

**TATA STEEL**



June 2011

# **CBI Energy Conference – supporting energy users**

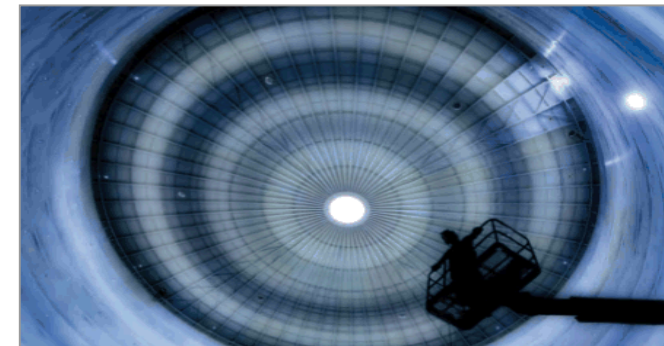
Tim Morris  
Head of Climate Change  
Tata Steel Europe

# CBI Energy Conference – supporting energy users

We take energy very, very seriously



- 2<sup>nd</sup> largest steel maker in Europe
- 20,000 employed directly in the UK, ~100,000 indirectly
- Global leadership positions in supplying steel to the energy sector
- Recycle, reuse and generate energy
- Major energy consumer
- Major innovator in products and processes for a low carbon economy
- High energy & emissions efficiency vs global competitors
- Energy and emissions targets core in vision, monitoring and reporting

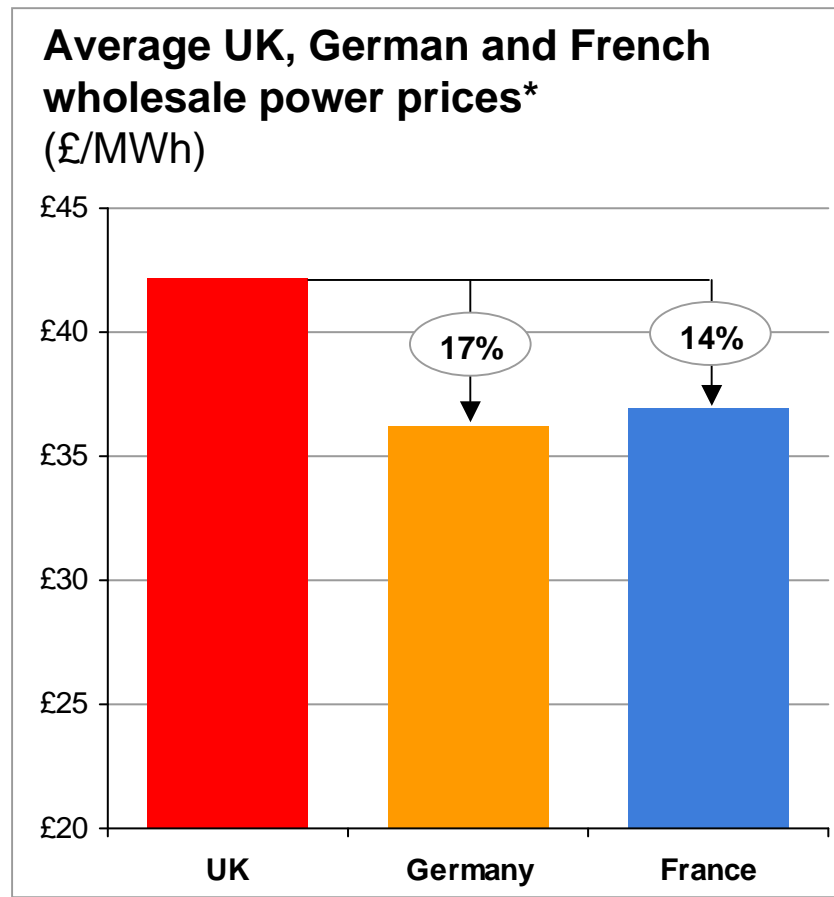


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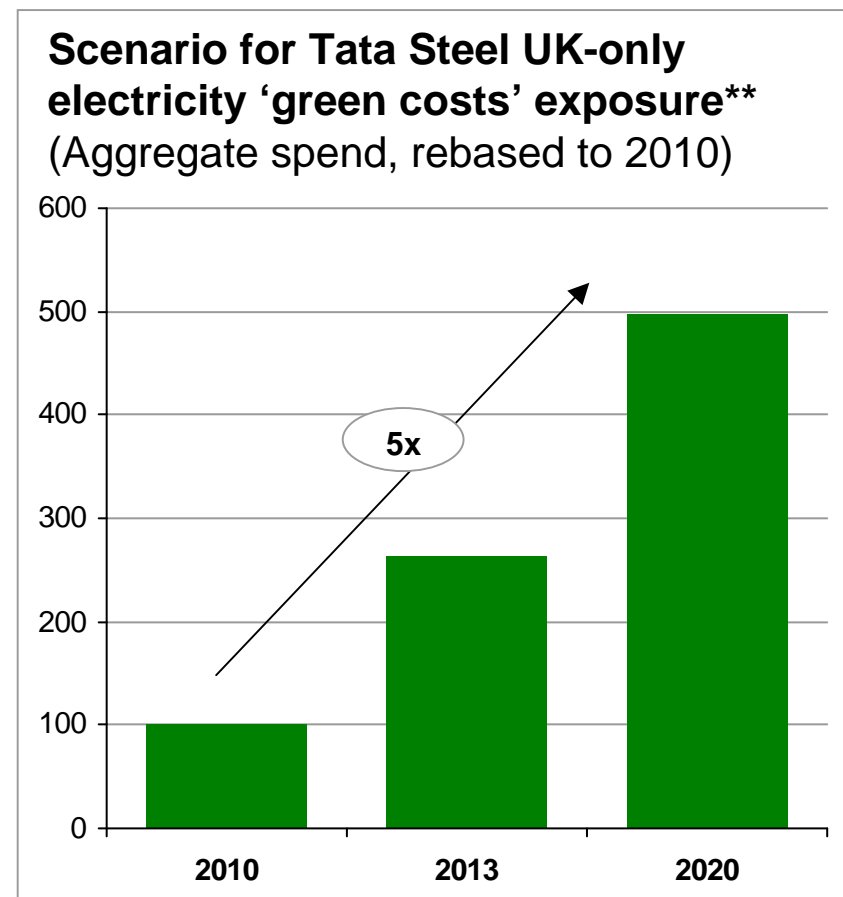
## UK industry bearing a significant cost



We're starting behind...



...and it looks like it might get worse



\* Average daily year ahead baseload price, February 2003 to date, translated at daily £/€ FX rate

\*\* UK only green costs cover estimated impacts of RO / FITs, CCL including rebate, CCS/EPS, Capacity market costs, CFP impact. Excludes EU ETS impact and additional transport & distribution investment costs

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## Where should the policy priorities be?



### Competitive cost of energy

- Balanced, cost effective energy mix
- Alternatives for providing 'certainty' e.g. offtake consortium
- Right approach to demand response and market signals
- EII strategy – end of the year?

### Investing in infrastructure

- Gas storage
- Industrial as well as power sector CCS demonstration and infrastructure
- Human and intellectual capital – skills, education, R&D
- Innovative financing and structuring (GIB?)

### Shaping the demand side landscape

- Procurement policies & regulatory standards
- Labelling?
- Supporting UK supply chains – offshoring CO2 doesn't solve the global problem!

**There is a winning solution for the UK with foundation industries having a crucial role**