/H0900/V/21/3271069

Location: Former Marchon Site, Pow Beck Valley and area from Marchon St to St Bees Coast, West Cumbria
Application Ref: 4/17/9007
Applicant: West Cumbria Mining (WCM)

1. Application History

- Ciara Shannon, EdenWorks and Duncan Pollard & Associates, both Cumbrian residents, jointly submitted an objection against Woodhouse Colliery, West Cumbria framed as a 'Business Case Against West Cumbria Mining (WCM)' on September 29, 2020. This was submitted following Cumbria Council's Development Control and Regulation Committee recommendation to approve the planning application.
- Then Ciara Shannon, EdenWorks and Duncan Pollard & Associates jointly submitted a call-in request under section 77 on October 16, 2020, following the Council's October 2 approval of application 4/17/9007.
- This May 5, 2021 objection by Ciara Shannon, EdenWorks has been written for consideration as part of the public inquiry. Please note that some of this objection also includes thinking from an article written by Professor Nick Robins (LSE) and I: 'Cumbria is one place that could really benefit from a green recovery plan'. [1]

2. Additions To My Previous Submission

- To consider the climate advice published in December 2021 by the Committee on Climate Change (CCC). Lord Deben's letter of 29 January 2021 said: "the opening of a new deep coking coal mine in Cumbria will increase global emissions and have an appreciable impact on the UK's legally binding carbon budgets".
- Lord Deben's letter followed the submission from the CCC which outlined that the Sixth Carbon Budget requires a reduction in UK greenhouse gas emissions of 78% by 2035 relative to 1990, a 63% reduction from 2019. Yet, the mine is projected to increase UK emissions by 0.4Mt CO2e per year. This is greater than the level of annual emissions projected from all open UK coal mines to 2050. The opening of a new deep coking coal mine in Cumbria will increase global emissions and have an appreciable impact on the UK's legally binding carbon budgets.
- The CCC went on to say that coking coal should only be used in steelmaking beyond 2035, if a very high proportion of the associated carbon emissions is captured and stored.

3. Additions to My Previous Submission - Invest in A Green Future

Urges the inquiry to consider instead alternative investments to the coal mine and a cleaner and greener route to economic prosperity in West Cumbria. One that is anchored in the industries of the future rather than those of the past. Cumbria County Council instead should throw its weight behind a robust green investment plan built around the following four key pillars:

1. Cumbria's Rich Potential for Green Economic Development

The first pillar focuses on harnessing Cumbria's unique green assets for the national effort to build a resilient, net-zero economy by 2050. Here, the county has two core strengths: its renewable energy resources and its rural landscape.

[1] Source: https://www.lse.ac.uk/granthaminstitute/news/cumbria-is-one-place-that-could-really-benefit-from-a-green-recovery-plan/

Historically, Cumbria's 'energy coast' focused first on coal then on nuclear; now it is moving rapidly into the renewable era. The Walney Extension Offshore Wind Farm, located 15km west of Barrow-in-Furness, is one of the world's largest, and the area hosts over a fifth of the UK's wind farm generation capacity.

Cumbria also has one of the UK's highest tidal ranges, with plans to develop a variety of tidal lagoons mooted, as well as an 'electric bridge' across the Solway Firth. Inland are many of the UK's fastest flowing waterways with more than half of the North-West's potential for small scale hydropower generation. Community owned energy also offers a route for connecting renewables with local empowerment.

What is missing, however, is a clear strategy to seize all this clean energy potential in ways that can provide high quality local jobs and supply chains.

Alongside renewable energy, Cumbria could also become one of the country's hubs for nature-based solutions. The county is the one of the most rural places in England, with rich agricultural resources and landscapes that attract almost 50 million visitors a year. With the UK's departure from the EU, the reshaping of agricultural subsidies holds out the potential for new business models built around enhancing natural capital, not least through carbon storage. One priority could be to improve the management of peatland in the Lake District, which holds about 23 million tonnes of carbon. Cumbria is also one of five pilot areas trialling the development of the Local Nature Recovery Strategy (LNRS) and this could be the starting point for kickstarting business and financing models attracting new investment into nature restoration. This will also be critical to strengthen resilience to the physical impacts of climate change.

2. Economic Renewal Through Local Net-zero Plans

This pillar would focus on the development of local net-zero plans to drive economic renewal, not least for the housing sector and transport system. The county's economic strategy already highlights the construction sector as a key strength, supporting 14,000 jobs and involving over 800 small businesses. This sector will provide the foundation for retrofitting every building in the county that needs it, to be energy-efficient, net-zero and resilient to flooding.

There is also the option in some areas to include large-scale district heating networks, along with area-based retrofits focusing on entire streets and communities. A special focus on social housing and low-income households presents the prospect of a triple dividend: lower energy bills, better health and reduced pollution.

Transport infrastructure will also need rethinking to deliver zero emission connectivity across this rural region, rolling out electric vehicle infrastructure as well as expanding public transport and rail links. Taking an active approach to the net-zero transition could also be the basis to realise Cumbria's ambitions in advanced manufacturing across the industrial, transport, built environment and nature-based solution sectors. A new report by Cumbria Action for Sustainability (CAfS) on the potential for green jobs in Cumbria suggests that with proper investment, some 4,500 jobs could be provided in West Cumbria in renewable energy, energy efficiency in buildings, waste management etc. Green jobs will bring additional benefits such as cutting people's heating bills, reducing air pollution and boosting healthy travel such as cycling.

3. Community Participation in Plans

The third pillar of the strategy should focus on the vital role of citizen engagement across Cumbria in the design and delivery of plans. A striking conclusion of the UK's Citizen Assembly last year was the need for climate action to be fair, in terms of people's jobs, families and communities. Too often in the past, economic transitions have been something done to the people rather than shaped by them. New approaches to citizen involvement are needed; Kendal has already set up a climate change citizens' jury.

To be successful, the plans to reach net-zero have to be rooted in community participation across the county, particularly by those whose lives and livelihoods have been hit hardest by the pandemic. This is not only the right thing to do, but it generates greater levels of innovation and ambition, as local people are put in the driving seat. A number of cities and regions are setting up broad-based 'climate commissions', to drive this process, for example on the other side of the Pennines in Yorkshire and the Humber. With nearly 70 organisations spanning the public, private and third sectors, the Zero Carbon Cumbria Partnership will be a key driver in developing this shared sense of the way forward, with the overarching goal of achieving net-zero by 2037.

Cumbria has perhaps more potential to prosper from a just transition to net-zero than many other parts of the UK, given its wealth of green assets. Drawing up a green recovery plan in 2021 based on these four pillars could set the county on its way and should be the next step.

4. Investment to Make it Happen

The fourth and final pillar is to mobilise private and public investment. A 'wall of money' is building up from UK investors and banks committed to net-zero and many are now supporting climate action through a just transition. The challenge is the absence of a pipeline of bankable projects that cannot only deliver financial returns, but also generate real benefits for local communities. Clear long-term climate strategy that will help Copeland Council make the right carbon-neutral employment and investment decisions. Equally important, is a just transition strategy that seeks to secure and protect the future and livelihoods of workers and communities in the transition to a low-carbon economy.

4. Outline of My Previous Submissions. The Business Case Against West Cumbria Mining (WCM).

Further Scrutiny of the Environmental, Social and Governance (ESG) Risks of the Mine and Its Owners Are Needed

Along with Duncan Pollard and Associates, we urged that adequate scrutiny must be given to the environmental, social and governance (ESG) risks of the mine and market, as well as the governance risks of the project owners EMR Capital, in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The TCFD reporting framework, which the UK Government is supportive of, provides an important lens to understand the risks of climate change to companies and investors.[2]

Without adequate attention to the ESG risks, the £165 million investment could soon become a 'stranded asset', with negative socio-economic consequences for the local community, Copeland Council, Cumbria Council and the UK Government, if it was asked to bail out the mine. Likely asked by the very same local MPs and Councillors who are keen for the mine to happen - but had not considered the below risks.

4.1 Environmental Risks

- Others will go into these in more detail
- It is expected that WCM's metallurgical coal will be responsible for approx. 9 million tonnes of C02e per year. This is more double the net annual emissions from the whole of Cumbria, and equal to approx. 2% of the UK GHG emissions[3]. This proportion will increase in the future, as the total of UK GHG emissions reduce, and WCM outlines no plans to reduce its emissions.
- WCM will negatively impact the UK's plans to reach a 78% reduction by 2035 and net-zero carbon emissions by 2050, as set out in the UK Climate Change Act (2008) and the Sixth Carbon Budget.
- The societal impact of these GHG emissions, comprise damage to health and the environment is estimated to be £794 million annually, far in excess of the benefits brought in terms of taxes and wages
- Woodhouse Colliery undermines the Council's own efforts for a Net Zero Cumbria and the inquiry should instead consider capitalising on the strength of Cumbria's natural resources and its vast renewable energy potential.

4.2 Social Risks - Market Risks

- **Market Overcapacity:** It is of concern that WCM's business model assumes that the market for metallurgical coal will be stable and in demand until 2049. Currently, there is a 30% global market overcapacity in steel production[4] and instability in the steel sector leads to insecure jobs as wages are minimised and operations mechanised to reduce costs.
- **Hydrogen Scaling Up:** According to BNP Paribas' paper[5] on green hydrogen - costs for green hydrogen are coming down quickly and the speed and scale to decarbonise the steel sector is expected by 2030 or before. This is nineteen or so years before WCM's projections that consider 2049 as the date for decarbonisation of the steel sector and thus

[2] TCFD is supported by over 1400 financial institutions managing US$12.6 trillion and it is a framework to use to examine the material financial impacts of climate-related risks and opportunities of a project
[3] Source: UK territorial emissions. UK Government, June 2020
[4] Source: https://www.argusmedia.com/en/news/2145506-oecd-warns-against-steel-overcapacity
[5] Source: https://docfinder.bnpparibas-am.com/api/files/FB39FAB1-A279-41CC-9CDD-4D22827359B0

the end date of their project. A move to hydrogen will place downward pressure on demand and prices for metallurgical coal.

- More immediately, in the next few years (when the mine might be under construction) - there will likely be a dramatic shift in the steel market especially as oil & gas companies and investors start to invest in hydrogen and other decarbonising technologies[6] in the steel sector which will eliminate or reduce the need for coking coal.
- Last year, ArcelorMittal's (the world's largest steel company) announced its net zero target, and this came after extensive engagement via Climate Action 100+ (climate investor initiative) who are using their significant financial clout (of USD $47 trillion in assets under management) to demand net zero targets. In this case, engagement was led by Aegon Management and the London Pensions Fund Authority.
- **Stranded Asset:** Given the increase in investor pressure and shift towards decarbonising steel - the use of coking coal in steelmaking could be displaced completely by 2035, according to the CCC and others. This means that any economic benefits in terms of export opportunities, regional revitalisation and jobs would be fragile and short lived and could render Woodhouse Colliery a stranded asset. Workington and Whitehaven, once again, could become stranded fossil fuel communities like they did following the loss of coal and steel in the 1980's, on which they thrived.
- **High Sulphur Content:** Another market risk is that it is estimated that as little as 6.5% of the metallurgical coal from Woodhouse Colliery could be used in UK steel production because of its high sulphur content. Planning documents show that only Tata Steel has expressed interest in using WCM's coal. British Steel had said the WCM's coal sulphur content is higher in comparison to similar US coals they purchase and that WCM's sulphur content would be an issue for British Steel due to their operations and blend sulphur limit. [7] This means that some 93.5% of the coal will need to be exported to Europe or further and it will not be used much here in the UK. Thus, it will not as the WCM argues, 'substitute' coal currently mined in the USA, as we will not be using much here and it will not be that beneficial to the UK steel sector.
- **Carbon Prices**: WCM's profit model does not consider an increase in carbon prices impacting their profitability. As WCM will likely export 93.5-87% of its metallurgical coal to the EU, it is important to consider the price of carbon in Europe which recently has soared above €38 and the EU's plans for a Carbon-Border-Adjustment Mechanism which could bring WCM's UK metallurgical coal into the scope of the EU-ETS. This could dramatically change WCM's economics of coal extraction and customer demand and could be a major factor in the future economics of metallurgical coal versus hydrogen. Research by CREDS suggests that the marginal abatement cost of decarbonising UK steel production using hydrogen-based steelmaking will be less than the traded price of carbon by 2030 at the latest, and by the mid-2020s with central carbon price projections. [8]

4.3 Social Risks: Taxes Likely Lower Than WCM Says. Tax Avoidance

- WCM state the mine will add £1.6 billion to the UK's GDP in its first 10 years of operation, accounting for £2.6 billion worth of exports and they'll pay £300 million in taxes in the first ten years.
- WCM originally forecast that they would pay £500million in taxes in the first ten years. However, our estimate is that taxes are only likely to be £105 million in the first 10 years or £14 million annually. This is **before** consideration of carbon taxes. We urge then that the inquiry looks more closely at the projected tax and the sizeable GDP revenue from the exports.
- We note that whilst WCM is a company registered in England, but behind it is a complicated structure with a series of legal entities in different jurisdictions. The ultimate owner is EMR Capital Resources Fund LP which is registered in Cayman Islands. One common rationale for registration in the Cayman Island is to avoid taxes, and this raises serious questions about WCM's claims on taxation and could see our tax calculations even be overestimates. This creates an additional uncertainty around their taxes and could create a significant risk for the UK Government and UK Treasury.

4.4 Social Risks – Median Salaries Lower than Average. Jobs with No Future

- Parts of West Cumbria are among the poorest in England and West Cumbria's economy has suffered job losses with the closure of a large chemical works and downsizing/ decommissioning at the Sellafield nuclear facility (only 8 km

[6] Decarbonising technologies include improving the process efficiency of blast furnace steel production; Direct Reduced Iron (DRI) using natural gas; recycling steel using Electric Arc Furnaces (EAF); and hydrogen direct reduction (H-DRI). H-DRI is already being trialled by SSAB in Sweden and SSAB expects a 25% reduction in its emissions by 2030 & to be "fossil-free by 2045".

[7] Source: https://councilportal.cumbria.gov.uk/mgAi.aspx?ID=58900

[8] Source: https://www.creds.ac.uk/cumbria-mine-is-there-a-technical-need-for-new-coal-mines-in-the-uk/

from the proposed mine location). A better route to economic prosperity in the area is urgently needed, one that is anchored in the industries of the future rather than those of the past.

- Closer scrutiny must be given to how many WCM jobs would really go to locals, the pay level and the quality of those jobs. WCM have stated that 80% of the 510 jobs it will create will be for locals but have not stated a median salary. We estimate that WCM median salary will be £34,000 – this is lower than the median for Copeland of £35,672 (£37,856 male, £30,784 female).
- Instead, WCM have stated that they will pay the real living wage of £9.30. Whilst this is above the national living wage of £8.91, this is, as the Living Wage Foundation itself admits, calculated in terms of what people need 'to get by'. Levels below a decency threshold leave a liability for local and national Government to provide social security payments. It is essential that jobs created by WCM are not subsidised by the UK taxpayer.
- We estimate that a significant proportion of jobs offered by WCM would not offer a decent level of income for many people employed at the mine. This requires specific scrutiny given the risks highlighted above and the strategies to survive market and regulatory risks which will mean a focus on reducing costs. This will impact salaries and job security, which in turn will reduce profits, impacting business rates and tax payments.

4.5 Social Risks – Legal Risks, The Just Transition and Compensating Workers – Avoiding Stranded Communities

- The number of climate legal challenges is likely to increase in the coming years. Therefore, any decision made by WCM, or even, Cumbria or Copeland Council may be subject to significant and unforeseen costly legal challenges in the future, including legal action.
- While WCM does provide information on a remediation bond (with no specified amount), it is not clear if the remediation bond will protect and compensate the workers if the mine were to close early and what compensation would be in place to avoid the area becoming a stranded 'fossil fuel' community, as it has been in the past?
- It is also not clear on the value of the remediation bond compared to the costs of the remediation.

4.6 WCM's Governance Risks

- WCM is registered in England, owned by West Cumbria Mining (Holdings) Ltd - and is owned 82.1 % by EMR Capital Investment (No 3B) Pte Ltd, a Singapore registered company and 17.9% owned by 61 individuals, pension funds and investment companies. The ultimate owner/parent company of WCM is EMR Capital Resources Fund LP which is a private equity company registered in Cayman Islands.
- One problem of private equity is that it is unregulated and opaque. Clear details on who EMR's investors is not known and there is a less than transparent ownership structure.
- EMR Capital is known to develop resource projects that have clear exit options. Given WCM's clearly stated 'exit-based' business model, this raises uncertainty about the company's long-term commitment to Cumbria. We believe that the UK Government should instead be looking for long-term investors with sustainable and transparent business models with 'known' funders to invest in the region.
- EMR Capital have no climate aspects to their investment strategy[9], nor an environmental or social policy in their ESG documents.[10] Nor is there mention of board level governance on climate nor remuneration structures incentivizing management on climate change. (which is quite standard these days)

I hope that you will consider the mine's substantial ESG risks, as well as consider instead alternative investments to the coal mine and a cleaner and greener route to economic prosperity in West Cumbria. Cumbria County Council instead must throw its weight behind a robust green investment plan defined by the industries of the future, rather than those of the past. Please also note my request to speak at the inquiry.

Yours sincerely,

Ciara Shannon
EdenWorks. www.edenworksgreen.com

[9] Source: https://www.emrcapital.com/en-us/investments/investment-strategy
[10] Source: https://www.emrcapital.com/en-us/esg/esg-management